

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 A SIXTH 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 ("**GEI**" and "**GEC**", and, 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, and was extended on November 11, 2014 to December 19, 2014, on December 17, 2014 to January 16, 2015, on January 16, 2015 to January 27, 2015, on January 27, 2015 to March 19, 2015 and to March 19, 2015 to April 2, 2015 (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. On February 4, 2015, the Honourable Jean-Yves Lalonde issued a Claims Procedure Order soliciting the filing of claims against Gradek Energy, the Mis en cause and their officers and directors before 5 p.m. on March 16, 2015 (the “**Bar Date**”).
5. The Gradek Parties respectfully request that this Honourable Court extend the Stay Period until April 17, 2015 for the reasons set forth below.

II. EXTENSION OF THE STAY OF PROCEEDINGS

6. Since the issuance of the Initial Order, Gradek Energy has acted, and continues to act, in good faith and with due diligence.
7. 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.
8. On February 4, 2015, a claims process was initiated for claims against Gradek Energy, its Directors and Officers and against the Mis en cause, so as to allow Gradek Energy and the Monitor to get a complete picture of the structure of Gradek Energy’s debt as a first step towards devising an eventual plan of arrangement or compromise.
9. On February 13, 2015, the Monitor issued the various notices to creditors in accordance with the provisions of paragraphs 3, 4 and 5 of the Claims Procedure Order.
10. Since the last extension order, Gradek Energy has continued negotiating with a major environmental solution provider operating, *inter alia*, in the oil industry (the “**ESP**”), in an effort to bring the RHS technology to market. As previously reported, the ESP has confirmed its desire to enter into a letter of interest (the “**LOI**”). Despite the difficult market conditions currently facing the oil industry, negotiations are still ongoing and have progressed, such that Gradek Energy believes that an LOI could be entered into within the next two weeks.

11. Meanwhile, Gradek Energy has sought and continues seeking additional interim financing (“**DIP Loan**”);
12. Gradek Energy intends to launch an investment and/or financing solicitation process once a new DIP Loan is secured and an LOI entered into with the ESP, or with an alternative potential client, with the objective of presenting a plan of arrangement to its creditors in the best interest of all its stakeholders;
13. The extension of the Stay Period is necessary in order to provide Gradek Energy with an adequate period of time to secure an additional DIP Loan, to enter into a LOI and to launch an investment and/or financing solicitation process. It is anticipated that the requested extension of the Stay Period to April 17, 2015 will afford Gradek Energy an adequate period of time to make material progress towards that objective;
14. 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;
15. The Monitor has indicated that it agrees with Gradek Energy, on the basis of the cash flow forecast to be included in the Monitor’s Seventh Report, and that it supports the present request for an extension of the Stay Period;
16. The Gradek Parties respectfully request that this Honourable Court extend the Stay Period to April 17, 2015;

WHEREFORE, MAY THIS COURT:

GRANT the present Motion;

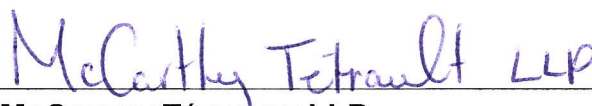
EXTEND the Stay Period to April 17, 2015;

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, March 31, 2015



MCCARTHY TÉTRAULT LLP

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

AFFIDAVIT

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

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

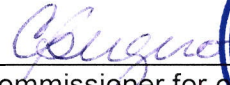
AND I HAVE SIGNED



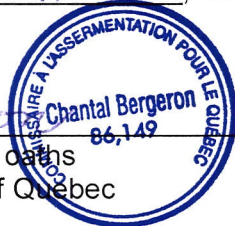
STEPHAN T. GRADEK

Solemnly Declared before me in

Montreal, on March 31st, 2015



Commissioner for Oaths
for the Province of Québec



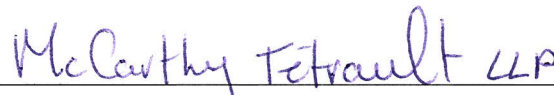
NOTICE OF PRESENTATION

TO: the Service List

Take notice that the present *Motion for a Sixth Order Extending the Stay Period* under sections 9 and 11 of the *Companies' Creditors Arrangement Act* will be presented before Justice Jean-Yves Lalonde of the Superior Court, sitting in bankruptcy and insolvency matters, on April 2, 2015 at 9h15 a.m., in room 14.07 of the Montréal Courthouse, located at 1, Notre-Dame St. East, Montréal, H2Y 1B6.

DO GOVERN YOURSELVES ACCORDINGLY.

MONTREAL, March 31, 2015



MCCARTHY TÉTRAULT LLP

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

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ORIGINAL

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McCarthy Tétrault LLP

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