

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

No.: 500-11-057679-199

SUPERIOR COURT  
Commercial Division

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

**INVESTISSEMENT QUÉBEC**

Co-Applicant / Secured Creditor

- and -

**FIERA PRIVATE DEBT INC.**

Co-Applicant / Secured Creditor

- and -

**FORTRESS GLOBAL ENTERPRISES INC.**

- and -

**FORTRESS SPECIALTY CELLULOSE INC.**

- and -

**FORTRESS BIOENERGY LTD.**

- and -

**FORTRESS XYLITOL INC.**

- and -

**9217-6536 QUÉBEC INC.**

**Debtors**

- and -

**DELOITTE RESTRUCTURING INC.**

**Monitor**

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**APPLICATION FOR THE ISSUANCE OF AN ORDER  
EXTENDING THE STAY PERIOD &  
APPROVING A SECOND AMENDMENT TO THE INTERIM FINANCING TERM SHEET  
(Sections 11.02(2) of the *Companies' Creditors Arrangement Act*)**

**TO THE HONOURABLE MARIE-ANNE PAQUETTE OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTREAL, THE APPLICANTS RESPECTFULLY SUBMIT THE FOLLOWING:**

**1. ORDER SOUGHT**

1. Investissement Québec ("**IQ**") and Fiera Private Debt Inc. ("**Fiera**", together with IQ, the "**Applicants**"), in their capacity as principal secured creditors of the Debtors, hereby seeks the issuance of an order substantially in the form of the draft order communicated herewith as **Exhibit R-1**:
  - (a) extending the Stay Period (as defined below) until September 30, 2021;
  - (b) approving a second amendment (the "**Second DIP Amendment**") to the Interim Financing Term Sheet (as defined below) previously approved by this court, a copy of which is communicated herewith as **Exhibit R-2**, and increasing the total amount of the Interim Lender Charge (as defined below) accordingly; and
  - (c) approving the activities of the Monitor (as defined below), up until the date of the order sought, and declaring that the Monitor has fulfilled its obligations pursuant to the CCAA and the orders rendered by this Court.

**2. PROCEDURAL BACKGROUND**

2. On December 13, 2019, the Applicants, in their capacity as principal secured creditors of the Debtors, filed an application in respect of the Debtors pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"), entitled *Application for the Issuance of a First Day Initial Order, an Amended and Restated Initial Order, a Receivership Order and a Claims Process Order* (the "**Initial Application**").
3. On December 16, 2019, the Initial Application was partially granted by the Honourable Marie-Anne Paquette, j.c.s., who rendered on the same day, as appears from the Court record:
  - a) a first day initial order (the "**First Day Order**"); and
  - b) an order appointing Deloitte Restructuring Inc. as receiver to the Debtors for the sole purpose of allowing their respective employees from benefiting from those payments provided under the *Wage Earner Protection Program Act* (S.C. 2005, c. 47, s. 1).

4. Pursuant to the First Day Order, the Court ordered, *inter alia*, that:
  - a) all claims against the Debtors, their properties and their directors and officers were stayed (the “**Stay**”) until December 26, 2019 (the “**Stay Period**”); and
  - b) the Debtors were authorized to borrow from IQ an amount of up to \$1,000,000 on the terms and conditions of the Interim Financing Term Sheet filed as Exhibit R-18 of the Initial Application (the “**Interim Financing Term Sheet**”), which was to be secured by a super-priority charge and security over the assets of the Debtors in the aggregate amount of \$1,200,000 (the “**Interim Lender Charge**”).
5. The First Day Order also provided that a return hearing would take place on December 26, 2019 at 12:00 PM by way of telephone conference, the purpose of which was namely to:
  - a) extend the Stay Period until January 10, 2020; and
  - b) increase the amount which the Debtors were authorized to borrow under the Interim Financing Term Sheet (as well as the related Interim Lender Charge) in order to finance the Debtors’ ongoing costs and expenses until January 10, 2020, if necessary.
6. On December 20, 2020, the Applicants filed a motion requesting the issuance of an Amended First Day Order which was granted on December 26, 2020, as appears from the Court record, and which provided for, *inter alia*:
  - a) an extension of the Stay Period until January 10, 2020;
  - b) the authorization for the Debtors to borrow from IQ an amount of up to \$1,500,000 under the terms and conditions set forth in the Interim Financing Term Sheet, to be secured by an Interim Lender Charge of \$1,800,000; and
  - c) the authorization for the Debtors (with the prior approval of the Monitor), or the Monitor (on behalf of the Debtors), to pay amounts owing for goods or services actually supplied to the Debtors either prior to or after the date of this Order, if, in the opinion of the Monitor, the supplier is essential to the business and ongoing operations of the Debtors.
7. On January 10, 2020, the Court granted the Initial Application in its entirety, and rendered, as appears from the Court record:
  - a) an Amended and Restated Initial Order which provided, *inter alia*:
    - (i) an extension of the Stay Period until May 2, 2020; and
    - (ii) the authorization for the Debtors to borrow from IQ an amount of up to \$6,000,000 under the terms and conditions set forth in the Interim Financing Term Sheet, to be secured by an Interim Lender Charge of \$7,200,000; and

- (iii) an increase in the Monitor's powers, including the powers to conduct and control the financial affairs and operations of the Debtors, and carry on the business of the Debtors;
  - b) a Claims Procedure Order which established a "*Claims Bar Date*" of March 16, 2020 (except for restructuring claims).
8. On March 23, 2020, at the request of the Monitor, the Court rendered an order, essentially:
- a) clarifying that the Stay applied to the proceedings commenced before the Tribunal Administratif du Québec bearing the court file number STE-Q-211461-1509; and
  - b) suspending the various penal proceedings against Fortress until May 2, 2020.
9. On May 1, 2020, the Court rendered an order (which was rectified on the same day):
- (a) extending the Stay Period until August 11, 2020;
  - (b) extending the suspension of the above-mentioned penal proceedings until August 11, 2020; and
  - (c) approving the activities of the Monitor, up until the date of the order rendered, being May 1, 2020, and declaring that the Monitor has fulfilled its obligations pursuant to the CCAA and the orders rendered by this Court.
10. On June 8, 2020, Lauzon – Plancher de Bois Exclusif Inc. ("**Lauzon**") filed an application (the "**Lauzon Application**") seeking, *inter alia*, the amendment of the Initial Order, together with various declaratory orders, which was opposed by the Monitor, with the support of IQ. On July 15, 2020, after a contested hearing which lasted 2 days, the Lauzon Application was rejected, in part, by the Court.
11. On August 10, 2020, the Court rendered an order:
- (a) extending the Stay Period until October 23, 2020;
  - (b) approving an amendment to the Interim Financing Term Sheet (as defined below), and increasing the Interim Lender Charge (as defined below) to \$9,600,000; and
  - (c) approving the activities of the Monitor, up until the date of the order rendered, being August 10, 2020, and declaring that the Monitor has fulfilled its obligations pursuant to the CCAA and the orders rendered by this Court.

### 3. OVERVIEW THE DEBTORS' RESTRUCTURING EFFORTS TO DATE

#### A. The Debtors' Operations

12. Since the issuance of the Amended and Restated Initial Order, the Monitor, in accordance with the powers granted to it by the Court, worked with the Debtors, in consultation with IQ, to reduce their operations to a bare minimum in order to minimize their operating costs, until the demand for pulp and related products increased in the global market.
13. In this context, it was decided that:
  - (a) Fortress Specialty Cellulose Inc. ("**Fortress Specialty**")'s specialty cellulose mill located in Thurso, Québec (the "**Pulp Mill**") would be idled indefinitely so as to minimize operating costs while market conditions improved; and
  - (b) Fortress Bioenergy Ltd. ("**Fortress Bioenergy**", together with Fortress Specialty, "**Fortress**")'s cogeneration facility (the "**Cogeneration Facility**") would continue to operate, but at a substantially reduced production rate.
14. Since then, the market price for dissolving pulp has remained unchanged.
15. Furthermore, on March 24, 2020, the Quebec Government issued a decree ordering the closure of all non-essential businesses in Quebec which prompted the temporary shutdown of the Cogeneration Facility, which was intended to take place, in any event, a few weeks later given low demand for electricity and the fact that the Pulp Mill would not be required to be heated during the spring and summer months.
16. Given the temporary shutdown of the Cogeneration Facility, eight (8) additional employees of the Debtors were laid off.
17. Today, Fortress continues to employ 11 employees in Thurso.
18. As previously indicated to the Court, Fortress now intends to restart the Cogeneration Facility over the course of the next few weeks, and in that context, intends to recall approximately 11 additional employees.
19. The Debtors, together with the Monitor, and in consultation with the Applicants, have also continued to discuss various scenarios which would enable the Debtors to further minimize their cost structure, preserve cash and maintain optionality over the course of the next few months.

#### B. The Solicitation Efforts

20. As previously discussed in the Applicants' initial application, between August and November 2019 (i.e. prior to the issuance of the Initial Order), a sale and investment solicitation process had been conducted by the Debtors with the assistance of its then financial advisor (and in consultation with IQ and Deloitte).

21. Despite these efforts, no offer or indication of interest or other proposal had been submitted to the Debtors.
22. Since the commencement of these CCAA proceedings, the Debtors and the Monitor, in consultation with IQ, has had discussions with various parties regarding a potential transaction which could allow the continuation of the Debtors' operations, at least with respect to the Pulp Mill.
23. The Applicants understand from their discussions with the Monitor that as of the date hereof, fifteen (15) parties signed a confidentiality agreement to obtain access to confidential information regarding the Debtors, their operations and their assets.
24. On September 3, 2020, the Monitor received an offer from one of these parties for the acquisition of the Cogen Facility which was shared with the Applicants and subsequently refused. The Monitor has also received a draft letter of intention for the same facility, which is currently in discussion.
25. Accordingly, as things currently stand, the Applicants further understands that the Debtors and the Monitor continue to have active discussion with three (3) parties - including the party which has submitted the aforementioned draft letter of intention and that the Monitor hopes to receive a binding letter of intention from such party upon completion of its due diligence.
26. At the date of this Application, the Monitor continues its discussions with the potentially interested parties discussed above, while keeping the Applicants apprised of any material developments in that regard.
27. While the Applicants understand that for the time being, there is no certainty as to whether or not a transaction with any of those parties may occur, particularly in light of the crisis caused by the Covid-19 pandemic, the Applicants remain nonetheless hopeful that the Debtors will be able to attract an investor or a purchaser able to close a transaction which would maximize the value of the Debtors' assets, allow the pursuit of the Debtors' operations (either in the current structure of the Debtors or through a new company designated for the purpose of said transaction) and, ultimately, allow the reemployment of some or all the Debtors' employees.

### **C. The Claims Process**

28. As was reflected in the Monitor's Fourth Report, following the Claims Procedure Order rendered on January 10, 2020, the Monitor received, as at the March 16, 2020 Claims Bar Date, 435 proofs of claim, totaling claims against the Debtors of approximately \$117.4 million, excluding those secured claims of the Applicants.
29. For the time being, neither the Debtors or the Monitor have proceeded with the review of these proofs of claims, considering the circumstances described above regarding the Debtors' financial situation, and the current uncertainty with respect to the value of the Debtors' assets, except for the proof of claim filed by Lauzon, in accordance with the order rendered by this Court on July 15, 2020.

30. However, depending on how this matter will progress over the course of the next few months, the Debtors and the Monitor, in consultation with the Applicants, may be required to proceed with the review and analysis of such claims.

**D. Fortress' Claim Against Les Pompes Goulds**

31. In addition to various other ongoing issues and potential disputes between the Debtors and certain third parties, which will be further discussed in the Monitor's report to this Court in support of this Application, the Applicants have been made aware of legal proceedings which were commenced by Fortress against Les Pompes Gould Inc. ("**Pompes Gould**") prior to the commencement of these CCAA proceedings (the "**Pompes Gould Litigation**").
32. As part of the Pompes Gould Litigation, the Applicants further understand that an amount of approximately \$17 million is currently being claimed by Fortress against Pompes Gould, and that a settlement conference had been scheduled to take place in January 2020. However, this settlement conference never took place given the parties' agreement to suspend the Pompes Gould Litigation given the present CCAA proceedings.
33. Over the course of the summer, the Monitor and its counsels, together with the undersigned counsels, have exchanged with the counsels to Pompes Gould to further advance discussions between the parties and explore, on a without prejudice basis, the possibility of settling the Pompes Gould Litigation.
34. On July 29, 2020, a virtual meeting took place between the respective representatives of Fortress and Pompes Gould, the Monitor, its counsels, the undersigned counsels and Pompes Gould counsels during which the foregoing parties continued their discussions regarding a potential settlement of the Pompes Gould Litigation, on a without prejudice basis.
35. At the time of this Application, no settlement has yet been reached in connection with the Pompes Gould Litigation.
36. While the Applicants remain hopeful that the Pompes Gould Litigation will be settled for the benefit of Fortress and that of its creditors and other stakeholders, the Applicants and the Monitor may consider the possibility of obtaining litigation financing should the Pompes Gould Litigation be reactivated given the parties' failure to reach a satisfactory settlement agreement.
37. In that context, the Applicants and the Monitor reserve their rights to appear before this Court to seek an order ordering that the Pompes Gould Litigation be heard before the Superior Court of Quebec (Commercial Division) on an expedited basis.

**E. AMENDMENT TO THE INTERIM FINANCING TERM SHEET AND INCREASE IN THE INTERIM LENDER CHARGE**

38. As previously mentioned, in December 2019, IQ entered into an Interim Financing Term Sheet which was approved by this Court as part of the Initial Order, and which allowed for an interim financing to be provided to Fortress, up to an amount of **\$6,000,000**, to be secured by an Interim Lender Charge in the amount of **\$7,200,000** (i.e. the total amount of the interim financing, plus twenty percent (20%)).
39. In June 2020, the Quebec government announced its continued commitment to fund the (limited) operations of Fortress in the hopes of finding an investor and/or purchaser able to restart its operations as a going concern, all for the benefit of Fortress, its creditors and other stakeholders.
40. In August 2020, IQ executed with Fortress an amendment to the Interim Financing Term Sheet (the "**First DIP Amendment**") providing for an increase in the amount of interim financing which could be advanced to and borrowed by Fortress to a total of **\$8,000,000**, to be secured by an increased Interim Lender Charge in the amount of **\$9,600,000** (i.e. the total amount of the interim financing, plus twenty percent (20%)). As previously discussed, the First DIP Amendment, together with the aforementioned increase in the Interim Lender Charge, were approved by this Court on August 10, 2020.
41. Over the course of the past few weeks and months, IQ, together with Fortress and the Monitor, have worked on a revised cash flow forecast. According to this revised cash-flow forecast which will be appended to the Monitor's Seventh Report to the Court in support of this Application, Fortress will require additional funding over the course of the next few months, including during the upcoming fall and winter season.
42. Based on these recent discussions regarding Fortress' cash-flow forecasts, it appears that over the course of the next year, Fortress will require *additional* interim financing in an amount of approximately **\$9 million**, over and above the interim financing which Fortress has already received.
43. Accordingly, and consistent with announcement made by the Quebec government in June of 2020, IQ has taken active steps in order to obtain the necessary governmental authorizations to be able to advance to Fortress such *additional* funding.
44. IQ has recently been advised that the Deputy Minister of the Economy and Innovation of Quebec provided the Minister of the Economy and Innovation (the "**MEI**") with a mandate to seek and obtain a decree authorizing IQ to advance the above additional interim financing to Fortress (the "**Decree**").
45. Accordingly, the MEI will be preparing a draft Decree which will then be submitted to the *Conseil du Trésor* for review and recommendations.
46. Based on the recommendations of the *Conseil du Trésor*, the draft Decree will then be submitted to the provincial cabinet for *final* approval, which IQ expects to be completed in the next few weeks (within the month of November 2020), following which IQ will have the authority to advance to Fortress *additional* funding in the amount of \$9 million, again over and above the interim financing which Fortress has already received.



47. In this context and given the upcoming expiry of the Stay Period and Fortress' need for additional financing, IQ has prepared a draft second amendment to the Interim Financing Term Sheet (the "**Second DIP Amendment**"), a copy of which is communicated herewith as Exhibit R-2.
48. The Second DIP Amendment, provides that, subject to the fulfillment of the above steps to IQ's entire satisfaction, IQ is prepared to increase the interim financing to be provided to Fortress by an *additional* total amount of **\$9 million** - for **total amount of \$17 million** to be secured by an increased Interim Lender Charge in the **total amount of \$20,400,000** (representing, once again, the total amount of the interim financing which has and will be provided by IQ to Fortress, plus twenty percent (20%)).
49. While this additional interim financing can be advanced to Fortress upon fulfillment of the above steps to IQ's entire satisfaction, IQ has the authority and is prepared to immediately advance to Fortress an additional \$2 million of additional interim financing (out of the total \$9 million above), given its urgent liquidity needs, provided that Second DIP Amendment and the proposed total increase in the Interim Lender Charge is approved by this Court, in accordance with paragraph 48 above.
50. Accordingly, in order to avoid the costs of having to return to Court on multiple occasions in order to seek, *inter alia*, short extensions of the Stay Period as well as incremental increases to the interim financing to be provided by IQ to Fortress and related increases to the Interim Lender Charge, the Applicants request that this Court approves at the next hearing scheduled on October 23, 2020 the Second DIP Amendment *in its entirety*, together with the proposed increase in the Interim Lender Charge as discussed in paragraph 48 above, together with an extension of the Stay Period until September 30, 2021.
51. However, in order to ensure that this Court and the parties on the service list are kept apprised of any material development in connection with Fortress and these CCAA proceedings, the Applicants, after having consulted with the Monitor, propose that:
  - (a) a report from the Monitor be filed with this Court and posted on the Monitor's website no later than every three (3) months following the issuance of the order sought; and
  - (b) a report from the Monitor be filed with this Court at any time and posted on the Monitor's website, including in between the above three (3) months periods, to the extent that the Monitor believes that it is appropriate to provide to the Court and to the parties on the service list with any update on any material change (including any material adverse change) in connection with Fortress and these CCAA proceedings.
52. Based on the above, including the Monitor's agreement to provide regular updates to this Court with respect to Fortress and these CCAA proceedings, the Applicants believe and respectfully submit that it is appropriate for this Court to approve at the next hearing scheduled on October 23, 2020:
  - (a) the Second DIP Amendment, the proposed increase of the interim financing (to a total of \$17 million) and of the Interim Lender Charge (to a total of \$20.4 million), as proposed herein; and

(b) the extension of the Stay Period until September 30, 2021;

53. Should the Second DIP Amendment not be approved and the Stay Period not be extended, it is safe to say that the efforts of the Applicants, the Debtors and the Monitor to date to find a solution which would allow the restructuring of the Debtors and the maximization of the value of their assets will potentially have been done in vain.
54. The Applicants submit that themselves, the Debtors and the Monitor have each acted in good faith over the course of these CCAA proceedings, and that no creditor of the Debtors will be prejudiced by the relief sought herein.
55. The Applicants understand that the Monitor will confirm its support to such relief in its Seventh Report to the Court, in which the Monitor will also be providing additional details regarding the work performed to date in connection with the Debtors' restructuring process.

**WHEREFORE, MAY THIS COURT:**

**GRANT** this *Application for the Issuance of an Order Extending the Stay Period and Approving a Second Amendment to the Interim Financing Term Sheet* (the "**Application**");

**ISSUE** an order substantially in the form of the draft Order communicated in support of the Application as Exhibit R-1;

**WITHOUT COSTS**, save and except in case of contestation.

**MONTREAL, October 19, 2020**



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**Attorneys for the Co-Applicant /  
Secured Creditor**

**INVESTISSEMENT QUÉBEC**

## SWORN STATEMENT

I, the undersigned, Ludovic Coderre, having my principal place of business at 413, Saint-Jacques Street, Suite 500, in the city of Montreal, Province of Quebec, solemnly declare the following:

1. I am a Director of Investissement Québec;
2. All the facts alleged in the *Application for the Issuance of an Order Extending the Stay Period and Approving a Second Amendment to the Interim Financing Term Sheet* are, to the best of my knowledge, true.


### AND I HAVE SIGNED

DocuSigned by:  
**Ludovic Coderre**  
88AFBD67F6CF4A8...

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**LUDOVIC CODERRE**

**Solemnly declared before me at Montreal,  
on the 19th day of October 2020**



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Commissioner of Oaths #187883

All judicial districts of Quebec

## NOTICE OF PRESENTATION

TO: the Service List

**TAKE NOTICE** that the *Application for the Issuance of an Order Extending the Stay Period and Approving a Second Amendment to the Interim Financing Term Sheet* will be presented for adjudication before the Honourable Marie-Anne Paquette of the Superior Court of Quebec, Commercial Division, on October 23, 2020, at a 9:15 am by videoconference. The instructions to attend such hearing by videoconference will be provided by the Court and transmitted to the Service List in due course.

Best regards.

**MONTREAL, October 19, 2020**

The logo for Stikeman Elliott, featuring the name in a blue, cursive script font, underlined.

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**Attorneys for the Co-Applicant /  
Secured Creditor  
INVESTISSEMENT QUÉBEC**

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

No.: 500-11-057679-199

SUPERIOR COURT  
Commercial Division

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

**INVESTISSEMENT QUÉBEC**

Co-Applicant / Secured Creditor

- and -

**FIERA PRIVATE DEBT INC.**

Co-Applicant / Secured Creditor

- and -

**FORTRESS GLOBAL ENTERPRISES INC.**

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**FORTRESS XYLITOL INC.**

- and -

**9217-6536 QUÉBEC INC.**

**Debtors**

- and -

**DELOITTE RESTRUCTURING INC.**

**Monitor**

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**LIST OF EXHIBITS  
IN SUPPORT OF THE APPLICATION FOR THE ISSUANCE OF AN ORDER  
EXTENDING THE STAY PERIOD &  
APPROVING A SECOND AMENDMENT TO THE INTERIM FINANCING TERM  
SHEET**

<b>Exhibit R-1:</b>	A Stay Extension and DIP Increase Order
<b>Exhibit R-2:</b>	A Second Amending Agreement to DIP Facility (the “ <b>Second DIP Amendment</b> ”)

**MONTREAL, October 19, 2020**

*Stikeman Elliott*

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**Attorneys for the Co-Applicant /**

**Secured Creditor**

**INVESTISSEMENT QUÉBEC**

# Exhibit R-1

CANADA

PROVINCE OF QUEBEC  
DISTRICT OF MONTRÉAL

File: No: 500-11-057679-199

SUPERIOR COURT  
Commercial Division

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Montreal, October 23, 2020

Present: The Honourable Marie-Anne Paquette,  
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:**

**INVESTISSEMENT QUÉBEC**

**Co-Applicant / Secured Creditor**

- and -

**FIERA PRIVATE DEBT INC.**

**Co-Applicant / Secured Creditor**

- and -

**FORTRESS GLOBAL ENTERPRISES INC.**

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- and -

**9217-6536 QUÉBEC INC.**

**Debtors**

- and -

**DELOITTE RESTRUCTURING INC.**

**Monitor**

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## ORDER

**ON READING** the Applicants' *Application for the Issuance of an Order Extending the Stay Period and Approving a Second Amendment to the Interim Financing Term Sheet* pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36 (as amended the "**CCAA**") and the affidavit of Mr. Ludovic Coderre filed in support thereof (the "**Application**"), relying upon the submissions of counsel and being advised that the parties listed on the service list prepared by the Applicants were given prior notice of the presentation of the Application;

**GIVEN** the order rendered by this Court in the present matter on December 16, 2019, which was amended on December 26, 2019, and then amended and restated on January 10, 2020 (the "**Initial Order**");

**GIVEN** the orders rendered by this Court in the present matter on March 23, 2019, May 1, 2020 and August 10, 2020;

**GIVEN** the provisions of the CCAA;

### WHEREFORE, THE COURT:

1. **GRANTS** the Application.
2. **ORDERS** that the Stay Period (as defined in the Initial Order) shall be extended to and including September 30, 2021.
3. **APPROVES** the Second Amending Agreement (the "**Second Amendment**") (Exhibit R-2 to the Application) to the Interim Financing Term Sheet previously approved by this Court as part of the Initial Order (the "**Interim Financing Term Sheet**"), which was subsequently amended pursuant to a First Amending Agreement dated September 1, 2020 (the "**First Amending Agreement**") which was also previously approved by this Court, and **AUTHORIZES** the Debtors to borrow from Investissement Québec such amounts from time to time as the Debtors may consider necessary or desirable, in consultation with the Monitor, up to an aggregate maximum amount of \$17,000,000, outstanding at any time, on terms and conditions as set forth in the Interim Financing Term Sheet, as amended by the First Amendment and the Second Amendment, to fund

the ongoing expenditures of the Debtors and to pay such other amounts as are permitted by the terms of this Order and the Interim Financing Term Sheet, as amended by the First Amendment and the Second Amendment.

4. **ORDERS** that paragraph 24 of the Initial Order shall be amended as follows:

***DECLARES** that all of the Property (as defined in the Initial Order) is hereby subject to a charge and security for an aggregate amount of \$20,400,000 (such charge and security is referred to herein as the "Interim Lender Charge") in favour of the Interim Lender as security for all obligations of the Debtors to the Interim Lender with respect to all amounts owing (including principal, interest and the Interim Lender Expenses) under or in connection with the Interim Financing Term Sheet and the Interim Financing Documents (as amended, from time to time). The Interim Lender Charge shall have the priority established in paragraphs 55 and 56 of this Order.*

5. **APPROVES** the activities of the Monitor, up to the date of this Order, in connection with the restructuring of the Debtors, including but not limited to the activities described in the Fourth Report of the Monitor and **DECLARES** that the Monitor has fulfilled its obligations pursuant to the CCAA and the orders rendered thus far by this Court in the context of these proceedings.
6. **TAKES ACT** of the undertaking of the Monitor to file a report to the Court on further material development no later than every 3 months following the date of this Order (or at any time in between such 3 months period, to the extent deemed appropriate by the Monitor), and to post these reports on the Monitor's website
7. **ORDERS** the provisional execution of this Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever.

**WITHOUT COSTS.**

Montreal, October 23, 2020

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The Honourable Marie-Anne Paquette, j.s.c.

# Exhibit R-2

## SECOND AMENDING AGREEMENT

This amending agreement (the "**Second Amending Agreement**") is made effective as of October \_\_\_\_, 2020 (the "**Effective Date**") among Fortress Specialty Cellulose Inc. ("**Fortress Cellulose**"), a corporation continued under the laws of Canada, and Fortress Bioenergy Ltd., a corporation continued under the laws of Canada ("**Fortress Bioenergy**"; together with Fortress Cellulose collectively the "**Borrowers**" and each a "**Borrower**"), Fortress Global Enterprises Inc., Fortress Advanced Bioproducts Inc., Fortress Xylitol Inc., S2G Biochemicals Inc. and 9217-6536 Québec Inc. (collectively, the "**Guarantors**", and together with the Borrowers, the "**Credit Parties**") and Investissement Québec (the "**DIP Lender**" and, together with the Credit Parties, the "**Parties**").

### RECITALS:

- (a) The Parties have entered into that certain DIP Financing Term Sheet dated as of January 9, 2020 (as the same has been and may hereafter be amended, modified, restated or otherwise supplemented from time to time, the "**DIP Agreement**") whereby the DIP Lender agreed to advance to the Borrowers a senior secured superpriority debtor-in-possession, interim, non-revolving, multiple draw credit facility of up to an initial maximum principal amount of \$6,000,000, which amount has been fully drawn as of the date hereof;
- (b) The Parties have entered into that certain Amending Agreement dated as of September 1, 2020 (the "**First Amending Agreement**") amending the terms of the DIP Agreement whereby the DIP Lender agreed to advance to the Borrowers a senior secured superpriority debtor-in-possession, interim, non-revolving, multiple draw credit facility of up to an increased maximum principal amount of \$8,000,000, which amount has been fully drawn as of the date hereof;
- (c) The Parties desire to once more amend the DIP Agreement, on the terms set forth herein.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties hereto hereby agree as follows:

### Section 1 Defined Terms.

Capitalized terms used in this Second Amending Agreement and not defined herein have the meanings ascribed thereto in the DIP Agreement.

### Section 2 Preamble and Headings.

The preamble forms an integral part of this Second Amending Agreement. The division of this Second Amending Agreement into sections and the insertion of headings are for convenient reference only and shall not affect the interpretation of this Second Amending Agreement.

### Section 3 Amendment to the DIP Agreement.

- (1) The first paragraph Section 5 of the DIP Agreement, as amended by the First Amending Agreement, is deleted in its entirety and replaced with the following:

"A senior secured superpriority debtor-in-possession, interim, nonrevolving multiple draw credit facility (the "**DIP Facility**") up to a maximum principal amount of \$17,000,000 (the "**Facility Amount**"), subject to the terms and conditions contained herein."

- (2) Section 13 of the DIP Agreement, as amended by the First Amending Agreement, is deleted in its entirety and replaced with the following:

"The DIP Financing Obligations shall be repayable in full on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured or waived; (ii) the conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); (iii) the implementation of a Restructuring Process or a plan of compromise or arrangement under the CCAA or any other sale of all or substantially all of the Collateral; and (iv) September 30, 2021 (the earliest of such dates being the "**Maturity Date**"). The Maturity Date may be extended from time to time at the request of the Borrowers and with the prior written consent of the DIP Lender in its sole discretion for such period and on such terms and conditions as the Borrowers and the DIP Lender may agree."

#### **Section 4      Conditions.**

The effectiveness of this Second Amending Agreement is subject to the following conditions precedent:

- (a) each Credit Party shall have executed and delivered this Second Amending Agreement to DIP Lender;
- (b) the Court shall have issued and entered an order approving this Second Amending Agreement and increasing the DIP Lender Charge previously ordered as part of the Initial Order to an amount of \$20,400,000, in form acceptable to the DIP Lender, including to approve this Second Amending Agreement with any increase to the Facility Amount being secured by the DIP Lender Charge;
- (c) the Borrowers shall have delivered a Drawdown Certificate in respect of a Subsequent Advance to be made in accordance with the terms of the DIP Agreement, as amended by the First Amending Agreement and the terms hereof;
- (d) no Default or Event of Default shall exist; and
- (e) all governmental authorization deemed necessary by the DIP Lender to increase and advance to the Borrowers the total Facility Amount, as contemplated herein, shall have been obtained by the DIP Lender, including by way of final decree, to the DIP Lender's full satisfaction.

In addition, and without limiting the provisions of the DIP Agreement, the Credit Parties hereby undertake and agree to execute and deliver a deed of hypothec in order to, *inter alia*, increase the amount thereof within 30 days of the effectiveness of this Second Amending Agreement, failing which the same shall constitute an immediate Event of Default.

#### **Section 5      Representations and Warranties.**

Each Credit Party represents and warrants to the DIP Lender that:

- (a) as of the date hereof, the representations and warranties of the Credit Parties contained in the DIP Agreement are (i) in the case of representations and warranties qualified by "materiality" or similar language, true and correct in all respects and (ii) in the case of all other representations and warranties, true and correct in all material respects, in each case on and as of the date hereof, except to the extent that any such representation or warranty relates to a specific date, in which case such representation and warranty is true and correct in all respects or all material respects, as applicable, as of such earlier date;

- (b) all necessary action has been taken by it to authorize the execution, delivery and performance of this Second Amending Agreement;
- (c) the execution and delivery by it and the performance by it of its obligations under this Second Amending Agreement will not conflict with or result in a breach of any of the terms or conditions of its constating documents or by-laws or any applicable laws;
- (d) this Second Amending Agreement has been duly executed and delivered by it and constitutes legal, valid and binding obligations of it enforceable against it in accordance with its terms; and
- (e) except as otherwise disclosed to the DIP Lender in writing prior to the date hereof, no Event of Default has occurred and is continuing.

**Section 6 Reference to and Effect on the DIP Agreement.**

Upon this Second Amending Agreement becoming effective, each reference in the DIP Agreement to "*this DIP Facility*" (or any similar expression contained in the DIP Agreement) and each reference to the DIP Agreement in any and all other agreements, documents and instruments delivered by the Parties or any other person, shall mean and be a reference to the DIP Agreement, as amended by the First Amending Agreement and this Second Amending Agreement. Other than the amendment specifically contemplated herein, all terms and conditions of the DIP Agreement shall remain in full force and effect, unamended.

**Section 7 Effectiveness.**

As of the Effective Date, this Second Amending Agreement will be binding upon and enure to the benefit of the parties hereto and their respective successors, administrators, legal representatives and permitted assigns.

**Section 8 Governing Law.**

This Second Amending Agreement shall be governed by, and construed in accordance with, the laws of the Province of Québec and the federal laws of Canada applicable therein.

**Section 9 Time is of the Essence.**

Time is of the essence in this Amending Agreement.

**Section 10 Counterparts.**

This Second Amending Agreement may be executed in any number of counterparts and by facsimile, e-mail or other electronic means of transmission, each of which when executed and delivered shall be deemed to be an original, and all such counterparts taken together shall be deemed to constitute one and the same instrument. Any party may execute this Amending Agreement by signing any counterpart of it.

**[signature page follows]**

**IN WITNESS WHEREOF**, the parties hereto hereby execute this Second Amending Agreement as at the date first written above.

**INVESTISSEMENT QUÉBEC**

By:

\_\_\_\_\_  
Name:

Title:

**FORTRESS SPECIALTY CELLULOSE INC.**

By:

\_\_\_\_\_  
Name:

Title:

**FORTRESS BIOENERGY LTD.**

By:

\_\_\_\_\_  
Name:

Title:

**FORTRESS GLOBAL ENTERPRISES INC.**

By:

\_\_\_\_\_  
Name:

Title:

**FORTRESS ADVANCED BIOPRODUCTS INC.**

By:

\_\_\_\_\_  
Name:



Title:

**FORTRESS XYLITOL INC.**

By:

\_\_\_\_\_  
Name:

Title:

**S2G BIOCHEMICALS INC.**

By:

\_\_\_\_\_  
Name:

Title:

**9217-6536 QUÉBEC INC.**

By:

\_\_\_\_\_  
Name:

Title:

**SUPERIOR COURT  
(Commercial Division)**

**Court No: 500-11-057679-199**

**CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL**

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

**INVESTISSEMENT QUÉBEC**

**Co-Applicant / Secured Creditor**

- and -

**FIERA PRIVATE DEBT INC.**

**Co-Applicant / Secured Creditor**

- and - **FORTRESS GLOBAL ENTERPRISES INC.**  
- and - **FORTRESS SPECIALTY CELLULOSE INC.**  
- and - **FORTRESS BIOENERGY LTD.**  
- and - **FORTRESS XYLITOL INC.**  
- and - **9217-6536 QUÉBEC INC.**

**Debtors**

- and - **DELOITTE RESTRUCTURING INC.**

**Monitor**

BS0350

**Our file: 107804-1024**

**APPLICATION FOR THE ISSUANCE OF AN ORDER  
EXTENDING THE STAY PERIOD &  
APPROVING A SECOND AMENDMENT TO THE INTERIM  
FINANCING TERM SHEET, SWORN STATEMENT, NOTICE OF  
PRESENTATION, LIST OF EXHIBITS AND EXHIBITS R-1 & R-2  
(Sections 11.02(2) of the *Companies' Creditors Arrangement Act*)**

**ORIGINAL**

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