

Court File No. CI 15-01-95749

**THE QUEEN'S BENCH  
WINNIPEG CENTRE**

IN THE MATTER OF THE: *Companies' Creditors Arrangement Act*,  
R.S.C. 1985, c. C-36, as Amended

AND IN THE MATTER OF: Certain proceedings taken in the United  
States Bankruptcy Court for the District of  
Delaware with respect to IMRIS Inc.,  
IMRIS, Inc. and NeuroArm Surgical Ltd.,  
(Collectively, the "Chapter 11 Debtors")

Application of IMRIS, Inc. ("Applicant") under section 46 of the *Companies' Creditors  
Arrangement Act*, R.S.C. 1985, c. C-36, as Amended

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**SUPPLEMENTAL ORDER  
(FOREIGN MAIN PROCEEDING)**

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**THE QUEEN'S BENCH  
WINNIPEG CENTRE**

THE HONOURABLE MR. ) WEDNESDAY, THE 3<sup>RD</sup> DAY  
 ) OF JUNE, 2015  
JUSTICE DEWAR )

IN THE MATTER OF THE: *Companies' Creditors Arrangement Act,*  
R.S.C. 1985, c. C-36, as Amended

AND IN THE MATTER OF: Certain proceedings taken in the United  
States Bankruptcy Court for the District of  
Delaware with respect to IMRIS Inc.,  
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**SUPPLEMENTAL ORDER  
(FOREIGN MAIN PROCEEDING)**

**THIS APPLICATION**, made by IMRIS, Inc. ("**IMRIS US**" or "**Applicant**") in its capacity as the foreign representative (the "**Foreign Representative**") of the Chapter 11 Debtors, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for two Orders substantially in the forms attached to the Notice of Application, was heard this day at 408 York Avenue at Kennedy Street, in the City of Winnipeg, Manitoba.

**ON READING** the Notice of Application dated May 29, 2015, including the affidavit of Jay D. Miller sworn May 29, 2015, the affidavit of Bruce Darlington, sworn May 27, 2015, and the preliminary report of FTI Consulting Canada Inc. ("**FTI**"), in its capacity as proposed information officer (the "**Information Officer**") dated June 1, 2015, each filed, and counsel for the Applicant undertaking to file an affidavit verifying that the US Court orders attached as schedules A-K to the Notice of Application are true copies of orders which have been certified, and upon being provided with copies of the documents required by section 46 of the CCAA,

**AND UPON HEARING** the submissions of counsel for the Foreign Representative, counsel for the Information Officer, and counsel to Deerfield Situations Fund L.P. as administrative agent and collateral agent to the lenders under the Senior Secured Super Priority Debtor-in-Possession Credit Agreement (the "**DIP Facility**") dated May 26, 2015 (the "**DIP Lenders**"), no one else appearing although duly served, upon reading the affidavit of service of Kim Hamill, sworn June 1, 2015 and the affidavits of service of Jennifer A. Whincup sworn May 29, 2015 and June 1, 2015, and on reading the consent of FTI to act as the information officer:

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the materials filed in support of the Application is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

## **INITIAL RECOGNITION ORDER**

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Initial Recognition Order (Foreign Main Proceeding) dated June 3, 2015 (the "**Recognition Order**").

3. **THIS COURT ORDERS** that the provisions of this Supplemental Order shall be interpreted in a manner complementary and supplementary to the provisions of the Recognition Order, provided that in the event of a conflict between the provisions of this Supplemental Order and the provisions of the Recognition Order, the provisions of the Recognition Order shall govern.

## **RECOGNITION OF FOREIGN ORDERS**

4. **THIS COURT ORDERS** that the following orders (collectively, the "**Foreign Orders**") of the United States Bankruptcy Court for the District of Delaware made in the Chapter 11 Proceeding are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

- (a) Joint Administration Order, attached as Schedule "A" to this Order;
- (b) Foreign Representative Order, attached as Schedule "B" to this Order;
- (c) Claims Agent Order, attached as Schedule "C" to this Order;
- (d) Pre-petition Wages Order, attached as Schedule "D" to this Order;
- (e) Prepetition Shipping Order, attached as Schedule "E" to this Order;
- (f) Customer Obligation Order, attached as Schedule "F" to this Order;
- (g) Post-Petition Operations Order, attached as Schedule "G" to this Order;

- (h) Insurance Order, attached as Schedule “H” to this Order;
- (i) Interim Prepetition Taxes Order, attached as Schedule “I” to this Order;
- (j) Interim Cash Management Order, attached as Schedule “J” to this Order;
- and
- (k) Interim DIP Facility Order, attached as Schedule “K” to this Order.;

provided, however, that in the event of any conflict between the terms of the Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to Property (as defined below) in Canada.

#### **APPOINTMENT OF INFORMATION OFFICER**

5. **THIS COURT ORDERS** that FTI Consulting Canada Inc. is hereby appointed as an officer of this Court, with the powers and duties set out herein.

#### **NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY**

6. **THIS COURT ORDERS** that until such date as this Court may order (the "**Stay Period**") no proceeding or enforcement process in any court or tribunal in Canada (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Chapter 11 Debtors or affecting their business (the "**Business**") or their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), except with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Chapter 11 Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

### **NO EXERCISE OF RIGHTS OR REMEDIES**

7. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Chapter 11 Debtors or the Foreign Representative, or affecting the Business or the Property, are hereby stayed and suspended except with leave of this Court, provided that nothing in this Order shall (i) prevent the assertion of or the exercise of rights and remedies outside of Canada, (ii) empower any of the Chapter 11 Debtors to carry on any business in Canada which that Chapter 11 Debtor is not lawfully entitled to carry on, (iii) affect such investigations or Proceedings by a regulatory body as are permitted by section 11.1 of the CCAA, (iv) prevent the filing of any registration to preserve or perfect a security interest, or (v) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH RIGHTS**

8. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Chapter 11 Debtors and affecting the Business in Canada, except with leave of this Court.

### **ADDITIONAL PROTECTIONS**

9. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Chapter 11 Debtors or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation all computer

software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services provided in respect of the Property or Business of the Chapter 11 Debtors, 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 Chapter 11 Debtors, and that the Chapter 11 Debtors shall be entitled to the continued use in Canada of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names.

10. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Chapter 11 Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Chapter 11 Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

11. **THIS COURT ORDERS** that no Proceeding shall be commenced or continued against or in respect of the Information Officer, except with leave of this Court. In addition to the rights and protections afforded the Information Officer herein, or as an officer of this Court, the Information Officer shall have the benefit of all of the rights and protections afforded to a Monitor under the CCAA, and shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

**OTHER PROVISIONS RELATING TO INFORMATION OFFICER**

12. **THIS COURT ORDERS** that the Information Officer:

- (a) is hereby authorized to provide such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;
- (b) shall report to this Court as deemed necessary with respect to the status of these proceedings and the status of the Foreign Proceedings, which reports may include information relating to the Property, the Business, or such other matters as may be relevant to the proceedings herein;
- (c) in addition to the periodic reports referred to in paragraph 12(b) above, the Information Officer may report to this Court at such other times and intervals as the Information Officer may deem appropriate with respect to any of the matters referred to in paragraph 12(b) above;
- (d) shall have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Chapter 11 Debtors, to the extent that is necessary to perform its duties arising under this Order;
- (e) shall have the power to monitor the Chapter 11 Debtors' Canadian receipts and disbursements;



- (f) shall assist the Chapter 11 Debtors, to the extent required by the Chapter 11 Debtors under the DIP Facility, in its dissemination to the DIP Lenders and counsel to the DIP Lenders of financial and other information which may be used in these proceedings and in reporting to the DIP Lenders pursuant to the terms under the DIP Facility;
- (g) shall be at liberty to engage independent legal counsel or such other persons as the Information Officer deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) shall perform such other duties as are required by this Order or by the Court from time to time.

13. **THIS COURT ORDERS** that the Chapter 11 Debtors and the Foreign Representative shall (i) advise the Information Officer of all material steps taken by the Chapter 11 Debtors or the Foreign Representative in these proceedings or in the Foreign Proceedings, (ii) co-operate fully with the Information Officer in the exercise of its powers and discharge of its obligations, and (iii) provide the Information Officer with the assistance that is necessary to enable the Information Officer to adequately carry out its functions.

14. **THIS COURT ORDERS** that the Information Officer shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be

deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

15. **THIS COURT ORDERS** that the Information Officer (i) shall post on its website all Orders of this Court made in these proceedings, all reports of the Information Officer filed herein, and such other materials as this Court may order from time to time, and (ii) may post on its website any other materials that the Information Officer deems appropriate.

16. **THIS COURT ORDERS** that the Information Officer may provide any creditor of a Chapter 11 Debtor with information provided by the Chapter 11 Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Information Officer. The Information Officer shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Information Officer has been advised by the Chapter 11 Debtors is privileged or confidential, the Information Officer shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Information Officer, the Foreign Representative and the relevant Chapter 11 Debtors may agree.

17. **THIS COURT ORDERS** that the Information Officer and counsel to the Information Officer shall be paid by the Chapter 11 Debtors their reasonable fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts. The Chapter 11 Debtors are hereby authorized and directed to pay the accounts of the Information Officer and counsel for the Information Officer on a monthly basis.

18. **THIS COURT ORDERS** that the Information Officer and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Information Officer and its legal counsel are hereby referred to a judge of the Manitoba Court of the Queen's Bench, and the accounts of the Information Officer, its counsel and counsel to the Chapter 11 Debtors in these proceedings shall not be subject to approval in the Foreign Proceeding.

#### **ADMINISTRATION CHARGE**

19. **THIS COURT ORDERS** that the Information Officer, counsel to the Information Officer, and counsel to the Chapter 11 Debtors, shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property in Canada, which charge shall not exceed an aggregate amount of \$200,000.00 as security for their professional fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order. The Administration Charge shall have the priority set out in paragraphs [21] and [23] hereof.

#### **INTERIM FINANCING**

20. **THIS COURT ORDERS**, subject to further Order of this Court to be sought after the US Court enters a final order in respect of the DIP Facility, that the DIP Lenders shall be entitled to the benefit of and are hereby granted a charge (the "**DIP Lenders' Charge**") on the Property in Canada, which DIP Lenders' Charge shall be consistent with the liens and charges created by the interim order made in the Chapter 11 proceedings authorizing the Chapter 11 Debtors to obtain post-petition financing dated May 27, 2015 pursuant to

the terms of the DIP Facility up to an aggregate amount of US\$5,363,413.00 provided however that the DIP Lenders' Charge with respect to the Property in Canada, shall have the priority set out in paragraphs [21] and [23] hereof, and further provided that the DIP Lenders' Charge shall not be enforced except with leave of this Court.

### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

21. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lenders' Charge, as among them, shall be as follows:

First – Administration Charge to the maximum amount of \$200,000.00.

Second – DIP Lenders' Charge to the maximum amount of US\$5,363,413.00, or its equivalent in Canadian currency

22. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge or the DIP Lenders' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect the Charges.

23. **THIS COURT ORDERS** that each of the Administration Charge and the DIP Lenders' Charge (all as constituted and defined herein) shall constitute a charge on the Property in Canada and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

24. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Chapter 11 Debtors shall not grant any Encumbrances over any Property in Canada that rank in priority to, or *pari passu* with, the Administration Charge or the DIP Lenders' Charge, unless the Chapter 11 Debtors also obtain the prior written consent of the Information Officer and the DIP Lenders.

25. **THIS COURT ORDERS** that the Administration Charge and the DIP Lenders' Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds any Debtor, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by a Chapter 11 Debtor of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

- (c) the payments made by the Chapter 11 Debtors to the Chargees pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

26. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Chapter 11 Debtor's interest in such real property leases.

#### **GENERAL**

27. **THIS COURT ORDERS** that the Information Officer may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. **THIS COURT ORDERS** that nothing in this Order shall prevent the Information Officer from acting as an interim receiver, a receiver, a receiver and manager, a monitor, a proposal trustee, or a trustee in bankruptcy of any Chapter 11 Debtor, the Business or the Property.

29. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory, governmental or administrative body having jurisdiction in Canada, the United States or elsewhere, to give effect to this Order and to assist the Chapter 11 Debtors, the Information Officer and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory, governmental and administrative bodies are

hereby respectfully requested to make such orders and to provide such assistance to the Chapter 11 Debtors, the Information Officer and their respective agents, as may be necessary or desirable to give effect to this Order, or to assist the Chapter 11 Debtors, the Information Officer and their respective agents in carrying out the terms of this Order.

30. **THIS COURT ORDERS** that each of the Chapter 11 Debtors, the Foreign Representative and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

31. **THIS COURT ORDERS** that the Guidelines for Court-to-Court Communications in Cross-Border Cases developed by the American Law Institute and attached as Schedule “L” hereto is adopted by this Court for the purposes of these recognition proceedings.

32. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days’ notice to the Chapter 11 Debtors, the Foreign Representative, the Information Officer and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

33. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. Central Daylight Time on the date of this Order.

