

**SUPERIOR COURT
(COMMERCIAL DIVISION)**

Canada
Province of Québec
District of Montréal
No: 500-11-055122-184
Date: August 24, 2018 (as amended on September 21, 2018)

Presiding: The Honourable Chantal Corriveau, S.C.J.

In the matter of the Companies' Creditors Arrangement Act, RSC 1985, c C-36, as amended:

LE GROUPE SMI INC./THE SMI GROUP INC.

LE GROUPE S.M. INC./THE S.M. GROUP INC.

CLAULAC INC.

SMi CONSTRUCTION INC.

ÉNERPRO INC.

LE GROUPE S.M. INTERNATIONAL (CONSTRUCTION) INC./S.M. INTERNATIONAL GROUP (CONSTRUCTION) INC.

Debtors

and

LE GROUPE S.M. INTERNATIONAL S.E.C./THE S.M. GROUP INTERNATIONAL LP

ÉNERPRO S.E.C./ENERPRO LP

LES SERVICES DE PERSONNEL S.M. INC.

LE GROUPE S.M. (ONTARIO) INC./THE S.M. GROUP (ONTARIO) INC.

AMÉNATECH INC.

LABO S.M. INC.

LES CONSULTANTS INDUSTRIELS S.M. INC./S.M. INDUSTRIAL CONSULTANTS INC.

LES CONSULTANTS S.M. INC./S.M. CONSULTANTS INC.

FACILIO EXPERTS CORP.

LE GROUPE S.M. INTERNATIONAL INC./THE S.M. GROUP INTERNATIONAL INC.

CSP CONSULTANTS EN SÉCURITÉ INC./CSP SECURITY CONSULTING INC.

LE GROUPE S.M. INTERNATIONAL (S.A.) INC./THE S.M. GROUP INTERNATIONAL (S.A.) INC.

LE GROUPE S.M. INTERNATIONAL (CONSTRUCTION) EURL

SM SAUDI ARABIA CO LTD.

THE S.M. GROUP INTERNATIONAL SARL

THE S.M. GROUP INTERNATIONAL ALGÉRIE EURL

**S.M. UNITED EMIRATES GENERAL CONTRACTING LLC
COMMANDITÉ SMi-ÉNERPRO FONDS VERT INC./SMi-ENERPRO GREEN FUND GP INC.
SMi-ÉNERPRO FONDS VERT S.E.C./SMi-ENERPRO GREEN FUND LP
9229-4263 QUÉBEC INC.**

Mises-en-cause

and

ALARIS ROYALTY CORP.

INTEGRATED PRIVATE DEBT FUND V LP

Applicants

and

DELOITTE RESTRUCTURING INC.

Monitor

and

LGBM INC.

Chief Restructuring Officer

AMENDED AND RESTATED INITIAL ORDER

- [1] CONSIDERING the Motion for the Issuance of an Initial Order dated August 22, 2018 (the "**Petition**") of the Debtors;
- [2] CONSIDERING the Application for an Initial Order dated August 23, 2018 (the "**Application**") of Alaris Royalty Corp. and Integrated Private Debt Fund V LP (the "**Applicants**") pursuant to the Companies' Creditors Arrangement Act, RSC 1985, c C-36 (the "**CCAA**"), the affidavit and the exhibits;
- [3] CONSIDERING the notification of the Application;
- [4] CONSIDERING the representations of the lawyers present;

THE COURT:

- [5] GRANTS the Application.
- [6] ISSUES an order pursuant to the CCAA (the "**Order**"), divided under the following headings:
- Service
 - Application of the CCAA
 - Effective Time
 - Plan of Arrangement
 - Administrative Consolidation

- Stay of Proceedings against the Debtors and the Property
- Stay of Proceedings against the Directors and Officers
- Possession of Property and Operations
- No Exercise of Rights or Remedies
- No Interference with Rights
- Continuation of Services
- Non-Derogation of Rights
- Key Employee Retention Plan
- Interim Financing
- Directors' and Officers' Indemnification
- Restructuring
- Powers of the Monitor
- Appointment of the Chief Restructuring Officer
- Priorities and General Provisions Relating to CCAA Charges
- General

Service

- [7] ORDERS that any prior delay for the presentation of the Application is hereby abridged and validated so that the Application is properly returnable today and hereby dispenses with further service thereof.
- [8] DECLARES that sufficient prior notice of the presentation of this Application has been given by the Applicants to interested parties, including the secured creditors who are likely to be affected by the charges created herein.

Application of the CCAA

- [9] DECLARES that the Debtors are debtor companies to which the CCAA applies.
- [10] DECLARES that the Mises-en-cause shall benefit from the stay of proceedings and other relief granted herein.

Effective Time

- [11] DECLARES that this Order and all of its provisions are effective as of 12:01 a.m. Montreal time, province of Quebec, on August 24, 2018 (the "**Effective Time**").

Plan of Arrangement

- [12] DECLARES that the Applicants shall have the authority to file with this Court and to submit to the Debtors' creditors one or more plans of compromise or arrangement (collectively, the "**Plan**") in accordance with the CCAA.

Administrative Consolidation

- [13] ORDERS the consolidation of the CCAA proceedings of the Debtors and the Mises-en-cause (collectively, the "**Debtors**") under one single Court file, in file number 500-11-055122-184.

- [14] ORDERS that all existing and future proceedings, filings, and other matters (including, without limitation, all applications, applications and cash flows) in the CCAA Proceedings henceforth be filed jointly and together by the Debtors under file number 500-11-055122-184.
- [15] DECLARES that the consolidation of these CCAA proceedings in respect of the Debtors shall be for administrative purposes only and shall not effect a consolidation of the assets and property or of the debts and obligations of each of the Debtors including, without limitation, for the purposes of any Plan or Plans that may be hereafter proposed.

Stay of Proceedings against the Debtors and the Property

- [16] ORDERS that, until and including November 14, 2018, or such later date as the Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Debtors, or affecting the Debtors’ business operations and activities (the “**Business**”) or the Property (as defined herein below), including as provided in paragraph [25] herein except with leave of this Court. Any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court, the whole subject to subsection 11.1 CCAA.
- [17] ORDERS that the rights of Her Majesty in right of Canada and Her Majesty in right of a Province are suspended in accordance with the terms and conditions of subsection 11.09 CCAA.

Stay of Proceedings against Directors and Officers

- [18] ORDERS that during the Stay Period and except as permitted under subsection 11.03(2) of the CCAA, no Proceeding may be commenced, or continued against any former, present or future director or officer of the Debtors nor against any person deemed to be a director or an officer of any of the Debtors under subsection 11.03(3) CCAA (each, a “**Director**”, and collectively the “**Directors**”) in respect of any claim against such Director which arose prior to the Effective Time and which relates to any obligation of the Debtors where it is alleged that any of the Directors is under any law liable in such capacity for the payment of such obligation.

Possession of Property and Operations

- [19] ORDERS that the Debtors shall remain in possession and control of their present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively the “**Property**”), the whole in accordance with the terms and conditions of this order including, but not limited, to paragraphs [44] and [57] hereof.
- [20] ORDERS that the Debtors shall be entitled to continue to utilize the central cash management system currently in place as described in the Petition or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System

shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Debtors of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as defined herein below) other than the Debtors, pursuant to the terms of the documentation applicable to the Cash Management System.

- [21] ORDERS that each of the Debtors are authorized to complete outstanding transactions and engage in new transactions with other Debtors, and to continue, on and after the date of this Order, to buy and sell goods and services, and allocate, collect and pay costs, expenses and other amounts from and to the other Debtors, or any of them (collectively, the “**Intercompany Transactions**”) in the ordinary course of business. All ordinary course Intercompany Transactions among the Debtors shall continue on terms consistent with existing arrangements or past practice, subject to such changes thereto, or to such governing principles, policies or procedures as the Monitor may require, or subject to further Order of this Court.
- [22] ORDERS that the Debtors shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, bonuses, expenses, benefits and vacation pay payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
 - (b) the fees and disbursements of any agents retained or employed by the Debtors in respect of these proceedings, at their standard rates and charges; and
 - (c) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Debtors prior to the date of this Order by third party suppliers up to a maximum aggregate amount of \$1,000,000, if, in the opinion of the Debtors, the supplier is critical to the business and ongoing operations of the Debtors.
- [23] ORDERS that, except as otherwise provided to the contrary herein, the Debtors shall be entitled but not required to pay all reasonable expenses incurred by the Debtors in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business; and
 - (b) payment for goods or services actually supplied to the Debtors following the date of this Order.
- [24] ORDERS that the Debtors shall remit, in accordance with legal requirements, or pay:
- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be

deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Québec Pension Plan, and (iv) income taxes, or, in the case of foreign Debtors any similar amounts payable pursuant to applicable local law; and

- (b) all goods and services, harmonized sales or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Debtors and in connection with the sale of goods and services by the Debtors, or, in the case of foreign Debtors, any similar amounts payable pursuant to applicable local law, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order.

No Exercise of Rights or Remedies

[25] ORDERS that during the Stay Period, and subject to, *inter alia*, subsection 11.1 CCAA, all rights and remedies, including, but not limited to modifications of existing rights and events deemed to occur pursuant to any agreement to which any of the Debtors is a party as a result of the insolvency of the foreign Debtors and/or these CCAA proceedings, any events of default or non-performance by the Debtors or any admissions or evidence in these CCAA proceedings, of any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtors, or affecting the Business, the Property or any part thereof, are hereby stayed and suspended except with leave of this Court.

[26] DECLARES that, to the extent any rights, obligations, or prescription, time or limitation periods, including, without limitation, to file grievances, relating to the Debtors or any of the Property or the Business may expire (other than pursuant to the terms of any contracts, agreements or arrangements of any nature whatsoever), the term of such rights, obligations, or prescription, time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the Debtors, or any of them, become(s) bankrupt or a receiver as defined in subsection 243(2) of the Bankruptcy and Insolvency Act (Canada) (the "**BIA**") is appointed in respect of any of the Debtors, the period between the date of this Order and the day on which the Stay Period ends shall not be calculated in respect of the Debtors in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

No Interference with Rights

[27] ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Debtors, as applicable, and the Monitor, or with leave of this Court.

Continuation of Services

- [28] ORDERS that during the Stay Period and subject to paragraph [30] hereof and subsection 11.01 CCAA, all Persons having verbal or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, utility or other goods or services made available to the Debtors, are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Debtors, and that the Debtors shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses, domain names or other services, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Debtors, without having to provide any security deposit or any other security, in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Debtors, as applicable, with the consent of the Monitor, or as may be ordered by this Court.
- [29] ORDERS that, notwithstanding anything else contained herein and subject to subsection 11.01 CCAA, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided to the Debtors on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to make further advance of money or otherwise extend any credit to the Debtors.
- [30] ORDERS that, without limiting the generality of the foregoing and subject to Section 21 of the CCAA, if applicable, cash or cash equivalents placed on deposit by any Debtor with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by a Debtor and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into a Debtor's account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

Non-Derogation of Rights

- [31] ORDERS that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, guarantee or bond (the "**Issuing Party**") at the request of any of the Debtors shall be required to continue honouring any and all such letters, guarantees and bonds, issued on or before the date of this Order, provided that all conditions under such letters, guarantees and bonds are met save and except for defaults resulting from this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

Key Employee Retention Plan

- [32] ORDERS that the Draft Key Employee Retention Plan (the "**KERP**"), Exhibit A-10 to the

Application, is hereby approved.

- [33] ORDERS the CRO to finalize the KERP before September 21, 2018.
- [34] ORDERS the Debtors to pay to the Monitor, within five days of the date of this Order, an amount of \$500,000 to be held in trust by the Monitor to make the payments contemplated by the KERP.

Interim Financing

- [35] ORDERS that Debtors be and is hereby authorized to borrow, repay and reborrow from Integrated Asset Management Corp. (the "**Interim Lender**") such amounts from time to time as Debtors may consider necessary or desirable, up to a maximum principal amount of \$2,000,000 outstanding at any time, on the terms and conditions as set forth in the Interim Financing Term Sheet, Exhibit A-9 to the Application, and in the Interim Financing Documents (as defined hereinafter), to fund the ongoing expenditures of Debtors and to pay such other amounts as are permitted by the terms of this Order and the Interim Financing Documents (as defined hereinafter) (the "**Interim Facility**").
- [36] ORDERS that the CRO, for and on behalf of the Debtors, is hereby authorized to execute and deliver such credit agreements, security documents and other definitive documents (collectively the "**Interim Financing Documents**") as may be required by the Interim Lender in connection with the Interim Facility and the Interim Financing Term Sheet, and Debtors are hereby authorized to perform all of their obligations under the Interim Financing Documents.
- [37] ORDERS that Debtors shall pay to the Interim Lender, when due, all amounts owing (including principal, interest, fees and expenses, including without limitation, all reasonable fees and disbursements of counsel and all other reasonably required advisers to or agents of the Interim Lender on a full indemnity basis (the "**Interim Lender Expenses**")) under the Interim Financing Documents and shall perform all of their other obligations to the Interim Lender pursuant to the Interim Financing Term Sheet, the Interim Financing Documents and this Order.
- [38] DECLARES that all of the Property of the Debtors is hereby subject to a charge, hypothec and security for an aggregate amount of \$2,400,000 (such charge, hypothec and security is referred to herein as the "**Interim Lender Charge**") in favour of the Interim Lender as security for all obligations of 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. The Interim Lender Charge shall have the priority established by paragraphs [65] and [66] of this Order.
- [39] ORDERS that the claims of the Interim Lender pursuant to the Interim Financing Documents shall not be compromised or arranged pursuant to the Plan or these proceedings and the Interim Lender, in that capacity, shall be treated as an unaffected creditor in these proceedings and in any Plan.
- [40] ORDERS that the Interim Lender may:

- (a) notwithstanding any other provision of this Order, take such steps from time to time as it may deem necessary or appropriate to register, record or perfect the Interim Lender Charge and the Interim Financing Documents in all jurisdictions where it deems it is appropriate; and
- (b) notwithstanding the terms of the paragraph to follow, refuse to make any advance to Debtors if the Debtors fails to meet the provisions of the Interim Financing Term Sheet and the Interim Financing Documents.

[41] ORDERS that the Interim Lender shall not take any enforcement steps under the Interim Financing Documents or the Interim Lender Charge without providing at least 5 business days written notice (the “**Notice Period**”) of a default thereunder to the Debtors, the CRO, the Applicants, the Monitor and to creditors whose rights are registered or published at the appropriate registers or requesting a copy of such notice. Upon expiry of such Notice Period, the Interim Lender shall be entitled to take any and all steps under the Interim Financing Documents and the Interim Lender Charge and otherwise permitted at law, but without having to send any demands under Section 244 of the BIA.

[42] ORDERS that, subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs [35] to [41] hereof unless either (a) notice of an application for such order is served on the Interim Lender by the moving party within seven (7) days after that party was served with this Order or (b) the Interim Lender applies for or consents to such order.

Directors’ and Officers’ Indemnification

[43] ORDERS that the Debtors shall indemnify their Directors from all claims relating to any obligations or liabilities they may incur and which have accrued by reason of or in relation to their respective capacities as directors or officers of the Debtors after the Effective Time, except where such obligations or liabilities were incurred as a result of such Director’s gross negligence, wilful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA.

Restructuring

[44] DECLARES that, to facilitate the orderly restructuring of their business and financial affairs (the “**Restructuring**”) but subject to such requirements as are imposed by the CCAA, the Debtors shall have the right, subject to approval of the Monitor or further order of the Court, to:

- (a) permanently or temporarily cease, downsize or shut down any of their operations or locations as they deem appropriate and make provision for the consequences thereof in the Plan;
- (b) pursue all avenues to finance or refinance, market, convey, transfer, assign or in any other manner dispose of the Business or Property, in whole or part, subject to further order of the Court and sections 11.3 and 36 CCAA, and under reserve of subparagraph (c);

- (c) convey, transfer, assign, lease, or in any other manner dispose of the Property, outside of the ordinary course of business, in whole or in part, and that the price and value in each case does not exceed \$200,000 or \$2,000,000 in the aggregate;
- (d) terminate the employment of such of their employees or temporarily or permanently lay off such of their employees as they deem appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision, on such terms as may be agreed upon between the Debtors, as applicable, and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the Debtors may determine;
- (e) subject to the provisions of section 32 CCAA, disclaim or resiliate, any of their agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the Debtors, as applicable, and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan; and
- (f) subject to section 11.3 CCAA, assign any rights and obligations of Debtors.

[45] DECLARES that, if a notice of disclaimer or resiliation is given to a landlord of any of the Debtors pursuant to section 32 of the CCAA and subsection [44](e) of this Order, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours by giving such Debtor and the Monitor 24 hours' prior written notice and (b) at the effective time of the disclaimer or resiliation, the landlord shall be entitled to take possession of any such leased premises and re-lease any such leased premises to third parties on such terms as any such landlord may determine without waiver of, or prejudice to, any claims or rights of the landlord against the Debtors, provided nothing herein shall relieve such landlord of their obligation to mitigate any damages claimed in connection therewith.

[46] ORDERS that the Debtors, as applicable, shall provide to any relevant landlord notice of the intention of any of the Debtors to remove any fittings, fixtures, installations or leasehold improvements at least seven (7) days in advance. If a Debtor has already vacated the leased premises, it shall not be considered to be in occupation of such location pending the resolution of any dispute between such Debtor and the landlord.

[47] DECLARES that, in order to facilitate the Restructuring, the Debtors may, subject to the approval of the Monitor, or further order of the Court, settle claims of customers and suppliers that are in dispute.

[48] DECLARES that, pursuant to sub-paragraph 7(3)(c) of the Personal Information Protection and Electronic Documents Act, SC 2000, c 5, the Debtors are permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in their possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to their advisers (individually, a "**Third Party**"), but only to the extent desirable or required to negotiate and complete the

Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the Debtors binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to the Debtors or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation or implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Debtors.

- [49] ORDERS that pursuant to clause 3(c)(i) of the Electronic Commerce Protection Regulations, made under An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying Out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act, SC 2010, c 23, the Debtors, the CRO and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective purchasers or bidders and to their advisors but only to the extent desirable or required to provide information with respect to any sales process in these CCAA proceedings.

Powers of the Monitor

- [50] ORDERS that Deloitte Restructuring Inc. is hereby appointed to monitor the business and financial affairs of the Debtors as an officer of this Court (the "**Monitor**") and that the Monitor, in addition to the prescribed powers and obligations, referred to in Section 23 of the CCAA:
- (a) shall, as soon as practicable, (i) publish once a week for two (2) consecutive weeks or as otherwise directed by the Court, in La Presse+ and the Globe & Mail National Edition and (ii) within five (5) business days after the date of this Order (A) post on the Monitor's website (the "**Website**") a notice containing the information prescribed under the CCAA, (B) make this Order publicly available in the manner prescribed under the CCAA, (C) send, in the prescribed manner, a notice to all known creditors having a claim against the Debtors of more than \$1,000, advising them that this Order is publicly available, and (D) prepare a list showing the names and addresses of such creditors and the estimated amounts of their respective claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder;
 - (b) shall monitor the Debtors' receipts and disbursements;
 - (c) shall assist the Debtors, to the extent required by the Debtors, in dealing with their creditors and other interested Persons during the Stay Period;

- (d) shall assist the Debtors, to the extent required by the Debtors, with the preparation of their cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
- (e) shall advise and assist the Debtors, to the extent required by the Debtors, to review the Debtors' business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (f) shall assist the Debtors, to the extent required by the Debtors, with the Restructuring and in their negotiations with their creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- (g) shall report to the Court on the state of the business and financial affairs of the Debtors or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order and may file consolidated Reports for the Debtors;
- (h) shall report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor's assessment of, and recommendations with respect to, the Plan;
- (i) may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of this Order, including, without limitation, one or more entities related to or affiliated with the Monitor;
- (j) may engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under this Order or under the CCAA;
- (k) may act as a "foreign representative" of any of the Debtors or in any other similar capacity in any insolvency, bankruptcy or reorganisation proceedings outside of Canada;
- (l) may give any consent or approval as may be contemplated by this Order or the CCAA;
- (m) may hold and administer funds in connection with arrangements made among the Debtors, any counter-parties and the Monitor, or by Order of this Court; and
- (n) may perform such other duties as are required by this Order or the CCAA or by this Court from time to time.

Unless expressly authorized to do so by this Court, the Monitor shall not otherwise interfere with the business and financial affairs carried on by the Debtors, and the Monitor is not empowered to take possession of the Property nor to manage any of the

business and financial affairs of the Debtors nor shall the Monitor be deemed to have done so.

[50.1] AUTHORIZES the Monitor, in consultation with the CRO and the Applicants and without any obligation to do so, to:

- (a) examine under oath any Person reasonably thought to have knowledge relating to any of the Debtors, the Business or the Property; and
- (b) order any Person liable to be examined pursuant to the preceding sub-paragraph to disclose to the Monitor and produce any books, documents, correspondence or papers in that person's possession or power relating to the Debtors, the Business or the Property.

[50.2] ORDERS that:

- (a) the Monitor shall serve on the Person he wishes to examine pursuant to this Order, at least five days prior to the scheduled date of the examination, a summons to appear specifying the time, place and books, documents, correspondence or papers that the person must have in his or her possession during the examination.
- (b) the examinations held pursuant to this Order shall be conducted in the District of Montréal, unless otherwise agreed between the Monitor and the person being examined.
- (c) objections raised during examinations held pursuant to this Order shall not prevent the continuation of the examination, the witness being required to respond, unless they relate to the fact that the person being examined cannot be compelled or to fundamental rights or to a matter of substantial legitimate interest, in which case the person being examined may refrain from responding.

[50.3] AUTHORIZES the Monitor to execute banking and other transactions on behalf of any of the Debtors and to execute any documents or take any other action that is necessary or appropriate for the purpose of the exercise of this power.

[51] ORDERS that the Debtors and their Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of this Order shall forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the Debtors in connection with the Monitor's duties and responsibilities hereunder.

[52] DECLARES that the Monitor may provide creditors and other relevant stakeholders of the Debtors with information in response to requests made by them in writing addressed to the Monitor and copied to the counsel for the Debtors'. In the case of information that the Monitor has been advised by the Debtors is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the Debtors or the CRO unless otherwise directed by this Court.

- [53] DECLARES that if the Monitor, in its capacity as Monitor, carries on the business of the Debtors or continues the employment of the Debtors' employees, the Monitor shall benefit from the provisions of section 11.8 of the CCAA.
- [54] DECLARES that no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out of the provisions of any order of this Court, except with prior leave of this Court, on at least seven days' notice to the Monitor and its counsel. The entities related to or affiliated with the Monitor referred to in subparagraph [50](i) hereof shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.
- [55] ORDERS that the Debtors shall pay the reasonable fees and disbursements of the Monitor, the CRO, the Monitor's legal counsel, the Debtors' legal counsel, the legal counsel for the Applicants and other advisers, directly related to these proceedings, the Plan and the Restructuring, whether incurred before or after this Order, and shall be authorized to provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.
- [56] DECLARES that the Monitor, the Monitor's legal counsel (Stikeman Elliott LLP), the legal counsel for the Applicants (McCarthy Tétrault LLP and Miller Thomson LLP), Debtors' legal counsel (Blake, Cassels & Graydon LLP and Robinson Sheppard Shapiro, L.L.P.), the CRO, as security for the professional fees and disbursements incurred both before and after the making of this Order and directly related to these proceedings, the Plan and the Restructuring, be entitled to the benefit of and are hereby granted a charge, hypothec and security in the Property to the extent of the aggregate amount of \$250,000 (the "**Administration Charge**"), having the priority established by paragraphs [65] and [66] of this Order.

Appointment of the Chief Restructuring Officer

- [57] ORDERS that LGBM Inc. is hereby appointed Chief Restructuring Officer ("**CRO**") over the Debtors and, subject to the Orders of the Court that may be granted from time to time in these proceedings and in consultation with the Monitor and the Applicants, shall be authorized but not required, for and on behalf of the Debtors to:
- (a) conduct and control the financial affairs and operations of the Debtors and carry on the business of the Debtors;
 - (b) execute and deliver the Interim Financing Documents, as provided for by paragraph [36] of this Order;
 - (c) finalize the KERP, as provided for by paragraph [33] of this Order;
 - (d) exercise the rights provided for by [44] of this Order;
 - (e) execute such documents as may be necessary in connection with any proceedings before or order of the Court;
 - (f) take steps for the preservation and protection of the Property;

- (g) negotiate and enter into agreements with respect to the Property;
 - (h) engage and give instructions to legal counsel;
 - (i) apply to the Court for any vesting order or orders which may be necessary or appropriate in order to convey the Property to a purchaser or purchasers thereof with the prior consent of the Monitor;
 - (j) take any steps required to be taken by the Debtors under any Order of the Court;
 - (k) provide information to the Monitor and the Applicants regarding the business and affairs of the Debtors;
 - (l) exercise such shareholder or member or rights, as may be available to the Debtors; and
 - (m) take any steps, enter into any agreements or incur any obligations necessary or incidental to the exercise of the aforesaid powers.
- [58] ORDERS that the Debtors and their Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of this Order shall forthwith provide the CRO with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the Debtors.
- [59] ORDERS that the Letter of Engagement of the CRO dated July 3, 2018, Exhibit A-6 to the Application (the “**CRO Agreement**”), is approved and the Debtors are authorized to perform all of their obligations pursuant to the CRO Agreement.
- [60] ORDERS that neither the CRO nor any employee or agent of the CRO shall be deemed to be a director or trustee of the Debtors.
- [61] ORDERS that neither the CRO, nor any officer, director, employee, or agent of the CRO, including, without limitation, Paul Lafrenière, shall incur any liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any liability or obligation incurred as a result of gross negligence or wilful misconduct on its or their part.
- [62] ORDERS that, as provided for by paragraph [56] of this Order, the professional fees and disbursements payable to the CRO pursuant to the CRO Agreement are entitled to the benefit of the Administration Charge.
- [63] ORDERS that during the Stay Period no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO and any officers, directors, employees or agents of the CRO who may assist the CRO with the exercise of its powers and obligations under this Order or the CRO Agreement (the “**CRO Indemnified Parties**”) that in any way relates to the Debtors, and all rights and remedies of any Person against or in respect of the CRO Indemnified Parties that in any way relate to the Debtors are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on

notice to the CRO and the Monitor. Notice of any such application seeking leave of this Court shall be served upon the CRO and the Monitor at least seven (7) days prior to the return date of any such application for leave.

[64] ORDERS that the Debtors' indemnity in favour of the CRO Indemnified Parties, as set out in the CRO Agreement, shall survive any termination, replacement or discharge of the CRO.

[64.1] ORDERS that as security for all obligations arising out of the indemnity granted in favour of the CRO Indemnified Parties, as provided for in the CRO Agreement and as approved and rendered effective pursuant to paragraphs [59] and [64] of this Order (the "**CRO Indemnity**"), the CRO Indemnified Parties shall be entitled to the benefit of and are hereby granted a charge (the "**CRO Indemnity Charge**") on the Property, which charge shall not exceed an aggregate amount of \$1,500,000.

[64.2] ORDERS that, notwithstanding any language in any of the Debtors' applicable insurance policies to the contrary, (a) no insurer of the Debtors shall be entitled to be subrogated to or claim the benefit of the CRO Indemnity Charge, and (b) the CRO Indemnified Parties shall only be entitled to the benefit of the CRO Indemnity Charge to the extent that they do not have coverage under any directors' and officers' insurance policy of the Debtors, or to the extent that such coverage is insufficient to pay amounts for which the CRO Indemnified Parties are entitled to be indemnified in accordance with paragraph [64] of this Order.

[64.3] ORDERS that the establishment of the CRO Indemnity Charge shall not be read to limit or otherwise affect any of the protections afforded to the CRO under the CRO Agreement or this Order and in particular, paragraphs [59] to [64] of this Order.

Priorities and General Provisions Relating to CCAA Charges

[65] DECLARES that the priorities of the Administration Charge, the Interim Lender Charge and the CRO Indemnity Charge (collectively, the "**CCAA Charges**"), as between them with respect to any Property to which they apply, shall be as follows:

- (a) first, the Administration Charge;
- (b) second, the Interim Lender Charge; and
- (c) third, the CRO Indemnity Charge.

[66] DECLARES that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "**Encumbrances**") affecting the Property whether or not charged by such Encumbrances.

[67] ORDERS that, except as otherwise expressly provided for herein, the Debtors shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the CCAA Charges unless the Debtors, as applicable, obtain the prior written consent of the Monitor and the Applicants, and the prior approval of the Court.

- [68] DECLARES that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the Debtors, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
- [69] DECLARES that the CCAA Charges and the rights and remedies of the beneficiaries of the CCAA Charges, as applicable, shall be valid and enforceable and not otherwise be limited or impaired in any way by: (i) these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such application(s) or any assignment(s) in bankruptcy made or deemed to be made in respect of any of the Debtor; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Debtors (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:
- (a) the creation of any of the CCAA Charges shall not create nor be deemed to constitute a breach by the Debtors of any Third Party Agreement to which any of the Debtor is a party; and
 - (b) the beneficiaries of the CCAA Charges shall not have any liability to any Debtors whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.
- [70] DECLARES that notwithstanding: (i) these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such application(s) or any assignment(s) in bankruptcy made or deemed to be made in respect of any of the Debtor; and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by any of the Debtor pursuant to this Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.
- [71] DECLARES that the CCAA Charges shall be valid and enforceable as against all Property of the Debtors and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Debtors.

General

- [72] ORDERS that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, employees, legal counsel or financial advisors of the Debtors or of the Monitor in relation to the Business or Property of the Debtors, without first obtaining leave of this Court, upon ten (10) days' written notice to the Debtors counsel, the Monitor's counsel, and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.
- [73] ORDERS that, subject to further Order of this Court, all applications in these CCAA proceedings are to be brought on not less than five (5) days' notice to all Persons on the

service list. Each application shall specify a date (the “**Initial Return Date**”) and time (the “**Initial Return Time**”) for the hearing.

- [74] ORDERS that any Person wishing to object to the relief sought on an application in these CCAA proceedings must serve responding application materials or a notice stating the objection to the application and the grounds for such objection (a “**Notice of Objection**”) in writing to the moving party, the Debtors and the Monitor, with a copy to all Persons on the service list, no later than 5 p.m. Montreal Time on the date that is three (3) days prior to the Initial Return Date (the “**Objection Deadline**”).
- [75] ORDERS that, if no Notice of Objection is served by the Objection Deadline, the Judge having carriage of the application (the “**Presiding Judge**”) may determine: (a) whether a hearing is necessary; (b) whether such hearing will be in person, by telephone or by written submissions only; and (c) the parties from whom submissions are required (collectively, the “**Hearing Details**”). In the absence of any such determination, a hearing will be held in the ordinary course.
- [76] ORDERS that, if no Notice of Objection is served by the Objection Deadline, the Monitor shall communicate with the Presiding Judge regarding whether a determination has been made by the Presiding Judge concerning the Hearing Details. The Monitor shall thereafter advise the service list of the Hearing Details and the Monitor shall report upon its dissemination of the Hearing Details to the Court in a timely manner, which may be contained in the Monitor’s next report in these proceedings.
- [77] ORDERS that, if a Notice of Objection is served by the Objection Deadline, the interested parties shall appear before the Presiding Judge on the Initial Return Date at the Initial Return Time, or such earlier or later time as may be directed by the Court, to, as the Court may direct: (a) proceed with the hearing on the Initial Return Date and at the Initial Return Time; or (b) establish a schedule for the delivery of materials and the hearing of the contested application and such other matters, including interim relief, as the Court may direct.
- [78] DECLARES that this Order and any proceeding or affidavit leading to this Order, shall not, in and of themselves, constitute a default or failure to comply by the Debtors under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.
- [79] DECLARES that, except as otherwise specified herein, the Debtors and the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the Debtors and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.
- [80] DECLARES that the Debtors and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels’ email addresses, provided

that the Debtors shall deliver “hard copies” of such materials upon request to any party as soon as practicable thereafter.

- [81] DECLARES that, unless otherwise provided herein, under the CCAA, or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on counsel for the Applicants and counsel for the Monitor and has filed such notice with this Court, or appears on the service list prepared by counsel for the Monitor, save and except when an order is sought against a Person not previously involved in these proceedings.
- [82] DECLARES that the Debtors, the Applicants or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of this Order on notice only to each other.
- [83] DECLARES that any interested Person may apply to this Court to vary or rescind this Order or seek other relief at the comeback hearing scheduled for ●, 2018 (the “**Comeback Hearing**”) upon five (5) days’ notice to the Debtors, the Applicants and the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
- [84] DECLARES that this Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
- [85] AUTHORIZES the Monitor or any of the Debtors, and in the case of the Monitor, with the prior consent of the Debtors, to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement this Order and any subsequent orders of this Court and, without limitation to the foregoing, any orders under Chapter 15 of the U.S. Bankruptcy Code, including an order for recognition of these CCAA proceedings as “**Foreign Main Proceedings**” in the United States of America pursuant to Chapter 15 of the U.S. Bankruptcy Code, and for which the Monitor, or the authorized representative of the Debtors, shall be the foreign representative of the Debtors. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Debtors and the Monitor as may be deemed necessary or appropriate for that purpose.
- [86] REQUESTS the aid and recognition of any Court, tribunal, regulatory or administrative body in any Province of Canada and any Canadian federal court or in the United States of America and any court or administrative body elsewhere, to give effect to this Order and to assist the Debtors, the CRO, the Monitor and their respective agents in carrying out the terms of this Order. All Courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors, the CRO and the Monitor as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor or the authorized representative of the Debtors in any foreign proceeding, to assist the Debtors, the CRO and the Monitor, and to act in aid of and to be complementary to this Court, in carrying out the terms of this Order.

- [87] DECLARES that, for the purposes of any applications authorized by paragraphs [85] and [86], Debtors' centre of main interest is located in the province of Québec, Canada.
- [88] ORDERS the provisional execution of this Order notwithstanding any appeal.
- [89] DECLARES that the mandate letters of Deloitte dated July 27, 2017, January 12, 2018 and June 19, 2018, Exhibit A-4 En Liasse, the Mandate letter of Alternative Capital Group Inc. dated April 30, 2018, Exhibit A-5, the CRO Agreement, Exhibit A-6, the Letter of Intent of Thornhill Investments Inc. dated July 18, 2018, Exhibit A-8, the Interim Financing Term Sheet, Exhibit A-9, and the Draft Key Employee Retention Plan, Exhibit, Exhibit A-10, are confidential and are filed under seal.

The Honorable Justice Chantal Corriveau
Superior Court of the Province of Québec,
Canada

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