

SUPERIOR COURT

(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No. 500-11-047560-145

DATE: May 8, 2015

PRESIDING: HONORABLE MARTIN CASTONGUAY, J.S.C

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

QUÉBEC LITHIUM INC.
QLI MÉTAUX INC.
RB ENERGY INC.
-and-
SIROCCO MINING INC.

Petitioners

-and-

KPMG INC.

Monitor

DISCHARGE AND TRANSITION ORDER

- [1] **ON READING** the Petitioners' *Motion for an Order Terminating the CCAA Proceedings and for Ancillary Relief*, the affidavit of Alessandro Bitelli sworn on May 6, 2015 and the exhibits filed in support thereof (the "**Motion**");
- [2] **CONSIDERING** the Report of the Monitor dated May 7, 2015 (the "**Monitor's Sixth Report**") and the submissions of counsel for the Petitioners, the Monitor, the Interim Lender and The Bank of Nova Scotia as Administrative Agent and Lead Arranger (the "**Agent**");
- [3] **GIVEN** the provisions of the Companies' Creditors Arrangement Act ("**CCAA**");

WHEREFORE THE COURT:

- [4] **GRANTS** the Motion.

- [5] **DECLARES** that all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion, or, otherwise, in the *Second Amended and Restated Initial Order* of this Court dated October 29, 2014 (the "**Initial Order**").

SERVICE

- [6] **DECLARES** that sufficient prior notice of the presentation of the Motion has been given by the Petitioners to interested parties, including the Agent, the Interim Lender and the Monitor, and that service of the Motion and supporting material is good, valid and sufficient, and any further service thereof is hereby dispensed with.

TERMINATION OF CCAA PROCEEDINGS

- [7] **ORDERS** that, except as expressly provided in this Order or in the Order granted by this Court on the date hereof (the "**Receivership Order**") appointing Duff & Phelps Canada Restructuring Inc. (the "**Receiver**") to the assets of the Petitioners (the "**Receivership Proceedings**"), these CCAA proceedings (the "**CCAA Proceedings**") shall be and are hereby terminated effective at 12:01 a.m. on May 8, 2015 (the "**Effective Time**") and the Monitor is hereby discharged.
- [8] **ORDERS** that all Orders rendered in these CCAA Proceedings shall continue in full force and effect, including with respect to sealing provisions contained in such Orders which sealing provisions shall continue pending further order of the Court issued pursuant to a motion brought in the Receivership Proceedings on notice to all interested parties.
- [9] **ORDERS** that notwithstanding any other provision of this Order or the Receivership Order, the Petitioners shall be entitled to retain and administer, and the Receiver is hereby directed to leave, the amount of \$149,067.71 (the "**Retained Amount**") in the bank account of the Petitioners designated in the Post-Petition Payables Schedule (Exhibit R-5) in order for the Petitioners to (i) pay vacation pay accrued but not paid prior to the appointment of the Receiver, for any employees terminated pursuant to paragraph 10 below and any accrued but unpaid wages for such employees (collectively, the "**RBE Termination Payments**"); and (ii) to pay obligation pursuant to cheques that have been issued by the Petitioners after the day on which the CCAA Proceedings commenced (the "**Filing Date**"), and which cheques are outstanding and have not cleared the Petitioners' bank account(s) as of the Effective Time ("**Outstanding Post-Petition Cheques**")

TERMINATION OF CERTAIN EMPLOYEES

- [10] **AUTHORIZES** and **DIRECTS** the Petitioners to terminate the employment of all employees of RB Energy Inc. and only of RB Energy Inc., issue records of employment to such terminated employees and pay the RBE Termination Payments from the Retained Amount, with such termination to be effective immediately prior to the Effective Time.

PAYMENT OF POST-PETITION PAYABLES

- [11] **ORDERS** and **DIRECTS** the Receiver to take possession of any unused portion of the Retained Amount 30 days from the date hereof.

- [12] **ORDERS** that the Receiver is authorized and directed to pay the following to the extent not paid from the Retained Amount, as applicable in accordance with paragraph [9] above:
- (a) the RBE Termination Payments;
 - (b) the Outstanding Post-Petition Cheques;
 - (c) obligations incurred or accrued by the Petitioners in accordance with the May Forecast (Exhibit R-4) for which payment has not been made as at the Effective Time as and when such obligations become due, including without limitation, but without duplication:
 - (i) those Post-Petition Payables amounting to \$541,290 as set out on the Post-Petition Payables Schedule (Exhibit R-5);
 - (ii) the accrued but unpaid wages of QLI employees;
 - (iii) reasonable unpaid professional fees that have been incurred by counsel for the Petitioners, the Petitioners' advisors, the Monitor or counsel for the Monitor (the "**CCAA Professionals**") up to and including the date on which the Receiver has been appointed to the extent not discharged by the monetary retainers in the possession of the CCAA Professionals (the "**CCAA Professionals' Retainers**"); and
 - (iv) such other amounts that the Receiver is satisfied, in its reasonable discretion, constitute obligations properly incurred by the Petitioners from and after the Filing Date.
- (collectively, the "**Post-Petition Payables**")
- [13] **ORDERS** the Receiver to establish a reserve of \$77,200 from the cash transferred by the Petitioners to the Receiver pursuant to the provisions of the Receivership Order and deposit such cash reserve in a segregated trust account (the "**QLI Vacation Pay Reserve**") and to pay only the vacation pay accrued but not paid prior to the appointment of the Receiver for the employees of Quebec Lithium Inc. (the "**QLI Vacation Pay**") from the QLI Vacation Pay Reserve.
- [14] **ORDERS** and **DIRECTS** the Receiver to file a certificate with the Court certifying that to the best of the Receiver's knowledge, all the Post-Petition Payables have been paid and/or discharged in full (or with respect to QLI Vacation Pay certifying that either the QLI Vacation Pay has been paid and/or there is no vacation entitlement remaining with respect to any QLI employees for the period prior to the appointment of the Receiver because the accrued vacation has been taken the "**Vacation Entitlement**"), within 7 business days following the payment (to the best of the Receiver's knowledge) of the final Post-Petition Payables (or the use of the final Vacation Entitlement). Upon the filing of such certificate, any amounts remaining in the QLI Vacation Pay Reserve shall be released from the QLI Vacation Pay Reserve to the Receiver.

- [15] **ORDERS** that the obligations of the Receiver set out in paragraphs [12], [13] and [14] hereof shall survive any bankruptcy of the Petitioners and be binding on any trustee in bankruptcy appointed in respect of the Debtors.

APPROVAL OF MONITOR'S ACTIVITIES

- [16] **ORDERS** that the Monitor's First Report dated November 12, 2014, the Monitor's Second Report dated January 8, 2015, the Monitor's Third Report dated February 3, 2015, the Monitor's Fourth Report dated April 2, 2015, the Monitor's Fifth Report dated April 16, 2015 and the Monitor's Sixth Report are hereby approved and the actions, conduct and activities of the Monitor described therein are hereby approved.
- [17] **ORDERS** and **DECLARES** that, notwithstanding any provision of this Order, the termination of the CCAA Proceedings and the discharge of the Monitor, the Monitor may carry out such functions and duties as may be incidental to the termination of the CCAA Proceedings and the transition to the Receivership Proceedings, pursuant to this Order, any further order of the court or as otherwise required. In carrying out such functions and duties, the Monitor shall continue to have the benefit of any and all protections granted in the CCAA Proceedings and nothing contained in this Order shall affect, vary, derogate from or amend any of the protections in favour of the Monitor, which protections will continue to apply *mutatis mutandis*.
- [18] **ORDERS** that no action, demand, claim, complaint or other proceedings shall be commenced or filed against the Monitor in any way arising out of or related to its capacity, decision, actions or conduct as Monitor, except with prior leave of this Court and on prior written notice to the Monitor, the whole as provided in the Initial Order and such further order securing, as security for costs, the full judicial and reasonable extrajudicial costs of the Monitor in connection with any proposed action or proceedings as the Court hearing such motion for leave to proceed may deem just and appropriate.

CCAA CHARGES

- [19] **ORDERS** and that notwithstanding the termination of the CCAA Proceedings, the charges granted by the Court in the CCAA Proceedings (the "**CCAA Charges**") shall continue to bind the Property pending further Order of the Court, pursuant to a motion brought in the Receivership Proceedings on notice to the beneficiaries of the CCAA Charges.
- [20] **DECLARES** that the notwithstanding paragraph [19] above, the Administration Charge shall attach only to the CCAA Professionals' Retainers which CCAA Professionals' Retainers shall be the sole source of payment for any fees charged and disbursements incurred by the CCAA Professionals from and after the Effective Time unless the Receiver agrees to pay and pays such post-receivership appointment fees and disbursements directly. The CCAA Professionals shall provide an accounting to the Receiver of any fees charged or disbursements incurred by them during the Receivership Proceedings which are paid out of their respective CCAA Professionals' Retainers.

- [21] **ORDERS** that any residual amounts in the CCAA Professionals' Retainers after payment of all outstanding obligations to applicable CCAA Professionals shall be remitted to the Receiver upon the earlier of (i) agreement between the Receiver and the applicable CCAA Professional; (ii) the discharge of the CCAA Charges in accordance with paragraph [19] above; (iii) further order of the Court directing the remittance of such residual amounts to the Receiver or (iv) 60 days from the date hereof.
- [22] **ORDERS** that the CCAA Charges, other than the Administration Charge as against the CCAA Professionals' Retainers, shall be subject to charges created by the Receivership Order.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

- [23] **ORDERS** that, notwithstanding any provisions of this Order, the Stay Period is hereby extended only in respect of the Directors until the discharge of the Directors' Charge, and, except in respect of proceedings alleging claims contemplated by s. 11.03(2) of the CCAA, and during the Stay Period no proceeding may be commenced or continued against any of the Directors with respect to any claim against such Directors that arose on or after the Filing Date that relates to any obligations of the Petitioners whereby the Directors are alleged under any law to be liable in their capacity as Directors for the payment or performance of such obligations.

TERMINATION OF CERTAIN LEASES

- [24] **ORDERS** that the rights conferred on Caterpillar Financial Services Limited ("CFSL") by Order of this Court dated April 7, 2015, in respect of CFSL's ability to terminate certain leases between CFSL and Quebec Lithium Inc. are exercisable as against the Receiver provided that such rights may be exercised against the Receiver immediately upon the appointment of the Receiver rather than May 29, 2015.

GENERAL

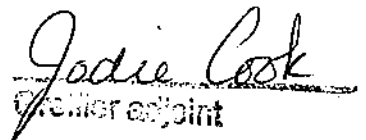
- [25] **ORDERS** that any and all administrative matters relating to the CCAA Proceedings which arise following the termination of the CCAA Proceedings and the effective date of the appointment of the Receiver as set out in the Receivership Order may be brought before this Court for determination, advice and direction.
- [26] **ORDERS** that all persons shall cooperate fully with the Petitioners and the Monitor and do all such things that are necessary or desirable for the purposes of giving effect to and in furtherance of this Order.
- [27] **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.

- [28] **ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada;
- [29] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security;
- [30] **THE WHOLE** without costs.


MARTIN CASTONGUAY J.S.C

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Jodie Cook
Greffier adjoint