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

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
(Sections 11.2 and 11.02 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, 2013, the Honourable Justice Danielle Turcotte, J.S.C. issued an amended and restated initial order (the "**Amended and Restated Initial Order**"), granting an administration charge (the "**Administration Charge**") and a directors' and officers' charge (the "**Directors' Charge**"), and extending the Stay Period until September 3, 2015, as appears from the Court record.

4. On September 3, 2015 and September 29, 2015 the Stay Period was further extended to October 3, 2015 and October 21, 2015, respectively, as appears from the Court record.

II. ORDER SOUGHT

5. For the reasons further set forth below, Strateco hereby requests the issuance of an order:

   (i) Approving the terms of a $4 million debtor-in-possession credit facility offered by Third Eye Capital Corporation ("**TEC**") acting for itself and as administrative agent and collateral agent and hypothecary representative for certain lenders(collectively, the "**DIP Lenders**") and creating a super-priority charge in connection therewith;

   (ii) Approving the terms of a contingency fee arrangement with Strateco's litigation counsel, Irving Mitchell Kalichman, LLP ("**IMK**") and making adjustments to the Administration Charge resulting therefrom; and

   (iii) Extending the Stay Period until January 29, 2016.

   the whole, substantially in the form of the draft Second Amended and Restated Initial Order communicated herewith as **Exhibit P-1**,

III. RECENT DEVELOPMENTS

(a) The 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. The Matoush Litigation has continued to proceed in accordance with the timetable filed agreed to between the parties. The most recent step completed by the parties to the litigation was the examination of the representatives of the Defendant which took place on September 25 and September 29, 2015.

9. In addition, in September 2015, an agreement was reached by the attorneys in the file to define and limit the intervention, in the Matoush Litigation, of the Cree Nation of Mistissini, the Cree Nation Government and the Grand Council of the Crees (Eeyou Istchee) (the "**Interveners**").

10. The next steps in connection with the Matoush Litigation are the following:

    (i) The Defendant will provide the undertakings of its two witnesses within approximately one month;

    (ii) The President of Strateco, Mr. Guy Hébert, will be examined by the attorneys for the Interveners on October 26, 2015; and

    (iii) A representative of the Interveners will be examined by the attorneys for Strateco and by the attorneys for the Defendant in November 2015, for a maximum of one day each.

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

12. In furtherance of this objective, Strateco will continue to deploy every effort to bring the Matoush Litigation to adjudication in a timely fashion, however, in order to be able to continue to do so, it is necessary for Strateco to obtain the relief sought herein.

(b) The DIP Solicitation Process

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, the whole as set out previously at paragraphs 77, 93 to 96 of the June 8, 2015 Motion for the Issuance of an Initial Order, paragraphs 21 to 23 of the June 18, 2015 Motion for the Issuance of an Amended and Restated Initial Order and paragraphs 12 to 17 of the September 21, 2015 Third Motion for an Extension of the Stay[1];

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

    (i) 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

    (ii) 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.

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1 See also paragraphs 35 to 40 of the June 8, 2015 Report of the proposed Monitor, paragraph 49 of the June 30, 2015 Second Report of the Monitor, paragraphs 22 to 26 of the September 1st, 2015 Third Report of the Monitor and paragraphs 21 to 25 of the September 28, 2015 Fourth Report of the Monitor.

15. The DIP solicitation process proved somewhat challenging in light of the unique nature of Strateco's main asset, being an ongoing litigious claim, the realization of which is by very essence uncertain, despite the company's firm belief in the merits of its case against the Defendants.

16. Strateco's management and legal counsel, including IMK, were solicited at various stages several during the DIP solicitation process to provide background information to interested parties. Strateco ultimately received, at various stages during this process, a total of three (3) conditional offers from potential lenders other than TEC, with whom Strateco held preliminary discussions.

17. None of the above-referred conditional offers led to a firm engagement. By late-August 2015, Strateco had reached an advanced stage of discussions with one prospective DIP lender, however the negotiations with this party were ultimately discontinued. Shortly thereafter, in September 2015, Strateco entered into discussions with TEC.

(c) The DIP Facility

18. On September 24, 2105, Strateco executed a binding offer (the "**TEC Binding Offer**") with TEC, subject only to limited closing conditions, pursuant to which TEC and the DIP Lenders agreed to provide Strateco with the DIP Facility in an amount of $4 million (the "**DIP Facility**"). A copy of the TEC Binding Offer which has been redacted to preserve the confidentiality of certain privileged information is communicated herewith, as **Exhibit P-2**.

19. The DIP Facility, if approved, will provide the necessary financing to Strateco to fund Strateco's legal fees and expenses associated with the pursuit of the Matoush Litigation, as well as Strateco's short term liquidity needs in the context of the present proceedings.

20. The Binding Offer provides, *inter alia,* that:

   (i) A maximum amount of $4,000,000 (the "**Maximum Amount**") is to be made available to Strateco;

   (ii) The DIP Facility is to be reimbursed in full on being the date (the "**Maturity Date**") which is the earliest of:

      (a) 60 months from the date of the expiry of any appeals available after the issuance of the order approving the DIP Facility;

      (b) The effective date of a plan of reorganization or liquidation;

      (c) The termination of the Matoush Litigation, the consummation of Strateco's claims in respect thereof, receipt of the Award or a sale(s) of all or substantially all of the assets of Strateco;

(d) Such other date as the DIP Lenders may agree to in writing with Strateco; or

(e) Acceleration upon the occurrence of an event of default under the DIP Facility

(iii) Interest on DIP loans made under the DIP Facility is to be calculated at an annual rate of 20%, compounded and capitalized monthly;

(iv) A closing fee of 10% of the Maximum Amount (i.e. $400,000) is payable to the DIP Lenders upon closing of the initial DIP loan;

(v) A success fee (the "**Success Fee**") is payable to the DIP Lenders based on the gross value of a potential award in the Matoush Litigation (the "**Award**");

(vi) All obligations owed to DIP Lenders under the DIP facility (including all principal and interest, as well as all fees and expenses (including, but not limited to the closing fee and the Success Fee)) are to be secured by a first-super priority security charge of $55,000,000 over Strateco's assets, plus an additional amount equivalent to 20% thereof, bearing interest on the Maximum Amount at the rate of 20% per annum (the "**DIP Charge**"), subject only to the Senior Tranche of the Administration Charge of $1,000,000, as set out below.

21. The quantum of the DIP Charge was determined based on the amount of the Success Fee that would be payable to the DIP Lenders in a "best-case scenario", where the amount of the Award resulting from the Matoush Litigation would amount to $200 million, representing the full amount of the principal claimed by Strateco, plus interest. In such a scenario, the remaining amount of the Award after the payment of the Success Fee would be sufficient not only to reimburse all the creditors of Strateco, secured and unsecured alike, but also to proceed to a distribution to Strateco's shareholders.

22. The DIP Facility is conditional, *inter alia*, upon:

(i) This Court's approval of the terms set forth under the TEC Binding Offer and the granting of the DIP Charge;

(ii) The execution of mutually satisfactory loan documentation; and

(iii) The conclusion of a specific fee arrangement between Strateco and IMK, as described below.

23. The TEC DIP Facility is not conditional upon TEC obtaining financing and the latter has indicated that it is prepared to move forward in an expeditious manner with the transaction contemplated under the TEC Binding Offer.

(d) The IMK Fee Arrangement

24. The DIP Facility is conditional upon the satisfactory conclusion, between IMK and Strateco, of a fee arrangement reflected in the agreement communicated herewith, under confidential seal, as **Exhibit P-3** (the "**IMK Fee Arrangement**").

25. The IMK Fee Arrangement provides for a hybrid form of compensation to IMK, namely a cap on IMK's monthly and aggregate billings (in the form of a flat fee) as well as a two-tiered performance bonus (the "**IMK Performance Bonus**"), the payment and quantum of which are related to the quantum of the Award.

26. The details of the IMK Fee Arrangement, as well as the annexes of the Monitor's report that include cash flow projections and analysis in relation to the details of this fee arrangement, are privileged and confidential. For this reason, Strateco seeks orders from this Court :

    (i) Ordering that the IMK Fee Arrangement (Exhibit P-3) and the annexes to the Monitor's report be filed under confidential seal;

    (ii) Ordering that the secured creditors of Strateco who wish to consult the unredacted version of the TEC Binding Offer (Exhibit P-2) or the IMK Fee Arrangement (Exhibit P-3) and the annexes to the Monitor's report be required to enter into a non-disclosure agreement with Strateco; and

    (iii) Declaring that neither the filing of the unredacted version of the TEC Binding Offer (Exhibit P-2), the IMK Fee Arrangement (Exhibit P-3) and the annexes to the Monitor's report in the Court record, nor their communication to Strateco's secured creditors, shall be construed as a waiver, by Strateco, of any privilege which may attach to protect to confidentiality of the information contained therein.

27. In accordance with the IMK Fee Arrangement, and Strateco seeks to modify the rank – but not the quantum - of the Administration Charge, such that it will be divided into two (2) tranches, namely:

    (i) A first tranche of $1,000,000 (the "**Senior Tranche of the Administration Charge**") ranking ahead of the DIP Charge; and

    (ii) A second tranche of $1,000,000 (the "**Junior Tranche of the Administration Charge**") ranking below the DIP Charge but above the Directors' Charge.

28. Under the terms of the IMK Fee Arrangement, the Senior Tranche of the Administration Charge will secure the regular fees and disbursements of all the professionals involved, including those of IMK, but in IMK's case, only up to the applicable cap on IMK's aggregate and monthly billings and disbursements.

29. As for the Junior Tranche of the Administration Charge, it will serve to secure the first tier of the IMK Performance Bonus. The second tier of the IMK Performance Bonus, on the other hand, is excluded from both tranches of the Administration Charge and shall constitute an ordinary unsecured claim of Strateco, ranking *pari passu* with the claims of ordinary unsecured creditors.

30. The Petitioner is informed that the professionals who benefit from the protection afforded by the Administration Charge consent to the above-described modifications.

IV. GROUNDS FOR THIS MOTION

a) Approval of the DIP Facility

31. The DIP Facility will allow Strateco to pursue the realization of its principal asset for the benefit of all of its creditors, secured and unsecured alike, as well as its other stakeholders, including its shareholders. These stakeholders will not benefit from any material recovery until the Matoush Litigation is realized upon.

32. The provision of financing to the company in a timely fashion is critical and in this regard, the DIP Facility literally constitutes a "life-line" to Strateco. There are currently no alternatives available other than the DIP Facility and as fully disclosed to the Court since the issuance of the Initial Order Strateco cannot continue financing its activities without DIP funding.

33. As will appear from the cash flow to be filed with the Monitor's report in connection with this Motion, Strateco benefits from no other source of income at this stage and has been able to pursue the realization of the Matoush Litigation in recent weeks only because the professionals who provide services to the company have accepted to defer the payment of their invoices.

34. The pricing of the DIP Facility reflects the overall level of risk undertaken by the DIP Lenders, the contingent nature of Strateco's principal asset as well as the fact that the DIP Lenders is committed to funding the company for a duration of five-years, as reflected by the Maturity Date.

35. The DIP Facility was negotiated at arm's length between Strateco and TEC in the context of an open and transparent solicitation process overseen by the Monitor and the pricing of the DIP Facility is comparable to other (non-binding) offers received by Strateco from other potential DIP lenders, including both foreign firms that specialize in litigation financing, as well as from lenders other than TEC who are involved in conventional DIP lending.

36. In determining whether it is appropriate, under the circumstances, to approve the DIP Facility, Strateco respectfully submits that the following factors should be considered in accordance with Section 11.2 of the CCAA:

(i) Securing DIP funding is essential to support the present CCAA proceedings;

(ii) The DIP Facility was negotiated at arm's length by Strateco with the oversight of the Monitor as part of an open and transparent solicitation process, which was fully disclosed and explained to the Court;

(iii) In addition to paragraphs 34-35 above, the DIP Facility is the only binding DIP offer received by Strateco;

(iv) The expected duration of Strateco's proceedings under the CCAA is uncertain given that the adjudication of the Matoush Litigation could take several years. The company believes that if the DIP Facility is approved by this Court and implemented, the company will benefit from sufficient financial resources to complete the realization of its claim;

(v) The DIP Facility will allow for the retention of Strateco's current President and Board of Directors which have been administering the Matoush Litigation since its inception and have extensive knowledge of the underlying facts in connection with the case, as well access to the information required to prosecute it. Strateco will continue to be advised by its legal advisers and its expenditures will be closely monitored by the Monitor and by TEC, in accordance with an agreed-upon budget;

(vi) The DIP Facility will enhance the prospects of a viable recovery for Strateco's creditors. Without the DIP Facility, Strateco will likely be forced into bankruptcy, thereby triggering a scenario where uncertainty would prevail as to (a) the willingness of the trustee and/or creditors to pursue to realization of Strateco's claim; (b) the availability of the significant financial resources that would be required to complete this process; and (c) the successful retention of the individuals and information required to litigate the claim, the whole, to the detriment of Strateco's stakeholders;

(vii) The value of Strateco's overall property is predicated for the most part on the level of success reached in the arena of the Matoush Litigation, such that the continuation and successful completion of this claim has been - and remains - Strateco's principal focus;

(viii) The DIP Charge sought in connection with the DIP Facility will not materially prejudice Strateco's creditors because, on the one hand, it serves to guarantee, in large part, a Success Fee that will incrementally increase with the level of success reached in the Matoush Litigation, such that even in the "best-case scenario" where the full amount of the Success Fee guaranteed by the DIP Charge was to be paid in full, the remaining amount of the Award would be sufficient not only to reimburse all the creditors of Strateco, secured and unsecured alike, but also to proceed to a distribution to Strateco's shareholders, while on the other hand, absent DIP funding it will be impossible for Strateco to continue its proposed

CCAA proceedings leading to inevitable bankruptcy and to minimal creditor recoveries, if any; and

(ix) Strateco is informed that the Monitor approves the DIP Facility, as will appear from the Monitor's report to be filed in connection with the present application.

37. The Petitioner therefore respectfully requests this Court to approve the DIP Facility and to issue an order creating the DIP Charge sought herein.

b) Approval of the IMK Fee Arrangement

38. The IMK Fee Arrangement reflects an agreement that was negotiated at arm's length between Strateco, TEC and IMK. The successful implementation of this agreement is also a condition to the closing of the DIP Facility, as appears from the TEC Binding Offer (Exhibit P-2).

39. Strateco submits that the pricing of the IMK Fee Arrangement is reasonable in the circumstances and reflects the level of risk undertaken by IMK with respect to its monthly and aggregate billings in excess of the applicable cap.

40. The changes proposed to the Administration Charge do not increase the overall amount of the charge, but rather, secure a portion of the IMK Performance Bonus with the Junior Tranche of the Administration Charge, which performance bonus is only payable if the Award reaches a certain threshold amount.

41. The Petitioner therefore respectfully requests this Court to approve the IMK Fee Arrangement and to issue the orders modifying the existing Administration Charge, as draft Second Amended and Restated Initial Order (Exhibit P-1).

c) Extension of the Stay Period

42. The Stay Period is set to expire on October 21, 2015.

43. Strateco seeks an extension of the Stay Period until January 29, 2016 in order to continue the realization process as regards the Matoush Litigation.

44. Strateco has acted and continues to act in good faith and with due diligence during the course of these proceedings and respectfully submits that it is appropriate, under the circumstances, to order the extension of the Stay Period until January 29, 2016.

WHEREFORE, MAY THIS COURT:

[1] **GRANT** the present *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* (the "**Motion**");

[2] **DECLARE** that the notices given for the presentation of the Motion are proper and sufficient;

[3] **ISSUE** orders substantially in the form of the draft Second Amended and Restated Initial Order communicated as Exhibit P-1 in support of the Motion; and

[4] **ORDER** the provisional execution of the Second Amended and Restated Initial 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.

MONTREAL, October 7, 2015

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Petitioner

S U P E R I O R   C O U R T
Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended)

No: 500-11-048908-152

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

STRATECO RESOURCES INC.

Petitioner

- and -

ERNST & YOUNG INC.

Monitor

BS0350 **File: 138341-1001**

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
(Sections 11.2 and 11.02 of the *Companies' Creditors Arrangement Act* ("CCAA")),

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Mtre. Matthew Angelus 514-397-3287
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STIKEMAN ELLIOTT
Stikeman Elliott LLP   BARRISTERS & SOLICITORS
1155 René-Lévesque Blvd. West, 40th Floor
Montréal, Québec, Canada H3B 3V2

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 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* are true.

AND I HAVE SIGNED

GUY HÉBERT

Solemnly declared before me at Montreal, on the 7th day of October, 2015

Isabelle Tremblay

Commissaire à l'assermentation
ISABELLE TREMBLAY

S U P E R I O R   C O U R T
Commercial Division
(Sitting as a court designated pursuant to the
***Companies' Creditors Arrangement Act*,**
R.S.C., c. C-36, as amended)

No: 500-11-048908-152

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AFFIDAVIT OF GUY HÉBERT

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NOTICE OF PRESENTATION

TO: THE SERVICE LIST

TAKE NOTICE that the *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* 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 **October 20th, 2015** at **9:15 a.m.** at the Montréal Courthouse, 1 Notre-Dame Street East.

MONTREAL, October 7, 2015

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Petitioner

#11331048

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

No: 500-11-048908-152

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

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CANADA	**SUPERIOR COURT**
PROVINCE OF QUÉBEC **DISTRICT OF MONTRÉAL**	**Commercial Division** **(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended)**
No. : 500-11-048908-152	

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

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- and -

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Monitor

LIST OF EXHIBITS

EXHIBIT P-1:	Draft Second Amended and Restated Initial Order
EXHIBIT P-2:	Redacted Copy of the TEC Binding Offer
EXHIBIT P-3: *under confidential seal*	IMK Fee Arrangement

MONTREAL, October 7, 2015

Stikeman Elliott LLP

STIKEMAN ELLIOTT LLP
Attorneys for the Petitioner

S U P E R I O R   C O U R T
Commercial Division
(Sitting as a court designated pursuant to the
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No: 500-11-048908-152

CANADA
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EXHIBIT P-1

CANADA

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

N° 500-11-048908-152

SUPERIOR COURT
(Commercial Division)

Montreal, October ___, 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 ORALLY AND DULY RECORDED, 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 1.1(a)(i)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 <u>secured</u> 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.

SCHEDULE A

S U P E R I O R   C O U R T
Commercial Division
(Sitting as a court designated pursuant to the
***Companies' Creditors Arrangement Act*,**
R.S.C., c. C-36, as amended)

No: 500-11-048908-152

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

STRATECO RESOURCES INC.

Petitioner

- and -

ERNST & YOUNG INC.

Monitor

BS0350 **File: 138341-1001**

EXHIBIT P-1

COPY: SERVICE LIST

Mtre. Guy P. Martel	**514-397-3163** **Fax: 514-397-3493**
Mtre. Joseph Reynaud	**514-397-3019** **Fax: 514-397-3616**
Mtre. Matthew Angelus	**514-397-3287** **Fax: 514-397-5434**

STIKEMAN ELLIOTT
Stikeman Elliott LLP BARRISTERS & SOLICITORS
1155 René-Lévesque Blvd. West, 40th Floor
Montréal, Québec, Canada H3B 3V2

EXHIBIT P-2

(*redacted*)

THIRD EYE
C A P I T A L

Brookfield Place, TD Canada Trust Tower
161 Bay Street, Suite 3930
Toronto, ON M5J 2S1

T: 416.601.2270
F: 416.981.3EYE

STRICTLY PRIVATE AND CONFIDENTIAL

September 24, 2015

Ressources Strateco Inc. / Strateco Resources Inc.
1225, Gay-Lussac
Boucherville, Québec
J4B 7K1

Attention: Mr. Guy Hébert
President & CEO

Dear Sirs:

Re: Ressources Strateco Inc. / Strateco Resources Inc. (the "Borrower") – Commitment Letter for Super-Priority Debtor-in-Possession Credit Facility (the "DIP Facility")

You have requested that Third Eye Capital Corporation, its affiliates, or designated assigns ("**TEC**" or "**Agent**") arrange to provide the DIP Facility to the Borrower for the purposes of funding the Borrower's (i) legal fees and expenses associated with the pursuit and enforcement of its claims against the Attorney General of Québec before the Superior Court of Québec under file no. 200-17-022389159 (the "**Legal Proceeding**"), and (ii) short-term liquidity needs of the Borrower in the context of its proceedings under the *Companies' Creditors Arrangement Act (Canada)* (the "**CCAA**") satisfactory to TEC.

We are pleased to inform you that the Credit Committee of TEC has approved the DIP Facility and that TEC and certain funds managed or advised by Third Eye Capital Management Inc., an affiliate of TEC (collectively, the "**Lenders**"), have agreed to provide the DIP Facility on the terms and conditions set forth in this commitment letter and in the final term sheet attached at Annex I hereto (the **"Term Sheet")** (this commitment letter and the Term Sheet being referred to herein collectively as the "**Commitment Letter**").

The commitment of the Agent and each of the Lenders is subject to the negotiation, execution and delivery of definitive loan and security documentation (the "**Loan Documentation**") with respect to the DIP Facility, which shall be satisfactory to the Agent and the Lenders reflecting the terms and conditions set forth in the Term Sheet and completion of the conditions precedent attached at Annex II hereto (the "**Conditions Annex**"). You agree that the closing of the DIP Facility (the "**Closing**") is expected to occur on or about October 27, 2015, but in any event shall not occur until the terms and conditions hereof and in the Term Sheet and the Conditions Annex have been satisfied or otherwise waived by the Agent in its sole discretion.

The commitment of the Agent and the Lenders hereunder with respect to the DIP Facility may be terminated by the Agent if (i) any information submitted to the Agent by or on behalf of you, or any of your subsidiaries or affiliates is inaccurate, incomplete or misleading in any respect determined by the Agent to be material; (ii) any additional information shall be disclosed to or discovered by the Agent (including, without limitation, information contained in any review or report required to be provided to it in connection herewith), which the Agent determines has had or could reasonably be expected to have a Material Adverse Effect; (iii) a material adverse change or disruption shall occur since the date of this Commitment Letter in the North American or international financial, banking or capital markets generally which the Agent determines has had or could reasonably be expected to have a material adverse effect on the DIP Facility; or (iv) any condition set forth in the Term Sheet or the Conditions Annex is not satisfied or becomes incapable of being satisfied or any covenant or agreement in this Commitment Letter is not complied with, unless such condition, covenant or agreement is waived by the Agent in its sole discretion.

For the purposes hereof, "**Material Adverse Effect**" means any condition or circumstance which, in the opinion of the Agent, acting reasonably, has had, or could reasonably be expected to have, a material adverse effect on (i) the property, assets, nature of assets, the Legal Proceeding, or liabilities of the Borrower, or (ii) the rights or remedies of the Agent or the Lenders under the Loan Documentation or the ability of the Borrower to perform under the Loan Documentation.

This letter may be executed in counterparts and shall be governed by and interpreted and enforced in accordance with the laws of the Province of Québec. You are not authorized to show or circulate the Commitment Letter or the Term Sheet to any other person (other than Ernst & Young, the Borrower's monitor under the CCAA (the "**Monitor**"), officers and directors, and legal and financial advisors) until such time as you have accepted this letter as provided in the succeeding paragraph.

You acknowledge that we may share with the Advisor and any of our other affiliates any information related to the Borrower or any of the matters contemplated by this letter. We agree to treat, and cause each affiliate to treat, all non-public information provided to us by the Borrower as confidential information in accordance with customary industry practice.

Please indicate your acceptance of the terms hereof by returning to us executed counterparts of this Commitment Letter no later than 5:00 p.m., Toronto time, on September 25, 2015 (the "**Deadline**"). This Commitment Letter is also conditional upon (x) your acceptance hereof, and (y) our receipt of executed counterparts hereof on or prior to the Deadline. The fees, expenses, exclusivity and confidentiality, indemnification and governing law provisions in the Term Sheet shall survive termination of this Commitment Letter.

[Remainder of page intentionally left blank.]

Yours very truly,

THIRD EYE CAPITAL CORPORATION

Per: ______________________________
Managing Director

THIRD EYE CAPITAL MANAGEMENT INC.

Per: ______________________________
Portfolio Manager

Agreed and accepted this 24 day of September, 2015.

RESSOURCES STRATECO INC. /
STRATECO RESOURCES INC.

Per: ______________________________
Authorized Signatory
Guy Hébert

ANNEX I

FINAL TERM SHEET

(All "$" figures in Canadian Dollars)

PARTIES AND STRUCTURE

Arranger and Agent	Third Eye Capital Corporation ("**TEC**", in this capacity the "**Agent**").
DIP Lender(s)	Third Eye Capital Corporation or its affiliate and one or more funds or accounts managed or advised by Third Eye Capital Management Inc. (the "**Advisor**") (together, with such lenders' respective successors and assigns, the "**DIP Lenders**").
Borrower	Ressources Strateco Inc. / Strateco Resources Inc., a Canadian corporation and a debtor-in-possession (the "**Borrower**") in the proposed plan of compromise and arrangement of the Borrower under the CCAA.
DIP Facility and Maximum Amount	$4,000,000 (the "**Maximum Amount**") super-priority credit facility (the "**DIP Facility**").
Use of Proceeds	All advances under the DIP Facility shall be used by the Borrower solely to (i) fund the Borrower's (x) operating expenses and general corporate and working capital requirements, (y) administrative expenses of the CCAA proceedings, and (z) legal fees and expenses associated with the pursuit and enforcement of its claims against the Attorney General of Québec before the Superior Court of Québec (the "**Court**") under file no. 200-17-022389159 (the "**Legal Proceeding**"), as set out in the Borrower's motion to institute proceedings made December 11, 2014 (the "**Claim**"), subject to achievement of the Milestones (as defined below); (ii) make any payments expressly permitted hereby, and (iii) pay costs, expenses, interest and other obligations owing to the Agent and DIP Lenders under the DIP Facility; each of the above in accordance with the budget from time to time in effect as approved by the DIP Lender (the "**Budget**"). Attached as Schedule "A" hereto is the initial Budget reflecting the projected cash requirements of the Borrower until the Maturity Date (as defined below). Notwithstanding the foregoing, to the extent that an additional cash need arises in the Borrower's business that is not contemplated in the Cash Flow Projections, the Borrower, in consultation with and as recommended by the Monitor, may request a DIP Loan from the DIP Lenders by providing the Agent with written particulars relating to such emergency cash need, which DIP Loan shall be in the sole and absolute discretion of the Agent and shall be made from the DIP Facility.

The term "Claim" shall include proceedings in any jurisdiction, as the same may be varied or enlarged by the addition of claims and/or additional parties, and shall include appellate, annulment, enforcement, ancillary, parallel or alternative dispute resolution proceedings, diplomatic or administrative proceedings, arrangements, settlements, and negotiations.

Maturity Date

Unless accelerated by an Event of Default, the DIP Facility shall be paid in full in cash on the date (the "**Maturity Date**") which is the earliest of: (a) 60 months from the date of the DIP Order (as defined below); (b) the effective date of a plan of reorganization or liquidation; (c) the termination of the Legal Proceeding, the consummation of the Claim, receipt of the Award (as defined below), or a sale(s) of all or substantially all of the assets of the Borrower, including the Claim; and (d) such other date as the DIP Lenders in their sole discretion may agree to in writing with the Borrower. The Maturity Date shall be accelerated upon the occurrence of an Event of Default and shall otherwise be subject to Agent's standard termination and acceleration rights upon the occurrence of an Event of Default.

TERMS AND CONDITIONS

Availability

Subject to the terms and conditions set forth in this Term Sheet and the DIP Order (as defined below), the DIP Lenders will make loans (the "**DIP Loans**") to the Borrower under the DIP Facility in an aggregate principal amount not to exceed the Maximum Amount plus all capitalized interest thereon pursuant to the terms herein (such amount, the "**Principal Amount**"), to be made available to the Borrower from time to time in accordance with the Cash Flow Projections and Milestones (both as defined below) until the Maturity Date.

Each DIP Loan shall be made by the DIP Lenders to the Borrower as soon as practicable (and in any event no earlier than five (5) business days) after delivery to the Agent of a drawdown certificate executed by the Borrower certifying, *inter alia*, that the DIP Loan is within the Budget and does not exceed the Cash Flow Projections (as defined below), the relevant Milestone (as defined below) has been satisfied to permit the DIP Loan, there is no Default or Event of Default that has occurred and is continuing, and that the Borrower is in compliance with the Loan Documentation and the DIP Order (as defined below).

[redacted]

[redacted]

Notwithstanding the foregoing, to the extent that an additional cash need arises in the Borrower's business that is not contemplated in the Cash Flow Projections, the Borrower, in consultation with and as recommended by the Monitor, may request a DIP Loan from the DIP Lenders by providing the Agent with written particulars relating to such emergency cash need, which DIP Loan shall be in the sole and absolute discretion of the Agent and shall be made from the DIP Facility.

DIP Loans shall be available in minimum amounts of $100,000 and minimum denominations of $10,000.

Interest Rate and Payment

Interest on the DIP Loans made under the DIP Facility shall be calculated at an annual rate equal to 20% (the "**Base Rate**"). On the last day of each month and on the Maturity Date (any such day being hereinafter referred to as an "**Interest Calculation Date**"), the amount of all interest accrued through such date and not previously capitalized shall be added to the Principal Amount and shall be deemed to constitute a DIP Loan outstanding hereunder. Any such amount so capitalized will thereafter accrue interest at Base Rate. Borrower may pay, but the DIP Lenders shall have no right to demand (other than on the Maturity Date or the acceleration thereof), all or any portion of the accrued and unpaid interest under the DIP Facility in cash on any Interest Calculation Date.

All interest and fees for the DIP Facility shall be calculated on the basis of a 365 day year (or a 366 day year, in the case of a leap year).

DIP Obligations

For the purposes hereof, the term "**DIP Obligations**" means (a) the due and punctual payment by the Borrower of (i) the unpaid principal amount of and interest on (including interest accruing after the Maturity Date) on the DIP Loans, as and when due, whether at maturity, by acceleration or otherwise, and (ii) all other monetary obligations, including advances, debts, liabilities, obligations, fees (including the Closing Fee and Success Fee), costs, expenses and indemnities, whether primary, secondary, direct, indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise, of Borrower to TEC or the DIP Lenders, and (b) the due and punctual payment and performance of all covenants, duties, agreements, obligations and liabilities of any Borrower to TEC and DIP Lender under or pursuant to the DIP Facility or DIP Order.

Prepayments

The Borrower may prepay the DIP Facility in whole or in part at any time without premium or penalty; however, any prepayment whether mandatory or not, shall not derogate from the Borrower's obligation to pay the Success Fee (as defined below). In the event of any prepayment, the DIP Priority Charge (as defined below) shall not be discharged by the Agent until all the DIP Obligations, including, without limitation, the Success Fee, are repaid in full. Any amount prepaid may not be re-borrowed.

The proceeds from any sales or other dispositions of the DIP Collateral (as defined below) shall be applied to the payment of the DIP Obligations in the following order: (i) first, to the payment of all amounts owing to the DIP Lenders as a result of (x) any and all sums advanced by the DIP Lenders in order to preserve the DIP Collateral or preserve its security interest or hypothec in the DIP Collateral and/or (y) in the event of any proceeding for the collection or enforcement of any DIP Obligations, after an Event of Default shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the DIP Collateral, or of any exercise by the DIP Lenders of its rights hereunder, together with reasonable attorneys' fees and court costs; (ii) second, to the extent proceeds remain after the application pursuant to the preceding clause (i) an amount equal to the outstanding DIP Obligations shall be paid to the DIP Lenders; and (iii) third, to the extent proceeds remain after the application pursuant to the preceding clauses (i) and (ii), to the Borrower or such other person entitled thereto under applicable law.

Fees

<u>Closing Fee</u>
10% of the Maximum Amount payable from the initial DIP Loan ("**Closing Fee**").

<u>Success Fee</u>
The Borrower shall pay to TEC a lump sum payment (the "**Success Fee**") based on the gross value awarded by virtue (directly or indirectly) of the Claim, whether by negotiation, arbitration, mediation, diplomatic efforts, lawsuit, settlement, final judgment or otherwise plus any recovered interest, penalties, attorneys' fees and costs plus any interest awarded or later accruing, and also cash, real estate, negotiable instruments, choses in action, contract rights, permits, membership rights, subrogation rights, annuities, claims, tax credits, and refunds (collectively, the "**Award**"), as follows:

[redacted]

DIP Collateral

All the DIP Obligations under or in connection with the DIP Facility and Loan Documentation shall be secured by a first super-priority charge, security interest and hypothec in an amount in capital 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 (collectively, the "**DIP Priority Charge**") over all of Borrower's right, title and interest in all assets of the Borrower, including, but not limited to the following, in each case, whether now owned or existing or hereafter acquired, created or arising and wherever located (all of which being hereafter collectively referred to as the "**DIP Collateral**"): all assets and property of the Borrower and its estate, real (immovable) or personal (movable), tangible (corporeal) or intangible (incorporeal), now owned or hereafter acquired, whether arising before or after the DIP Order, including, without limitation, all permits, contracts, general intangibles, instruments, equipment, accounts, and documents, all goods, inventory and fixtures, all documents, cash, cash equivalents, chattel paper, letters of credit and letter of credit rights, investment property, the Claim, other commercial tort claims, money, insurance, the Award, receivables, receivables records, deposit accounts, collateral support, supporting obligations and instruments, all interests in leaseholds and real properties, all mineral interests and mining rights, all mining claims or mining leases, all patents, copyrights, trademarks, tradenames and other intellectual property, all equity interests, all books and records relating to the foregoing, all other personal (movable) and real (immovable) property of the Borrower, and all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing.

The DIP Priority Charge shall be made pursuant to a Court ordered charge under the CCAA and the Loan Documentation, subject only to the Administration Charge, as defined in the Borrower's motion to the Court under the CCAA granted on July 8, 2015 (in the amount of $2,000,000) and modified as set out herein.

Representations and Warranties

Usual and customary for financings of this size, type, and purpose acceptable to TEC in its sole discretion, including, without limitation, the following:

The Borrower represents and warrants to the DIP Lenders, upon which the DIP Lenders rely in entering into the Commitment Letter and the Loan Documentation, that:

(a) The transactions contemplated by the Commitment Letter and the Loan Documentation, including the DIP Collateral:

   (i) are within the powers of the Borrower;
   (ii) have been duly authorized by all necessary corporate approval;
   (iii) have been duly executed and delivered by or on behalf of the Borrower;
   (iv) upon the granting of the DIP Order (as defined below), constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms;
   (v) upon the granting of the DIP Order (as defined below), do not require the consent or approval of, registration or filing with, or any other action by, any governmental

authority, other than filings that may be made to register or otherwise record the DIP Collateral in all personal (movable) and real (immovable) and mining registries; and

(vi) will not violate the charter documents or by-laws of the Borrower or any applicable law relating to such party.

The business operations of the Borrower have been and will continue to be conducted in compliance with all laws of each jurisdiction in which business has been or is carried on.

Covenants

Usual and customary affirmative and negative covenants for financings of this size, type, and purpose acceptable to TEC in its sole discretion, including, without limitation, the following:

Affirmative Covenants

The Borrower covenants and agrees to do the following:

(a) Keep TEC fully and continually informed of the Borrower's communications with the Cree Nation Government, the Government of Québec (whether related to the Legal Proceedings or not), any regulatory body, potential buyers or joint venture partners of the Borrower's assets.

(b) Irrevocably instruct IMK, as defined in Annex II, and all other attorneys and firms acting on behalf of the Borrower with respect to or in connection with the Legal Proceedings to keep TEC fully and continually informed of all material developments with respect to the Legal Proceeding, and to provide TEC will copies of all material documents and opinions relating thereto, the whole on terms agreeable to TEC acting reasonably;

(c) Disclose to TEC any settlement discussions or offers made or received by the Borrower in connection with the Claim, the whole on terms agreeable to TEC acting reasonably;

(d) With the assistance of the Monitor, keep TEC apprised on a bi-weekly basis of its cash flow requirements by providing cash flow projections, in form and substance satisfactory to TEC and the Monitor, by no later than 5:00pm (Montreal time) on the Tuesday of each second week and containing a comparison of the previous two week's actual cash flow to the projections for those two weeks (individually, a "**Cash Flow Projection**" and together with the 13-Week Cash Flow (as defined below), collectively, the "**Cash Flow Projections**").

(e) Deliver to TEC 13-week cash flow projections, in form and substance satisfactory to TEC, reflecting the projected cash requirements of the Borrower on a rolling-basis (the "**13-Week Cash Flow**").

(f) Allow TEC and the DIP Lenders full access to the books and records of the Borrower and cause management thereof to fully co-operate with TEC and the DIP Lenders;

(g) Deliver to TEC the reporting and other information from time to time reasonably requested by TEC and as set out herein (including, without limitation, the Budget and the Cash Flow Projections) at the reasonable times requested and in form and substance satisfactory to TEC;

(h) Use the proceeds of the DIP Facility only for the purposes set out herein in a manner consistent with the Budget;

(i) Comply with the provisions of the Court orders made in connection with the CCAA proceedings, provided that if any such orders contravene the Loan Documentation in a manner detrimental to the DIP Lenders, the same shall be an Event of Default hereunder;

(j) Preserve, renew and keep in full force its corporate existence and the validity and existence of all its mineral interests, mining claims, mining leases and other mining rights;

(k) Maintain at all times adequate insurance coverage of such type, in such amounts and against such risks as is prudent for its business with financially sound and reputable insurers in coverage and scope acceptable to TEC, confirm and ensure that TEC is listed as the first loss payee, additional insured and mortgagee/hypotecary creditor on all insurance policies and forward TEC copies of same as soon as practicable after the execution hereof;

(l) Conduct all activities in accordance with the Budget and Cash Flow Projections approved by TEC and reviewed by the Monitor and the Milestones established under the DIP Facility as set out hereunder;

(m) Duly and punctually pay or cause to be paid to the Agent and DIP Lenders all principal, interest, fees and other amounts payable by it hereunder and under the Loan Documentation on the dates, at the places, and in the amounts and manner set forth in such documents;

(n) Forthwith notify TEC of the occurrence of any Default or Event of Default, or of any event or circumstance that may constitute a Material Adverse Change (as defined below);

(o) Comply in all material respects with all applicable laws, rules and regulations applicable to its business, including, without limitation, environmental laws; and

(p) Execute and deliver the Loan Documentation and such other security agreements, financing statements, opinions, or other documents and information as may be required by the Agent or DIP Lenders.

Negative Covenants

The Borrower covenants and agrees not to do the following other than with the prior written consent of the Agent:

(a) Execute any documents that would materially or adversely affect the Claim or recoverability of the Award;

(b) Engage in any conduct that would result in TEC receiving proportionally less payments or less favorable treatment than it would otherwise be entitled;

(c) Revise the terms of engagement with IMK;

(d) Provide any party, except TEC, the DIP Lenders, and IMK (on the terms described herein), with any contingent fees or other participation in the Award.

(e) Transfer, lease or otherwise dispose of all or any part of its property or assets;

(f) Other than in respect of leases of specific personal property (which the Borrower, in consultation with the Monitor and the DIP Lender, determine are necessary for the continued operation of the Borrower's business), make any payment of principal or interest in respect of existing (pre-filing) borrowed money;

(g) Create or permit to exist indebtedness for borrowed money other than existing (pre-filing) debt, debt contemplated by the DIP Facility, and post-filing trade payables in the ordinary course of business necessary for its continued operation under purview of the CCAA proceedings;

(h) Enter into any transaction with any affiliate or subsidiary or any of its or their directors or senior or executive officers or senior management, or enter into or assume any employment, consulting or analogous agreement or arrangement with any of its or their directors or senior or executive officers or senior management, or make any payment to any of its or their directors or senior or executive officers or senior management (other than salaries or fees to directors or officers pursuant to existing agreements, all as permitted under the Budget);

(i) Make any investments, loans, advances, grant guarantees or make acquisitions of any kind, direct or indirect, in any business or otherwise where to do so would be inconsistent with the Budget;

(j) Make any payments outside the ordinary course of business, subject always to the Budget delivered hereunder and the maximum availability under the DIP Facility. For greater certainty, no payments shall be used to reduce any existing (pre-filing) indebtedness or trade or unsecured liabilities of the Borrower (other than in respect of accrued payroll and vacation pay or as required by law, including, without limitation, any Court orders), with the exception only of existing (pre-filing) leases of personal property (which the Borrower, in consultation with the Monitor and the DIP Lender, determine are necessary for the continued operation of the Borrower's business), and critical vendor payments as approved by the DIP Lender and as contemplated in the Budget;

(k) Make any payments on account of bonuses or new retainers (other than payments in respect of amounts subject to the Administration Charge which are not otherwise restricted from being paid pursuant to the terms hereof) or establish or create any trust accounts;

(l) Open or maintain any bank accounts unless they are Blocked Accounts;

(m) Permit any new liens to exist on any of its properties or assets other than the DIP Priority Charge and the Administration Charge and inchoate or statutory liens;

(n) Create or permit to exist any other claim, administrative or otherwise, which is senior to or *pari passu* with the DIP Priority Charge, other than the Administration Charge, provided that the Administration Charge shall rank senior to the DIP Priority Charge only up to a maximum amount of $1,000,000 and junior to the DIP Priority Charge for any amount in excess thereof;

(o) Amalgamate, consolidate with or merge or amalgamate into, liquidate, dissolve, or enter into any similar transaction with any other entity;

(p) Make any capital expenditures; and

(q) Make any payments of bonuses of any kind whatsoever to any directors, officers, or employees of the Borrower.

Events of Default

Usual and customary for financings of this size, type, and purpose acceptable to TEC in its sole discretion, including, without limitation, the occurrence of any one or more of the following events shall constitute an event of default ("**Event of Default**"):

(a) The entry of an order dismissing the CCAA proceedings or lifting the stay in the CCAA proceedings to permit the enforcement of any security against the Borrower, the appointment of a receiver, interim receiver or similar official, an assignment in bankruptcy, or the making of a bankruptcy order or receiving order against or in respect of the Borrower, other than in respect of a non-material asset not required for the operations of the Borrower's business and which is subject to a priority lien;

(b) The entry of an order granting any other claim super-priority status or a lien equal or superior to that granted to the DIP Lenders;

(c) The entry of an order staying, reversing, vacating or otherwise modifying the Loan Documentation, any Court order or the entry of an order by the Court having the equivalent effect, without the prior written consent of the Agent;

(d) The adjudication, dismissal (with prejudice), resolution, discontinuance or retirement of the Legal Proceedings that will not result in an Award, in TEC's determination acting reasonably.

(e) Failure of the Borrower to pay (i) interest or fees when due under any Loan Documentation, (ii) principal when due under the DIP Facility, or (iii) legal and advisor fees of the Agent and DIP Lenders within five (5) business days of being invoiced therefore (if applicable);

(f) Failure of the Borrower to comply with any negative covenants;

(g) Failure of the Borrower to perform or comply with any other term or covenant under the Loan Documentation;

(h) The Borrower ceases to carry on business in the ordinary course, except where such cessation occurs in connection with a sale of all or substantially all of the assets of the Borrower, or other restructuring or reorganization of the Borrower, which has been consented to by the Agent;

(i) The Budget and Cash Flow Projections are not acceptable to TEC or is not delivered to TEC within the requisite time frame;

(j) Failure of the Borrower to comply with the Budget and Cash Flow Projections further to which there is an occurrence of more than a 10% negative variance (the "**Permitted Threshold**"), on a cumulative rolling four (4) week basis in the total receipts or total disbursements line items, in the Cash

Flow Projections, which testing shall begin two weeks after the Closing, provided however, that no Event of Default will be deemed to have occurred when such negative variance is offset by a positive variance, such that the net effect on the net cash flow would be within the Permitted Threshold;

(k) Any representation or warranty by the Borrower shall be incorrect or misleading in any material respect when made;

(l) The filing of any pleading by the Borrower seeking any of the matters set forth in clauses (a) through (d) above; or

(m) Failure of the Borrower to perform or observe any term, covenant or agreement contained in any material agreement on its part to be performed or observed where such failure could reasonably be expected to have a Material Adverse Effect.

Remedies

Usual and customary for financings of this size, type, and purpose acceptable to TEC in its sole discretion, including, without limitation, the right to realize on all or part of the DIP Collateral without the necessity of obtaining further relief or order from the Court, subject to applicable law, and the following:

Upon the occurrence of an Event of Default, TEC may:

(a) Declare the DIP Obligations to be immediately due and payable;

(b) Apply to a court for the appointment of an interim receiver or a receiver and manager of the undertaking, property and assets of the Borrower, or for the appointment of a trustee in bankruptcy of the Borrower;

(c) Exercise the powers and rights of a secured party under any legislation applicable to the DIP Collateral; and

(d) Exercise all such other rights and remedies under the Loan Documentation and the DIP Order.

GENERAL

Agency Provisions

The DIP Lenders shall designate and appoint TEC as the administrative agent, payment agent, and collateral agent and hypothecary representative in connection with the DIP Facility, and shall authorize TEC, as agent and hypothecary representative for the DIP Lenders, to take such action or to refrain from taking such action on their behalf under the provisions of the Loan Documentation and other transaction documents and to exercise such powers and perform such duties as are delegated to TEC by the terms thereunder, together with such other powers as are reasonably incidental thereto. TEC may perform any of its duties hereunder, or under the Loan Documentation and other transaction documents, by or through its agents, employees or sub-agents. TEC shall have no duties, obligations or responsibilities except those expressly set forth in the Loan Documentation and other transaction documents. The DIP Lenders shall make their own independent investigation of the financial condition and affairs of the Borrower in connection with the DIP Facility. Neither TEC nor any of its officers, directors, managers, members, equity owners, employees, attorneys, agents, or affiliates shall be liable to the DIP Lenders for any action lawfully taken or omitted by them hereunder or under any of the Loan Documentation and other transaction documents, or in connection herewith or therewith; provided that the foregoing shall not prevent TEC from being liable to the extent of its own gross negligence or wilful misconduct as determined by a court of competent jurisdiction on a final and non-appealable basis. The DIP Lenders agree that any action taken by TEC in accordance with the provisions of the Loan Documentation and other transaction documents, or in relation to the DIP Collateral, and the exercise by TEC of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon the DIP Lenders (as applicable) and TEC.

Syndication Rights

TEC and the DIP Lenders shall have the right to sell, transfer, assign, or syndicate any portion of the DIP Facility, at any time without notice to or consent of the Borrower, except that, no sale, transfer, assignment or syndication may be made in favour of the Government of Québec without the prior written consent of the Borrower. Neither the Commitment Letter nor any right and obligation hereunder may be assigned by the Borrower. Each of the DIP Lenders may sell, transfer, assign all or any portion of their rights and commitments (including through participations).

Exclusivity and Confidentiality

The Borrower agrees to work in good faith expeditiously towards the Closing. The Borrower agrees that, for a period of 30 days from the date these terms are accepted, it will not take any action to solicit, initiate, encourage or assist the submission of any offer for a financing that is an alternative to the DIP Facility (an "**Alternative Financing**"). Borrower shall notify TEC promptly of any written offers by any third parties in regards to an Alternative Financing. In the event that the Borrower breaches this 30 day exclusivity obligation and closes an Alternative Financing prior to the Closing, then the Borrower shall pay to TEC the sum of $1,000,000 as liquidated damages. The liquidated damages amount shall be secured by a lien over the DIP Collateral.

Except as required by law, the Borrower will not disclose the terms of the Commitment Letter or Term Sheet to any person other than the Borrower's officers, directors, legal counsel and the Monitor, without the written consent of TEC. You are not authorized to show or circulate the Commitment Letter or the Term Sheet to any other person (or make any public announcement about same) until

	such time as you have accepted the Commitment Letter. TEC must approve any public announcement related to the DIP Facility.
Indemnification	The Borrower agrees to indemnify and hold harmless the Agent and the DIP Lenders and each of their respective directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to hereafter as "**Indemnified Persons**") from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, costs awards, liabilities or expenses of any kind or nature whatsoever which may be incurred by or asserted against or involve any Indemnified Person as a result of or arising out of or in any way related to or resulting from the CCAA proceedings, the Legal Proceeding, any bankruptcy or insolvency proceedings, the Commitment Letter or the Loan Documentation, and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which any such expenses arise); provided, however, the Borrower shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction. The indemnities granted under the Commitment Letter shall survive any termination of the DIP Facility.
Expenses	The Borrower will pay for all reasonable fees, charges, expenses and disbursements of outside counsel, relating to the establishment and operation of the DIP Facility, and reimburse TEC and the DIP Lenders, irrespective of whether the DIP Facility is established, for all reasonable out-of-pocket expenses, including, but not limited to, filing fees, tax, lien and judgement search fees, due diligence and collateral exam and inspection expenses, bank fees, and outside examiner, auditor, appraiser, valuation, technical consultant, and legal fees, including any reasonable per diem charges for TEC or third-party personnel, as applicable. All such amounts shall first be paid on the earlier of: (i) termination of this Commitment Letter, and (ii) Closing.
Loan Documentation	The Loan Documentation shall be in form and substance acceptable to TEC and its counsel in their sole discretion.
Closing	The closing of the DIP Facility, if all conditions are met, is expected to occur on or about October 27, 2015 (the "**Closing**").

Governing Law	Province of Québec (or such other jurisdictions determined by TEC and its counsel).

SCHEDULE "A"

Budget[1]

[1] This amount shall include a Closing Fee of 10% of the Maximum Amount payable from the initial DIP Loan on Closing, and the legal, professional, and due diligence costs of the Agent and DIP Lenders.

ANNEX II

CONDITIONS TO CLOSING

The commitments of the Agent and the DIP Lenders are subject to the conditions set forth in the Commitment Letter and satisfaction of each of the conditions precedent set forth below (capitalized terms shall have the meaning ascribed to them in the Commitment Letter):

1. Satisfaction by the Agent of the following:

   (a) the Budget and Cash Flow Projections, which shall also be satisfactory to the Monitor;
   (b) the terms of the engagement between Borrower and Borrower's counsel under the Legal Proceeding, Irving, Mitchell, Kalichman S.E.N.C.R.L./LLP ("**IMK**"), which engagement shall provide IMK's agreement to the following: [redacted]
   (c) all related party agreements, including compensation arrangements of senior management and key officers, including, without limitation, Guy Hebert and his relatives;
   (d) background and credit checks of Guy Hebert and Yvon Robert;
   (e) that there is no material damage or destruction to any of the DIP Collateral, nor any material depreciation in the value thereof;
   (f) the Borrower's operations comply, in all respects deemed material by TEC, with all applicable health and safety, environmental, labour and other applicable laws and regulations;
   (g) that there are no pending plans to adjourn, delay, postpone, or enjoin, prohibit or impose material limitations on any aspect of the Legal Proceeding;
   (h) there are no representations made or material supplied to TEC which shall have proven to be inaccurate or misleading in any material respect as may be determined by TEC.

2. The Court shall have issued and entered a final and non-appealable order~~,~~ on the basis of a motion duly served to all parties on the service list or that may be affected by the DIP order, both in form and substance acceptable to the Agent and its counsel (the "**DIP Order**"). The DIP Order shall, *inter alia*, (a) approve the DIP Facility on a final basis, including, without limitation, the grant of the DIP Priority Charge, without the need for any further action on the part of the Agent, DIP Lenders, the Borrower or any other person (including, without limitation, the execution or delivery of any further documents or agreements or the recording, filing, publication, indexing, entering or registering of any financing statements or applications for publication or other similar instruments or documents in all personal (movable) and real (immovable) and mining registries); (b) authorize and direct the Borrower to execute and deliver the Loan Documentation; (c) authorize the Agent to effect registrations, filings, and recordings wherever in its discretion it deems appropriate regarding the DIP

Priority Charge; (ed) declare that the granting of the DIP Priority Charge and all other documents executed and delivered to the Agent and DIP Lenders as contemplated herein, including, without limitation, all actions taken to perfect, publish, set-up, render opposable, record, and register the DIP Priority Charge, do not constitute conduct meriting an oppression remedy, settlements, fraudulent preferences, fraudulent conveyances, usurious actions, or other challengeable or reviewable transactions under any applicable federal or provincial legislation; (e) declare that the DIP Order shall remain valid and fully opposable notwithstanding the bankruptcy of the Borrower or the appointment of a receiver; and (f) declare that the claims of the Agent and the DIP Lenders, pursuant to the Commitment Letter, Loan Documentation and DIP Order shall not be compromised or arranged pursuant to any plan of arrangement in these proceedings or otherwise, and that the Agent and the DIP Lenders shall be treated as unofficial creditors in the CCAA proceedings of the Borrower.

3. The DIP Order shall be in full force and effect and shall not have been reversed, stayed, modified or amended without the express written consent of the Agent, and no application or motion shall have been made to the Court for any stay, modification or amendment of the DIP Order and no stay, appeal or leave to appeal with respect to same shall be pending.

4. Agent shall have received a certificate of an officer of the Borrower attaching copies of its articles, by-laws and shareholder agreements, a list of its officers and directors with occupations of all directors, specimens of the signatures of those officers or directors who are executing the Loan Documentation on its behalf, copies of the corporate proceedings taken to authorize it to execute, delivery, and perform its obligations under the Loan Documentation and all related and security documentation, and other corporate and "know-your-client" information that Agent may require.

5. Agent shall have received a certificate of status, compliance, good standing or equivalent for the Borrower for its jurisdiction of incorporation and for each jurisdiction where it carries on business or where registrations or filings or publications in relation to the DIP Collateral have been effected.

6. Establishment, on commercial reasonable efforts, of springing blocked account arrangements with a financial institution approved by the Agent in respect of all of the Borrower's bank accounts (the "**Blocked Accounts**"), which permits the Agent full control of the Blocked Accounts upon the occurrence of an Event of Default.

7. Completion, execution, delivery, and registration (where applicable) of the Loan Documentation.

8. Prior to the Closing, TEC shall have received a final legal opinion from its counsel on the strengths and weaknesses of the Claim.

9. Agent shall have received all opinions, certificates and closing documentation as Agent or the DIP Lenders shall reasonably request, in form and substance reasonably satisfactory to them.

10. All costs, fees, expenses (including, without limitation, legal fees and expenses and the fees and expenses of appraisers, consultants and other advisors) and other compensation payable to the Agent and the DIP Lenders shall have been paid to the extent due.

11. Agent shall be satisfied that since the date of the DIP Order, there shall have been no Material Adverse Change (as defined below), or any event or occurrence which could reasonably be expected to result in a Material Adverse Change. As used herein "**Material Adverse Change**" means (a) a material adverse change in (i) the business, condition (financial or otherwise), operations, performance, Budget, Cash Flow Projections, properties, assets, liabilities or the Claim of the Borrower, (b) a material adverse effect on the ability of the Borrower to perform its obligations under the DIP Facility or of the DIP Lenders' ability to enforce the DIP Obligations or realize upon the DIP

Collateral, (c) a material adverse effect on the DIP Collateral, taken as a whole, or the DIP Priority Charge, (d) a material adverse effect on the rights of the DIP Lenders, or (e) a material adverse effect on the ability of the Borrower to be granted the Award by virtue of a change to the Borrower's litigation counsel.

S U P E R I O R   C O U R T
Commercial Division
(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended)

No: 500-11-048908-152

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

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

STRATECO RESOURCES INC.

Petitioner

- and -

ERNST & YOUNG INC.

Monitor

BS0350 **File: 138341-1001**

EXHIBIT P-2

(REDACTED)

COPY: SERVICE LIST

Mtre. Guy P. Martel 514-397-3163
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Mtre. Joseph Reynaud 514-397-3019
Fax: 514-397-3616

Mtre. Matthew Angelus 514-397-3287
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STIKEMAN ELLIOTT
Stikeman Elliott LLP BARRISTERS & SOLICITORS
1155 René-Lévesque Blvd. West, 40th Floor
Montréal, Québec, Canada H3B 3V2

EXHIBIT P-3

(*<u>under confidential seal</u>*)

S U P E R I O R   C O U R T
Commercial Division
(Sitting as a court designated pursuant to the
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- and -

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Monitor

BS0350 **File: 138341-1001**

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
(Sections 11.2 and 11.02 of the *Companies' Creditors Arrangement Act* ("CCAA")),
AFFIDAVIT OF GUY HÉBERT, LIST OF EXHIBITS, NOTICE OF PRESENTATION and EXHIBITS P-1, P-2 and P-3

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