

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

File: No: 500-11-048114-157

SUPERIOR COURT
Commercial Division

Montreal, February 20, 2015

Present: The Honourable
Mr. Justice Stephen W. Hamilton, J.S.C.

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

**BLOOM LAKE GENERAL PARTNER
LIMITED, QUINTO MINING
CORPORATION, 8568391 CANADA LIMITED
AND CLIFFS QUÉBEC IRON MINING ULC.**

Petitioners

- and -

**THE BLOOM LAKE IRON ORE MINE
LIMITED PARTNERSHIP**

**BLOOM LAKE RAILWAY COMPANY
LIMITED**

Mises-en-cause

- and -

FTI CONSULTING CANADA INC.

Monitor

AMENDED INITIAL ORDER

ON READING Petitioners' petition for an initial order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36 (as amended the "CCAA") and the exhibits, the affidavit of Clifford Smith sworn on January 26, 2015 filed in support thereof (the "**Petition**"), the consent

of FTI Consulting Canada Inc. to act as monitor (the “**Monitor**”), relying upon the submissions of counsel for the Petitioners and the Mises-en-cause, the proposed Monitor and being advised that all of the parties listed in the Initial Service List attached hereto were given prior notice of the presentation of the Petition;

GIVEN the provisions of the CCAA;

WHEREFORE, THE COURT:

1. **GRANTS** the Petition.
2. **ISSUES** an order pursuant to the CCAA (the “**Order**”), divided under the following headings:
 - Service
 - Application of the CCAA
 - Effective Time
 - Plan of Arrangement
 - Procedural Consolidation
 - Stay of Proceedings against CCAA Parties 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
 - 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 this Petition has been given by the Petitioners to all of the parties listed in the Initial Service List attached hereto.

Application of the CCAA

4. **DECLARES** that the Petitioners are debtor companies to which the CCAA applies and although not Petitioners, the Mises-en-cause shall enjoy the protections and authorizations provided by this Order.

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 Petitioners and the Mises-en-cause (collectively hereinafter referred to as the “**CCAA Parties**”) shall have the authority to file with this Court and to submit to their creditors one or more plans of compromise or arrangement (collectively, the “**Plan**”) in accordance with the CCAA.

Procedural Consolidation

7. **ORDERS** that the consolidation of these CCAA proceedings in respect of the CCAA Parties shall be for administrative purposes only and shall not effect a consolidation of the assets and property of each of the CCAA Parties, without limitation, for the purposes of any Plan or Plans that may be hereafter proposed.

Stay of Proceedings against the CCAA Parties and the Property

8. **ORDERS** that, until and including April 30, 2015, 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

CCAA Parties, or affecting the business operations and activities of the CCAA Parties (the “**Business**”) or the Property (as defined herein below), including as provided in paragraph 11 hereinbelow except with leave of this Court. Any and all Proceedings currently under way against or in respect of the CCAA Parties 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.

- 8.1 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

9. **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 CCAA Parties nor against any person deemed to be a director or an officer of any of the CCAA Parties 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 CCAA Parties 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

10. **ORDERS** that the CCAA Parties shall remain in possession and control of their 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 33 hereof.
11. **ORDERS** that the CCAA Parties shall be entitled to continue to utilize the central cash management system currently in place as described in the Petition or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or

legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the CCAA Parties of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as defined herein below) other than the CCAA Parties, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

12. **ORDERS** that each of the CCAA Parties are authorized to complete outstanding transactions and engage in new transactions with other CCAA Parties, and to continue, on and after the date of this Order, to buy and sell goods and services, including, without limitation head office and shared services, and allocate, collect and pay costs, expenses and other amounts from and to the other CCAA Parties, or any of them (collectively, together with the Cash Management System and all transactions, inter-company funding and other processes and services among any of the CCAA Parties, the “**Intercompany Transactions**”) in the ordinary course of business. All ordinary course Intercompany Transactions among the CCAA Parties shall continue on terms consistent with existing arrangements or past practice, subject to such changes thereto, or to such governing principles, policies or procedures as the Monitor may require, or subject to further Order of this Court.
13. **ORDERS** that the CCAA Parties shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:
 - (a) all outstanding and future wages, salaries, bonuses, employee and current service pension contributions, expenses, benefits, vacation pay and termination and severance obligations payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
 - (b) the fees and disbursements of any agents retained or employed by the CCAA

Parties in respect of these proceedings, at their standard rates and charges.

14. **ORDERS** that, except as otherwise provided to the contrary herein, the CCAA Parties shall be entitled but not required to pay all reasonable expenses incurred by the CCAA Parties in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
 - (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including Directors and Officers insurance), maintenance and security services; and
 - (b) payment for goods or services actually supplied to the CCAA Parties following the date of this Order.

15. **ORDERS** that the CCAA Parties shall remit, in accordance with legal requirements, or pay:
 - (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Québec Pension Plan, and (iv) income taxes; and
 - (b) all goods and services, harmonized sales or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the CCAA Parties and the in connection with the sale of goods and services by the CCAA Parties, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order.

16. [...].

No Exercise of Rights or Remedies

17. **ORDERS** that during the Stay Period, and subject to, *inter alia*, subsection 11.1 CCAA, all rights and remedies, including, but not limited to modifications of existing rights and events deemed to occur pursuant to any agreement to which any of the CCAA Parties is a party as a result of the insolvency of the CCAA Parties and/or these CCAA proceedings, any events of default or non-performance by the CCAA Parties or any admissions or evidence in these CCAA proceedings, 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 CCAA Parties, or affecting the Business, the Property or any part thereof are hereby stayed and suspended except with leave of this Court.

18. **DECLARES** that, to the extent any rights, obligations, or prescription, time or limitation periods, including, without limitation, to file grievances, relating to the CCAA Parties, 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 CCAA Parties, or any of them become(s) 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 CCAA Parties, 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 CCAA Parties in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

No Interference with Rights

19. **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 CCAA Parties, including, without limitation, the amended and restated partnership agreement entered

into among Bloom Lake General Partner Limited, as general partner (the “**General Partner**”), Cliffs Québec Iron Mining Limited, by its successor in interest, Consolidated Thompson Iron Mines Limited and Wugang Canada Resources Investment Limited (the “**LP Agreement**”), except with the written consent of the CCAA Parties, as applicable, and the Monitor, or with leave of this Court. Without limitation to the foregoing, the operation of any provision in the LP Agreement, or any other agreement, that purports to effect or cause a resignation of the General Partner, as general partner or accelerate, terminate, discontinue, alter, interfere with, repudiate, cancel, suspend or modify such agreement or arrangement as a result of the occurrence of any default or non-performance by or the insolvency of the CCAA Parties, or any one of them, the making or filing of these proceedings or any allegation, admission or evidence in these proceedings is hereby stayed and restrained and under no circumstances shall the General Partner cease to be, or be replaced as, general partner of Bloom Lake Iron Ore Mine Limited Partnership absent consent of all the limited partners or further Order of this Court.

Continuation of Services

20. **ORDERS** that during the Stay Period and subject to paragraph 22 hereof and subsection 11.01 CCAA, all Persons having verbal or written agreements with the CCAA Parties 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, fuel or other goods or services made available to the CCAA Parties, 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 CCAA Parties, and that the CCAA Parties shall be entitled to the continued use of their 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 CCAA Parties, without having to provide any security deposit or any other security, in accordance with normal payment practices of the CCAA Parties or such other practices as may be agreed upon by the supplier or service provider and the CCAA Parties, as applicable, with the consent of the Monitor, or as may be

ordered by this Court.

21. **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 CCAA Parties 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 CCAA Parties.
22. **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 any CCAA Parties 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 or accruing to such Person 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 any of the CCAA Parties and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into a CCAA Party's account or the account of any of the CCAA Parties until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

Non-Derogation of Rights

23. **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 CCAA Parties 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.

Directors' and Officers' Indemnification and Charge

30. **ORDERS** that the CCAA Parties shall indemnify their 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 CCAA Parties after the Effective Time, except where such obligations or liabilities were incurred as a result of such directors' or officers' gross negligence, wilful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA.

31. **ORDERS** that the Directors of the CCAA Parties 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 \$2.5 million (the "**Directors' Charge**"), as security for the indemnity provided in paragraph 30 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 46 and 47 of this Order.
32. **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 30 of this Order.

Restructuring

33. **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 CCAA Parties 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 their operations or locations as they deem appropriate and make provision for the consequences thereof in the Plan;
 - (b) pursue all avenues to finance or refinance, market, convey, transfer, assign or in any other manner dispose of the Business or Property, in whole or part, subject

to further order of the Court and sections 11.3 and 36 CCAA, and under reserve of subparagraph (c);

- (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 \$100,000 or \$1,000,000 in the aggregate except that this amount shall not include amounts with respect to the sale or other disposition of employee homes by the CCAA Parties and any employee homes may be sold or otherwise disposed of by the CCAA Parties upon approval of the Monitor;
- (d) terminate the employment of such of their employees or temporarily or permanently lay off such of their employees as they deem 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 CCAA Parties, as applicable, and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the CCAA Parties the may determine;
- (e) subject to the provisions of section 32 CCAA, disclaim or resiliate, any of their agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the CCAA Parties, as applicable, 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 CCAA Parties.

34. **DECLARES** that, if a notice of disclaimer or resiliation is given to a landlord of any of the CCAA Parties pursuant to section 33 of the CCAA and subsection 33(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 such CCAA Party 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 CCAA Party, provided nothing herein shall relieve such landlord of their obligation to mitigate any damages claimed in connection therewith.

35. **ORDERS** that the CCAA Parties, as applicable, shall provide to any relevant landlord notice of the intention of any of the CCAA Parties to remove any fittings, fixtures, installations or leasehold improvements at least seven (7) days in advance. If a CCAA Party 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 such CCAA Party and the landlord.
36. **DECLARES** that, in order to facilitate the Restructuring, the CCAA Parties may, subject to the approval of the Monitor, or further order of the Court, settle claims of customers and suppliers that are in dispute.
37. **DECLARES** that, pursuant to sub-paragraph 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, the CCAA Parties are permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in their possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to their 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 the sale of Property, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the CCAA Parties 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 CCAA Parties 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, 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 CCAA Parties.

38. **ORDERS** that pursuant to clause 3(c)(i) of the *Electronic Commerce Protection Regulations*, made under *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying Out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act*, S.C. 2010, c. 23, the CCAA Parties and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective purchasers or bidders and to their advisors but only to the extent desirable or required to provide information with respect to any sales process in these CCAA proceedings.

Powers of the Monitor

39. **ORDERS** that FTI Consulting Canada Inc. is hereby appointed to monitor the business and financial affairs of the CCAA Parties as an officer of this Court (the “**Monitor**”) and that the Monitor, in addition to the prescribed powers and obligations, referred to in Section 23 of the CCAA:
- (a) shall, as soon as practicable, (i) publish once a week for two (2) consecutive weeks, or as otherwise directed by the Court, in *La Presse* and the *Globe & Mail* National Edition 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 CCAA Parties 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 receipts and disbursements of the CCAA Parties;
- (c) shall assist the CCAA Parties, to the extent required by the CCAA Parties, in dealing with their creditors and other interested Persons during the Stay Period;
- (d) shall assist the CCAA Parties, to the extent required by the CCAA Parties, with the preparation of their cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
- (e) shall advise and assist the CCAA Parties, to the extent required by the CCAA Parties, to review the CCAA Parties' businesses and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (f) shall assist the CCAA Parties, to the extent required by the CCAA Parties, with the Restructuring and in their negotiations with their 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 CCAA Parties 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 and may file consolidated Reports for the CCAA Parties;
- (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 this 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 any of the CCAA Parties or in any other similar capacity in any insolvency, bankruptcy or reorganisation proceedings outside of Canada;
- (l) may give any consent or approval as may be contemplated by the Order or the CCAA;
- (m) may hold and administer funds in connection with arrangements made among the CCAA Parties, any counter-parties and the Monitor, or by Order of this Court;
- (n) may, to the extent to which the Monitor considers it necessary or desirable to do so, develop, in consultation with the CCAA Parties, such principles, policies and procedures as are satisfactory to the Monitor to govern any or all category of Intercompany Transactions (the “**Intercompany Transaction Policies**”);
- (o) may review and monitor all Intercompany Transactions, including compliance with any Intercompany Transaction Policies that are applicable in the circumstances, in such manner as the Monitor, in consultation with the CCAA Parties, considers appropriate; and
- (p) 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 CCAA Parties, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the CCAA Parties nor shall the Monitor be deemed to have done so.

40. **ORDERS** that the CCAA Parties and their 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 CCAA Parties in connection with the Monitor's duties and responsibilities hereunder.
41. **DECLARES** that the Monitor may provide creditors and other relevant stakeholders of the CCAA Parties with information in response to requests made by them in writing addressed to the Monitor and copied to the counsel for the CCAA Parties. In the case of information that the Monitor has been advised by the CCAA Parties is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the CCAA Parties unless otherwise directed by this Court.
42. **DECLARES** that if the Monitor, in its capacity as Monitor, carries on the business of the CCAA Parties or continues the employment of employees of the CCAA Parties, the Monitor shall benefit from the provisions of section 11.8 of the CCAA.
43. **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 39(i) hereof shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.
44. **ORDERS** that CCAA Parties shall pay weekly the reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, counsel for the CCAA Parties, independent counsel to the Directors, and other advisers directly related to these proceedings, the Plan and the Restructuring, 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.
45. **DECLARES** that the Monitor, the Monitor's legal counsel, legal counsel for the CCAA

Parties, independent counsel to the Directors, and the Monitor and the CCAA Parties' respective advisers, as security for the professional fees and disbursements incurred both before and after the making of this 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 \$2,500,000 (the "**Administration Charge**"), having the priority established by paragraphs 46 and 47 hereof.

Priorities and General Provisions Relating to CCAA Charges

46. **DECLARES** that the priorities of the Administration Charge and the 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 Administration Charge; and
 - (b) second, the Directors' Charge;
47. **DECLARES** that the CCAA Charges shall rank in priority to any and all other existing hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "**Encumbrances**") affecting the Property whether or not charged by such Encumbrances. For greater certainty, the CCAA Charges only extend to assets or rights against assets over which the CCAA Parties hold or acquire title.
48. **ORDERS** that, except as otherwise expressly provided for herein, the CCAA Parties 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 CCAA Parties, as applicable, obtain the prior written consent of the Monitor and the prior approval of the Court.
49. **DECLARES** that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the CCAA Parties, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
50. **DECLARES** that the CCAA Charges and the rights and remedies of the beneficiaries of

the CCAA 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 declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) filed pursuant to the BIA or any bankruptcy order made pursuant to such applications or any assignments in bankruptcy made or deemed to be made in respect of any of the CCAA Parties; 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 CCAA Parties (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 CCAA Parties of any Third Party Agreement to which any CCAA Party is a party; and
- (b) the beneficiaries of the CCAA Charges shall not have any 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.

51. **DECLARES** that notwithstanding: (i) these proceedings and the declarations of insolvency made herein, (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA or any bankruptcy order made pursuant to such applications or any assignments in bankruptcy made or deemed to be made in respect of any CCAA Party, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the CCAA Parties pursuant to this 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.

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

- 52.1 **ORDERS** that if the sale proceeds of assets charged by valid and enforceable security are used to satisfy in priority payment of amounts secured by any of the CCAA Charges, the secured creditor(s) holding such valid and enforceable security charging said assets (the “**Impaired Secured Creditor**”) shall be deemed to have paid the holder of the CCAA Charge and such Impaired Secured Creditor shall be subrogated in its rights to the extent of the lesser of i) the net realization proceeds of the assets, charged in favor of the Impaired Secured Creditor, used to repay in priority amounts secured by the CCAA Charges; and (ii) the amounts otherwise owing to the Impaired Secured Creditor. In the event that more than one Impaired Secured Creditor is subrogated to the CCAA Charges as a result of a payment to the holder of the CCAA Charge, such Impaired Secured Creditors shall rank *pari passu* as subrogees, rateably in accordance with the extent to which each of them is subrogated to the holder of the CCAA Charge. The allocation of the burden of the CCAA Charges amongst the assets and creditors shall be determined by subsequent application to the Court if necessary.
- 52.2 **ORDERS** that no Impaired Secured Creditor shall be entitled to enforce any subrogation rights to the CCAA Charges before all the other claims subject to the CCAA Charges have been fully satisfied.

General

53. **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 CCAA Parties or of the Monitor in relation to the Business or Property of the CCAA Parties, without first obtaining leave of this Court, upon ten (10) days written notice to counsel for the CCAA Parties, the Monitor’s counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.
54. **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.

55. **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 CCAA Parties and the Monitor, 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**”).
56. **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.
57. **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.
58. **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 hearing of the contested motion and such other matters, including interim relief, as the Court may direct.
59. **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 CCAA Parties under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.

60. **DECLARES** that, except as otherwise specified herein, the CCAA Parties 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 CCAA Parties 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.
61. **DECLARES** that the CCAA Parties 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 CCAA Parties shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
62. **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 CCAA Parties 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;
63. **DECLARES** that the CCAA Parties 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.
64. **DECLARES** that any interested Person may apply to this Court to vary or rescind this Order or seek other relief at the comeback hearing scheduled for February 19 and 20, 2015 (the "**Comeback Hearing**") upon five (5) days notice to the CCAA Parties, 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;
65. **DECLARES** that the Order and all other orders in these proceedings shall have full force


and effect in all provinces and territories in Canada.

66. **DECLARES** that the Monitor or an authorized representative of the CCAA Parties, and in the case of the Monitor, with the prior consent of the CCAA Parties, 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 this Order and any subsequent orders of this Court and, without limitation to the foregoing, any orders under Chapter 15 of the *U.S. Bankruptcy Code*, including an order for recognition of these CCAA proceedings as “Foreign Main Proceedings” in the United States of America pursuant to Chapter 15 of the U.S. Bankruptcy Code, and for which the Monitor, or the authorized representative of the CCAA Parties, shall be the foreign representative of the CCAA Parties. 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.

67. **REQUESTS** the aid and recognition of any Court, tribunal, regulatory or administrative body in any Province of Canada and any Canadian federal court or in the United States of America and any court or administrative body elsewhere, to give effect to this Order and to assist the CCAA Parties, the Monitor and their respective agents in carrying out the terms of this Order. All Courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the CCAA Parties and the Monitor as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor or the authorized representative of the CCAA Parties in any foreign proceeding, to assist the CCAA Parties and the Monitor, and to act in aid of and to be complementary to this Court, in carrying out the terms of this Order.

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

February 20, 2015



Honourable Mr. Justice Stephen W. Hamilton, J.S.C.

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