

C A N A D A
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
N°: 500-11-057094-191

SUPERIOR COURT
(Commercial Division)

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

**7936567 CANADA INC. (formerly known as
STORNOWAY DIAMOND CORPORATION)**

-and-

11641638 CANADA INC.

-and-

11641735 CANADA INC.

Debtors

-and-

STORNOWAY DIAMONDS (CANADA) INC.

-and-

**COMPUTERSHARE TRUST COMPANY OF
CANADA**

-and-

DIAQUEM INC.

-and-

INVESTISSEMENT QUÉBEC

-and-

**FONDS DE SOLIDARITÉ DES TRAVAILLEURS
DU QUÉBEC**

-and-

**FONDS RÉGIONAL DE SOLIDARITÉ F.T.Q.
NORD-DU-QUÉBEC, SOCIÉTÉ EN COMMANDITE**

-and-

NATION CRIE DE MISTISSINI

-and-

GRAND CONSEIL DES CRIS (EYYOU ISTCHEE)

-and-

ADMINISTRATION RÉGIONALE CRIE

-and-

CATERPILLAR FINANCIAL SERVICES LIMITED

-and-

**CHUBB LIFE INSURANCE COMPANY OF
CANADA**

-and-

BANK OF NOVA SCOTIA

-and-

XEROX CANADA LTD.

-and-

ATLAS COPCO CANADA INC.

-and-

CWB NATIONAL LEASING INC.

-and-

OSISKO GOLD ROYALTIES LTD

-and-

CDPQ RESOURCES INC.

-and-

TF R&S CANADA LTD.

-and-

ALBION EXPLORATION FUND LLC

-and-

WASHINGTON STATE INVESTMENT BOARD

-and-

TSX INC.

-and-

ATTORNEY GENERAL OF CANADA

-and-

QUEBEC REVENUE AGENCY

-and-

11272420 CANADA INC.

-and-

**THE MINISTER OF ECONOMY, SCIENCE AND
INNOVATION OF QUEBEC**

-and-

**THE MINISTER OF FINANCE AND ECONOMY OF
QUÉBEC**

Mis-en-cause

-and-

DELOITTE RESTRUCTURING INC.

Monitor/Petitioner

MOTION TO DISCHARGE THE MONITOR

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

**TO THE HONOURABLE LOUIS J. GOUIN, J.S.C., OR ANOTHER HONOURABLE
JUDGE OF THE SUPERIOR COURT, SITTING IN THE COMMERCIAL DIVISION FOR
THE DISTRICT OF MONTRÉAL, THE MONITOR RESPECTFULLY SUBMITS:**

A. INTRODUCTION

1. By this Motion, Deloitte Restructuring Inc. ("**Deloitte**" or the "**Monitor**") hereby seeks an order, substantially in the form of the draft order communicated herewith as **EXHIBIT R-1**, discharging the Monitor as monitor in these CCAA Proceedings (as defined below).
2. The Monitor has prepared a report in support of the present Motion, communicated herewith as **EXHIBIT R-2**.

B. CONTEXT

3. On September 9, 2019, the Court issued an Initial Order (the "**Initial Order**") with respect to Stornoway Diamond Corporation ("**Old SWY**"), Stornoway Diamonds (Canada) Inc. ("**SDCI 1**"), Ashton Mining of Canada Inc. ("**Ashton**") and FCDC Sales and Marketing Inc. ("**FCDC**") pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**"), appointed Deloitte as monitor and ordered a stay of proceedings until October 9, 2019 (the "**Stay Period**"), the whole as appears from the Court record.

4. On October 7, 2019, the Court issued an Approval and Vesting Order (the “**AVO**”) approving the transaction (the “**Transaction**”) contemplated in the Share Purchase Agreement dated October 4, 2019, whereby 11272420 Canada Inc. was to purchase 100 % of the equity interest in Stornoway Diamonds (Canada) Inc. (an entity resulting from the amalgamation of SDCI 1, FCDC, Ashton, and 11641603 Canada Inc., “**SDCI 2**”), the whole as appears from the Court record.
5. In order to give effect to the reorganization steps contemplated by the Transaction, the Court issued, concurrently with the AVO, an Amended and Restated Initial Order (“**AIO**”), whereby:
 - a) 11641638 Canada Inc. (“**NewCo 2**”) and 11641735 Canada Inc. (“**NewCo 3**”) were added as Debtors in these CCAA Proceedings;
 - b) upon Closing (as defined below), SDCI 2 would be deemed to be removed as Debtor in these CCAA Proceedings;
 - c) upon Closing (as defined below), the Monitor was granted the additional power to assign Old SWY, NewCo 2 and NewCo 3 into bankruptcy, as the case may be; and
 - d) the Stay Period was extended until November 30, 2019;the whole as appears from the Court record.
6. By November 1, 2019, the pre-closing reorganization contemplated by the Transaction was completed, and SDCI 1, FCDC, Ashton, and 11641603 Canada Inc. were amalgamated to become SDCI 2.
7. Concurrently, the name of Old SWY was changed from Stornoway Diamond Corporation to 7936567 Canada Inc.
8. On November 1, 2019, the closing of the Transaction took place (“**Closing**”), as evidenced by the Monitor’s Certificate filed in the Court record and communicated herewith for convenience as **EXHIBIT R-3**.
9. As contemplated under the AIO, following Closing, SDCI 2 is deemed to be removed as Debtor in these CCAA Proceedings.
10. Therefore, following the Closing, the remaining Debtors in these CCAA Proceedings are Old SWY, NewCo 2 and NewCo 3.
11. Considering the Closing and the absence of any viable alternative, the Monitor intends to exercise the powers granted by this Honourable Court to assign Old SWY, NewCo 2 and NewCo 3 into bankruptcy (the “**Bankruptcy Assignments**”).

C. DISCHARGE OF THE MONITOR

12. Upon the occurrence of the Bankruptcy Assignments, these CCAA Proceedings will no longer have any useful purpose, because the former Debtors will either have emerged pursuant to the AIO or have become bankrupt.
13. Considering the above, the Monitor seeks a declaration that upon the Bankruptcy Assignments, the CCAA Proceedings will be deemed to be terminated without the need of any other act or formality, and the Monitor will be deemed to be discharged concurrently.
14. The Monitor also seeks a declaration that upon the Bankruptcy Assignments, it shall have no further liabilities, obligations, responsibilities or duties with respect to the Debtors under these CCAA Proceedings.
15. The Monitor has performed its duties and functions as monitor in good faith and in a commercially reasonable manner, in accordance with the Court orders issued in these CCAA Proceedings.
16. Therefore, the Monitor respectfully submits that it is appropriate that this honourable Court issue the Order sought herein.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present *Motion to Discharge the Monitor* (the “**Motion**”);

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

THE WHOLE WITHOUT COSTS, save and except in case of contestation.

MONTRÉAL, November 4, 2019.

Osler, Hoskin & Harcourt LLP

OSLER, HOSKIN & HARCOURT LLP

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Suite 2100

Montréal, Québec H3B 4W5

Phone: 514.904.8100

Fax: 514.904.8101

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Restructuring Inc

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Morissette

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notificationosler@osler.com

our file: 1200819

AFFIDAVIT

I, the undersigned, Jean-François Nadon, domiciled for the purpose hereof at at 1190 Canadiens-de-Montréal Avenue, Suite 500, Montréal, Québec, H3B 0M7, solemnly declare that:

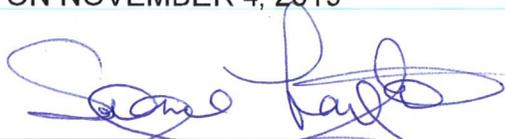
1. I am the President of Deloitte Restructuring Inc., the Monitor in the present case;
2. I have taken cognisance of the attached *Motion to Discharge the Monitor*;
3. All the facts alleged in the said motion are true.

AND I HAVE SIGNED



Jean-François Nadon

SOLEMNLY DECLARED BEFORE ME IN
MONTREAL, PROVINCE OF QUEBEC,
ON NOVEMBER 4, 2019



Commissioner of Oaths for the Province of
Québec



NOTICE OF PRESENTATION

TAKE NOTICE that the present *Motion to Discharge the Monitor* will be presented for hearing and allowance in the Superior Court of Québec, Commercial Division, in the Montréal Courthouse located at 1 Notre-Dame Street East, Montréal, Québec, on November 6, 2019, at 9:15 am, or so soon thereafter counsel may be heard, and in a room to be determined.

MONTRÉAL, November 4, 2019.

Osler, Hoskin & Harcourt LLP
OSLER, HOSKIN & HARCOURT LLP
Attorneys for the Monitor Deloitte
Restructuring Inc.

R-1

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: 500-11-057094-191

DATE: November 6, 2019

BEFORE THE HONOURABLE LOUIS J. GOUIN, J.S.C.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:

7936567 CANADA INC. (FORMERLY KNOWN AS STORNOWAY DIAMOND CORPORATION)

-and-

11641638 CANADA INC.

-and-

11641735 CANADA INC.

Debtors

-and-

STORNOWAY DIAMONDS (CANADA) INC.

-and-

COMPUTERSHARE TRUST COMPANY OF CANADA

-and-

DIAQUEM INC.

-and-

INVESTISSEMENT QUÉBEC

-and-

FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC

-and-

**FONDS RÉGIONAL DE SOLIDARITÉ F.T.Q. NORD-DU-QUÉBEC, SOCIÉTÉ EN
COMMANDITE**

-and-

NATION CRIE DE MISTISSINI

-and-

GRAND CONSEIL DES CRIS (EYYOU ISTCHEE)

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ADMINISTRATION RÉGIONALE CRIE

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CATERPILLAR FINANCIAL SERVICES LIMITED

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WASHINGTON STATE INVESTMENT BOARD

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TSX INC.

-and-

ATTORNEY GENERAL OF CANADA

-and-

QUEBEC REVENUE AGENCY

-and-

11272420 CANADA INC.

-and-

THE MINISTER OF ECONOMY, SCIENCE AND INNOVATION OF QUEBEC

-and-

THE MINISTER OF FINANCE AND ECONOMY OF QUÉBEC

Mis-en-cause

-and-

DELOITTE RESTRUCTURING INC.

Monitor/Petitioner

DISCHARGE ORDER

- [1] The Monitor / Petitioner Deloitte Restructuring Inc. (“**Deloitte**” or the “**Monitor**”) presents a *Motion to Discharge the Monitor* (the “**Motion**”), in its capacity as monitor of 7936567 Canada Inc., 11641638 Canada Inc. and 11641735 Canada Inc. pursuant to section 11 of the *Companies’ Creditors Arrangement Act*;
- [2] **CONSIDERING** the service of the Motion;
- [3] **CONSIDERING** the submissions of the Monitor’s attorneys;
- [4] **CONSIDERING** the absence of contestation to the Motion;
- [5] **CONSIDERING** that upon the assignment into bankruptcy of 7936567 Canada Inc., 11641638 Canada Inc. and 11641735 Canada Inc., these proceedings (the “**CCAA Proceedings**”) will no longer have any purpose;
- [6] **CONSIDERING** that the Monitor has performed its duties and functions as monitor of the Debtors in good faith and in a commercially reasonable manner;
- [7] **CONSIDERING** the provisions of the CCAA;

FOR THESE REASONS, THE COURT:

- [8] **GRANTS** the Motion.
- [9] **ORDERS** that the time for service of the Motion be abridged and that the Motion is properly presentable and **DECLARES** that the service of the Motion constitutes good and sufficient service on all persons and **DECLARES** that all parties are relieved of any further requirement for service of the Motion;

- [10] **ORDERS** that upon assignment into bankruptcy of 7936567 Canada Inc., 11641638 Canada Inc. and 11641735 Canada Inc., at the time deemed appropriate by the Monitor, the CCAA Proceedings shall be terminated without any further act or formality (the “**CCAA Termination Date**”).
- [11] **ORDERS** and **DECLARES** that effective on the CCAA Termination Date, Deloitte is discharged as Monitor and shall have no further duties, obligations or responsibilities as Monitor under this Order and under any Order of the Court in these proceedings, provided that, notwithstanding its discharge herein, the Monitor shall remain Monitor for the performance of such incidental or ancillary duties as may be required to complete the administration of the Debtors’ estates, as applicable.
- [12] **ORDERS** that, notwithstanding any provision of this Order, the termination of these proceedings or the discharge of the Monitor, nothing herein shall affect, vary, derogate from, limit or amend, and the Monitor shall continue to have the benefit of, any of the rights, approvals and protections in favour of the Monitor at law or pursuant to the CCAA, this Order, any other Order of this Court in these proceedings or otherwise, all of which are expressly continued and confirmed following the CCAA Termination Date, including in connection with any actions taken by Deloitte following the CCAA Termination Date with respect to the Debtors or these proceedings, as applicable.
- [13] **APPROVES** the activities, actions and conduct of the Monitor, and the reports of the Monitor filed, in relation to the Debtors, up to the date of this Order.
- [14] **ORDERS** that, as at the CCAA Termination Date, Deloitte is released and discharged from any and all liability that Deloitte now or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Deloitte while acting in its capacity as Monitor in these CCAA Proceedings, save and except for any gross negligence or willful misconduct on Deloitte’s part.
- [15] **ORDERS** that no action, demand, claim, complaint or other proceeding, arising out of or related to Deloitte’s capacity, actions or conduct as Monitor, shall be commenced against Deloitte except with prior leave of this Court, prior notice to Deloitte of at least seven (7) business days and such further order securing, as security for costs, the full judicial and reasonable extra-judicial costs of Deloitte in connection with such proceeding as this Court may deem just and appropriate.

THE WHOLE WITHOUT COSTS.

Louis J. Gouin, J.S.C.

MTRE. SANDRA ABITAN & JULIEN MORISSETTE
Osler Hoskin & Harcourt LLP
Attorneys for the Monitor

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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
COURT No.: 500-11-057094-191
OFFICE No.: 0000438-2019-QC

S U P E R I O R C O U R T
Commercial Division

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

7936567 CANADA INC. (formerly known as
STORNOWAY DIAMOND CORPORATION)

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11641638 CANADA INC.

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11641735 CANADA INC.

Petitioners

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**COMPUTERSHARE TRUST COMPANY OF
CANADA**

-&-

DIAQUEM INC.

-&-

INVESTISSEMENT QUÉBEC

-&-

**FONDS DE SOLIDARITÉ DES TRAVAILLEURS
DU QUÉBEC**

-&-

**FONDS RÉGIONAL DE SOLIDARITÉ F.T.Q.
NORD-DU- QUÉBEC, SOCIÉTÉ EN
COMMANDITE**, acting through its general
partner, **FONDS RÉGIONAUX DE SOLIDARITÉ
FTQ**

-&-

CREE NATION OF MISTISSINI

-&-

**GRAND COUNCIL OF THE CREE (EYYOU
ISTCHEE)**

-&-

CREE NATION GOVERNMENT

-&-

**CATERPILLAR FINANCIAL SERVICES
LIMITED**

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**CHUBB LIFE INSURANCE COMPANY OF
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**THE MINISTER OF ECONOMY, SCIENCE AND
INNOVATION OF QUÉBEC**

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**THE MINISTER OF FINANCE AND ECONOMY
OF QUÉBEC**

Mises-en-cause

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DELOITTE RESTRUCTURING INC.

Monitor

**THIRD REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR (THE "MONITOR")**
(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

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INTRODUCTION

1. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the First Report, the *Motion Seeking (i) Extension of the Stay of Proceedings; (ii) Amendment and Restatement of the Initial Order; and (iii) Leave to Enter Into the Participating Streamers/Diaquem Transaction with Issuance of an Approval and Vesting Order and Ancillary Relief* ("**Motion**") under the *Companies' Creditors Arrangement Act* ("**CCAA**") and in the SPA.
2. On September 9, 2019, Stornoway Diamond Corporation ("**SWY**"), Stornoway Diamonds (Canada) Inc. ("**SDCI**"), Ashton Mining of Canada Inc. ("**Ashton**") and FCDC Sales and Marketing Inc. ("**FCDC**") (collectively the "**Petitioners**" or "**Stornoway**") filed for and obtained protection from their creditors under Section 4, 5 and 11 of the CCAA pursuant to an Order rendered by this Honourable Court (the "**Initial Order**"). The Initial Order provides for, *inter alia*, (i) a stay of proceedings against the Petitioners until October 9, 2019 (the "**Stay Period**") (ii) the appointment of Deloitte Restructuring Inc. as the Monitor under the CCAA ("**Deloitte**" or the "**Monitor**"), (iii) the approval of the Interim Facility and the (iv) granting of an Interim Lenders' Charge, an Administration Charge, a D&O Charge and a SISP Managers Charge. The proceedings commenced under the CCAA by the Petitioners will be referred to herein as the "**CCAA Proceedings**".
3. On September 8, 2019, the Monitor issued its First Report. The purpose of the First Report was to provide background information on Deloitte's qualification to act as Monitor, the business, affairs and financial results of the Petitioners, Stornoway's main creditors, the Petitioners' SISP process, on the contemplated transaction, the charges sought in the Initial Order and to cover specifically the Cash Flow Statement, in accordance with paragraph 23(1)(b) of the CCAA.
4. On October 2, 2019, the Monitor issued its Second Report (the "**Second Report**"). The purpose of the Second Report was to provide information to the Court on the activities of the Petitioners and the Monitor since the commencement of the CCAA Proceedings, to request an Approval and Vesting Order and an Amended and Restated Initial Order.
5. On October 7, 2019, an order was granted by this Honourable Court approving the Participating Streamers/Diaquem Transaction, restate the Initial Order and extend the Stay Period to November 30, 2019.

PURPOSE OF THE THIRD REPORT

6. The purpose of this Third Report of the Monitor (the "**Third Report**") is to provide information to the Court with respect to:
 - (i) the activities of the Petitioners since the Second Report;
 - (ii) the activities of the Monitor since the Second Report;
 - (iii) the Closing of the Participating Streamers/Diaquem transaction;
 - (iv) the Petitioners' original cash flow statement and a comparison to actual receipts and disbursements for the four-week period ended October 25, 2019;
 - (v) next steps and the discharge sought by the Monitor;
 - (vi) the Monitor's conclusions and recommendations.

TERMS OF REFERENCE

7. In preparing this Third Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, the Petitioners' books and records and financial information prepared by the Petitioners and discussions with management ("**Management**") of the Petitioners (collectively, the "**Information**"). The Monitor makes the following observations in connection with the Information, some of which has been provided to the Monitor in draft form:
- (i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - (ii) some of the information referred to in this Third Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.
8. Future oriented financial information referred to in this Third Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
9. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Third Report concerning the Petitioners and their business are based on the Information, and not independent factual determinations made by the Monitor.
10. A copy of this Third Report the Monitor will be made available on the Monitor's website at <https://www.insolvencies.deloitte.ca/Stornoway>. The Monitor has also provided a dedicated email address and phone number that are referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the Petitioners' restructuring or the CCAA process.

STATUS OF THE CCAA PROCEEDINGS

11. Since the granting of the Initial Order:
- (i) the Petitioners continued to operate as a going concern and to pay their current employees and their suppliers in the normal course of business, for both their pre- and post-filing claims, as permitted by the Initial Order;
 - (ii) the Monitor, with the Petitioners' assistance, has been responding to questions of various stakeholders as to the status of these CCAA Proceedings;
 - (iii) the Monitor has analyzed the receipts and disbursements transacted through the SWY and SDCI bank accounts on a weekly basis with the full co-operation of Management and was presented with all requests to pay for services rendered to the Petitioners' since the granting of the Initial Order;
 - (iv) the Petitioners, the Participating Streamers and Diaquem agreed to the terms of the SPA and all related documents including the structure of the Participating Streamers/Diaquem Transaction; and

- (v) the Monitor was kept informed on the progress of the proposed Closing of the Participating Streamers/Diaquem Transaction.

12. Pursuant to the Amended and Restated Initial Order:

- (i) on October 7, 2019, the Monitor posted a copy of the Court materials, the Second Report, the Amended and Restated Initial Order and the Approval and Vesting Order on the Monitor's website.

CLOSING OF THE PARTICIPATING STREAMERS/DIAQUEM TRANSACTION

- 13. On October 7, 2019, an order was granted approving the Participating Streamers/Diaquem Transaction. Since the granting of the order, the Petitioners, the Participating Streamers and Diaquem have worked relentlessly in order to prepare all supporting agreements and documentation in view of Closing the proposed transaction.
- 14. On November 1, 2019, the Vendor and AcquisitionCo confirmed to the Monitor that the conditions of Closing set forth in the Purchase Agreement had been satisfied and/or waived and that the Closing Date had occurred.
- 15. Also on November 1, 2019, as per the Approval and Vesting Order and the SPA, and following receipt of the confirmations from the Vendor and AcquisitionCo, the Monitor issued the Monitor's Certificate confirming that the Closing Date had occurred.

ACTUAL RECEIPTS AND DISBURSEMENTS

- 16. The highlights of the Petitioners' financial performance for the period commencing on October 7, 2019, and ending on October 27, 2019, are presented in our comments on the financial performance of the Petitioners during such period as follow:
 - (i) compared with the second statement of projected cash flow presented by the Petitioners to the Court (the "**Second Cash Flow Statement**"), the Petitioners experienced a favourable variance of approximately \$16,844K in respect of cash inflows. The variance is primarily attributable to the following:
 - i. favourable variance of \$17,342K related to the proceeds from November's sale being partly received one week earlier than projected. This variance is mainly due to timing;
 - ii. unfavourable variance of \$2,000K related to the Working Capital Facility not being drawn upon. Due to the recent overall positive variance of the Company's net cash flow, no additional funding was necessary;
 - iii. favourable variance of \$1,133K related to August's sales tax receivable being partly received earlier than projected. This variance is mainly due to timing;
 - iv. favourable variance of \$293K related to a higher amount received for the Cree subvention. The actual amount received was for six months of claims while it was initially budgeted for three months. This difference is permanent; and
 - v. favourable variance of \$76K related to unbudgeted equipment sales.
 - (ii) compared with the Second Cash Flow Statement, the Petitioners experienced a favourable variance of approximately \$3,832K in respect to the cash outflows. The variance is primarily attributable to the following:
 - i. favourable variance of \$3,549K related to lower than projected payments to suppliers. This variance is mainly due to timing as the

Petitioners have been managing their supplier payments on a conservative basis. These disbursements will be made in the near future;

- ii. favourable variance of \$842K related to timing of payroll payments, as all employees are now being paid every two weeks due to merged payroll schedules;
- iii. unfavourable variance of \$575K related to a projected payment to Gaz Metro being made one week earlier than expected;
- iv. unfavourable variance of \$138K related to consultant fees. This variance is mainly due to timing;
- v. favourable variance of \$720K related to the contingency for unexpected fees and expenses, as those expenses have been lower than anticipated; and
- vi. favourable variance of \$154K due to timing of other budgeted expenses. These costs will have to be disbursed in the near future.

17. All post-filing expenses incurred by the Petitioners as of the Closing Date have been or will be paid in the normal course.

NEXT STEPS AND SOUGHT DISCHARGE

18. As anticipated, upon the issuance of the Monitor's Certificate all directors and officers of NewCo2 (11641638 Canada Inc.), NewCo 3 (11641735 Canada Inc.) and SWY (7936567 Canada Inc.) have resigned.
19. In the Amended and Restated Initial Order, the Monitor was empowered and authorized to assign Newco 2, Newco 3 and SWY into bankruptcy as deemed appropriate in the circumstances by the Petitioners and the Monitor.
20. It is the Monitor's intention to assign NewCo2, NewCo 3 and SWY into bankruptcy in the coming days, should all statutory documentation be obtained.
21. In the present case, to be in a position to assign Newco 2, Newco 3 and SWY into bankruptcy, it is respectfully submitted that the release of the Monitor's responsibilities and obligations under the Amended and Restated Initial Order is advisable given the closing the Participating Streamers/Diaquem Transaction.

THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

22. The Monitor believes that the Petitioners have acted, and are acting, in good faith and with due diligence.
23. The Vendor and AcquisitionCo confirmed to the Monitor that the conditions of Closing set forth in the SPA had been satisfied and/or waived and that the Closing Date had occurred. Therefore, the Monitor issued the Monitor's Certificate accordingly.
24. For the reasons stated in this Third Report, the Monitor is of the view that the discharge of the Monitor's responsibilities and obligations under the Amended and Restated Initial Order by this Honorable Court are advisable and should be granted.
25. The Monitor respectfully submits to the Court this, its Third Report.

DATED AT MONTREAL, this 4th day of
November 2019.

DELOITTE RESTRUCTURING INC.

In its capacity as Court-Appointed Monitor of 7936567
Canada Inc., 11641638 Canada Inc. and 11641735
Canada Inc.



Jean-François Nadon, CPA, CA, CIRP, LIT
President



Benoît Clouâtre, CPA, CA, CIRP, LIT
Senior Vice President

R-3

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Commercial Division

File No.: 500-11-057094-191

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

STORNOWAY DIAMOND CORPORATION

&

STORNOWAY DIAMONDS (CANADA)
INC.

&

ASHTON MINING OF CANADA INC.

&

FCDC SALES AND MARKETING INC.

&

11641603 CANADA INC.

&

11641638 CANADA INC.

&

11641735 CANADA INC.

Petitioners

-&-

COMPUTERSHARE TRUST COMPANY
OF CANADA

-&-

DIAQUEM INC.

-&-

INVESTISSEMENT QUÉBEC

-&-

FONDS DE SOLIDARITÉ DES
TRAVAILLEURS DU QUÉBEC

-&-

**FONDS RÉGIONAL DE SOLIDARITÉ
F.T.Q. NORD-DU-QUÉBEC, SOCIÉTÉ EN
COMMANDITE**

-&-

NATION CRIE DE MISTISSINI

-&-

**GRAND CONSEIL DES CRIS (EEYOU
ISTCHEE)**

-&-

ADMINISTRATION RÉGIONALE CRIE

-&-

**CATERPILLAR FINANCIAL SERVICES
LIMITED**

-&-

**CHUBB LIFE INSURANCE COMPANY OF
CANADA**

-&-

BANK OF NOVA SCOTIA

-&-

XEROX CANADA LTD.

-&-

ATLAS COPCO CANADA INC.

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CWB NATIONAL LEASING INC.

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OSISKO GOLD ROYALTIES LTD

-&-

CDPQ RESOURCES INC.

-&-

TF R&S CANADA LTD.

-&-

ALBION EXPLORATION FUND LLC

-&-

**WASHINGTON STATE INVESTMENT
BOARD**

-&-

TSX INC.

-&-

ATTORNEY GENERAL OF CANADA

-&-

QUEBEC REVENUE AGENCY

-&-

**THE DIRECTOR APPOINTED
PURSUANT TO THE CANADA
BUSINESS CORPORATIONS ACT**

-&-

**THE REGISTRAR OF THE REGISTER OF
PERSONAL AND MOVABLE REAL
RIGHTS OF QUEBEC, represented by
the QUEBEC MINISTRY OF JUSTICE**

-&-

11272420 CANADA INC.

-&-

**THE MINISTER OF ECONOMY, SCIENCE
AND INNOVATION OF QUEBEC**

-&-

**THE MINISTER OF FINANCE AND
ECONOMY OF QUÉBEC**

-&-

**THE LAND REGISTRAR FOR THE
REGISTRY OFFICE FOR THE
REGISTRATION DIVISION OF SEPT-ÎLES**

-&-

**THE REGISTRAR OF PUBLIC REGISTER
OF REAL AND IMMOVABLE MINING
RIGHTS KEPT BY THE MINISTÈRE DE
L'ÉNERGIE ET DES RESSOURCES
NATURELLES (QUÉBEC)**

Mis-en-cause

-&-

DELOITTE RESTRUCTURING INC.

Monitor

MONITOR'S CERTIFICATE

RECITALS:

- A. Pursuant to an order of the Honourable Louis J. Gouin of the Superior Court of Québec (Commercial Division) (the "**Court**") dated September 9, 2019, as amended and restated on October 7, 2019, the Petitioners commenced proceedings pursuant to the *Companies' Creditors Arrangement Act* and Deloitte Restructuring Inc. was appointed as monitor of the Petitioners (the "**Monitor**") in those proceedings.
- B. Pursuant to an order of the Court dated October 7, 2019, (the "**Vesting Order**") the Court approved the Share Purchase Agreement dated October 6, 2019 (the "**Purchase Agreement**") among the Petitioners and 11272420 Canada Inc.
- C. The Vesting Order and the Purchase Agreement contemplate the issuance of the Monitor's Certificate once the Monitor has received confirmations from the Vendor and from AcquisitionCo that all conditions of Closing set forth therein have been satisfied and/or waived.
- D. Unless otherwise indicated herein, capitalized terms used herein have the meanings given to them in the Purchase Agreement.

THE MONITOR CERTIFIES THE FOLLOWING:

- 1. The Vendor and AcquisitionCo have confirmed to the Monitor that the conditions of Closing set forth in the Purchase Agreement have been satisfied and/or waived and that the Closing Date has occurred.
- 2. This Certificate was issued by the Monitor on November 1, 2019.

DELOITTE RESTRUCTURING INC., in its capacity as Monitor, and not in its personal or corporate capacity.

Per: _____



Name: Jean-François Nadon

Title: President

No : 500-11-057094-191

**SUPERIOR COURT
Commercial Division
DISTRICT OF MONTREAL**

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

STORNOWAY DIAMOND CORPORATION ET ALS.

Debtors

**and
COMPUTERSHARE TRUST COMPANY OF CANADA ET
ALS.**

Mis-en-cause

**and
DELOITTE RESTRUCTURING INC.**

Monitor/Petitioner

**MOTION TO DISCHARGE THE MONITOR (Section 11 of
the *Companies' Creditors Arrangement Act*, NOTICE OF
PRESENTATION, EXHIBITS**

ORIGINAL

Code : BO 0323

n/d: 1200819

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Me Julien Morissette
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