CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No. : 500-11-048908-152

SUPERIOR COURT

Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended)

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

STRATECO RESOURCES INC.

Petitioner

- and -

ERNST & YOUNG INC.

Monitor

THIRD MOTION FOR THE ISSUANCE OF AN ORDER EXTENDING THE STAY OF PROCEEDINGS

(Section 11.02(2) of the Companies' Creditors Arrangement Act ("CCAA"))

TO THE HONOURABLE JUSTICE DANIELLE TURCOTTE, J.S.C., SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, THE PETITIONER RESPECTFULLY SUBMITS THE FOLLOWING:

I. INTRODUCTION

1. On June 9, 2015, the Honourable Justice Martin Castonguay, J.S.C. issued an initial order under the CCAA (the "**Initial Order**") as regards Strateco Resources Inc. ("**Strateco**" or the "**Petitioner**") and appointed Ernst & Young Inc. ("**EY**" or the "**Monitor**") as monitor of Strateco, as appears from the Court record.

2. The Initial Order pronounced, *inter alia*, a stay of proceedings as regards Strateco, its assets, its directors and its officers until July 9, 2015 (the "**Stay Period**").

3. On July 8, 2015, the Honourable Justice Danielle Turcotte, J.S.C. issued an amended and restated initial order (the "**Amended and Restated Initial Order**"), in which the Stay Period was extended until September 3, 2015, as appears from the Court record.

4. On September 3, 2015, the Honourable Justice Danielle Turcotte, extended the Stay Period until October 1, 2015, as appears from the Court record.

II. ORDER SOUGHT

5. Strateco hereby seeks an order from this Court extending the Stay Period until October 21, 2015.

III. RECENT DEVELOPMENTS

A. Matoush Litigation

6. Strateco's principal asset is its litigation against the Attorney-General of Quebec, acting for the Minister of Sustainable Development, Environment and the Fight against Climate Change and the Government of Québec (the "**Defendant**"), which litigation is proceeding before the Superior Court of Quebec, District of Québec, under court docket no. 200-17-022389-159 (the "**Matoush Litigation**").

7. The reasons that led Strateco to the filing of the Matoush Litigation were outlined in detail in Strateco's *Petition for the Issuance of an Initial Order*, as well as in the reports filed by the Monitor with this Court, as appears from the Court record.

8. Since the filing of the proceedings that led to the issuance of the Amended and Restated Initial Order, the Matoush Litigation has continued to proceed in accordance with the timetable filed agreed to between the parties.

9. The following noteworthy steps have taken place recently and are expected to take place in the near future with respect to the Matoush Litigation:

   (a) The undertakings subscribed to by Strateco during the examinations of Mr. Guy Hébert and Mr. Yvon Robert were communicated to counsel for the Defendant;

   (b) The examinations of the representatives of the Government of Québec and the Minister remain scheduled as follows:

   - September 25, 2015 – Mrs. Diane Jean; and
   - September 29, 2015 – Mr. Jacques Dupont.

10. Strateco intends to continue the realization of its main asset, the Matoush Litigation, for the benefit of all of its stakeholders.

11. In furtherance of this objective, Strateco will continue to deploy every effort to bring the Matoush Litigation to adjudication in a timely fashion, however an extension of the Stay Period will clearly be required.

B. DIP Financing

12. As previously announced to this Court, in order to continue Strateco's realization process, in particular the funding the Matoush Litigation, it is necessary for Strateco to obtain debtor-in-possession ("**DIP**") financing.

13. Since the issuance of the Initial Order, Strateco, with the assistance of EY, has worked diligently to identify and solicit potential sources of DIP financing.

14. In particular, during the course of this DIP solicitation process:

    (a) an information package was communicated to thirty-four (34) potential investors hailing from various backgrounds, including "traditional" DIP lenders, foreign firms who specialize in third-party litigation financing, as well as current creditors and equity holders of Strateco; and

    (b) Strateco executed a total of twelve (12) non-disclosure agreements with various parties who expressed interest in accessing more information about the company in connection with a potential DIP financing.

15. On September 18, 2105, Strateco received a binding offer pursuant to which a prospective DIP lender indicated its willingness to advance, subject to the completion of certain conditions precedent, a total of $4 million in interim financing to Strateco for the purposes of funding (a) Strateco's legal fees and expenses associated with the pursuit of the Matoush Litigation; and (b) Strateco's short term liquidity needs in the context of the present proceedings.

16. Strateco is presently reviewing the terms and conditions of the aforementioned offer and negotiating same with the prospective DIP lender, with a view to accepting said offer and filing a motion for the approval of an DIP financing before the hearing on the present motion.

17. Strateco therefore expects to return before this Court to seek the approval of a DIP financing facility before October 21, 2015 and to complete the DIP financing on or before October 27, 2015.

IV. CONCLUSION

18. It is expected that prior to the hearing on the present Motion, the Monitor will file a report recommending the approval of a stay extension.

19. It is respectfully submitted that it is appropriate, under the circumstances, to grant the present motion and order the extension of the Stay Period until October 21, 2015.

20. Strateco has acted and continues to act in good faith and with due diligence during the course of these proceedings.

21. The present Motion is well founded in fact and in law.

WHEREFORE, MAY THIS COURT:

GRANT the present *Motion for the Issuance of an Order Extending The Stay of Proceedings* (the "**Motion**");

DECLARE that the notices given for the presentation of the Motion are proper and sufficient;

EXTEND the Stay Period (as defined in the Motion) until October 21, 2015;

ORDER the provisional execution of this Order to be rendered notwithstanding any appeal and without the necessity of furnishing any security.

THE WHOLE WITHOUT COSTS, save and except in case of contestation.

MONTRÉAL, September 21, 2015

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Petitioner

AFFIDAVIT

I, the undersigned, Guy Hébert, having my principal place of business at 1225 Gay-Lussac Street, in the City of Boucherville, Province of Québec, J4B 7K1, solemnly declare the following:

1. I am the President of Strateco Resources Inc.;

2. All the facts alleged in the *Motion for the Issuance of an Order Extending The Stay of Proceedings* are true.

AND I HAVE SIGNED

Guy Hébert

SOLEMNLY DECLARED before me at Montréal, on the 21 day of September, 2015

#37.764

Commissioner of Oaths
Province of Quebec

#11338819

NOTICE OF PRESENTATION

To: THE SERVICE LIST

TAKE NOTICE that the *Third Motion for the Issuance of an Order Extending The Stay of Proceedings* will be presented for adjudication before the Honourable Justice Danielle Turcotte, J.S.C., sitting in Commercial Division, in and for the District of Montréal, on a date and time to be determined by the Court and communicated to the Service List.

DO GOVERN YOURSELVES ACCORDINGLY.

MONTRÉAL, September 21, 2015

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP

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BS0350 File: 138341-1001

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Arrangement Act ("CCAA"))

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