

C A N A D A
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

Nº: 500-11-063053-231

SUPERIOR COURT
(Commercial Division)

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

STORNOWAY DIAMONDS (CANADA) INC.

-and-

11272420 CANADA INC.

Debtors

-and-

DELOITTE RESTRUCTURING INC.

Monitor

APPLICATION FOR THE ISSUANCE OF
AN ORDER EXTENDING THE STAY OF PROCEEDINGS
(*Companies' Creditors Arrangement Act*, R.S.C. (1985), ch. C-36, Sections 9, 10, 11,
11.02 and 11.03 (hereinafter, the **CCAA**))

TO THE HONOURABLE KAREN M. ROGERS, S.C.J., OR ONE OF THE
HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN THE
COMMERCIAL DIVISION FOR THE DISTRICT OF MONTRÉAL, THE DEBTORS
RESPECTFULLY SUBMIT:

I. INTRODUCTION

1. On October 27, 2023, this Court granted Stornoway Diamonds (Canada) Inc.'s (**SDCI**) and 11272420 Canada Inc.'s (**1127**, and collectively with SDCI, the **Debtors**) *Application for the Issuance of an Initial Order, an Amended and Restated Initial Order and Ancillary Relief*, and notably issued an Initial Order under the CCAA, valid until November 3, 2023 (the **Initial Order** and the **Stay Period**).
2. Pursuant to the Initial Order, Deloitte Restructuring Inc. (the **Monitor**) was appointed as Monitor to the Debtors.
3. Throughout these proceedings, this Court extended the Stay Period on numerous occasions:

- a) On November 3, 2023, the Court issued a Restated Initial Order, thereby extending the Stay Period until November 13, 2023.
 - b) On November 13, 2023, the Court issued an Amended and Restated Initial Order, notably extending the Stay Period until January 25, 2024.
 - c) On January 24, 2024, the Court issued a Second Amended and Restated Initial Order, notably extending the Stay Period until March 31, 2024.
 - d) On April 4, 2024, the Court issued a Third Amended and Restated Initial Order, notably extending the Stay Period until October 10, 2024.
 - e) On October 4, 2024, the Court issued a Fourth Amended and Restated Initial Order, notably extending the Stay Period until January 24, 2025.
 - f) On January 17, 2025, the Court issued an Order extending the Stay Period until February 28, 2025.
 - g) On February 24, 2025, the Court issued an Order extending the Stay Period until September 30, 2025.
 - h) On September 29, 2025, the Court issued a Fifth Amended and Restated Initial Order, notably extending the Stay Period until January 23, 2026, and granting additional powers to the Monitor, including those required to act in lieu of the Debtors.
 - i) On January 23, 2026, the Court issued an Order extending the Stay Period until February 3, 2026.
4. On September 29, 2025, alongside the issuance of the Fifth ARIO, the Court issued, in a separate but concurrent measure, a Release Order in recognition of the significant restructuring efforts and contributions of the Debtors' directors and officers.
 5. For the reasons set out below, the Debtors hereby seek the issuance of an order extending the Stay Period (the **Proposed Stay Extension Order**) substantially in the form of the draft order communicated herewith as **Exhibit R-1**, providing for an extension of the Stay Period to and inclusive of April 1, 2026 (the **Extended Stay Period**).
 6. In support of this *Application for the Issuance of an Order Extending the Stay of Proceedings* (this **Application**) and the relief sought herein, the Monitor will

communicate separately its *Twelfth Report to the Court submitted by Deloitte Restructuring Inc.* (the **Monitor's Twelfth Report**) as **Exhibit R-2**.

II. **BACKGROUND**

A. **The Payment of the Break Fee**

7. As a reminder, on October 27, 2023, this Court issued a Sale and Investment Solicitation Process Approval Order with respect to the implementation of a sale and investment solicitation process in respect of the Debtors' business and assets (the **SISP**).
8. On April 2, 2024, following the completion of the SISP, the Debtors entered into an agreement (the **Call Option Agreement**) granted Winsome Resources Ltd. (**Winsome**) an exclusive call option (the **Call Option**) to acquire, at Winsome's election and in its sole discretion, either the assets of SDCI, or the shares of 1127. The delay to exercise the Call Option was then set to expire on September 30, 2024.
9. On April 4, 2024, this Court issued an Approval Order approving the Call Option Agreement.
10. On December 3, 2024, the Debtors and Winsome entered into an Amended and Restated Call Option Agreement (the **ARCO**) pursuant to which the parties agreed to notably restructure the consideration of the transaction, with no impact on the total consideration.
11. On February 12, 2025, the Debtors and Winsome entered into a Second Amended and Restated Call Option Agreement (the **SARCO**), the terms of which superseded those of the ARCO, as appears from the SARCO, pursuant to which the parties notably agreed to extend the delay to exercise the Call Option.
12. On July 28, 2025, Winsome delivered a termination notice to the Debtors, thereby terminating the SARCO with immediate effect (the **Termination**).
13. Consequently, as of the Termination, in accordance with Section 2.3(5)(b)(i) of the SARCO, Winsome became bound to pay the sum of \$2,000,000 to the Debtors (the **Break Fee**) within five business days, i.e., on or before August 4, 2025.
14. Winsome did not pay the Break Fee by the deadline set out in the SARCO. As a result, the Debtors filed an *Application for the Enforcement of a Contractual Right to a Break Fee* seeking an order compelling Winsome to pay same.

15. The Court granted the Debtors' aforementioned application on October 15, 2025, and Winsome subsequently paid the Break Fee on October 30 and 31, 2025.

B. The Environmental Remediation Efforts of the Debtors

16. On February 28, 2025, the Debtors sent a status update to the *Ministère des Ressources naturelles et des Forêts (MRNF)* regarding the cessation of their operations on January 8, 2025, and regarding the transaction with Winsome, as indicated in the communication attached herewith as **Exhibit R-3**.
17. In July 2025, the Debtors, acting out of caution and prudent foresight, and in consultation with the Monitor, launched a call for tenders with a view to soliciting dismantlers to carry out the demolition work at the Renard Mine (the **Call for Tenders**).
18. Considering the Termination, the Debtors and the Monitor recognized that the responsible course of action would be to initiate planning for the environmental rehabilitation and restoration of the Renard Mine. Accordingly, early consultation with environmental experts and development of an end-of-life restoration plan became an essential part of their contingency strategy to ensure compliance with regulatory requirements and minimize future risk.
19. As of the date of this Application, a going-concern restructuring or transaction is unlikely. Consequently, the Debtors' and Monitor's focus has shifted to the closure of the Renard Mine, as well as environmental rehabilitation and restoration of the site.
20. On August 15, 2025, in the context of the Call for Tenders, nine interested dismantlers visited the Renard Mine. On August 22, 2025, the Monitor received nine letters of intent, eight of which were qualified to participate in Phase 2 of the Call for Tenders by the Debtors and the Monitor, in consultation with the secured creditors Osisko Gold Royalties Ltd., CDPQ Resources Inc., TF R&S Canada Ltd., Washington State Investment Board, Albion Exploration Fund LLC (collectively, the **Streamers**) and Diaquem Inc. (**Diaquem**, and collectively with the Streamers, the **Secured Creditors**).
21. Further to the submission of the nine letters of intent, three participants requested an additional visit to the Renard Mine to further analyze the scope of work to be completed. By December 10, 2025, i.e. the Phase 2 bid deadline, four proposals had been submitted by the participants involved in Phase 2 of the Call for Tenders (the **Proposals**).

22. Following receipt of the Proposals, the Monitor held meetings and engaged in communications with the four dismantlers to seek clarifications on their respective Proposals. As of the date of this Application, these communications are ongoing and the Debtors and the Monitor continue to review the Proposals.
23. The Debtors and the Monitor have yet to select the winning Proposal, and intend to do so in consultation with the Secured Creditors prior to their expiry, on March 10, 2026.
24. Moreover, as of the date of this Application, certain rehabilitation and restoration steps have been taken with ongoing consultation and fieldwork progressing diligently. In this context, discussions have been initiated with the MRNF regarding the closure of the Renard Mine.

III. REQUESTED EXTENSION OF THE STAY PERIOD

25. The Debtors hereby request an extension of the Stay Period until April 1, 2026.
26. The Debtors respectfully submit that the Extended Stay Period is necessary in the circumstances to provide sufficient time to:
 - a) complete a comprehensive review of the Proposals prior to their expiry and select the winning Proposal, in consultation with, and subject to ongoing discussions with the Secured Creditors and the MRNF;
 - b) continue discussions with the Secured Creditors and the MRNF regarding the closure of the Renard Mine and the related environmental rehabilitation and restoration obligations;
 - c) pursue further analysis and discussions concerning upcoming distribution(s) to creditors; and
 - d) subject to the consent of the Secured Creditors and the MRNF or authorization of the Court, commence dismantling activities at the mining site, where applicable.
27. The Secured Creditors have been consulted and consent to, or otherwise do not oppose, the present Application. The Monitor also supports the relief sought herein by the Debtors.

IV. OTHER RELIEF SOUGHT

A. Execution Notwithstanding Appeal

28. Considering the nature of this Application, and the urgency for the Debtors to obtain an extension of the Stay Period, the Debtors respectfully submit that the Proposed Stay Extension Order should be rendered executory notwithstanding appeal.

V. CONCLUSION

29. For the foregoing reasons, the Debtors respectfully submit that it is reasonable, necessary and appropriate in the circumstances that the relief sought herein be granted.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present *Application for the Issuance of an Order Extending the Stay of Proceedings*;

ISSUE a Stay Extension Order substantially in the form of the proposed order communicated herewith as Exhibit R-1;

THE WHOLE without costs, save and except in case of contestation.

Montréal, January 28, 2026

Norton Rose Fulbright Canada LLP

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AFFIDAVIT

I, the undersigned, Patrick Sévigny, President and Chief Executive Officer, duly authorized director of the Debtors, having my professional domicile at 1 Place Ville Marie, Suite 2700, Montréal, province of Québec, H3B 1R1, solemnly declare that all the facts alleged in the present *Application for the Issuance of an Order Extending the Stay of Proceedings* are true.

AND I HAVE SIGNED



Patrick Sévigny

SOLEMNLY DECLARED before me by technological means, this January 28, 2026. The Affiant is in the city of Candiac and the Commissioner of Oaths is in the city of Montréal.



Commissioner of Oaths for the Province
of Québec

NOTICE OF PRESENTATION

TO: The Service List

TAKE NOTICE that the present *Application for the Issuance of an Order Extending the Stay of Proceedings* will be presented for adjudication before the Honourable Justice Karen M. Rogers of the Superior Court of Québec in the Montréal Courthouse located at 1, Notre-Dame Street East, Montréal, Québec, on **February 3, 2026, at 9:00 a.m. in a room to be communicated to the Service List.**

DO GOVERN YOURSELF ACCORDINGLY.

Montréal, January 28, 2026



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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT

Nº: 500-11-063053-231

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

**IN THE MATTER OF THE COMPANIES'
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1985, c. C-36, AS AMENDED:**

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-and-

11272420 CANADA INC.

Debtors

-and-

DELOITTE RESTRUCTURING INC.

Monitor

LIST OF EXHIBITS

(In support of the *Application for the Issuance of an Order Extending the Stay of Proceedings*)

Exhibit R-1: Proposed Stay Extension Order;

Exhibit R-2: Twelfth Report of the Monitor

Exhibit R-3: Communication between the Debtors and the MRNF dated February 28, 2025

Montréal, January 28, 2026



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ORIGINAL

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