

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
(Commercial Division)

N° 500-11-048908-152

Montreal, October 23, 2015

Present: The Honourable Danielle Turcotte, J.S.C.

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

STRATECO RESOURCES INC.

Petitioner

and

ERNST & YOUNG INC.

Monitor

SECOND AMENDED AND RESTATED INITIAL ORDER

WHEREAS, on June 9, 2015, Strateco Resources Inc. filed a *Petition for the Issuance of an Initial Order* (the "**Petition**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36 (as amended the "**CCAA**");

WHEREAS the Honourable Martin Castonguay, J.S.C. issued an initial order under the CCAA as regards the Petitioner on June 9, 2015;

WHEREAS, on June 18, 2015, Strateco Resources Inc. filed a *Motion for the Issuance of an Amended and Restated Initial Order* (the "**Motion for the Issuance of an Amended and Restated Initial Order**");

WHEREAS the Honourable Danielle Turcotte, J.S.C. issued an amended and restated initial order under the CCAA as regards the Petitioner on July 8, 2015;

ON READING Strateco Resources Inc.'s *Motion for the Issuance of a Second Amended and Restated Initial Order (i) Approving a DIP Financing, (ii) Approving a Contingency Fee Agreement, and (iii) Extending the Stay of Proceedings* and the exhibits, the affidavit of Guy Hébert filed in support thereof (the "**Motion for the Issuance of a Second Amended and Restated Initial Order**"), and relying upon the submissions of counsel and being advised that the interested parties, including secured creditors who are likely to be affected by the charges created herein were given prior notice of the presentation of the Motion;

GIVEN the provisions of the CCAA;

FOR THE REASONS GIVEN PREVIOUSLY THIS DAY, THE COURT :

1. **GRANTS** the Motion for the Issuance of a Second Amended and Restated Initial Order.
2. **ISSUES** a second amended and restated initial order pursuant to the CCAA (the "**Order**"), divided under the following headings:
 - Service
 - Application of the CCAA
 - Effective Time
 - Plan of Arrangement
 - Stay of Proceedings against the Petitioner and the Property
 - Stay of Proceedings against the Directors and Officers
 - Possession of Property and Operations
 - No Exercise of Rights or Remedies;
 - No Interference with Rights
 - Continuation of Services
 - Non-Derogation of Rights
 - Interim Financing (DIP)
 - Directors' and Officers' Indemnification and Charge
 - Restructuring

- Powers of the Monitor
- Priorities and General Provisions Relating to CCAA Charges
- General

Service

3. **DECLARES** that sufficient prior notice of the presentation of the Motion for the Issuance of a Second Amended and Restated Initial Order has been given by the Petitioner to interested parties, including the secured creditors who are likely to be affected by the charges created herein.

Application of the CCAA

4. **DECLARES** that the Petitioner is a debtor company to which the CCAA applies.

Effective time

5. **DECLARES** that this Order and all of its provisions are effective as of 12:01 a.m. Montreal time, province of Quebec, on the date of this Order (the "**Effective Time**").

Plan of Arrangement

6. **DECLARES** that the Petitioner shall have the authority to file with this Court and to submit to its creditors one or more plans of compromise or arrangement (collectively, the "**Plan**") in accordance with the CCAA.

Stay of Proceedings against the Petitioner and the Property

7. **ORDERS** that, until and including January 29, 2016, or such later date as the Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Petitioner, or affecting the Petitioner's business operations and activities (the "**Business**") or the Property (as defined herein below), including as provided in paragraph 10 hereinbelow except with leave of this Court. Any and all Proceedings currently under way against or in respect of the Petitioner or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court, the whole subject to

subsection 11.1 CCAA, it being understood, however, that the conduct of the litigation proceedings instituted by the Petitioner before the Superior Court of Quebec under Court docket number 200-17-022389-159 (the "**Matoush Litigation**") shall not be affected except with leave of this Court.

- 7.1 The rights of Her Majesty in right of Canada and Her Majesty in right of a Province are suspended in accordance with the terms and conditions of Subsection 11.09 CCAA.

Stay of Proceedings against the Directors and Officers

8. **ORDERS** that during the Stay Period and except as permitted under subsection 11.03(2) of the CCAA, no Proceeding may be commenced, or continued against any former, present or future director or officer of the Petitioner nor against any person deemed to be a director or an officer of the Petitioner under subsection 11.03(3) CCAA (each, a "**Director**", and collectively the "**Directors**") in respect of any claim against such Director which arose prior to the Effective Time and which relates to any obligation of the Petitioner where it is alleged that any of the Directors is under any law liable in such capacity for the payment of such obligation.

Possession of Property and Operations

9. **ORDERS** that the Petitioner shall remain in possession and control of its present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively the "**Property**"), the whole in accordance with the terms and conditions of this order including, but not limited, to paragraph 28 hereof.

No Exercise of Rights or Remedies

10. **ORDERS** that during the Stay Period, and subject to, *inter alia*, subsection 11.1 CCAA, all rights and remedies of any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Petitioner, or affecting the Business,

the Property or any part thereof, are hereby stayed and suspended except with leave of this Court.

11. **DECLARES** that, to the extent any rights, obligations, or prescription, time or limitation periods, including, without limitation, to file grievances, relating to the Petitioner or any of the Property or the Business may expire (other than pursuant to the terms of any contracts, agreements or arrangements of any nature whatsoever), the term of such rights, obligations, or prescription, time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the Petitioner becomes bankrupt or a receiver as defined in subsection 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") is appointed in respect of the Petitioner, the period between the date of the Order and the day on which the Stay Period ends shall not be calculated in respect of the Petitioner in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

No Interference with Rights

12. **ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Petitioner, except with the written consent of the Petitioner and Ernst & Young Inc. (the "**Monitor**"), or with leave of this Court.

Continuation of Services

13. **ORDERS** that during the Stay Period and subject to paragraph 15 hereof and subsection 11.01 CCAA, all Persons having verbal or written agreements with the Petitioner or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, utility or other goods or services made available to the Petitioner, are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Petitioner, and that the Petitioner shall be entitled to the continued use of its current premises, telephone numbers, facsimile

numbers, internet addresses, domain names or other services, provided in each case that the normal prices or charges for all such goods or services received after the date of the Order are paid by the Petitioner, without having to provide any security deposit or any other security, in accordance with normal payment practices of the Petitioner or such other practices as may be agreed upon by the supplier or service provider and the Petitioner, with the consent of the Monitor, or as may be ordered by this Court.

14. **ORDERS** that, notwithstanding anything else contained herein and subject to subsection 11.01 CCAA, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided to the Petitioner on or after the date of this Order, nor shall any Person be under any obligation on or after the date of the Order to make further advance of money or otherwise extend any credit to the Petitioner.
15. **ORDERS** that, without limiting the generality of the foregoing and subject to Section 21 of the CCAA, if applicable, cash or cash equivalents placed on deposit by the Petitioner with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of the Order or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by Petitioner and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into the Petitioner's account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

Non-Derogation of Rights

16. **ORDERS** that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, guarantee or bond (the "**Issuing Party**") at the request of the Petitioner shall be required to continue honouring any and all such letters, guarantees and bonds, issued on or before the date of the Order, provided that all conditions under such letters,

guarantees and bonds are met save and except for defaults resulting from this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

Interim Financing (DIP)

17. **ORDERS** that Petitioner be and is hereby authorized to borrow, repay and reborrow from Third Eye Capital Corporation and certain lenders on whose behalf it acts as administrative agent and collateral agent and hypothecary representative (individually and collectively, the "**Interim Lender**") such amounts from time to time as Petitioner may consider necessary or desirable, up to a maximum principal amount of \$4,000,000 (the "**Maximum Amount**") on the terms and conditions as set forth in the Commitment Letter for Super-Priority Debtor-in-Possession Credit Facility dated September 24, 2015 attached hereto as Schedule A (the "**TEC Commitment Letter**") and in the Interim Financing Documents (as defined hereinafter), to fund the ongoing expenditures of Petitioner and to pay such other amounts as are permitted by the terms of the Order and the Interim Financing Documents (as defined hereinafter) (the "**Interim Facility**");
18. **ORDERS** that Petitioner is hereby authorized to execute and deliver such credit agreements, security documents and other definitive documents (collectively the "**Interim Financing Documents**") as may be required by the Interim Lender in connection with the Interim Facility and the TEC Commitment Letter, and Petitioner is hereby authorized to perform all of its obligations under the Interim Financing Documents;
19. **ORDERS** that Petitioner shall pay to the Interim Lender, when due, all amounts owing (including principal and interest as well as all fees (including all success fees resulting from the Matoush Litigation) and expenses, including, without limitation, all reasonable fees and disbursements of counsel and all other reasonably required advisers to or agents of the Interim Lender on a full indemnity basis (any and all of the foregoing fees and expenses hereinafter collectively referred to as the "**Interim Lender Fees and Expenses**")) under the Interim Financing Documents and shall perform all of its other

obligations to the Interim Lender pursuant to the TEC Commitment Letter, the Interim Financing Documents and the Order;

20. **DECLARES** that all of the Property of Petitioner is hereby subject to a charge and security for an aggregate amount of \$55,000,000 plus an additional amount equivalent to 20% thereof, bearing interest on the Maximum Amount at the rate of 20% per annum (such charge and security is referred to herein as the "**Interim Lender Charge**") in favour of the Interim Lender as security for all obligations of Petitioner to the Interim Lender with respect to all amounts owing (including principal, interest and the Interim Lender Fees and Expenses) under or in connection with the TEC Commitment Letter and the Interim Financing Documents. The Interim Lender Charge shall have the priority established by paragraphs 42 and 43 of this Order;
21. **ORDERS** that the claims of the Interim Lender pursuant to the Interim Financing Documents shall not be compromised or arranged pursuant to the Plan or these proceedings and the Interim Lender, in that capacity, shall be treated as an unaffected creditor in these proceedings and in any Plan;
22. **ORDERS** that the Interim Lender may:
 - (a) notwithstanding any other provision of the Order, take such steps from time to time as it may deem necessary or appropriate to register, record, set-up or perfect the Interim Lender Charge and the Interim Financing Documents in all jurisdictions and in all registries where it deems it is appropriate; and
 - (b) notwithstanding the terms of the paragraph to follow, refuse to make any advance to Petitioner if the Petitioner fails to meet the provisions of the TEC Commitment Letter and the Interim Financing Documents;
23. **ORDERS** that the Interim Lender shall not take any enforcement steps under the Interim Financing Documents or the Interim Lender Charge without providing at least five (5) business days written notice (the "**Notice Period**") of a default thereunder to the Petitioner, the Monitor and to creditors whose rights are registered or published at the appropriate registers or requesting a copy of such notice. Upon expiry of such Notice

Period, the Interim Lender shall be entitled to take any and all steps under the Interim Financing Documents and the Interim Lender Charge and otherwise permitted at law, but without having to send any demands under Section 244 of the BIA;

24. **ORDERS** that, subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs 17 to 23 hereof unless either (a) notice of a motion for such order is served on the Interim Lender by the moving party within seven (7) days after that party was served with the Order or (b) the Interim Lender applies for or consents to such order;

Directors' and Officers' Indemnification and Charge

25. **ORDERS** that the Petitioner shall indemnify its Directors from all claims relating to any obligations or liabilities they may incur and which have accrued by reason of or in relation to their respective capacities as directors or officers of the Petitioner after the Effective Time, except where such obligations or liabilities were incurred as a result of such directors' or officers' gross negligence, willful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA.
26. **ORDERS** that the Directors of the Petitioner shall be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$2,500,000 (the "**Directors' Charge**"), as security for the indemnity provided in paragraph 25 of this Order as it relates to obligations and liabilities that the Directors may incur in such capacity after the Effective Time. The Directors' Charge shall have the priority set out in paragraphs 42 and 43 of this Order.
27. **ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Directors shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the Directors are entitled to be indemnified in accordance with paragraph 25 of this Order.

Restructuring

28. **DECLARES** that, to facilitate the orderly restructuring of its business and financial affairs (the "**Restructuring**") but subject to such requirements as are imposed by the CCAA, the Petitioner shall have the right, subject to approval of the Monitor or further order of the Court, to:
- (a) permanently or temporarily cease, downsize or shut down any of its operations or locations as it deems appropriate and make provision for the consequences thereof in the Plan;
 - (b) pursue all avenues of interim financing or a refinancing of its Business or Property, in whole or in part, subject to the prior approval of this Court being obtained before any material interim financing or refinancing becomes effective;
 - (c) convey, transfer, assign, lease, or in any other manner dispose of the Property, outside of the ordinary course of business, in whole or in part, provided that the price in each case does not exceed \$50,000 or \$200,000 in the aggregate;
 - (d) terminate the employment of such of its employees or temporarily or permanently lay off such of its employees as it deems appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision, on such terms as may be agreed upon between the Petitioner and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the Petitioner may determine;
 - (e) subject to the provisions of section 32 CCAA, disclaim or resiliate, any of its agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the Petitioner and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan; and
 - (f) subject to section 11.3 CCAA, assign any rights and obligations of Petitioner.

29. **ORDERS** that the Petitioner shall remain authorized to continue to manage, prosecute, pursue and instruct counsel in connection with the Matoush Litigation (the "**Litigation Counsel**") and to take steps to negotiate a transaction agreement pursuant to Article 2631 of the Civil Code of Québec regarding the Matoush Litigation, provided that a) Petitioner keeps the Monitor duly informed of the existence and content of such negotiations and b) if a transaction agreement is reached regarding the Matoush Litigation, said agreement shall be made conditional upon the approval of this Court and shall not be effective until such approval is obtained.
30. **DECLARES** that, if a notice of disclaimer or resiliation is given to a landlord of the Petitioner pursuant to section 32 of the CCAA and subsection 28(e) of this Order, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours by giving the Petitioner and the Monitor 24 hours prior written notice and (b) at the effective time of the disclaimer or resiliation, the landlord shall be entitled to take possession of any such leased premises and re-lease any such leased premises to third parties on such terms as any such landlord may determine without waiver of, or prejudice to, any claims or rights of the landlord against the Petitioner, provided nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.
31. **ORDERS** that the Petitioner shall provide to any relevant landlord notice of the Petitioner's intention to remove any fittings, fixtures, installations or leasehold improvements at least seven (7) days in advance. If the Petitioner has already vacated the leased premises, it shall not be considered to be in occupation of such location pending the resolution of any dispute between the Petitioner and the landlord.
32. **DECLARES** that, in order to facilitate the Restructuring, the Petitioner may, subject to the approval of the Monitor, or further order of the Court, settle claims of customers and suppliers that are in dispute.
33. **DECLARES** that, pursuant to sub-paragraph 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, the Petitioner is permitted, in the course of

these proceedings, to disclose personal information of identifiable individuals in its possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to its advisers (individually, a "**Third Party**"), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the Petitioner binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to the Petitioner or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation or implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioner.

Powers of the Monitor

34. **ORDERS** that the Monitor is hereby appointed to monitor the business and financial affairs of the Petitioner as an officer of this Court and that the Monitor, in addition to the prescribed powers and obligations, referred to in Section 23 of the CCAA:
- (a) shall, without delay, (i) publish once a week for two (2) consecutive weeks or as otherwise directed by the Court, in La Presse and The Globe and Mail and (ii) within five (5) business days after the date of this Order (A) post on the Monitor's website (the "**Website**") a notice containing the information prescribed under the CCAA, (B) make this Order publicly available in the manner prescribed under the CCAA, (C) send, in the prescribed manner, a notice to all known creditors having a claim against the Petitioner of more than \$1,000, advising them that the Order is publicly available, and (D) prepare a list showing the names and addresses of such creditors and the estimated amounts of their respective claims, and make it publicly available in the prescribed manner, all in

accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder;

- (b) shall monitor the Petitioner's receipts and disbursements;
- (c) shall assist the Petitioner, to the extent required by the Petitioner, in dealing with its creditors and other interested Persons during the Stay Period;
- (d) shall assist the Petitioner, to the extent required by the Petitioner, with the preparation of its cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
- (e) shall advise and assist the Petitioner, to the extent required by the Petitioner, to review the Petitioner's business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (f) shall assist the Petitioner, to the extent required by the Petitioner, with the Restructuring and in its negotiations with its creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- (g) shall report to the Court on the state of the business and financial affairs of the Petitioner or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order;
- (h) shall report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor's assessment of, and recommendations with respect to, the Plan;
- (i) may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of the Order, including, without limitation, one or more entities related to or affiliated with the Monitor;

- (j) may engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under the Order or under the CCAA;
- (k) may act as a "foreign representative" of the Petitioner or in any other similar capacity in any insolvency, bankruptcy or reorganization proceedings outside of Canada;
- (l) may give any consent or approval as may be contemplated by the Order or the CCAA; and
- (m) may perform such other duties as are required by the Order or the CCAA or by this Court from time to time.

Unless expressly authorized to do so by this Court, the Monitor shall not otherwise interfere with the business and financial affairs carried on by the Petitioner, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the Petitioner.

- 35. **ORDERS** that the Petitioner and its Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of the Order shall forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the Petitioner in connection with the Monitor's duties and responsibilities hereunder.
- 36. **DECLARES** that the Monitor may provide creditors and other relevant stakeholders of the Petitioner with information in response to requests made by them in writing addressed to the Monitor and copied to the Petitioner's counsel. In the case of information that the Monitor has been advised by the Petitioner is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the Petitioner unless otherwise directed by this Court.

37. **DECLARES** that if the Monitor, in its capacity as Monitor, carries on the business of the Petitioner or continues the employment of the Petitioner's employees, the Monitor shall benefit from the provisions of section 11.8 of the CCAA.
38. **DECLARES** that no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out the provisions of any order of this Court, except with prior leave of this Court, on at least seven days notice to the Monitor and its counsel. The entities related to or affiliated with the Monitor referred to in subparagraph 34(i) hereof shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.
39. **ORDERS** that Petitioner shall pay the reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, the Petitioner's legal counsel, including counsel retained to pursue the Matoush Litigation and other advisers, directly related to these proceedings, the Plan and the Matoush Litigation, whether incurred before or after the Order, and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.
40. **DECLARES** that the Monitor, the Monitor's legal counsel, if any, the Petitioner's legal counsel, including counsel retained to pursue the Matoush Litigation, and the Monitor and the Petitioner's respective advisers, as security for the professional fees and disbursements incurred after the making of the Order and directly related to these proceedings, the Plan and the Restructuring, be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$2,000,000 (the "**Administration Charge**"), having the priority established by paragraphs 42 and 43 hereof, and which shall be divided into the following 2 tranches:
- (a) first, a \$1,000,000 senior tranche (the "**Senior Tranche of the Administration Charge**"); and;
 - (b) second, a \$1,000,000 junior tranche (the "**Junior Tranche of the Administration Charge**").

41. **ORDERS** that the Petitioner be and is hereby authorized to enter into a contingency fee arrangement (the "**Contingency Fee Arrangement**") with its counsel retained to pursue the Matoush Litigation on the terms and conditions as set forth in the TEC Commitment Letter which shall include a two-tiered performance bonus (the "**Matoush Litigation Performance Bonus**"). The first tier of the Matoush Litigation Performance Bonus shall be secured by the Junior Tranche of the Administration Charge, and the second tier of the Matoush Litigation Performance Bonus shall not be secured by the Administration Charge, and shall rank *pari passu* to the claims of ordinary unsecured creditors.

Priorities and General Provisions Relating to CCAA Charges

42. **DECLARES** that the priorities of the Administration Charge, Interim Lender Charge and Directors' Charge (collectively, the "**CCAA Charges**"), as between them with respect to any Property to which they apply, shall be as follows:
- (a) first, the Senior Tranche of the Administration Charge;
 - (b) second, the Interim Lender Charge;
 - (c) third, the Junior Tranche of the Administration Charge; and
 - (d) fourth, the Directors' Charge;
43. **DECLARES** that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "**Encumbrances**") affecting the Property charged by such Encumbrances.
44. **ORDERS** that, except as otherwise expressly provided for herein, the Petitioner shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the CCAA Charges unless the Petitioner obtains the prior written consent of the Monitor and the prior approval of the Court.

45. **DECLARES** that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the Petitioner, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
46. **DECLARES** that the CCAA Charges and the rights and remedies of the beneficiaries of such Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Petitioner or any receiving order made pursuant to any such petition or any assignment in bankruptcy made or deemed to be made in respect of the Petitioner; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Petitioner (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:
- (a) the creation of any of the CCAA Charges shall not create or be deemed to constitute a breach by the Petitioner of any Third Party Agreement to which it is a party; and
 - (b) any of the beneficiaries of the CCAA Charges shall not have liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.
47. **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Petitioner and any receiving order allowing such petition or any assignment in bankruptcy made or deemed to be made in respect of the Petitioner, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Petitioner pursuant to the Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

48. **DECLARES** that the CCAA Charges shall be valid and enforceable as against all Property of the Petitioner and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Petitioner, for all purposes.

General

49. **ORDERS** that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, employees, legal counsel or financial advisers of the Petitioner or of the Monitor in relation to the Business or Property of the Petitioner, without first obtaining leave of this Court, upon ten (10) days written notice to the Petitioner's counsel, the Monitor's counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.
50. **ORDERS** that, subject to further Order of this Court, all motions in these CCAA proceedings are to be brought on not less than ten (10) calendar days' notice to all Persons on the service list. Each motion shall specify a date (the "**Initial Return Date**") and time (the "**Initial Return Time**") for the hearing.
51. **ORDERS** that any Person wishing to object to the relief sought on a motion in these CCAA proceedings must serve responding motion materials or a notice stating the objection to the motion and the grounds for such objection (a "**Notice of Objection**") in writing to the moving party, the Petitioner's counsel and the Monitor's counsel, with a copy to all Persons on the service list, no later than 5 p.m. Montreal Time on the date that is four (4) calendar days prior to the Initial Return Date (the "**Objection Deadline**").
52. **ORDERS** that, if no Notice of Objection is served by the Objection Deadline, the Judge having carriage of the motion (the "**Presiding Judge**") may determine: (a) whether a hearing is necessary; (b) whether such hearing will be in person, by telephone or by written submissions only; and (c) the parties from whom submissions are required (collectively, the "**Hearing Details**"). In the absence of any such determination, a hearing will be held in the ordinary course.

53. **ORDERS** that, if no Notice of Objection is served by the Objection Deadline, the Monitor shall communicate with the Presiding Judge regarding whether a determination has been made by the Presiding Judge concerning the Hearing Details. The Monitor shall thereafter advise the service list of the Hearing Details and the Monitor shall report upon its dissemination of the Hearing Details to the Court in a timely manner, which may be contained in the Monitor's next report in these proceedings.
54. **ORDERS** that, if a Notice of Objection is served by the Objection Deadline, the interested parties shall appear before the Presiding Judge on the Initial Return Date at the Initial Return Time, or such earlier or later time as may be directed by the Court, to, as the Court may direct: (a) proceed with the hearing on the Initial Return Date and at the Initial Return Time; or (b) establish a schedule for the delivery of materials and the haring of the contested motion and such other matters, including interim relief, as the Court may direct.
55. **DECLARES** that the Order and any proceeding or affidavit leading to the Order, shall not, in and of themselves, constitute a default or failure to comply by the Petitioner under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.
56. **ORDERS** that Exhibit P-20, Exhibit P-21 and Exhibit P-22 filed in support of the Petition and Exhibit P-2 filed in support of the Motion for the Issuance of an Amended and Restated Initial Order, be kept confidential and under seal with the Court until, as the case may be, further order of this Court. However, all creditors of the Petitioner shall be entitled to obtain disclosure of the said Exhibits upon written request and provided they have signed a confidentiality agreement in standard form.
57. **ORDERS** that Exhibit P-3 filed in support of the Motion for the Issuance of a Second Amended and Restated Initial Order and the annexes to the Fifth Report of the Monitor filed in these proceedings be kept confidential and under seal with the Court until, as the case may be, further order of this Court.
58. **ORDERS** that all secured creditors of the Petitioner shall be entitled to obtain disclosure of the unredacted version of Exhibit P-2 and Exhibit P-3 filed in support of the Motion

for the Issuance of a Second Amended and Restated Initial Order as well as the annexes to the Fifth Report of the Monitor filed in these proceedings upon written request and provided they have signed a confidentiality agreement in standard form.

59. **DECLARES** that neither the filing into the Court record of the unredacted version of Exhibit P-2 filed in support of the Motion for the Issuance of a Second Amended and Restated Initial Order, the Contingency Fee Arrangement (Exhibit P-3 filed in support of the Motion for the Issuance of a Second Amended and Restated Initial Order) and the annexes to the Fifth Report of the Monitor filed in these proceedings, nor their communication to Strateco's creditors in accordance with the terms hereof, shall be construed as a waiver, by Strateco, of any privilege which may attach to protect to confidentiality of the information contained therein.
60. **ORDERS** that all meetings of the shareholders of the Petitioner be postponed and extended pending further order of this Court.
61. **DECLARES** that, except as otherwise specified herein, the Petitioner and the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the Petitioner and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.
62. **DECLARES** that the Petitioner and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that the Petitioner shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
63. **DECLARES** that, unless otherwise provided herein, under the CCAA, or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on the

solicitors for the Petitioner and the Monitor and has filed such notice with this Court, or appears on the service list prepared by the monitor or its attorneys, save and except when an order is sought against a Person not previously involved in these proceedings;

64. **DECLARES** that the Petitioner or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.
65. **DECLARES** that any interested Person may apply to this Court to vary or rescind the Order or seek other relief upon five (5) days notice to the Petitioner, the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order, such application or motion shall be filed during the Stay Period ordered by this Order, unless otherwise ordered by this Court;
66. **DECLARES** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
67. **DECLARES** that the Monitor, with the prior consent of the Petitioner, shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the *U.S. Bankruptcy Code*, for which the Monitor shall be the foreign representative of the Petitioner. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for that purpose.
68. **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.

69. **ORDERS** the provisional execution of the Order notwithstanding any appeal.

70. **WITHOUT COSTS.**



DANIELLE TURCOTTE, J.S.C.