

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

SUPERIOR COURT

Commercial Division

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

Nº: 500-11-047560-145

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

QUÉBEC LITHIUM INC., QLI MÉTAUX INC., RB  
ENERGY INC. AND SIROCCO MINING INC.

Petitioners

-and-

KPMG INC.

Monitor

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MOTION FOR AN ORDER TERMINATING CCAA PROCEEDINGS  
AND FOR ANCILLARY RELIEF

(Section 11 ff. of the *Companies' Creditors Arrangement Act*)

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TO THE HONOURABLE MARTIN CASTONGUAY, J.S.C. OR ONE OF THE HONOURABLE  
JUDGES OF THE SUPERIOR COURT, SITTING IN THE COMMERCIAL DIVISION FOR THE  
DISTRICT OF MONTREAL, THE PETITIONERS SUBMIT:

1. INTRODUCTION

1. On October 14, 2014 (the "**Filing Date**"), the Honourable Justice Martin Castonguay, J.S.C. issued a limited stay order, followed by the issuance of an Amended and Restated Initial Order on October 15, 2014, followed by the issuance of a Second Amended and Restated Initial Order on October 29, 2014 (the "**Initial Order**"<sup>1</sup>) pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of Québec Lithium Inc. ("**QLI**"), QLI Métaux Inc., RB Energy Inc. ("**RBE**") and Sirocco Mining Inc. ("**Sirocco**") (collectively, the "**Petitioners**"), as appears from the Initial Order communicated herewith as Exhibit R-1.
2. Pursuant to the Initial Order, *inter alia*:
  - a) KPMG Inc. was appointed as monitor to the Petitioners (the "**Monitor**") (para. 39 of the Initial Order) and a stay of proceedings was ordered until November 13, 2014 (the "**Stay Period**") (para. 8 ff. of the Initial Order);

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meaning given to them in the Initial Order.

- b) The Interim Financing Term Sheet among the Petitioners and Hale Capital Partners L.P., as Interim Lender (the "**Interim Lender**") and a non-revolving term facility in the principal amount of US\$13 million (the "**Interim Financing Facility**") was approved (para. 18 of the Initial Order);
  - c) An Interim Lender Charge was granted in the aggregate amount of CDN\$22 million (para. 21 of the Initial Order); and
  - d) The Petitioners were ordered to conduct a sale and investor solicitation process ("**SISP**") on terms to be approved by the Court (para. 38 of the Initial Order).
3. The Petitioners own two material assets.
4. QLI owns a lithium mine in La Corne, Quebec that was placed on care and maintenance prior to the CCAA filing. Most employees were placed on a six-month temporary layoff at the time of the Filing Date.
5. Sirocco is the indirect parent of Atacama Minerals Chile S.C.M. ("**Atacama**"), which owns an iodine mine in Chile. At the time of the Filing Date the iodine mine was operating in the normal course.
6. It is in this context that this Court issued the Initial Order and appointed the Monitor, who has overseen the activities of the Petitioners throughout these proceedings.
7. On November 13, 2014, this Honourable Court issued an order (the "**SISP Approval Order**"), communicated herewith as Exhibit **R-2**, which, among other things:
- a) extended the Stay Period until April 30, 2015;
  - b) approved a SISP; and
  - c) authorized the engagement of Rothschild Inc. as the Petitioners' financial advisor and investment banker (the "**Sales Advisor**").
8. Extensive efforts and resources were used to carry out the SISP with the goal of attempting to conclude the sale of the Petitioners' business and/or property on a going concern basis, for the benefit of the Petitioners' stakeholders.
9. After conducting the SISP with the assistance of the Sales Advisor and the Monitor, the Petitioners did not obtain any "Qualified Offers".
10. The employees of QLI on temporary layoff were terminated as they were not recalled to work within the six-month timeframe. Vacation pay was paid to these employees.
11. In light of the failure of the SISP, the Petitioners subsequently terminated the engagement of the Sales Advisor, who no longer had a role to play in relation to these CCAA proceedings. The termination of the Sales Advisor was effective April 30, 2015.
12. On April 17, 2015, this Honourable Court issued an Order (the "**SISP Termination Order**"), communicated herewith as Exhibit **R-3**, which, among other things:
- b) approved the termination of the SISP;



- c) extended the Stay Period until May 29, 2015, subject to the Interim Lender's right to seek relief from the Court following the issuance of 5 business days' notice contemplated by the Initial Order;
  - d) granted the Petitioners the right to use the remaining cash on hand from advances under the Interim Financing Facility (the "**Cash Collateral**") in accordance with the revised cash flows filed with the Court (the "**May Forecast**") until the earlier of May 29, 2015, and the day on which the Court appoints a receiver or grants other relief requested by the Interim Lender (the "**Termination Day**"). The May Forecast is communicated herewith as Exhibit R-4; and
  - e) granted the Petitioners the right, notwithstanding the appointment of a receiver, to pay expenses incurred or accrued prior to the Termination Date, in accordance with the May Forecast, from the Cash Collateral.
13. Since the issuance of the SISP Termination Order, an additional six QLI employees have been terminated. Accrued vacation pay has been paid to these employees.
14. The Petitioners hereby seek an order terminating these CCAA proceedings and granting the additional relief elaborated at paragraph 28 below.

## **2. GROUNDS FOR THE RELIEF SOUGHT**

15. The Interim Lender is petitioning the Court to appoint a receiver over the assets of the Petitioners.
16. In light of the Interim Lender's application to appoint a receiver, the Petitioners, in consultation and with the assistance of the Monitor, hereby seek to terminate these CCAA proceedings and to facilitate an orderly and structured transition to the receivership.
17. The Petitioners have considered the following matters in connection with facilitating an orderly transition:
18. The proposed receiver has indicated that, in order to achieve cost efficiencies, the head office operations of RBE will be terminated together with all of RBE's employees. Accrued but unpaid vacation pay will become due on the termination of employment of these employees and accrued but unpaid wages will also be outstanding at the time of the receivership.
19. Parties who provided goods and/or services to the Petitioners (including employees) from and after the Filing Date and up to the appointment of the receiver ("**Post-Petition Payables**") should be paid for such goods and services to the extent provided for in the May Forecast and as set out in the SISP Termination Order.
20. The 10 remaining employees of QLI may have vacation pay due and owing to them at some point in the future (the "**QLI Vacation Pay**") and their entitlements to same should be properly safeguarded.
21. The CCAA Charges provided for in the Initial Order should be preserved and remain in place pending further order of the Court, subject however to the charges to be created

by this Court pursuant to the Interim Lender's motion to appoint a receiver, to ensure that the beneficiaries of such CCAA Charges are not prejudiced by the receivership.

22. The Administration Charge, however, can be modified so as to attach only to the monetary retainers held by the CCAA Professionals. The CCAA Professionals have agreed to pay themselves any outstanding accruals up to and including the day the receiver is appointed from their monetary retainers and look only to the remaining amount of the monetary retainers that they continue to hold for any fees charged or disbursements incurred during the receivership.
23. The Monitor has duly and properly discharged all of its duties, responsibilities and obligations and there is no longer a reason to continue the appointment of the Monitor following the appointment of the receiver, other than to the extent necessary to allow the Monitor to address incidental post-discharge matters.
24. Under the proposed transition, the Directors' Charge is to continue pending further order of the Court. The Directors' Charge secures the indemnity granted by the Petitioners to the Directors for post-filing claims. There has been no directors and officers claims process conducted at this time. A continued stay of proceedings with respect to post-filing claims until the discharge of the Directors' Charge is thus, in the Petitioners' view, appropriate.
25. Pursuant to an order of the Court dated April 7, 2015 (the "**April 7 Order**"), Caterpillar Financial Services Limited ("**CFSL**") was granted authority to terminate certain leases between CFSL and QLI on May 29, 2015 and to repossess the equipment subject to such leases on that date or such other date as agreed to by the Petitioners and CFSL. With the termination of the SISP and the CCAA proceedings, there is no longer any basis to require CFSL to delay enforcement of its rights under its leases until the end of May.
26. In the circumstances, the Petitioners have determined, in consultation with the Monitor and their stakeholders, that the termination of these CCAA proceedings with the ancillary relief sought hereby will be the most orderly and efficient manner of transitioning into the receivership proceedings instituted by the Interim Lender concurrently herewith.
27. The Interim Lender consents to such relief.

### 3. ORDERS SOUGHT

28. For the foregoing reasons, the Petitioners hereby seek an order providing, notably, for the following:
  - a) the termination of the CCAA proceedings herein by this Honourable Court;
  - b) all Orders rendered in these CCAA proceedings to continue in full force and effect, including with respect to sealing provisions contained in such orders, subject to the order to be issued by this Court pursuant to the Interim Lender's motion to appoint a receiver;
  - c) the authorization and direction for RB Energy Inc. to terminate all of its employees, issue records of employment and pay accrued but unpaid vacation



pay and accrued but unpaid wages due to such terminated employees, which totals \$108,000 as at May 8, 2015 (the "**RBE Termination Payments**"), as appears from the itemized list of post-petition payables as agreed upon by the Petitioners (as amended from time to time with the consent of the Petitioners, the Interim Lender, the Monitor and the proposed receiver, the "**Post-Petition Payables Schedule**"), the Interim Lender and the proposed receiver communicated herewith as Exhibit R-5;

- d) the authorization to the Petitioners to retain sufficient amount of cash in their existing bank accounts to cover RBE Vacation Pay and cheques issued pursuant to the May Forecast but not yet cashed at the time of the receiver's appointment;
- e) the payment by the Receiver of Post-Petition Payables;
- f) the receiver to establish a reserve of \$77,200 (the "**QLI Vacation Pay Reserve**") from the cash transferred by the Petitioners to the receiver and to pay only the QLI Vacation Pay from the QLI Vacation Pay Reserve;
- g) an approval of the Monitor's reports and the Monitors actions, conduct and activities described therein;
- h) a declaration that the stay of proceedings as provided for in paragraph 43 of the Initial Order in favour of the Monitor continue in full force until further Order of the Court;
- i) the continuance of the CCAA Charges, subject to the order to be rendered by this Court pursuant to the Interim Lender's motion to appoint a receiver and with certain limitations to the Administration Charge so that such Administration Charge shall attach only to the remaining amounts of the monetary retainers held by counsel to the Petitioners, the Monitor and counsel to the Monitor;
- j) a stay of proceedings in favour of directors for post-filing claims, pending **discharge of the Directors' Charge**; and
- k) the rights conferred on Caterpillar Financial Services Limited ("**CFSL**") by the April 7 Order in respect of CFSL's ability to terminate certain leases between CFSL and Quebec Lithium Inc. to be 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 31, 2015.

#### 4. CONCLUSIONS

- 29. In light of the foregoing, and on being advised that the Interim Lender and the Monitor support the relief sought in this Motion, the Petitioners hereby respectfully seek the issuance of an Order substantially in the form of the draft Order communicated herewith as Exhibit R-6.
- 30. The Petitioners submit further that the notices given of the presentation of the present Motion are proper and sufficient given the present circumstances.
- 31. The present Motion is well founded in fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present Motion;

ISSUE an order in the form of the draft Order communicated in support hereof as Exhibit R-6;

WITHOUT COSTS, save and except in case of contestation.

Montréal, May 7, 2015

  
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BLAKE, CASSELS & GRAYDON LLP  
Attorneys for the Petitioners

**AFFIDAVIT**

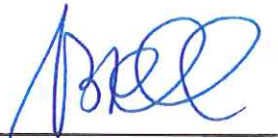
I, the undersigned, Alessandro Bitelli, having a place of business at 885 West Georgia Street, in the city and district of Vancouver, British Columbia, solemnly affirm the following:

32. I am the Chief Financial Officer of the Petitioner, RB Energy Inc.;
33. All the facts alleged in the present *Motion for an Order Terminating the CCAA Proceedings and for Ancillary Relief* are true.

AFFIRMED BEFORE ME at Vancouver,  
British Columbia on May 7, 2015.



A Commissioner for taking Affidavits for  
British Columbia



ALESSANDRO BITELLI

IVA ERCEG  
Barrister & Solicitor  
BLAKE, CASSELS & GRAYDON LLP  
Suite 2600, Three Bentall Centre  
595 Burrard St., P.O. Box 49314  
Vancouver, B.C. V7X 1L3  
(604) 631-5244

**NOTICE OF PRESENTATION**

**TO: Service List**

**TAKE NOTICE** that the present *Motion for an Order Terminating the CCAA Proceedings and for Ancillary Relief* will be presented for adjudication before the Honourable Justice Martin Castonguay, J.S.C., or another of the honourable judges of the Superior Court, Commercial Division, sitting in and for the district of Montreal, in the Montreal Courthouse located at 1, Notre-Dame Street East, Montréal, Québec, on **May 8, 2015, at 10:00 a.m.** in a room to be determined.

**DO GOVERN YOURSELF ACCORDINGLY.**

Montréal, May 7, 2015

  
\_\_\_\_\_  
**BLAKE, CASSELS & GRAYDON LLP**  
Attorneys for the Petitioners



C A N A D A

PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL

Nº: 500-11-047560-145

**SUPERIOR COURT**

Commercial Division

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

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

**QUÉBEC LITHIUM INC., QLI MÉTAUX INC., RB  
ENERGY INC. AND SIROCCO MINING INC.**

Petitioners

-and-

**KPMG INC.**

Monitor

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**LIST OF EXHIBITS**

(In support of the Petitioners' *Motion for an Order terminating CCAA Proceedings  
and for Ancillary Relief*)

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**Exhibit R-1:** Second Amended and Restated Initial Order dated October 29, 2014;

**Exhibit R-2:** SISF Approval Order dated November 13, 2014;

**Exhibit R-3:** SISF Termination Order dated April 17, 2015;

**Exhibit R-4:** May Forecast;

**Exhibit R-5:** Post-Petition Payables Schedule;

**Exhibit R-6:** Draft Order.

Montréal, May 7, 2015

  
**BLAKE, CASSELS & GRAYDON LLP**  
Attorneys for the Petitioners

**N°: 500-11-047560-145**

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**SUPERIOR COURT  
(Commercial Division)  
DISTRICT OF MONTREAL**

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

**QUÉBEC LITHIUM INC., QLI MÉTAUX INC.,  
RB ENERGY INC. and SIRROCO MINING INC.**

Petitioners

-and-

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Monitor

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**MOTION FOR AN ORDER TERMINATING CCAA  
PROCEEDINGS AND FOR ANCILLARY RELIEF**  
*(Section 11 ff. of the Companies' Creditors  
Arrangement Act)*

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**ORIGINAL**

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*Blakes*

**M<sup>re</sup> Sébastien Guy**

**BB-8098**

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CANADA

PROVINCE OF QUEBEC  
DISTRICT OF MONTRÉAL

SUPERIOR COURT  
Commercial Division

File: No: 500-11-047560-145

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Montreal, October 29, 2014

Present: The Honourable Mr. Justice Martin  
Castonguay, J.S.C.

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

**QUÉBEC LITHIUM INC., QLI METAUX INC.,  
RB ENERGY INC., AND SIROCCO MINING  
INC.**

Petitioners

And

**KPMG INC.**

Monitor

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## **SECOND AMENDED AND RESTATED INITIAL ORDER**

ON READING Petitioners' Motion to Amend the Amended and Restated 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 Alessandro Bitelli sworn October 19, 2014 filed in support thereof (the "**Petition**"), the consent of KPMG Inc. to act as monitor (the "**Monitor**"), relying upon the submissions of counsel for the Petitioners, the Monitor, the Interim Lender (as defined below), the Bank of Nova Scotia as Administrative Agent and Lead Arranger (the "**Agent**") and Investissement Quebec ("**IQ**"), and on being advised that the Agent and IQ were given sufficient 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 the Petitioners 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
  - Key Employee Retention Program
  - 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 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 Petitioners are debtor companies to which the CCAA applies and that the terms of the Amended and Restated Initial Order dated October 15, 2014 (the “**Initial Order**”) are hereby amended and restated by the terms of this Second Amended and Restated Initial Order, provided that (i) the relief originally granted under the Initial Order and (ii) any and all actions taken by, or on behalf of the Petitioners, the Monitor, the Interim Lender or the Agent pursuant to the terms of the Initial Order and prior to the granting of this Order, are hereby validated.

### **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 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 Petitioners shall be for administrative purposes only and shall not effect a consolidation of the assets and property of each of the Petitioners including, without limitation, for the purposes of any Plan or Plans that may be hereafter proposed.

### **Stay of Proceedings against the Petitioners and the Property**

8. **ORDERS** that, until and including November 13, 2014, 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 Petitioners, or affecting the Petitioners’ business operations and activities (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 Petitioners 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 **ORDERS** that 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 Petitioners nor against any person deemed to be a director or an officer of any of the Petitioners 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 Petitioners 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 Petitioners 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.

#### **No Exercise of Rights or Remedies**

11. **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 Petitioners, or affecting the Business, the Property or any part thereof, are hereby stayed and suspended except with leave of this Court.
12. **DECLARES** that, to the extent any rights, obligations, or prescription, time or limitation periods including, without limitation, to file grievances relating to the Petitioners 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 Petitioners, 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 Petitioners, 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 Petitioners in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

#### **No Interference with Rights**

13. **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 Petitioners, except with the written consent of the Petitioners and the Monitor, or with leave of this Court.

### **Continuation of Services**

14. **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 Petitioners 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 Petitioners, 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 Petitioners, and that the Petitioners shall be permitted to continue 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 shall be paid by the Petitioners, without having to provide any security deposit or any other security, in accordance with normal payment practices of the Petitioners or such other practices as may be agreed upon by the supplier or service provider and the Petitioners, with the consent of the Monitor, or as may be ordered by this Court.
15. **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 Petitioners 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 Petitioners.
16. **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 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 a Petitioner and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into a 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**

17. **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 Petitioners 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)**

18. **ORDERS** that, notwithstanding the amount of the Interim Lender Charge (as defined hereinafter), the Petitioners be and are hereby authorized to borrow, repay and reborrow from Hale Capital Partners (the "**Interim Lender**") such amounts from time to time as Petitioners may consider necessary or desirable, up to a maximum principal amount of U.S.\$13,000,000 outstanding at any time, on the terms and conditions as set forth in the Interim Financing Term Sheet, as amended on October 20, 2014, attached hereto as Schedule "A" (collectively the "**Interim Financing Term Sheet**") and in the Interim Financing Documents (as defined hereinafter), to fund the ongoing expenditures of the Petitioners and to pay such other amounts as are permitted by the terms of this Order and the Interim Financing Documents (as defined hereinafter) (the "**Interim Facility**"). The Court declares that the Interim Financing Term Sheet is binding upon the Petitioners and is opposable to any third party.
19. **ORDERS** that the Petitioners are 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 Interim Financing Term Sheet, and the Petitioners are hereby authorized to perform all of their obligations under the Interim Financing Documents.

20. **ORDERS** that the Petitioners shall pay to the Interim Lender, when due, all amounts owing (including principal, interest, fees 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 (the **“Interim Lender Expenses”**)) under the Interim Financing Documents and shall perform all of their other obligations to the Interim Lender pursuant to the Interim Financing Term Sheet, the Interim Financing Documents and the Order.
21. **DECLARES** that all of the Property of the Petitioners is hereby subject to a charge and security for an aggregate amount of \$22,000,000 (the **“Interim Lender Charge”**) in favour of the Interim Lender as security for all obligations of the Petitioners to the Interim Lender with respect to all amounts owing (including principal, interest, fees and the Interim Lender Expenses) under or in connection with the Interim Financing Term Sheet and the Interim Financing Documents. The Interim Lender Charge shall have the priority established by paragraphs 46-47 of this Order.
22. **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 any Plan.
23. **ORDERS** that the Interim Lender may:
  - (a) notwithstanding any other provision of this Order, take such steps from time to time as it may deem necessary or appropriate to register, record or perfect the Interim Lender Charge and the Interim Financing Documents in all jurisdictions where it deems it is appropriate; and

- (b) notwithstanding the terms of the paragraph to follow, refuse to make any advance to Petitioners if the Petitioners fail to meet the provisions of the Interim Financing Term Sheet and the Interim Financing Documents.
24. **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 5 business days written notice (the “**Notice Period**”) of a default thereunder to the Petitioners, 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.
25. **ORDERS** that, subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs 18-24 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 this Order or (b) the Interim Lender applies for or consents to such order.
26. **ORDERS** that no amendments to the Interim Financing Term Sheet and the Interim Lender Charge, including, without limitation, no increase of the amount of the Interim Facility and the Interim Lender Charge, shall be authorized without approval of this Court on not less than five (5) business days notice to the Agent, the Interim Lender and the Monitor.

#### **Directors’ and Officers’ Indemnification and Charge**

27. **ORDERS** that the Petitioners 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 Petitioners 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.

28. **ORDERS** that the Directors of the Petitioners 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 \$1,500,000 (the “**Directors’ Charge**”), as security for the indemnity provided in paragraph 27 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 46-47 of this Order.
29. **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 27 of this Order.

#### **Key Employee Retention Program**

30. **ORDERS** that the Key Employee Retention Program (the “**KERP**”) as attached as Confidential Exhibits R-47 and R-47A to the Petition, between the Petitioners and certain key employees listed therein (collectively, the “**Key Employees**”) be and is hereby approved and given full force and effect in accordance with their terms and the Petitioners are hereby directed to make the payment provided for thereunder when due subject to the availability of the Interim Facility, as applicable.
31. **ORDERS** that the Key Employees shall be entitled to the benefit of and are hereby granted a charge (the “**KERP Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$760,000, as security for the obligations of the Petitioners to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraphs 46-47 of this Order.
32. **ORDERS** that the KERP, which is attached as Confidential Exhibits R-47 and R-47A to the Petition, shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a



sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court.

#### **RESTRUCTURING**

33. **DECLARES** that, to facilitate the orderly restructuring of their business and financial affairs (the “**Restructuring**”) but subject to such requirements as are imposed by the CCAA, the Petitioners 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 Interim Lender has provided its prior written consent, and subject to the terms of the Interim Facility, and that the price and value in each case does not exceed \$50,000 or \$200,000 in the aggregate and subject to the rights of lessors under equipment leases;
- (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 Petitioner(s) and such employee, or failing such agreement, make provision to deal with, any

consequences thereof in the Plan, as the Petitioners 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 Petitioners 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 Petitioners.

34. **DECLARES** that, if a notice of disclaimer or resiliation is given to a landlord of any of a Petitioner 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 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 Petitioners, provided nothing herein shall relieve such landlord of their obligation to mitigate any damages claimed in connection therewith.

35. **ORDERS** that the Petitioners shall provide to any relevant landlord notice of the Petitioners' intention to remove any fittings, fixtures, installations or leasehold improvements at least seven (7) days in advance. If a 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 such Petitioner and the landlord.

36. **DECLARES** that, in order to facilitate the Restructuring, the Petitioners 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 Petitioners 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 that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the Petitioners 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 Petitioners 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 Petitioners.

38. **ORDERS** that:

- (a) The Petitioners shall conduct a sale and investor solicitation process (“**SISP**”) on terms to be approved by the Court. The SISP shall provide that the Agent, Interim Lender and their advisors shall be entitled to receive copies of all bidder information and all written offers submitted to the Petitioners and the Monitor in connection with the SISP in a timely manner and on a confidential basis;
- (b) The Petitioners shall consult with the Agent, the Interim Lender and the Monitor in the development of the SISP, including the role and responsibilities of any professionals that may be engaged in connection therewith;
- (c) The SISP shall contemplate that the targeted closing of any successful transaction is to be completed by no later than April 15, 2015; and

- (d) The Monitor shall organize weekly update calls with senior management of the Petitioners, the Agent, Interim Lender and their advisors to discuss material matters relating to these proceedings.

#### **POWERS OF THE MONITOR**

39. **ORDERS** that KPMG Inc. is hereby appointed to monitor the business and financial affairs of the Petitioners 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, 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 & 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 a 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 Petitioners’ receipts and disbursements;
- (c) shall assist the Petitioners, to the extent required by the Petitioners, in dealing with their creditors and other interested Persons during the Stay Period;
- (d) shall assist the Petitioners, to the extent required by the Petitioners, 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 Petitioners, to the extent required by the Petitioners, to review the Petitioners' business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (f) shall assist the Petitioners, to the extent required by the Petitioners, 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 Petitioners 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 Petitioners;
- (h) shall report to this Court and interested parties, including but not limited to creditors affected by the Plan and the Interim Lender, 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 their powers or the discharge of their 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 Petitioners 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; 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 Petitioners, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the Petitioners.

- 40. **ORDERS** that the Petitioners 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 Petitioners in connection with the Monitor's duties and responsibilities hereunder.
- 41. **DECLARES** that the Monitor may provide creditors and other relevant stakeholders of the Petitioners with information in response to requests made by them in writing addressed to the Monitor and copied to the Petitioners' counsel. In the case of information that the Monitor has been advised by the Petitioners is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person, other than the Interim Lender, without the consent of the Petitioners unless otherwise directed by this Court.
- 42. **DECLARES** that if the Monitor, in its capacity as Monitor, carries on the business of the Petitioners or continues the employment of the Petitioners' employees, 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 of 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 the Petitioners shall pay the reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, the Petitioners' legal counsel, and other advisers, directly related to these proceedings, the Plan and the Restructuring, whether incurred before or after this Order. In addition, the Petitioners shall pay a retainer in the amount of \$100,000 and any such further amounts as may be ordered by the Court to independent counsel to the Directors. The Petitioners shall pay the reasonable fees and disbursements of the Agent's legal counsel and advisors up to a maximum total amount of \$250,000, payable in the amount of no more than \$50,000 per month (including an initial retainer of \$50,000) and the Agent shall be entitled to apply any excess amounts to its indebtedness pursuant to its credit documentation. Nothing in this paragraph is meant to limit or derogate from the ability of the Agent to recover any unpaid professional fees in excess of the amounts provided for above under its loan and security documents.
45. **DECLARES** that the Monitor, the Monitor's legal counsel, the Petitioners' legal counsel, and the Petitioners' 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, and the Agent's counsel and advisors to the extent of paragraph 44 above, 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 \$1,000,000 (the "**Administration Charge**"), having the priority established by paragraphs 46-47 of this Order.

#### **Priorities and General Provisions Relating to CCAA Charges**

46. **DECLARES** that the priorities of the Administration Charge, the Interim Lender Charge, the Directors' Charge and the KERP 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;

(b) second, the Interim Lender Charge;

(d) third, the Directors' Charge; and

(e) fourth, the KERP Charge.

47. **DECLARES** that each of the CCAA Charges shall rank in priority to any and all other hypothecs (including legal hypothecs arising from the construction or renovation of a Petitioners' immovable), mortgages, liens, security interests, priorities, charges, encumbrances, construction liens or security of whatever nature or kind (collectively, the "**Encumbrances**") affecting the Property charged by such Encumbrances, except for: (a) the BNS Cash Collateral Charge (as defined below), (b) equipment leases subject to any further order of this Court, and (c) any monies held at BNS (as defined below) in the bank account bearing No. 476961556916 at BNS' branch located at 20 Queen Street West, 4<sup>th</sup> Floor, Toronto, Ontario, M5H 3R3.
48. **ORDERS** that, except as otherwise expressly provided for herein, the Petitioners 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 Petitioners obtain the prior written consent of the Monitor, the Interim Lender 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 Petitioners, 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 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) issued pursuant to 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 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 or other arrangement which binds the Petitioners (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 nor be deemed to constitute a breach by the Petitioners of any Third Party Agreement to which any Petitioner 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 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 Petitioner, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Petitioner 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 Petitioners and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Petitioners.
53. **ORDERS** that the CCAA Charges over leases of immovable and real property in Canada shall only be charges in the Petitioners' interests in such immovable and real property leases.

54. **ORDERS** that, in respect of certain pre-filing letters of credit issued by The Bank of Nova Scotia (“BNS”) and pre-filing credit card and other cash management services provided to the Petitioners and certain Persons related to the Petitioners, secured by cash collateral (the “**LC Cash Collateral**”) maintained by BNS in an aggregate principal amount of CDN\$4,001,420 (the “**LC Exposure**”), the CCAA Charges, as may attach to the LC Cash Collateral, including by operation of law or otherwise, (a) shall rank junior in priority to the liens, security, charges and security interests currently existing in favour of BNS over the LC Cash Collateral (the “**BNS Cash Collateral Charge**”) and (b) shall attach to the LC Cash Collateral only to the extent of the rights of the Petitioners to the return of any LC Cash Collateral from BNS following (i) the payment and satisfaction of all LC Exposure and (ii) the exercise by BNS of any rights in respect of the LC Cash Collateral pursuant to Section 21 of the CCAA, notwithstanding anything to the contrary contained herein.

#### **General**

55. **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 Petitioners or of the Monitor in relation to the Business or Property of the Petitioners, without first obtaining leave of this Court, upon five (5) days written notice to the Petitioners’ counsel, the Interim Lender’s counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.
56. **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 Petitioners under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.
57. **DECLARES** that, except as otherwise specified herein, the Petitioners 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 Petitioners 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.

58. **DECLARES** that the Petitioners 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 Petitioners shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
- 58.1 **ORDERS** that the Senior Lenders Facility (Exhibit R-48 to the Motion for the Issuance of an Initial Order) and the Schedule D to the Pre-Filing Report of the Proposed Monitor, shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court.
59. **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 Petitioners and the Monitor and has filed such notice with this Court, or appears on the service list prepared by the monitor or their attorneys, save and except when an order is sought against a Person not previously involved in these proceedings.
60. **DECLARES** that the Petitioners 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. Notwithstanding the foregoing, any court approval sought in connection with the subject matter of paragraph 38 of this Order shall be sought on no less than five (5) business days notice to the Agent, the Interim Lender and the Monitor.

61. **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 Petitioners, the Monitor, the Interim Lender 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.
62. **DECLARES** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
63. **DECLARES** that the Monitor, with the prior consent of the Petitioners, 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 Petitioners. 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.
64. **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.
65. **ORDERS** the provisional execution of the Order notwithstanding any appeal.

COPIE CONFORME

*Jodie Cook*  
Jodie Cook

*Martin Castonguay*  
Honourable Martin Castonguay, J.S.C.

**Schedule "A"**  
**Interim Financing Term Sheet**

**DIP FACILITY LOAN AGREEMENT  
DATED AS OF OCTOBER 14, 2014**

WHEREAS the Borrower (as defined below) has requested that the DIP Lender (as defined below) provide financing to fund certain of the Borrower's cash requirements during the pendency of the CCAA Debtors' (as defined below) proceeding (the "**CCAA Proceeding**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") to be commenced before the Quebec Superior Court (the "**CCAA Court**") in accordance with the terms and conditions set out herein;

NOW THEREFORE the parties, and the consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and sufficiency of which are hereby irrevocably acknowledged), agree as follows:

**Borrower:** RB Energy Inc. ("**Borrower**")

**CCAA Debtors:** RB Energy Inc., Quebec Lithium Inc., QLI Métaux Inc. and Sirocco Mining Inc.

**Guarantors:** Quebec Lithium Inc., QLI Métaux Inc. and Sirocco Mining Inc. (collectively, the "**Guarantors**" and, together with the Borrower, the "**Debtors**" or "**CCAA Debtors**") shall provide unconditional guarantees of payment and not of collection in form satisfactory to the DIP Lender.

Prior to any Further Advance (as defined below), Chempro Finance Ltd. ("**Chempro**") shall also guarantee the DIP Obligations (as defined below) and shall secure such guarantee by assigning to the DIP Lender all amounts owing to it by Atacama Minerals Chile S.C.M. ("**Atacama**") and Chempro shall thereupon be included as a "**Guarantor**".

**DIP Lender:** Hale Capital Partners L.P. ("**HCP**") or a limited liability company or other investment vehicle, owned by one or more affiliates of the DIP Lender to be designated prior to the First Closing Date. The obligations of any such designated lender to fund the DIP Advances (as defined below) shall be guaranteed by HCP.

**DIP Facility:** The DIP Lender agrees to advance to the Borrower as a super-priority (debtor-in-possession) non-revolving credit facility (the "**DIP Facility**") up to US\$13 million.

On the First Closing Date (as defined below), the Borrower will have an initial availability under the DIP Facility of up to US\$6 million (the "**Initial Availability**"). Notwithstanding any other provision hereof, the initial advance pursuant to the Initial Availability (the "**First Advance**") may be up to the full amount of the Initial Availability and in any event shall not be less than US\$4 million. The First Advance shall be made on the First Closing Date, subject to satisfaction of the Funding Conditions (as defined below). Any draw under the

Initial Availability shall be in a minimum amount of US\$1 million.

After the First Advance, the balance of the DIP Facility may be drawn in up to three tranches of not less than US\$1 million (each a "**Further Advance**") each by the Borrower providing not less than three days' written notice of each drawdown to the DIP Lender. All advances hereunder (each a "**DIP Advance**") are subject to the conditions of drawdown set out below.

Advances under the DIP Facility shall be deposited into a bank account to be designated by the Borrower at a financial institution approved by the DIP Lender (the "**Borrower's Account**") and utilized by the Borrower in accordance with the terms of this Agreement. The parties agree that the Borrower's account in Vancouver, B.C. at Canadian Imperial Bank of Commerce ("**CIBC**") (the specifics of which shall be provided to the DIP Lender by the Borrower) is a satisfactory Borrower's Account. The Borrower's Account shall be subject to the DIP Lender's Charge and prior to making any Further Advances and the Borrower shall obtain an account control agreement with the depository bank in form and substance acceptable to the DIP Lender, acting reasonably.

- Use of Proceeds:** The proceeds of the DIP Facility shall be used solely by the CCAA Debtors in accordance with the Agreed Weekly Budgets (as defined below) and may be used to pay interest, fees and expenses payable under the DIP Facility. No proceeds may be used for any other purpose except with the prior written approval of the DIP Lender. In particular, the DIP Facility may not be used in connection with any investigation (including discovery proceedings), initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against the DIP Lender or its affiliates.
- First Closing Date:** The closing date for the First Advance under the DIP Facility is expected to be October 15, 2014 or such later date as all of the conditions to the First Advance hereunder have been satisfied (the "**First Closing Date**").
- Evidence of Indebtedness:** The DIP Lender shall open and maintain accounts and records evidencing advances and repayments under the DIP Facility and all other amounts owing from time to time hereunder. The DIP Lender's accounts and records constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the DIP Lender pursuant to the DIP Facility.
- Currency:** Unless otherwise stated, all monetary denominations shall be in lawful currency of the United States.
- Interest Rate:** All amounts owing hereunder on account of the principal, overdue interest, fees and expenses shall bear interest at the rate of 11% per annum payable in cash monthly in arrears on the last day of each calendar month. To the extent permitted by law, upon the occurrence of an Event of Default (as defined below), interest shall accrue and be calculated at a rate of 16% per annum.



- Standby Fee:** The Borrower shall pay the DIP Lender a standby fee of 3% per annum on the undrawn portions of the DIP Facility. Such fee shall be calculated daily and payable monthly in arrears on the last day of each calendar month.
- Other Fees:**
- (a) The Borrower has paid to the DIP Lender an upfront due diligence fee of US\$150,000 (the "**Upfront Fee**"). This is a non-refundable fee used to compensate the DIP Lender for its expenses incurred prior to the date of the First Closing but does not include any fees or expenses of its counsel relating to the drafting, negotiation and court approval of this Agreement and related documents.
  - (b) On the First Closing Date, the Borrower shall pay to the DIP Lender a non-refundable commitment fee of US\$325,000 (being 2.5% of the DIP Facility) from the first advance under the DIP Facility.
  - (c) If any portion of the DIP Loan is repaid prior to April 15, 2015 or prepaid prior to the Maturity Date, the Borrower will pay to the DIP Lender a prepayment fee equal to 3% of the principal amount repaid or prepaid.
  - (d) At such time as the entire DIP Facility has been repaid or cancelled, the Borrower will pay to the DIP Lender a fee of US\$800,000 as an exit fee.
- Other Costs and Expenses:** Unless already satisfied by the Upfront Fee, the Borrower shall pay, on or before the First Closing Date and monthly thereafter, all costs and expenses of the DIP Lender for all out-of-pocket due diligence and travel costs and all reasonable fees, expenses and disbursements of outside counsel, appraisers, field auditors, and any financial consultant in connection with the administration of the DIP Facility after the Closing Date, including any costs and expenses incurred by the DIP Lender in connection with the enforcement of any of the rights and remedies available hereunder or any under the Guarantees or any related security.
- Repayment and Maturity Date:** All amounts owing to the DIP Lender under the DIP Facility shall be due and payable on the earliest of the occurrence of any of the following:
- (i) six months following the First Closing Date;
  - (ii) the implementation of a plan of compromise or arrangement within the CCAA proceedings (a "**Plan**") which has been approved by the requisite majorities of the Borrower's creditors and by order entered by the CCAA court (the "**Sanction Order**") and by the DIP Lender;
  - (iii) conversion of the CCAA proceeding into a proceeding under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**");
  - (iv) the completion of the sale of more than 50% of the aggregate assets of the Borrower (on a consolidated basis) (unless the DIP Lender consents to such sale and agrees that the DIP Facility shall remain outstanding); and

- (v) an Event of Default (as defined below) in respect of which the DIP Lender has elected in its sole discretion to accelerate all amounts owing and demand repayment;

(such earliest date the "Maturity Date").

The DIP Lender's commitment to make further advances under the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility shall be permanently and indefeasibly repaid no later than the Maturity Date without the DIP Lender being required to make demand upon the Borrower or other parties or to give notice that the DIP Facility has expired and that the obligations thereunder are due and payable, except as they would be required by the Priority Order. The Sanction Order shall not discharge or otherwise affect in any way any of the obligations of the Borrower or the Guarantors to the DIP Lender under the DIP Facility other than after the permanent and indefeasible payment in cash to the DIP Lender of all obligations under the DIP Facility on or before the date that the Plan is implemented, including without limitation, the exit fee.

**Mandatory  
Prepayments:**

Unless the DIP Lender consents otherwise, the Borrower is required to prepay amounts outstanding under the Facility:

- (i) upon the receipt of net cash proceeds from the issuance by the Borrower or any of its subsidiaries (other than Atacama) of any indebtedness for borrowed money;
- (ii) upon receipt of insurance proceeds or expropriation awards by the Borrower or any of its subsidiaries (other than Atacama) unless the proceeds are reinvested to repair or replace such assets prior to the earlier of the Maturity Date and 180 days following the receipt of such proceeds;
- (iii) upon receipt of net cash proceeds from the sale of any of the Collateral (as defined below) except for sales of inventory in the ordinary course of business by the Borrower or any of its subsidiaries;
- (iv) upon receipt of any extraordinary payments such as tax refunds by the Borrower or any of its subsidiaries (other than Atacama);
- (v) upon receipt of net cash proceeds from the sale of any equity interests in the Borrower or any of its subsidiaries or the receipt of capital contributions by the Borrower or any of its subsidiaries.

Any prepayment required hereunder shall be a permanent reduction of the DIP Facility and may not be reborrowed without the written consent of the DIP Lender in its sole discretion. Any prepayments prior to the Maturity Date will be subject to the prepayment fee of 3% referred to above.

**Optional**

The DIP Loan may be repaid at any time, in whole or in part, prior to the Maturity

**Prepayment:** Date on not less than two business days' notice to the DIP Lender provided that any such payment shall be subject to a *pro rata* share of the exit fee referred to above, the prepayment fee referred to above and the satisfaction of all accrued interest thereon.

**DIP Lender Account:** All payments to the DIP Lender shall be made by wire transfer to the account specified in writing to the Borrower from time to time.

**Agreed Budgets:** Attached hereto is a rolling 26 week period detailed budget (the "**Agreed Weekly Budget**") which is in form and substance satisfactory to the DIP Lender. The DIP Lender may require changes to the format of budget and the details provided therein including, without limitation, information on a line item basis as to (i) projected cash receipts and (ii) projected disbursements (including ordinary course operating expenses, restructuring expenses, including professional fees), capital and maintenance expenditures.

On the Thursday of each week, the Borrower shall provide to the DIP Lender a variance report (the "**Weekly Budget Variance Report**") showing on a line-by-line basis actual receipts and disbursements and the total available liquidity for the last day of the prior week for the cumulative period since the commencement of the CCAA proceeding and for a rolling cumulative four week period once the CCAA Proceedings have been pending for four weeks and noting therein all variances on a line-by-line basis from the amounts in the Agreed Weekly Budget and shall include explanations for all material variances and shall be certified by the Chief Financial Officer of the Borrower. The first Weekly Budget Variance Report shall be delivered on Thursday, October 23, 2014.

The Borrower may from time to time present to the DIP Lender a revised 26 week detailed budget substantially in the form of the current Agreed Weekly Budget, which revised budget shall be reviewed by the Monitor (the "**Updated Weekly Budget**"). The DIP Lender may, in its discretion, acting reasonably, agree to substitute the revised budget for the then current Agreed Weekly Budget in which case the Updated Weekly Budget shall be thereafter be deemed to be the effective Agreed Weekly Budget for the purposes hereof.

**Conditions Precedent to DIP Advances:** The DIP Lender's agreement to make the First Advance to the Borrower on the First Closing Date and any other DIP Advances pursuant to the Initial Availability is subject to the following conditions precedent (the "**Funding Conditions**") as determined by the DIP Lender in its sole discretion, acting reasonably:

- 1) The Borrower's application materials in connection with its application for the Initial Order shall be satisfactory to the DIP Lender and such application shall be brought before the CCAA Court no later than October 16, 2014, on notice to such parties as are acceptable to the DIP Lender. The Borrower has requested that secured parties other than Bank of Nova Scotia ("**BNS**") and Investement Quebec will not receive notice of the initial application and the DIP Lender acknowledges that notice to such parties is impractical at

this time;

- 2) The Court shall have issued the Initial Order which must be satisfactory to the DIP Lender and the Initial Order shall not have been amended, restated or modified in a manner that adversely affects the rights or interests of the DIP Lender without the consent of the DIP Lender. For greater certainty, such Order shall approve this Agreement and grant a charge in favour of the DIP Lender (the "**DIP Lender's Charge**") which ranks ahead of the security granted by the CCAA Debtors to BNS and Investissement Quebec but not security held by persons who have not received notice of the application for the Initial Order (such persons, the "**Non-Lender Secured Creditors**") and that such Initial Order may not be rescinded, amended or revised without at least five business days' notice to the DIP Lender and its counsel and shall not stay the rights of the DIP Lender hereunder or under the DIP Credit Documentation (as defined below). The DIP Lender's Charge shall apply to all of the property and assets of the CCAA Debtors (other than the LC Collateral (as defined below)) and shall secure all obligations owing by the CCAA Debtors to the DIP Lender hereunder, including without limitation, all principal, interest, fees and amounts owing in respect of expenses (collectively the "**DIP Obligations**");
- 3) The DIP Lender shall have received from the Borrower a written request for the First DIP Advance which shall be executed by an officer of the Borrower and which shall confirm that the representations and warranties contained herein are true and correct as of such date;
- 4) All fees and expenses payable to the DIP Lender have been paid or will be paid from the proceeds of the requested DIP Advance within such time as is acceptable to the DIP Lender in its discretion;
- 5) There shall be no liens ranking in priority to or *pari passu* with the DIP Lender's Charge other than an administrative charge in an amount not to exceed Cdn. \$1 million and Liens (as defined below) in favour of the Non-Lender Secured Creditors and any subordinate court-ordered charges or liens shall be acceptable to the DIP Lender. The DIP Lender acknowledges and agrees that a charge securing the Debtors' obligation under certain key employee retention plans in the aggregate amount of Cdn. \$760,000 and a court ordered charge securing the Debtors' obligations to indemnify the directors for certain post-filing liabilities in the aggregate amount not to exceed Cdn \$1.5 million are acceptable to the DIP Lender; both such charges shall be subordinate to the DIP Lender's Charge.

As soon as practical following the First Advance, the DIP Lender's Charge and the Liens shall be registered on all of the assets of the CCAA Debtors.

The DIP Lender's obligation to make any Further Advances to the Borrower is subject to the Funding Conditions continuing to have been satisfied and the

following conditions precedent to the Further Advances as determined by the DIP Lender in its sole discretion acting reasonably:

- 1) A motion for the Priority Order (as defined below), in form satisfactory to the DIP Lender, shall be served on such parties as required by the DIP Lender within three business days of the Initial Order and subsequently filed with the CCAA Court and appropriate notice of the hearing shall be given to all relevant parties;
- 2) The CCAA Court shall have issued and entered a further order (the "**Priority Order**") within 10 days of the date on which the Initial Order was issued (the "**Filing Date**") elevating the DIP Lender's Charge in priority over the security interests of the Non-Lender Secured Creditors, in form and substance satisfactory to the DIP Lender approving this agreement and the DIP Facility. Without limiting the foregoing, the Priority Order shall provide that the DIP Lender's Charge shall have priority over all liens, charges, mortgages, encumbrances, security interests of every kind and nature granted by the CCAA Debtors against any of the undertaking, property or assets of the CCAA Debtors (collectively, the "**Liens**") subject in priority only to an administrative charge on the collateral of the CCAA Debtors in an aggregate amount not to exceed \$1 million and subject to the exclusion of the cash collateral in the amount of approximately \$4 million (the "**LC Cash Collateral**") held by BNS to secure letters of credit issued by BNS, credit card services provided by BNS and other cash management services provided by BNS (collectively, the "**LC Obligations**") provided, however, that Bank of Nova Scotia may only use such cash collateral for the purposes of satisfying the LC Obligations;
- 3) The Borrower shall be in compliance with any timetables established from time to time by it and approved by the Court and the DIP Lender setting out a sales or investment solicitation or similar process for the CCAA Debtors;
- 4) The DIP Credit Documentation (as defined below) shall be satisfactory to the DIP Lender in its discretion, acting reasonably, and shall have been executed by the parties thereto and the DIP Lender;
- 5) The DIP Lender shall be satisfied that the Debtors have complied with and are continuing to comply with in all material respects with all applicable laws, regulations, policies in relation to their property and business, other than as may be permitted under any order of the CCAA Court (each a "**Court Order**") which is satisfactory to the DIP Lender in its discretion, acting reasonably;
- 6) The DIP Lender shall have received from the Borrower a written request for each DIP Advance not less than two business days prior to the date of



the DIP Advance which shall be executed by an officer of the Borrower which shall certify the amount requested and that the Borrower is in compliance with the DIP Credit Documentation and the Court Orders;

- 7) All amounts due and owing to the DIP Lender at such time shall have been paid or shall be paid from the requested DIP Advance;
- 8) No Event of Default shall have occurred or will occur as a result of the requested DIP Advance;
- 9) Atacama shall not have incurred any indebtedness or for borrowed money in excess of US\$40 million, being the amount of indebtedness outstanding at the date hereof. True copies of all credit agreements for Atacama have been provided to the DIP Lender;
- 10) The DIP Lender shall be satisfied that the CCAA Debtors own their respective material assets with good and marketable title thereto and shall have received environmental reports confirming that there are no material environmental liabilities or obligations affecting or likely to affect the Collateral;
- 11) The DIP Lender shall have received satisfactory opinions of counsel to the CCAA Debtors relating to title to real property of Quebec Lithium Inc. (or satisfactory title insurance with respect to such property) and such other matters as the DIP Lender may reasonably require;
- 12) The DIP Lender shall have been satisfied that all motions, orders and other pleadings and related documents filed or submitted to the CCAA Court by the CCAA Debtors shall be consistent with the terms hereof and all orders entered by the CCAA Court shall not be inconsistent with or have an adverse impact on the terms of the DIP Facility;
- 13) Any necessary third party approvals to preserve or perfect the DIP Lender's Charge shall have been obtained;
- 14) There are no Liens ranking in priority to the DIP Lender's Charge other than is permitted hereunder;
- 15) No material portion of the Collateral be lost or stolen; and
- 16) The Debtors shall be in compliance with all covenants and obligations contained in this Agreement.

**DIP Facility  
Security and  
Documentation:**

All of the obligations of the CCAA Debtors under or in connection with the DIP Facility, this Agreement and any other documentation in respect of the DIP Facility that is requested by the DIP Lender (which shall be in form and substance satisfactory to the DIP Lender in its sole discretion, acting reasonably) (collectively, the "DIP Loan Documents") shall be secured by the DIP Security

(as defined below) (together with the DIP Loan Documents, the "**DIP Credit Documentation**") and the DIP Lender's Charge granted by the CCAA Court.

The DIP Obligations shall be secured by:

- 1) The DIP Lender's Charge granted by the CCAA Court;
- 2) Contractual security and contractual hypothecary documents granted by the CCAA Debtors providing for a security interest/hypothec (the "**DIP Security**") in and lien on all now-owned and hereafter-acquired assets and property of each of the Debtors, real and personal, tangible or intangible and all proceeds therefrom (the "**Collateral**"), but excluding (i) the LC Cash Collateral provided that such LC Cash Collateral may only be used to satisfy such LC Obligations, (ii) such assets, if any, as the DIP Lender in its discretion determines to be immaterial or to be assets for which the cost and other burdens of establishing and perfecting a security interest outweigh the benefits of establishing and perfecting a security interest, and (iii) other exceptions to be mutually agreed; and
- 3) Prior to the Further Advances, Chempro shall assign to the DIP Lender its interest in the intercompany loans owing to Chempro by Atacama.

The DIP Security shall be a perfected first priority and not subject to subordination other than in respect of the administrative charge not exceeding Cdn. \$1 million granted by the CCAA Court.

**Deposit  
Accounts:**

The Debtors shall maintain all cash in accounts maintained with depository banks designated by the DIP Lender ("**Approved Depository Banks**") and that prior to the second advance of the DIP Facility have entered into account control agreements in form and substance satisfactory to the DIP Lender and their counsel (collectively, the "**Controlled Accounts**"). The parties acknowledge that CIBC is an Approved Depository Bank.

**Monitor:**

The Monitor appointed pursuant to the Initial Order shall be KPMG Inc. (the "**Monitor**") with Mr. Phil Reynolds and such other persons designated by Mr. Reynolds having primary responsibility for the fulfillment of the Monitor's duty as in connection with the CCAA Proceeding. The DIP Lender shall be authorized by the Initial Order to have direct discussions with the Monitor and to receive information from the Monitor as requested by the DIP Lender from time to time.

**Indemnity:**

The Borrower and the other Debtors agree to indemnify and hold harmless the DIP Lender and its affiliates and officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the "**Indemnified Persons**") from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, the proposed or actual use of the proceeds of the DIP Facility, this Agreement, the CCAA Proceeding or the DIP Credit Documentation. Notwithstanding the foregoing, the Borrower or other Debtors shall have no

obligation to indemnify any Indemnified Person against such loss, liability, cost or expense to the extent that they are found by final judgment of a court of competent jurisdiction to arise from the gross negligence or willful misconduct of such Indemnified Person or to the extent of any disputes solely among Indemnified Persons other than claims arising out of any act or omission on the part of the Borrower or Debtors. The DIP Lender shall not be responsible or liable to the Borrower or any Debtors or any other person for any consequential or punitive damages.

**Representations  
and Warranties:**

Each of the CCAA Debtors represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Agreement and the other DIP Credit Documentation, that:

1. The transactions contemplated by this Agreement and the other DIP Credit Documentation:
  - (a) upon the granting of the Initial Order and the Priority Order, are within the powers of the Debtors;
  - (b) have been duly authorized, executed and delivered by or on behalf of the CCAA Debtors;
  - (c) upon the granting of the Initial Order and the Priority Order, constitute legal, valid and binding obligations of the CCAA Debtors;
  - (d) upon the granting of the Initial Order and the Priority Order, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the DIP Lender's Charge or any DIP Security granted pursuant to the DIP Credit Documentation;
2. The business operations of the Borrower and its subsidiaries have been and will continue to be conducted in material compliance with all applicable laws of each jurisdiction in which each such business has been or is being carried on subject to the provisions of any Court Order;
3. Each of the Borrower and its subsidiaries has obtained all material licences and permits required for the operation of its business, which licences and permits remain, and after the DIP Financing, will remain in full force and effect. No proceedings have been commenced to revoke or amend any of such licences or permits;
4. Each of the Borrower and its subsidiaries has paid where due its obligations for payroll, employee source deductions, Harmonized Sales Tax, value added taxes and is not in arrears in respect of these obligations;

5. None of the Borrower or any of its subsidiaries has any defined benefit pension plans or similar plans;

6. All factual information provided by or on behalf of the CCAA Debtors to the DIP Lender for the purposes of or in connection with this Agreement or any transaction contemplated herein is, to the best of the CCAA Debtors' knowledge, true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided. In particular, and without limiting the generality of the foregoing, to the best of the CCAA Debtors' knowledge, all information regarding the Borrower's and its subsidiaries' corporate structure is true and complete, all public filings and financial reports are complete and true in all material respects and the Borrower has provided the DIP Lender with all title information and opinions and environmental reports affecting or relating to the property of the CCAA Debtors. As used in this section "to the best of the CCAA Debtors' knowledge" refers to the actual knowledge of the President and Chief Financial Officer of the Borrower after reasonable inquiry;

**Affirmative  
Covenants:**

In addition to all other covenants and obligations contained herein, the Debtors agree and covenant to perform and do each of the following until the DIP Facility is permanently and indefeasibly repaid and cancelled:

1. Comply with the provisions of the Court Orders made in the CCAA Proceeding including, without limitation, the Initial Order and the Priority Order;

2. Utilize all DIP Advances in a manner that is consistent with the Agreed Weekly Budgets in all material respects;

3. Comply with any timetable or process established from time to time by the Borrower for the sale of all or part of the assets of the Borrower and its subsidiaries or solicitation of investment in the Borrower or its subsidiaries as part of or in anticipation of a Plan and obtain the approval for such timetable or process from the DIP Lender;

4. Allow the DIP Lender, its designated representatives and the Consultants full access to the books and records of the Borrower and its subsidiaries on one business day's notice and during normal business hours and cause management thereof to fully cooperate with any advisors to the DIP Lender;

5. Provide the DIP Lender with draft copies of all motions, applications, proposed orders or other material or documents that any of them intend to file within the CCAA Proceeding at least three (3) days prior to any such filing or, where it is not practically possible to do so at least three days prior

to any such filing, as soon as possible;

6. The Initial Order, the Priority Order and any other Court Orders which are being sought by the CCAA Debtors shall be submitted to the CCAA Court in a form confirmed in advance to be satisfactory to the DIP Lender, acting reasonably, subject to any amendments that are required by the CCAA Court or the Borrower that are acceptable to the DIP Lender;

7. Any and all materials of the CCAA Debtors in respect of a proposed Plan or any other transaction involving the refinancing of the Borrower and/or the other Debtors, the sale of all or substantially all of the assets of the Borrower or the other Debtors or any other restructuring of the Debtors' businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of any of the Debtors (a "Restructuring Option") shall only be submitted to the CCAA Court in a form confirmed in advance to be satisfactory to the DIP Lender unless such Restructuring Option provides for the indefeasible payment in full in cash of all amounts owing to the DIP Lender under the DIP Facility at or prior to the implementation date of such Restructuring Option;

8. None of the Debtors shall provide or seek or support a motion by another party to provide to a third party a charge upon any of the Debtors' assets (including, without limitation, a critical supplier's charge) without the prior consent of the DIP Lender;

9. The Borrower and the other Debtors shall promptly advise the DIP Lender of, and provide copies of, any proposal received from a third party in respect of a Restructuring Option or any other transaction to be carried out pursuant to or as part of a Plan and, thereafter, shall advise the DIP Lender of the status of any such proposal as well as any material amendments to the terms thereof;

10. The Borrower shall not carry out any changes to the composition (including the addition, removal or replacement of directors or officers) of the board of directors or the officers (including any chief restructuring officer) of the Borrower or any of the other Debtors without first consulting with the DIP Lender;

11. Unless such payments are first approved by the DIP Lender, neither the Borrower nor any of the Debtors shall:

- (i) increase any termination or severance entitlements or pay any termination or severance payments or modify any compensation or benefit plans whatsoever; or
- (ii) establish or make any payments by way of a "key employee retention plan" except as otherwise disclosed in the Agreed

Weekly Budget and the application materials filed in respect of the Initial Order and provided that the second payments under the key employee retention plan to any of Rick Clark, Kevin Ross or Alessandro Bitelli will not be made until after the DIP Obligations have been paid in full to the DIP Lender;

12. Provide to the DIP Lender a weekly status update regarding the status of the CCAA Proceeding and their restructuring process including, without limitation, reports on the progress of any Plan, Restructuring Option, and any information which may otherwise be confidential subject to same being maintained as confidential by the DIP Lender. Notwithstanding the foregoing disclosure obligation or any other term of this Agreement, none of the CCAA Debtors shall be obligated to disclose to the DIP Lender any information regarding the details of bids received by the Borrower or the Monitor unless such information is otherwise disclosed to other stakeholders in the CCAA Proceeding or unless the DIP Lender waives its right to credit bid;
13. Use all reasonable efforts to keep the DIP Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower and its subsidiaries, the development of a Plan and/or a Restructuring Option;
14. Deliver to DIP Lender any updated Weekly Budgets and Weekly Budget Variance Reports and such other reporting and other information from time to time as is reasonably requested by the DIP Lender in form and substance satisfactory to the DIP Lender;
15. The CCAA Debtors shall deliver to the DIP Lender: (i) within one (1) business day of delivery thereof to the Monitor, copies of all financial reporting provided to the Monitor; and (ii) within one (1) business day of receipt from the Monitor any reports or other commentary or analysis received by the CCAA Debtors from the Monitor regarding the financial position of the CCAA Debtors or otherwise;
16. The CCAA Debtors shall provide to the DIP Lender copies of all proposed general communications to be given to customers, suppliers, employees and other stakeholders simultaneously with the distribution thereof to such persons;
17. Use the proceeds of the DIP Facility and other cash on hand only for the purposes of the short-term liquidity needs of the CCAA Debtors in a manner consistent with the Agreed Weekly Budgets in all material respects to the extent reasonably practicable in the circumstances;
18. Preserve, renew, maintain and keep in full force its corporate existence and its material licenses, permits, approvals, etc. required in respect of

its business, properties, assets or any activities or operations carried out therein and maintain its properties and asset in good working order having regard to the current cessation of operations;

19. Pay all applicable property taxes, permitting and licences fees and other amounts necessary to preserve the Collateral to avoid any lien thereon and pay all amounts due under any hydro or power contracts from and after the Filing Date;

20. Maintain all insurance with respect to the Collateral in existence as of the date hereof;

21. Forthwith notify the DIP Lender of the occurrence of any Event of Default, or of any event or circumstance that, with the passage of time, may constitute an Event of Default;

22. Execute and deliver the DIP Credit Documentation, including such security agreements, financing statements, discharges, opinions or other documents and information, as may be reasonably requested by the DIP Lender in connection with the DIP Facility, which documentation shall be in form and substance satisfactory to the DIP Lender;

23. Subject to the "Costs and Expenses" provision of this Agreement, pay upon request by the DIP Lender all documented DIP Fees and Expenses, provided, however, that if any DIP Fees and Expenses incurred after the date of this Agreement are not paid by the Borrower, the DIP Lender may in its discretion pay all such DIP Fees and Expenses whereupon such amounts shall be added to and form part of the DIP Obligations and shall reduce the availability under the DIP Facility;

24. Pay when due all principal, interest, fees and other amounts payable by the Borrower under this Agreement and under any other DIP Credit Documentation on the dates, at the places and in the amounts and manner set forth herein;

25. Following the First Advance, the Borrower will use its reasonable best efforts to cause the intercompany loans between Chempro and Atacama (which the Borrower represents are approximately Cdn. \$75 million) to be secured on the assets of Atacama on a basis subordinate to Atacama's existing bank debt or an equivalent amount of replacement debt;

26. Following the First Advance, the Borrower will use its reasonable best efforts to cause its other subsidiaries (excluding the CCAA Debtors) to grant guarantees of payment to the DIP Lender and to grant charges on their assets to secure the DIP Obligations. However, no such guarantee or security will be required for those subsidiaries which the DIP Lender reasonably determines have no material value or where the giving such guarantees and security is illegal or



unduly onerous. Any such subsidiary which provides a guarantee shall thereafter be included as a "Guarantor".

**Negative  
Covenants:**

Each of the CCAA Debtors covenants and agrees not to do the following, other than with the prior written consent of the DIP Lender from and after the date hereof:

1. Except as contemplated by this Agreement or any Court Order, make any payment, without consent of the DIP Lender, of any debt or obligation existing as at the Filing Date (the "Pre-Filing Debt");
2. Create, incur or permit to exist, or permit any subsidiary other than Atacama to create, incur or permit to exist, any indebtedness for borrowed money or contingent liabilities other than Pre-Filing Debt, DIP Advances, and post-filing accounts payable in the ordinary course of business;
3. Permit Atacama to incur any indebtedness in excess of \$40 million, being the amount currently outstanding;
4. Make any payments outside the ordinary course of business, subject always to the obligation to comply with the Agreed Weekly Budgets in all material respects to the extent reasonably practicable in the circumstances;
5. Sell, assign, lease, convey or otherwise dispose of any of the Collateral except for sales of inventory in ordinary course of business or sell any securities of the Borrower or any of its subsidiaries or permit the sale by the subsidiaries of any securities;
6. Except for as contemplated herein or as otherwise consented to by the DIP Lender, permit any new Liens to exist on any of the properties or assets of the Borrower or its subsidiaries other than the Liens in favour of the DIP Lender as contemplated by this Agreement;
7. Create or permit to exist any other Lien which is senior to or *pari passu* with the DIP Lender's Charge except as contemplated herein;
8. Make any investments in or loans to or guarantee the debts or obligations of any other person or entity or permit any of its subsidiaries to do so;
9. Enter any restrictive covenants or agreements which might affect the value or liquidity of any Collateral;
10. Change or permit any subsidiary to change its jurisdiction of incorporation or registered office;
11. Make the second payments under the key employee retention plan to any of Rick Clark, Kevin Ross or Alessandro Bitelli until after the DIP

Obligations have been paid in full to the DIP Lender;

12. Change its name, fiscal year end or accounting policies or amalgamate, consolidate with, merge into, dissolve or enter into any similar transaction with any other entity without the consent of the DIP Lender or permit any subsidiary to do so; and

13. Terminate any key employees of the Debtors, including those involved in maintaining the Collateral, without the consent of the CCAA Lender acting reasonably.

**Events of Default:**

The occurrence of any one or more of the following events shall constitute an event of default (each, an "Event of Default") under this Agreement if such event of default is not cured within two business days of the Borrower receiving notice of the event of default (to the extent such event of default is capable of being cured):

1. Any Court Order is dismissed, stayed, reversed, vacated, amended or restated and such dismissal, stay, reversal, vacating, amendment or restatement adversely affects or would reasonably be expected to adversely affect the interests of the DIP Lender in a material manner, unless the DIP Lender has consented thereto;

2. Any Court Order is issued which adversely affects or would reasonably be expected to adversely affect the interests of the DIP Lender in a material manner, unless the DIP Lender has consented thereto including, without limitation:

- (a) the issuance of an order dismissing the CCAA Proceeding or lifting the stay imposed within the CCAA Proceeding to permit the enforcement of any security or claim against any of the CCAA Debtors or the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against any of the Debtors;
- (b) the issuance of an order granting any other claim or a Lien of equal or superiority status to that of the DIP Lender's Charge except as permitted hereunder;
- (c) the issuance of an order staying, reversing, vacating or otherwise modifying the DIP Credit Documentation or the provisions of the Court Order affecting the DIP Lender or the Collateral, or the issuance of an order adversely impacting the rights and interests of the DIP Lender, in each case without the consent of the DIP Lender;
- (d) the failure of the Borrower to diligently oppose any party that

brings an application or motion for the relief set out in (a) through (c) above and/or fails to secure the dismissal of such motion or application within 60 days from the date that such application or motion is brought;

3. The sales or investor solicitation process proposed to the CCAA Court by the Borrower is not acceptable to the DIP Lender in its discretion, acting reasonably;
4. Failure of the Borrower to pay any amounts when due and owing hereunder;
5. Any of the Debtors cease to carry on business or operate or maintain their properties in the ordinary course as it is carried on as of the date hereof, except where such cessation is consented to by the DIP Lender. The DIP Lender acknowledges that Quebec Lithium Inc. and QLI Métaux Inc. are not currently carrying on business and such cessation of operations does not constitute an Event of Default;
6. Any representation or warranty by any of the Debtors herein or in any DIP Credit Documentation shall be incorrect or misleading in any material respect when made; Court Order is made, a liability arises or an event occurs, including any change in the business, assets, or conditions, financial or otherwise, any of the Debtors, that will in the DIP Lender's judgment, acting reasonably, materially further impair the Borrower's or the other Debtors' financial condition, operations or ability to comply with its obligations under this Agreement, any DIP Credit Documentation or any Court Order or carry out a Plan or a Restructuring Option reasonably acceptable to the DIP Lender;
7. Any material violation or breach of any Court Order by any of the Debtors;
8. Failure of the Borrower or any of the other Debtors to perform or comply with any term or covenant of this Agreement or any other DIP Credit Documentation;
9. Failure to maintain a cumulative net cash flow, for the Borrower on a consolidated basis which is at all times within 10% of the amounts set out in the Agreed Weekly Budget (measured weekly) and failure to provide an Updated Weekly Budget for approval by the DIP Lender, acting reasonably, which shows sufficient liquidity, including availability under the DIP Facility, to meet all of the Borrower's projected cash requirements until April 15, 2015;
10. If any of Rick Clark, Kevin Ross or Alessandro Bitelli cease to be senior officers of the CCAA Debtors and are not replaced with persons acceptable to the DIP Lender;

11. Any proceeding, motion or application is commenced or filed by the Borrower or any of the other Debtors, or if commenced by another party, supported or otherwise consented to by the Borrower or any of the other Debtors, seeking the invalidation, subordination or other challenging of the terms of the DIP Facility, the DIP Lender's Charge, this Agreement, or any of the other DIP Credit Documentation or approval of any Plan or Restructuring Option which does not have the prior consent of the DIP Lender;

12. Any of the CCAA Debtors become subject to a material environmental liability; or

13. Any Plan is sanctioned or any Restructuring Option is consummated by any of the Debtors that is not consistent with or contravenes any provision of this Agreement or the other DIP Credit Documentation in a manner that is adverse to the interests of the DIP Lender or would reasonably be expected to adversely affect the interests of the DIP Lender unless the DIP Lender has consented thereto or unless it provides for repayment in full of all DIP Obligations to the DIP Lenders under this Agreement.

**Remedies:**

Upon the occurrence of an Event of Default, the DIP Lender may, in its sole discretion, elect to terminate the DIP Lender's commitment to make further DIP Advances to the Borrower and accelerate all amounts outstanding under the DIP Facility and declare such amounts to be immediately due and payable without any periods of grace. Upon the occurrence of an Event of Default, the DIP Lender may, subject to the Court Orders:

1. Apply to the Court for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral, or for the appointment of a trustee in bankruptcy of the Borrower or the other Debtors;

2. Apply to the Court for an order, on terms satisfactory to the Monitor and the DIP Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceeding to realize on the Collateral;

3. Exercise the powers and rights of a secured party under the Civil Code (Quebec) or any legislation of similar effect; and

4. Exercise all such other rights and remedies available to the DIP Lender under the DIP Credit Documentation, the Court Orders and applicable law.

**DIP Lender Approvals:**

All consents of the DIP Lender hereunder shall be in writing. Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail.

- Taxes:** All payments by the Borrower and the other Debtors under this Agreement and the other DIP Credit Documentation, including any payments required to be made from and after the exercise of any remedies available to the DIP Lender upon an Event of Default, shall be made free and clear of, without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any country or any political subdivision of any country (collectively, "Taxes"); provided, however, that if any Taxes are required by applicable law to be withheld ("Withholding Taxes") from any amount payable to the DIP Lender under this Agreement or under any DIP Credit Documentation, the amounts so payable to the DIP Lender shall be increased to the extent necessary to yield to the DIP Lender on a net basis after payment of all Withholding Taxes, the amount payable under such DIP Credit Documentation at the rate or in the amount specified in such DIP Credit Documentation and the Borrower or other Debtors shall provide evidence satisfactory to the DIP Lender that the Taxes have been so withheld and remitted.
- Further Assurances:** The Debtors shall, at their own expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Agreement.
- Entire Agreement:** This Agreement and the DIP Credit Documentation, constitutes the entire agreement between the parties related to the subject matter hereof. To the extent there is any inconsistency between this Agreement and any of the other DIP Credit Documentation, this Agreement shall prevail.
- Exit Facility:** The DIP Lender may provide the Borrower with an exit facility of up to US\$30 million on terms to be agreed upon by the Borrower and the DIP Lender.
- Credit Bidding:** Nothing herein shall preclude the DIP Lender from credit bidding for the assets of the Debtors in a sales process.
- Business Days:** If any payment is due on a day which is not a business day in Montreal and New York City, such payment shall be due on the next following business day.
- Amendments and Waivers:** No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and delivered in accordance with the terms of this Agreement.
- Assignment:** The DIP Lender may assign this Agreement and its rights and obligations hereunder, in whole or in part, or grant a participation in its rights and obligations hereunder to any party acceptable to the DIP Lender in its sole and absolute discretion (subject to providing the Borrower and the Monitor with reasonable

evidence that such assignee has the financial capacity to fulfill the obligations of the DIP Lender hereunder). Neither this Agreement nor any right and obligation hereunder may be assigned by the Borrower or any of the other Debtors.

- Severability:** Any provision in this Agreement or in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or effecting the validity of enforceability of such provision in any other jurisdiction.
- No Third Party Beneficiary:** No person, other than the Debtors and the DIP Lender, is entitled to rely upon this Agreement and the parties expressly agree that this Agreement does not confer rights upon any party not a signatory hereto.
- Press Releases:** The CCAA Debtors shall not issue any press releases naming the DIP Lender without its prior approval, acting reasonably unless the CCAA Debtors are required to do so by applicable securities laws or other applicable law.
- Counter Parts and Facsimile Signatures:** This Agreement may be executed in any number of counterparts and delivered by e-mail, including in PDF format, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Agreement by signing any counterpart of it.
- Notices:** Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:

**In the case of the DIP Lender:**

Hale Capital Partners L.P.  
17 State Street  
Suite 3230  
New York, NY 10004  
United States of America

Attention: Martin Hale  
Email: martin@halefunds.com

**With a copy to:**

Davies Ward Phillips & Vineberg LLP  
155 Wellington Street West  
Toronto, ON M5V 3J7

Attention: Jay A. Swartz  
Email: jswartz@dwvpv.com

**In the case of the CCAA parties:**

c/o RB Energy Inc.  
2000-885 West Georgia Street  
Vancouver, BC V6C 3E8

Attention: Rick Clark  
Email: ricke@namdo.com

**With a copy to:**

Blake, Cassels & Graydon LLP  
Commerce Court West  
199 Bay Street  
Suite 4000  
Toronto, ON M5L 1A9

Attention: Linc Rogers  
Email: linc.rogers@blakes.com

**In either case, with a copy to the Monitor:**

KPMG Inc.  
Bay Adelaide Centre  
333 Bay Street, Suite 4600  
Toronto, ON M5H 2S5

Attention: Philip J. Reynolds  
E-mail: pjreynolds@kpmg.ca

Any such notice shall be deemed to be given and received, when received, unless received after 5:00 PM local time or on a day other than a business day, in which case the notice shall be deemed to be received the next business day.

**English Language:** The parties hereto confirm that this Agreement and all related documents have been drawn up in the English language at their request. *Les parties aux présentes confirment que le présent acte et tous les documents y relatifs furent rédigés en anglais à leur demande.*

**Governing Law and Jurisdiction:** This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Quebec and the federal laws of Canada applicable therein.

*[Signature pages follow]*



**AS DIP LENDER:**

HCP-FVB, LLC, a holding company of  
HALE CAPITAL PARTNERS L.P.

by 

Martin Hale Jr.  
President

**AS BORROWER:**

RB ENERGY INC.

by 

**AS GUARANTORS:**

QUEBEC LITHIUM INC.

by 

SIROCCO MINING INC.

by 

QLI MÉTAUX INC.

by 



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trade-mark Agents  
199 Bay Street  
Suite 4000, Commerce Court West  
Toronto ON M5L 1A9 Canada  
Tel: 416-863-2400 Fax: 416-863-2653

October 20, 2014

Linc A. Rogers  
Dir: 416-863-4168  
linc.rogers@blakes.com

VIA E-MAIL

Davies Ward Phillips & Vineberg LLP  
155 Wellington Street West  
Toronto, ON M5V 3J7

Attention: Jay Swartz

RE: Letter Amending DIP Facility Loan Agreement ("DIP Agreement") dated as of October 14, 2014

Dear Jay:

Terms used herein but not otherwise defined shall have the meaning ascribed to them in the DIP Agreement.

As you are aware, the DIP Agreement contemplates that the Priority Order will be issued and entered by no later than 10 days from the date of the issuance of the Initial Order which approved the DIP Agreement and granted the DIP Lender's Charge. Such Initial Order (as amended and restated with the consent of the DIP Lender) was granted on October 15, 2014. In order to acknowledge the Court's direction regarding proper notice of the motion to obtain the Priority Order (the "Priority Motion"), the DIP Lender has agreed to amend the DIP Agreement and increase this period to 20 days of the date on which the Initial Order was issued.

In accordance with the instructions provided by Justice Castonguay, the Priority Motion served today is returnable on a date to be determined. It is, however, the intention of my Montreal Partner Bernard Boucher to contact Justice Castonguay's office with your Montreal Partner, Denis Ferland, in order to set a hearing date. I understand from Mr. Boucher that Justice Castonguay may not be available during the 20 day window. Accordingly, if the parties wish the matter to be heard by Justice Castonguay the hearing date may be outside this window. In order to provide clear parameters for the discussion with Justice Castonguay we ask that your client confirm, or you on your client's behalf, that a hearing date for the Priority Motion on or prior to November 20, 2014 is satisfactory to the DIP Lender and will not constitute a breach of the applicable terms of the DIP Agreement.

Yours very truly,

Linc A. Rogers

12740411.1



c: P. Huff (Blakes)  
B. Boucher (Blakes)

Acknowledged and Agreed on this \_\_\_\_\_ of October, 2014

HALE CAPITAL PARTNERS L.P.

By: \_\_\_\_\_

Name: Martin Hale Jr

Title: President

CANADA

PROVINCE OF QUEBEC  
DISTRICT OF MONTRÉAL

SUPERIOR COURT  
Commercial Division

File: No: 500-11-047560-145

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Montreal, November 13, 2014

Present: The Honourable Mr. Justice Martin  
Castonguay, J.S.C.

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

**QUÉBEC LITHIUM INC., QLI METAUX INC.,  
RB ENERGY INC., AND SIROCCO MINING  
INC.**

Petitioners

And

**KPMG INC.**

Monitor

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**ORDER**

**ON READING** Petitioners' *Motion for an Order (1) extending the Stay Period, (2) approving a sale and investor solicitation process, and (3) authorizing the engagement of a sales advisor*, the affidavit of Alessandro Bitelli sworn November 10, 2014 and the exhibits filed in support thereof (the "**Motion**");

**CONSIDERING** the First Report of the Monitor dated November 12, 2014 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**");

**GIVEN** the provisions of the *Companies' Creditors Arrangement Act* ("**CCAA**");

**FOR THESE REASONS, THE COURT:**

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

**SERVICE**

3. **DECLARES** that sufficient prior notice of the presentation of the Motion has been given by the Petitioners to interested parties, including the Agent, Interim Lender and the Monitor.

**STAY PERIOD**

4. **EXTENDS** the Stay Period until April 30, 2015, the whole subject to all other terms of the Initial Order;

**SALES ADVISOR**

5. **AUTHORIZES** and **APPROVES** the engagement of Rothschild Inc. as financial advisor and investment banker to the Petitioners (the "**Sales Advisor**") pursuant to the engagement letter dated as of November 1, 2014, Exhibit R-4 (the "**Engagement Letter**"), retroactively to the date thereof;
6. **ORDERS** and **DECLARES** that the Engagement Letter is binding on the Petitioners;
7. **AUTHORIZES** and **ORDERS** the Petitioners to perform their duties and obligations under the Engagement Letter and Exhibit A thereto, including, without limitation, to pay the fees and expenses payable to the Sales Advisor in accordance with sections 4, 5 and 6 of the Engagement Letter, respectively (the "**Advisor Fees**"), subject to the priority provided for in paragraph 9 of this Order. For greater certainty, **AUTHORIZES** payment by the Petitioners

of the fees and expenses payable to the Sales Advisor under the Engagement Letter, whether incurred prior to or after the date of this Order;

8. **DECLARES** that only the payment of the Sales Advisor's Monthly Fee (as defined in the Engagement Letter), shall be secured by the Administration Charge created in the Initial Order, payable on a *pari passu* basis with all other amounts secured by the Administration Charge;
9. **DECLARES** that the payment of all the Advisor Fees and any expenses (excluding (i) Monthly Fees which are secured by the Administration Charge and (ii) any indemnification claims of the Sales Advisor pursuant to the terms of the Engagement Letter, including under Exhibit A) upon the approval and implementation of a plan of compromise and arrangement in respect of a Transaction (as defined in the Engagement Letter) or upon the closing of a Transaction, shall rank in priority to the payment of any secured creditor of the Petitioners but secondary in priority to the Administration Charge and the charge granted to the current Interim Lender (but not any replacement interim lender);
10. **DECLARES** that the payment of any Advisor Fees due pursuant to the Engagement Letter shall be deemed to be validly paid and opposable against any person, including, without limiting the generality of the foregoing, any trustee in bankruptcy, receiver, interim receiver or creditor of the Petitioners, for all legal purposes;
11. **DECLARES** that any and all claims of the Sales Advisor pursuant to the Engagement Letter are not claims that may be compromised pursuant to any plan of arrangement or compromise under the CCAA, any proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, or any other restructuring;

**SISP**

12. **APPROVES** the sale and investor solicitation process ("**SISP**") (Exhibit R-2);
13. **AUTHORIZES** and **DIRECTS** the Petitioners, the Monitor and the Sales Advisor, to take such steps as they consider necessary or desirable in carrying out the SISP in accordance with its terms provided that the Petitioners, the Monitor, and the Sales Advisor shall each take reasonable measures to ensure that there is no duplication of work performed by such parties that result in a material increase in the fees and expenses to be supported by the Petitioners;
14. **ORDERS** the Monitor to report periodically to this Court and the Petitioners' creditors by sending to the service list and posting to the Monitor's website a notice on the key milestones of the SISP provided that the Monitor shall be under no obligation to disclose any information which in the opinion of the Monitor or its advisors is likely to have a negative impact on the conduct of the SISP;
15. **ORDERS** that, further to paragraph 8 of the SISP, if the Target Closing Date (as defined in the SISP) is extended beyond April 15, 2015, no Monthly Fee shall be payable to the Sales Advisor after April 2015, without further direction of the Court. In the event that the Court does not authorize payment of the Monthly Fee after April 2015, unless the Engagement Letter has otherwise been terminated in accordance with section 8 thereof, such failure to pay shall constitute Cause (with respect to a termination of the Engagement Letter by Rothschild only) as defined in section 8 of the Engagement Letter;

**CONFIDENTIALITY**

16. **ORDERS** that the Engagement Letter (Exhibit R-4) shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court;



17. **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security;

18. **WITHOUT COSTS**

  
Honourable Martin Castonguay, J.S.C.

8435657.13

**COPIE CONFORME**  
  
**Greffier adjoint**



# SUPERIOR COURT

(Commercial Division)

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

No. 500-11-047560-145

DATE: April 17, 2015



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PRESIDING: HONORABLE MARTIN CASTONGUAY, J.S.C

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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

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## ORDER

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- [1] **ON READING** the Petitioners' *Motion for an Order (1) Terminating the Sale and Investor Solicitation Process, and (2) Extending the Stay Period*, the affidavit of Kevin Ross sworn on April 15, 2015 and the exhibits filed in support thereof (the "**Motion**");
- [2] **CONSIDERING** the Report of the Monitor dated April 16, 2015 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 *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 Rothschild Inc. (the "**Sales Advisor**"), the Agent, Interim Lender and the Monitor.

#### TERMINATION OF THE SISP

- [7] **DECLARES** the sale and investor solicitation process ("**SISP**") (Exhibit R-1) terminated in accordance with the terms of section 19 thereof;
- [8] **AUTHORIZES** and **DIRECTS** the Petitioners, the Monitor and the Sales Advisor to take such steps and execute such documents as they consider necessary or desirable to further evidence the termination of the SISP;

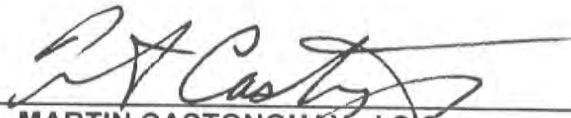
#### STAY PERIOD

- [9] **EXTENDS** the Stay Period until May 29, 2015, the whole subject to all other terms of the Initial Order;
- [10] **DECLARES** that, notwithstanding the maturity of the Interim Financing Facility (as defined in the Motion), the Petitioners shall be entitled to use the remaining cash on hand from advances under the Interim Financing Facility (the "**Cash Collateral**") in accordance with the May Forecast (Exhibit R-7);
- [11] **RESERVES** the Interim Lender's right to apply to Court, subject to the 5 business days' notice as provided for in the Initial Order, to seek the appointment of a receiver or other relief that the Interim Lender considers appropriate and that the Court may grant (the "**Interim Lender Relief**");
- [12] **DECLARES** that upon the earlier of May 29, 2015 and the day on which the Court grants the Interim Lender Relief, the Petitioners' right to use the Cash Collateral shall terminate (the "**Termination Date**"); provided, however, the Petitioners shall be entitled to pay any obligations that are included in the May Forecast from the Cash Collateral, to the extent that such obligations have been incurred or accrued prior to the Termination Date but not yet paid;

#### CONFIDENTIALITY

- [13] **ORDERS** that the Engagement Letter (Exhibit R-2) shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court;

- [14] **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the necessity of furnishing any security;
- [15] **THE WHOLE** without costs.

  
MARTIN CASTONGUAY, J.S.C.

COPIE CONFORME  
  
Greffier adjoint



(All amounts in CAD \$000, unless otherwise noted)

[illegible]

Quebec Lithium Inc.

CCAA Cash Flow Forecast for the Extended Period Ending May 30, 2015

(All amounts in CAD \$000)

Week No.		Forecast 1 11-Apr	Forecast 2 18-Apr	Forecast 3 25-Apr	Forecast 4 2-May	Forecast 5 9-May	Forecast 6 16-May	Forecast 7 23-May	Forecast 8 30-May	Total Forecast for the Period
Week ending	Notes									
Cash Disbursements - operating										
Quebec energy	4	-	-	-	-	(42)	-	-	-	(42)
Quebec site admin and maintenance	5	(27)	(28)	(178)	(22)	(52)	(116)	(35)	(77)	(535)
Employee compensation	7	(333)	(310)	(22)	(50)	(39)	(38)	(39)	(179)	(1,010)
Insurance	9	-	-	-	(64)	-	-	-	-	(64)
Professional fees-general	10	-	-	-	(30)	-	-	-	(25)	(55)
		(360)	(338)	(200)	(166)	(133)	(154)	(74)	(281)	(1,706)
Net operating cash flow		(360)	(338)	(200)	(166)	(133)	(154)	(74)	(281)	(1,706)
Cash Disbursements - non-operating										
n/a		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Net cash outflow		(360)	(338)	(200)	(166)	(133)	(154)	(74)	(281)	(1,706)
Cash beginning of period		169	659	321	121	455	322	168	94	169
Transfer from RB Energy Inc.		850	-	-	500	-	-	-	215	1,565
Impacts of foreign exchange	14	-	-	-	-	-	-	-	-	-
Cash, end of period		659	321	121	455	322	168	94	28	28

## NOTES AND SUMMARY OF ASSUMPTIONS

Note 1	The purpose of this cash flow forecast is to set out the liquidity requirements of the Petitioners during the requested extension to the CCAA proceedings.
Note 2	Sirocco Mining Inc. and QLI Metals Inc. have been omitted from this cash flow forecast as it is forecasted that their opening cash and cash flows will be approximately \$nil during the period.
Note 3	Management services are charged to a company for shared management services and office and premises costs for the Company's head office.
Note 4	Energy costs represent plant/mine electricity stand-by charges and forecasted usage, and propane costs to maintain the plant estimated based on estimated prices.
Note 5	Forecasted site admin and maintenance costs include day-to-day maintenance, consumables, security, equipment rentals, and environmental costs.
Note 6	Head office costs include charges for administrative and accounting services provided by affiliates, and general office costs and premises costs for the Company's head office.
Note 7	<p>Employee payroll and benefits includes payments to all employees of QLI and RBE for all currently outstanding wages, vacation pay, and banked hours (including approximately \$217,000 in vacation pay, banked hours, and related fringe benefits for the anticipated termination of the remaining employees of QLI and RBE over the extension period and \$501,000 paid to QLI employees with respect to the same amounts). No severance costs have been included in the forecast.</p> <p>Head office payroll costs and executive management fees for RB Energy Inc. are also included.</p> <p><i>*Actual timing of vacation pay may occur sooner than scheduled to the extent employees resign or are terminated during the forecasted period..</i></p>
Note 8	Director's fees reflect compensation earned by non-executive directors of the Company who served from January 1, 2015 to their resignation on April 1, 2015.
Note 9	Insurance assumes a one month renewal of QLI's property insurance coverage.
Note 10	Professional fees relate to tax advisory incurred on QLI to pursue the collection of a prior year tax refund.
Note 11	<p>Restructuring costs consist of sales process costs and professional fees for key advisors to the Company incurred during the CCAA proceedings and the Monitor and its counsel.</p> <p>Forecasted sales process costs have been estimated to be US\$ 125,000 in work fees payable, plus an amount for the Sales Advisor's out-of-pocket expenses, for the month of April 2015, and have been converted into CAD assuming a CAD:USD exchange rate of 1.26:1.</p>
Note 12	<p>Cost of an incentive program with the purpose of retaining key personnel of the Petitioners during the CCAA proceedings.</p> <p>Amounts also include an estimate of the statutory benefits and taxes payable on payments made under this incentive program.</p>
Note 13	The funding of operational and restructuring costs has occurred, and will continue to occur, through the use of the funds previously drawn under the existing DIP facility as provided by Hale. The full amount of the DIP facility (USD 13 million) was drawn by the Petitioners by January 5, 2015.

	<p>The cash flow forecast assumes that the DIP borrowings will continue to accrue interest at the current interest rate of 11%, with interest payable monthly in arrears.</p> <p>Forecasted Hale DIP interest has been calculated assuming a CAD:USD exchange rate of 1.26:1.</p>
Note 14	<p>Relative fluctuations of the USD and CAD have been noted to impact the funds held by the Petitioners in USD. A significant portion of these impacts are unrealized, and may reverse.</p> <p>The cash flow forecast does not attempt to forecast the potential impacts of future foreign exchange fluctuations.</p>



RB Energy Inc.

Retained Amount for RBE Termination Payments

Accrued to:

5/8/2015

Employee Name	Amount	Notes
** CONFIDENTIAL **	45,500.00	<u>Vacation to May 8, 2015:</u>  Estimate, based on manual calculations, inclusive of remittances, etc. To be inputted into payroll system to determine final amount.  Expected to be given notice of termination, effective May 8, 2015
	8,000.00	<u>Earned Wages from May 1-May 8, 2015:</u>  Estimate, based on manual calculations, inclusive of remittances, etc. To be inputted into payroll system to determine final amount.  Expected to be given notice of termination, effective May 8, 2015
	37,500.00	<u>Vacation to May 8, 2015:</u>  Estimate, based on manual calculations, inclusive of remittances, etc. To be inputted into payroll system to determine final amount.  Expected to be given notice of termination, effective May 8, 2015
	8,000.00	<u>Earned Wages from May 1-May 8, 2015:</u>  Estimate, based on manual calculations, inclusive of remittances, etc. To be inputted into payroll system to determine final amount.  Expected to be given notice of termination, effective May 8, 2015
	9,000.00	<u>Earned Wages/Management Fees from May 1-May 8, 2015:</u>  Estimate, based on manual calculations, inclusive of remittances, etc. To be inputted into payroll system to determine final amount.  Expected to be given notice of termination, effective May 8, 2015
<b>Estimated Total</b>	<b>108,000.00</b>	

Quebec Lithium Inc.

Retained Amount for Outstanding Post-Petition Cheques

As at:

5/7/2015

Account	Date	Cheque #	Payee Name	Amount	Notes
QLI - Scotia - CAD #1393-413	4/15/2015	10884	Luc Boutin	398.97	
QLI - Scotia - CAD #1393-413	4/15/2015	10889	Normand Gauthier	109.39	
QLI - Scotia - CAD #1393-413	4/24/2015	10896	GE Water & Process Technologie	35,388.33	
QLI - Scotia - CAD #1393-413	4/24/2015	10901	Pneu Landriault div. Nord-Oues	687.55	
QLI - Scotia - CAD #1393-413	4/24/2015	10902	Roche Ltée, Groupe-Conseil	2,874.38	
QLI - Scotia - CAD #1393-413	4/24/2015	10903	Sanimos Inc.	758.84	
QLI - Scotia - CAD #1393-413	5/7/2015	10904	M&M Nord Ouest Inc.	850.25	
			<b>Estimated Total</b>	<b>41,067.71</b>	

Quebec Lithium Inc.  
Retained Amount for QLI Termination Payments  
Accrued and payable as at: 5/8/2015

Employee Name	Amount	Notes
n/a - None noted	n/a	n/a
Estimated Total	-	

RB Energy Inc.  
Retained Amount for Outstanding Post-Petition Cheques  
As at: 5/7/2015

Account	Date	Cheque #	Payee Name	Amount	Notes
n/a - None noted	n/a	n/a	n/a	n/a	n/a
			Estimated Total	-	

RB Energy Inc.  
Post-Petition Payables  
Accrued to:

5/8/2015

Vendor	Amount	Notes
Adnet Communications	270.00	Estimate for April services, and partial May services.
Bell Conferencing	200.00	Estimate for unbilled usage.
Blakes Cassels & Graydon LLP	55,000.00	Based on most recent invoice received (Apr 27-30), and assuming approximately same daily rate up to May 8. Estimate is consistent with amounts previously budgeted in the cash flow forecast.
Ceridian Canada	500.00	Estimated fees for May 8 payrun (vacation pay and earned wages to terminated RBE employees, generation of ROEs, etc).
Davies Ward Phillips & Vineberg LLP	150,000.00	Davies bill from mid-March to mid-April is \$85,000, therefore total accrual to May 8 (additional 3 weeks) on a prorata basis is \$150,000.
FedEx	150.00	Estimate for recent courier services incurred but not yet billed to date.
Hale Capital Partners	237,500.00	DIP loan interest accrued to May 8, 2015, converted at a rate of 1.25CAD:1USD.
KPMG LLP	55,000.00	KPMG has been paid up to April 28, 2015. Cash flow forecast estimated that the remainder of April fees, and for the first week of May would be approximately \$55,000.
Namdo (Monthly Office Space and Support Services)	11,000.00	Based on standard monthly billing, prorated for period from May 1-8.
Namdo (Office Cost Chargebacks)	1,200.00	Estimate for quarterly office charges based on last billing to try to reflect current activity levels for the unbilled period from Apr 1-May 8.
Orca Gold (Monthly Admin/Accounting Support)	5,500.00	Based on standard monthly billing, prorated for period from May 1-8.  Please note that over the same period, RB Energy will charge Orca Gold approximately \$9,500 for shared office space and management support services. As such, the noted accrued liability will be net settled by a payment to RB Energy by Orca Gold in the amount of approximately \$4,000.
Rogers	2,000.00	Standard charges for the month have been paid in advance. Rogers bills for 'extras' a month in arrears. Rogers cannot indicate with extras incurred to date with certainty until their internal billing cycle is complete.  Figure provided is an estimate, taking into consideration the travel incurred by TY, AB, KR, and RC recently.
Stikeman Elliot LLP	10,000.00	Stikeman has been paid up to May 4, 2015. Estimate that remaining 4 days of the week would total approximately \$10,000.
TMX Equity	2,700.00	March fees of \$2,031.69 now invoiced. Assume similar for April and partial May services.
Synbase Optrack	270.00	1/2 month subscription for latter half of April and first 8 days of May.
Worksafe BC (WCB)	5,000.00	Estimate based on insurable earnings paid to date.
Other/Contingency	5,000.00	For other miscellaneous items.
<b>Estimated Total</b>	<b>541,290.00</b>	

Quebec Lithium Inc.  
QLI Vacation Pay Reserve  
Accrued to:

5/8/2015

Employee Name	Amount	Notes
** CONFIDENTIAL **	9,900.00	
	3,200.00	
	14,800.00	
	13,000.00	
	7,500.00	
	3,400.00	
	2,900.00	
	7,400.00	
	300.00	
	6,800.00	
	3,200.00	
	4,800.00	
Estimated Total	77,200.00	