



No. S-088488
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*

AND

IN THE MATTER OF HYDROXYL SYSTEMS INC.

PETITIONER

ORDER

BEFORE THE HONOURABLE)
) WEDNESDAY, THE 7TH DAY
)
MR. JUSTICE HINKSON) OF JANUARY, 2009

THE APPLICATION OF THE PETITIONER, Hydroxyl Systems Inc., having come on for hearing before me this day at Vancouver, British Columbia, and on hearing Scott A. Turner, counsel for the Petitioner, Geoffrey Thompson, counsel for the Royal Bank of Canada, Kibben M. Jackson, counsel for Alterninvest II Fund L.P., Chris D. Simard, counsel for Kan-Pak, LLC ("Kan-Pak"), William Roberts, counsel for the Monitor, Robert P. Sloman, counsel for Arrow Speed Controls Ltd., James Anthony Hall, counsel for Nanaimo Foundry and Engineering Works Ltd.; and on reading the Affidavits of David Gray #1 sworn January 2, 2009 and James Steinbacher, sworn December 17, 2008 (the "Steinbacher Affidavit"); and on reading the Monitor's First Report dated January 2, 2009, and the materials filed;

THIS COURT ORDERS:

1. Except as qualified by paragraph 2 of this Order, the relief granted by this Court by Order December 5, 2008 (the "Initial Order") in this proceeding, and extended to this date,

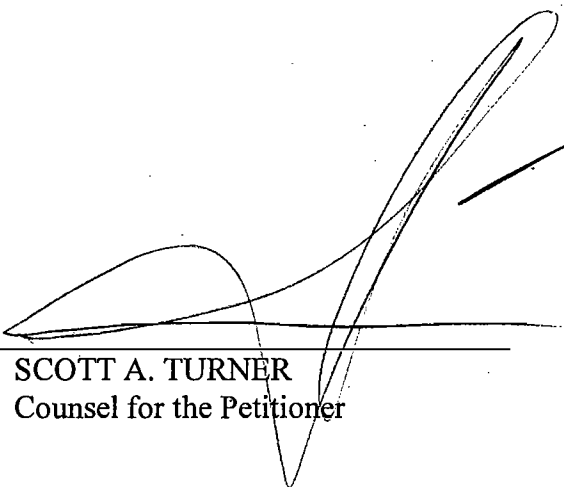
including without limitation of stay of proceedings decreed by paragraphs 17-26 of the Initial Order, be extended to Thursday, February 5, 2009, and that the terms of the Initial Order, including the stay of proceedings, shall remain in full force and effect until 11:59 p.m. on that date.

2. Notwithstanding paragraph 1 of this Order, the arbitration between the Petitioner and Kan-Pak referred to in the Steinbacher Affidavit may proceed in accordance with terms of this Court's Order of even date herewith.
3. The endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioner, is dispensed with.

BY THE COURT



DISTRICT REGISTRAR



SCOTT A. TURNER
Counsel for the Petitioner