

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

SUPERIOR COURT
COMMERCIAL DIVISION

(Sitting as a court designated pursuant to the
Companies' Creditors' Arrangement Act,
R.S.C. 1985, c. C-36)

N°: 500-11-047563-149

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

GRADEK ENERGY INC.

and

GRADEK ENERGY CANADA INC.

Petitioners

and

R H S T DEVELOPMENT INC.

and

THOMAS GRADEK

Mis en cause

and

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

Monitor

**MOTION FOR AN ORDER EXTENDING THE STAY PERIOD
(Sections 9 and 11 of the *Companies' Creditors Arrangement Act*
(R.S.C. 1985, c. C-36)**

**TO THE HONOURABLE JUDGE JEAN-YVES LALONDE OF THE SUPERIOR COURT,
SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF
MONTRÉAL, THE PETITIONERS RESPECTFULLY SUBMIT THE FOLLOWING:**

I. INTRODUCTION

1. On October 15, 2014, the Honourable Jean-Yves Lalonde issued an order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* in respect of Gradek Energy Inc and Gradek Energy Canada Inc (collectively, "**Gradek Energy**"), as appears from the Court record.

2. Pursuant to the Initial Order, Samson Bélair/Deloitte & Touche Inc. (the “**Monitor**”) was appointed monitor of Gradek Energy and a stay of proceedings (the “**Stay of Proceedings**”) was issued from the date of the Initial Order until November 13, 2014 (the “**Stay Period**”).
3. In addition to protecting Gradek Energy, the Stay of Proceedings also extends to the Mis en cause R H S T Development Inc. and Thomas Gradek, who are not debtors in these proceedings but who, as holders of the intellectual property rights of the Re-usable Hydrocarbon Sorbent (“**RHS**”) technology, form an integral part of this restructuring effort (collectively with Gradek Energy, the “**Gradek Parties**”).
4. The Gradek Parties respectfully request that this Honourable Court extend the Stay Period until December 19, 2014 for the reasons set forth below.

II. EXTENSION OF THE STAY OF PROCEEDINGS

5. Since the issuance of the Initial Order, Gradek Energy has acted, and continues to act, in good faith and with due diligence.
6. Gradek Energy has made and continues to make significant efforts to stabilize its business and address the concerns of all stakeholders in accordance with its proposed course of action, which provides for:
 - (a) the completion of the development of the RHS technology so that it can be brought to the market;
 - (b) the identification and attraction of new investors; and
 - (c) the submission of a plan of arrangement acceptable to its creditors.
7. At the time of the Initial Order, Gradek Energy needed to find new insurance coverage to remain compliant with the terms of the DIP Term Sheet because the insurance policies bearing the numbers SOV79154447 and SOV7915448, provided by The Sovereign General Insurance Company, were due to expire by the end of the Stay Period and would not be renewed.
8. On November 6, 2014, Gradek Energy successfully secured agreements with Travelers Canada for equipment and property breakdown insurance and with Lloyd’s Underwriters for liability insurance, to the satisfaction of the DIP Lenders.
9. Gradek Energy resumed testing the RHS technology on October 17, 2014 with batches provided by a major environmental solutions provider. The results, so far, have exceeded expectations, and discussions have begun in respect of the conclusion of a potentially binding commitment for the construction of an on-site plant at the client’s location.
10. Other tests are also being conducted with different types of material provided by oil-sand operators. While not yet finalized, these tests have yielded preliminary results that are well beyond expectations.

11. The extension of the Stay Period is necessary in order to provide Gradek Energy with an adequate period of time to finalize its testing phase and to enter into a commercialization agreement. It is anticipated that the requested extension of the Stay Period to December 19, 2014 will afford Gradek Energy an adequate period of time to make material progress towards that objective.
12. As appears from the cash flow forecast, which is included in the Monitor's Second Report communicated herewith as Exhibit **R-1**, Gradek Energy is of the view that no creditor will suffer any undue prejudice from the requested extension of the Stay Period and that the extension sought is appropriate in the present circumstances.
13. As appears from the Monitor's Second Report, the Monitor supports the present request for an extension of the Stay Period.
14. The Gradek Parties respectfully request that this Honourable Court extend the Stay Period to December 19, 2014.

WHEREFORE, MAY THIS COURT:

GRANT the present Motion;

EXTEND the Stay Period to December 19, 2014;

DECLARE that the notices given of the presentation of the present Motion are proper and sufficient;

ORDER the provisional execution of the Order to be rendered notwithstanding any appeal and without the necessity of furnishing any security.

WITHOUT COSTS, save and except in case of contestation.

MONTREAL, this November 7, 2014

 SENIAR, S.T. / LLP

MCCARTHY TÉTRAULT LLP

Attorneys for the Petitioners, Gradek Energy Inc. &
Gradek Energy Canada Inc.

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AFFIDAVIT

I, the undersigned, THOMAS GRADEK, having a place of business at 162 blvd. Brunswick, Pointe-Claire, Québec, H9R 5P9, solemnly declare the following:

1. I am the Senior Vice President of Gradek Energy;
2. All the facts alleged in the *Motion for an Order Extending the Stay Period* under sections 9 and 11 of the *Companies' Creditors Arrangement Act* are true.

AND I HAVE SIGNED



THOMAS GRADEK

Solemnly Declared before me in
Montreal, on 11th November, 2014



Commissioner of Oaths

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NOTICE OF PRESENTATION

TO: the Service List

Take notice that the present *Motion for an Order Extending the Stay Period* under sections 9 and 11 of the *Companies' Creditors Arrangement Act* will be presented before a judge of the Superior Court, sitting in bankruptcy and insolvency matters at the Laval courthouse, located at 2800 St-Martin boulevard W., Laval, Quebec, H7T 2S9, in a room to be determined, on November 11, 2014, at 2:15 p.m. or so soon thereafter as counsel may be heard.

DO GOVERN YOURSELVES ACCORDINGLY.

MONTREAL, November 7, 2014


McCARTHY TETRAULT LLP

Attorneys for the Petitioners, Gradek Energy Inc. and
Gradek Energy Canada Inc.

N° 500-11-047563-149

SUPERIOR COURT – COMMERCIAL
DIVISION
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF:

GRADEK ENERGY INC. & GRADEK ENERGY
CANADA INC.
Petitioners

R H S T DEVELOPMENT INC. & THOMAS
GRADEK

Mis en
cause

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
Monitor

**MOTION FOR AN ORDER
EXTENDING THE STAY PERIOD
UNDER SECTIONS 9 AND 11 OF
THE CCAA**

ORIGINAL

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