

Court File No. 500-11-042483-129

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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT

OF

BOUTIQUE LE PENTAGONE INC.

**AMENDED PLAN OF ARRANGEMENT UNDER THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT,
R.S.C. 1985, c. C-36,**

July 3, 2012

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AMENDED PLAN OF ARRANGEMENT

Plan of arrangement of Boutique Le Pentagone Inc. pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Plan, unless otherwise stated or the context otherwise requires:

“**Affected Shares**” means all shares issued and outstanding of the Company’s capital following the Reorganization;

“**Director**” means any former or current director or officer, in fact or in law, of the Company;

“**Creditors' Meeting**” means the meeting of Affected Creditors to be convened for the purposes of voting on the Plan, and any adjournment thereof;

“**Certificate of Performance**” has the meaning ascribed to it in Section 8.4 hereof;

“**Monitor's Certificate**” has the meaning ascribed to it in Section 8.3 hereof;

“**Governmental Authority**” means any (i) multinational, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, official, minister, bureau or agency, domestic or foreign, (ii) subdivision, agent, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

“**Notice of Dispute**” means the appeal motion referred to in paragraph 9b) of the Claims Procedure Order;

“**Notice of Revision or Disallowance**” has the meaning ascribed thereto in the Claims Procedure Order;

“**Disclaimed Lease**” means a lease for real or immovable property which was disclaimed or cancelled by the Company pursuant to Section 32 of the CCAA;

“**Creditor Class Receiving a Monetary Distribution**” means all Creditors mentioned in article 2.6.1 hereof;

“**Creditor Class Receiving a Distribution of Shares**” means CRCD for the portion of its receivable mentioned in article 2.6.2 hereof;

“**Administration Charge**” has the meaning ascribed to such term in the Initial Order;

“**Closing**” means the date of the Sanction Order or any other date chosen by the Company and the Investor if this date is no later than seven (7) days after the Sanction Order;

“**Company**” means Boutique le Pentagone Inc.;

“**Monitor**” means RSM Richter Inc., in its capacity as Monitor duly appointed by the Court pursuant to the Initial Order;

“**Court**” means the Superior Court of Quebec (Commercial Division);

“**CRCD**” means Centre régional et coopératif Desjardins;

“**Creditor**” means any Person having a Claim or a Claim Against the Directors and may, where the context requires, include the assignee of a Claim or a trustee, interim receiver, receiver, receiver and manager, or other Person acting on behalf of such Person and includes a Known Creditor. A Creditor shall not include an Excluded Creditor in respect of that Person's claim resulting from an Excluded Claim;

“**Electing Creditors**” means Creditors having an Electing Creditor Claim and “**Electing Creditor**” means any of them;

“**Known Creditor**” means a Creditor whose Claim appears in the Company's books and registers;

“**Excluded Creditor**” means a Person having a Claim in respect of an Excluded Claim but only in respect of such Excluded Claim and to the extent that the Plan does not otherwise affect such Claim;

“**Secured Creditor**” has the meaning given to such term in the CCAA, but only to the extent that such creditor's mortgage, hypothec, pledge, charge, lien or other security interest over the property of the Company was valid, opposable, perfected, and could be set up against third parties, including a trustee to the Company's bankruptcy, on the Claims Bar Date, failing which that Secured Creditor will be deemed to be an unsecured creditor, as such term is defined in the CCAA;

“**Unaffected Creditor**” means a Person having a Claim in respect of an Unaffected Claim, but only in respect of such Unaffected Claim, and for greater certainty, includes an Excluded Creditor;

“**Affected Creditor**” means a Creditor holding an Affected Claim, but only to the extent of its Affected Claim;

“**Determination Date**” means April 10, 2012;

“**Distribution Date**” means the first Monday following the 90th day after the Plan Implementation Date;

“**Meeting Date**” means the date fixed for the Creditors' Meeting in accordance with the Claims Procedure Order, or any subsequent Order, or any subsequent date following an adjournment of that meeting, as the case may be;

“**Determination Date**” means April 10, 2012;

“**Sanction Date**” means the date on which the Sanction Order is issued;

“**Plan Implementation Date**” means the date on which all conditions precedent to the implementation of the Plan, as set out in Section 8.1, have occurred or been satisfied or waived;

“**Claims Bar Date**” means the bar date of June 22, 2012 at 5:00 p.m. (Montreal time) for the filing of Claims for voting or distribution purposes, as set out in the Claims Procedure Order;

“**Restructuring Bar Date**” means the later of the following dates: (i) 5:00 p.m. (Montreal time) on August 17, 2012, or (ii) thirty (30) days following deemed receipt within the meaning of paragraph 12 of the Claims Order Procedure, for a person claiming to have a Claim related to the Reorganization, of the Instructions to Creditors;

“**Original Currency**” has the meaning ascribed to it in Section 7.2;

“**Fund**” means the total of Available Liquid Assets and Investment Amount;

“**Investor**” means 9264-6231 Québec inc., a subsidiary of Gestion Pélicane inc. and Groupe Transtel International inc., shareholders of the companies forming the Groupe Nero Bianco;

“**Business Day**” means a day, other than a Saturday, a Sunday, or a non-judicial day (as defined in article 6 of the *Code of Civil Procedure*, R.S.Q., c. C-25, as amended);

“**CCAA**” means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

“**Available Liquid Assets**” means the total of (i) the Company’s cash and accounts receivable upon closing of the Compromise that will be paid and reimbursed to the Monitor upon receipt, (ii) amounts that will be paid by the Company to the Monitor to ensure replacement of the Letters of Guarantee issued by the Monitor to the Company’s suppliers, and (iii) deposits given by the Company to third parties, less (a) expenses related to implementing the Compromise and (b) payment of the Company’s undischarged current obligations on the day that the Compromise closes;

“**Laws**” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, injunctions, orders or decisions of any Governmental Authority, statutory body or self-regulatory authority, including general principles of law having the force of law and the term "**applicable**" with respect to such Laws and, in the context that refers to any Person, means such Laws as are applicable to such Person or its business, undertaking, property or securities and emanate from a Governmental Authority or self-regulatory authority having jurisdiction over the Person or its business, undertaking, property or securities;

“**BCA**” means the *Business Corporations Act* (Quebec);

“**Required Majorities**” means the affirmative vote of a majority in number of the Affected Creditors voting in each of the Affected Creditors classes, having Voting Claims and voting on the Plan (in person or by proxy) at the Creditors' Meeting and representing not less than 66 $\frac{2}{3}$ % in value of the Voting Claims of the Affected Creditors voting (in person or by proxy) at the Creditors' Meeting;

“**Investment Amount**” means an amount of \$1,750,000, which will be adjusted up or down, as required, in the amount by which the Company’s inventories are greater or less than the amount of \$3,325,000 on the Closing Date and other proposed adjustments under the terms and conditions of the Compromise;

“**Order**” means any order of the Court in the CCAA Proceedings;

“**Claims Procedure Order**” means the order of the Court rendered on May 10, 2012, establishing, among other things, the process to follow to prove Claims;

“**Sanction Order**” means the order of the Court to be made under the CCAA sanctioning the Plan and authorizing the Reorganization pursuant to the BCA under the terms and conditions of a decision that will be enforceable notwithstanding any appeal therefrom, as such Order may be affirmed, amended or modified by the Court at any time prior to the Plan Implementation Date or, if appealed or authorized, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or amended on appeal, in form and content which is satisfactory to the Company and the Monitor, acting reasonably;

“**Initial Order**” means the order of the Court made on April 10, 2011, as renewed and amended from time to time, under the CCAA;

“**Released Parties**” has the meaning ascribed thereto in Section 6.2 hereof;

“**Person**” means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, trustee, unincorporated organization, joint venture, governmental body or agency, or any other entity;

“**Plan**” means this plan of arrangement of the Company pursuant to the provisions of the CCAA, as it may be amended by the Company from time to time;

“**Chair**” means the Monitor, or the person designated by the Monitor to preside as chairperson at the Creditors' Meeting;

“**Proof of Claim**” means the Proof of Claim form attached as Schedule B to the Claims Procedure Order;

“**CCAA Proceedings**” means the proceedings in respect of the Company before the Court commenced pursuant to the CCAA;

“**Claim**” means (i) any right of any Person against the Company in connection with any indebtedness, liability or obligation of any kind owed to such person and any interest incurred and all costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, founded entirely or in part on facts existing on or prior to the Determination Date, or any other claim which constitutes a provable claim under the terms and conditions of the *Bankruptcy and Insolvency Act* (Canada) had the Company become bankrupt on the Determination Date; and (ii) a Restructuring Claim, provided, however, that under no circumstances may a Claim be included in an Excluded Claim or a Claim Against the Directors;

“**Voting Claim**” means the Proven Claim of a Creditor and, if the Proven Claim has not been liquidated on the date of the Creditors' Meeting, means the Creditor's claim that has been accepted for voting purposes in accordance with the provisions of the Claims Order Procedure, the Plan and the CCAA;

“**Disputed Claim**” means a Claim or that portion thereof that is subject to a Notice of Revision or Disallowance and, in either case, has not become a Proven Claim or a Disallowed Claim;

“**CRCD's Claim**” means the Claim of Centre régional et coopératif Desjardins;

“**Crown Claims**” means any claim of her Majesty the Queen in right of Canada or any province and described in Section 6(3) of the CCAA;

“**Electing Creditor Claim**” means all Claims in respect of which the Creditors have elected (as set forth in Section 2.6.1.1 hereof), (i) to receive the lesser of \$1,500 or the amount of their Claims; or (ii) to reduce their respective Claims to \$1,500;

“**Section 6(5) Claim**” means any claim of an employee or former employee described in Section 6(5) of the CCAA but only to the extent of such amounts as required to be paid under the CCAA;

“**Section 19(2) Claims**” means the claim described in Section 19(2) of the CCAA;

“**Excluded Claim**” means (i) any obligation on the part of the Company toward creditors who have supplied or shall supply services, utilities, goods or materials or who have or shall advance funds to the Company after the Determination Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or funds rendered, delivered or made available to the Company after the Determination Date and to the extent that such claims are not otherwise affected by the Plan and (ii) any obligation on the part of the Company toward beneficiaries of the Administration Charge;

“**Secured Claim**” means the Claim of a Secured Creditor, to the extent of the value of such Secured Creditor's security;

“**Administration Claim**” means a Claim secured by the Administration Charge;

“**Unaffected Claim**” means any right of any Person in connection with any indebtedness, liability or obligation of any kind of the type described in Section 2.4 hereof. For greater certainty, the Unaffected Claims include the Excluded Claims;

“**Proven Claim**” means, in respect of a Creditor, the amount of the Claim of such Creditor as finally determined for distribution purposes in accordance with Section 4.2 and the other provisions of this Plan, the CCAA and the Claims Procedure Order;

“**Disallowed Claim**” means a Claim, or that portion thereof which has been disallowed, denied, dismissed or overruled by the Monitor pursuant to the Claims Procedure Order or an order of the Court in respect of which all appeal periods, if any, have expired;

“**Equity Claim**” means any and all Claims arising from or in connection with a Person's interest in the issued and outstanding equity in the capital of the Company, including with respect to any issued and outstanding common or preferred shares of the Company of every class and series, and any and all warrants, options and agreements to purchase any of the foregoing;

“**Restructuring Claim**” means any claim of any Person against the Company with regard to any debt, liability or obligation of any kind owed to such Person arising out of the Company's current restructuring, disclaimer or termination of any contract, lease, employment agreement or any other agreement, whether written or oral, by the Company, on or after the Determination Date, as well as any claims by federal and/or provincial tax authorities arising directly or indirectly from approval of the Plan by the Creditors, including all claims related to Taxes, to the goods and services tax and to provincial sales taxes payable following a reduction of or arrangement concerning the liability of the Company inherent to approval of the Plan by the Creditors and all claims (real or projected) resulting from application of articles 79 to 80.04 of the *Income Tax Act* (Canada) (or equivalent provisions in the relevant provincial tax laws) with regard to the

Company and related to approval of the Plan by the Creditors and provided, however, that a Restructuring Claim shall not include an Excluded Claim;

“**Affected Claim**” means any Claim other than an Unaffected Claim;

“**Reorganization**” means the Company’s reorganization plan pursuant to articles 411 to 413 of the BCA, whereby the shares planned by the Company will be cancelled and new shares described in the reorganization articles submitted for approval with the Sanction Order will be issued and attributed to the Investor and CRCD;

“**Reserve**” means the reserve to be established and maintained under this Plan by the Monitor by holding, on account of Disputed Claims, an amount equal to the aggregate amount that the holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims as of the Distribution Date;

“**Resolution**” means, collectively, when required by the context, one or any of the resolutions providing for the approval of the Plan by the Affected Creditors;

“**Taxes**” means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority, including (a) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, anti-dumping, countervail, excise, severance, stamp, occupation, or premium tax, (b) all withholdings on amounts paid to or by the relevant Person, (c) all employment insurance premiums, Canada, Quebec and any other pension plan contributions or premiums, (d) any fine, penalty, interest, or addition to tax, (e) any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee, and (f) any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law;

“**Compromise**” means the subscription agreement to be entered into in accordance with the terms and conditions of the Financing and Subscription Offer received from the Investor on June 28, 2012 and accepted by the Company on the same day under terms and conditions by which the Investor will hold, following approval of the Reorganization, all of the company’s share capital.

1.2 Interpretation

For purposes of this Plan:

- a) any reference in this Plan to a contract, instrument, release, indenture, agreement or other document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;

- b) any reference in this Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified or supplemented;
- c) all references in this Plan to currency and to “\$” or “C \$” are to Canadian dollars except as otherwise indicated;
- d) all references in this Plan to Articles and Sections are references to Articles and Sections of this Plan;
- e) unless otherwise specified, the words “hereof,” “herein” and “hereto” refer to this Plan in its entirety rather than to any particular portion of this Plan;
- f) the division of this Plan into Articles, Sections and paragraphs and the insertion of captions and headings to Articles, Sections and paragraphs are for convenience of reference only and are not intended to affect the interpretation of, or to be part of this Plan;
- g) where the context requires, a word or words importing the singular shall include the plural and vice versa and a word or words importing one gender shall include all genders;
- h) the words “includes” and “including” are not limiting; and
- i) the word “or” is not exclusive.

1.3 Date for any Action

In the event that any date on which any action is required to be taken under this Plan by any of the parties is not a Business Day, that action shall be required to be taken on the next succeeding day that is a Business Day.

1.4 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force, from time to time, or any statute or regulations that supplement or supersede such statute or regulations.

ARTICLE 2 COMPROMISE AND ARRANGEMENT

2.1 Overview

The purpose of this Plan is to settle the Claims through compromise and arrangement in order to facilitate implementation of the Reorganization.

The Plan will be financed by the Company’s Available Liquid Assets on the day of the Sanction Order and the Investment Amount.

In order to implement the Plan, the Company, in consultation with the Monitor and as authorized by the Court when required, will proceed as follows:

- A Creditors' Meeting will be convened on July 16, 2012 in order to have the Plan approved by the required majorities of Creditors;
- Once the Plan has been approved by the Creditors, on July 17, 2012 a motion to sanction the Plan will be presented to the Court in order to obtain the Sanction Order and an order of the Court approving the Reorganization under the terms and conditions of a judgment that is enforceable notwithstanding appeal;
- The documents will be finalized for implementation of the Compromise;
- All amounts due to Unaffected Creditors will be paid; and
- Distributions will be made to Creditors, in proportion to their respective Claims, according to the terms and conditions of the Plan.

2.2 Persons Affected

The purpose of this Plan is to provide for the full and final settlement of all Affected Claims, including any claim resulting directly or indirectly from the consequences and effects of the Plan's acceptance by the Affected Creditors, its sanction by the Court, the implementation of the Plan, or the debt forgiveness resulting from same. Except as specifically provided for in this Plan, this Plan will become effective on the Plan Implementation Date in accordance with its terms, and all Affected Claims against the Company will be fully and finally settled, compromised and released or otherwise assigned, transferred or alienated as set forth in this Plan upon the Distribution Amount being fully paid to the Monitor, it being understood that any Affected Claim that is paid in full pursuant to this Plan before such date shall be settled, compromised and released on the date of such payment. This Plan shall be binding on and enure to the benefit of the Company, the Affected Creditors, the Released Parties, any trustee, agent or other Person acting on behalf of any Affected Creditor and such other Persons who have received the benefit of, or are bound by, any waivers, releases or indemnities hereunder.

2.3 Classes of Affected Claims

There shall only be two (2) classes of Affected Creditors: (a) the Affected Creditors Class receiving a Monetary Distribution; and (b) the Affected Creditors Class Receiving a Distribution of Shares.

2.4 Unaffected Claims

- a) This Plan does not affect the following claims (each, an "**Unaffected Claim**" and, collectively, the "**Unaffected Claims**"), the holders of which will not be entitled to vote at the Creditors' Meeting or receive any distributions under Section 2.6 of this Plan:

- (i) the Excluded Claims;
 - (ii) any Administration Claim;
 - (iii) any D&O Claim;
 - (iv) any claim with respect to gift cards, lay-away deposits and other customer certificates (collectively, “**Gift Card Claims**”); and
 - (v) Secured Claims.
- b) Nothing in this Plan shall affect the Company's rights and defences, both legal and equitable, with respect to any Unaffected Claim including any rights arising under or pursuant to the Claims Procedure Order or this Plan or any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

2.5 Fund

In order to pay amounts due to Affected Creditors, a fund will be established and will consist of the following amounts:

- a) Available Liquid Assets; and
- b) The Investment Amount.

2.6 Treatment of Affected Claims

2.6.1 Creditor Class Receiving a Monetary Distribution;

2.6.1.1 Election

At any time prior to September 14, 2012, an Affected Creditor may elect, by written notice to the Monitor to that effect, (in any manner acceptable to the Monitor) to receive the lesser of the following two amounts: (a) \$1,500 or the amount of the Proven Claim, and (b) an irrevocable and unconditional reduction of such proven claim to \$1,500, whereupon:

- (i) any such Proven Claim in excess of \$ 1,500.00 shall be deemed, for all purposes, to have been irrevocably and unconditionally reduced to \$1,500.00 and the Affected Creditor having a Proven Claim in excess of \$1,500.00 shall be deemed to have irrevocably and unconditionally waived and renounced to any rights to participate in any further distribution; and
- (ii) any such Affected Creditor shall be treated as an Electing Creditor and such Creditor's Proven Claim shall be treated as an Electing Creditor Claim under this Plan.

2.6.1.1 Distribution

The Monitor will distribute the Fund according to the following terms and conditions:

- a) As complete payment of Crown Claims;
- b) As complete payment of Section 6(5) Claims;
- c) As complete payment of Section 19(2) Claims;
- d) As complete payment of the Claims of Electing Creditors; and
- e) Any balance remaining in the Fund on the Distribution Date following payment of the amounts referred to in subsections (a) to (d) above will be paid to Affected Creditors, including CRCDC for a portion of its receivable, i.e. \$4,500,000, on a pro-rata basis.

2.6.2 Creditor Class Receiving a Distribution of Shares

The remainder of the CRCDC receivable that has not been committed under paragraph 2.6.1.1 hereof will, once the Sanction Plan and the Reorganization has been approved, be converted into 3,500,000 preferred shares in the Company's equity.

2.6.3 Maximum Amount

Under no circumstances will a Creditor have the right to receive more than one hundred percent (100%) of the principal amount of his or her Proven Claim, without interest or any other form of compensation.

ARTICLE 3 TREATMENT OF UNAFFECTED CREDITORS

3.1 Treatment of Excluded Claims and Insurance

Other Excluded Claims will remain in full force and effect in accordance with their terms after the Plan Implementation Date, and will be paid in full by the Company in the normal course of its operations as and when they become due.

3.2 Treatment of Administration Claims

All Administration Claims will be paid in full by the Company before any distributions under the terms and conditions herein.

3.3 Secured Claims

Secured claims will be paid by the Company before any distributions under the terms and conditions herein.

ARTICLE 4
VALUATION OF CLAIMS, CREDITORS' MEETING AND RELATED
MATTERS

4.1 Conversion of Affected Claims into Canadian Currency

For the purposes of determining the value of Affected Claims denominated in currencies other than Canadian dollars for voting purposes, such Affected Claims shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the Determination Date (which in the case of US dollars was: C \$1.003 for US \$1.00).

4.2 Affected Claims

Affected Creditors shall be entitled to prove their respective Affected Claims, vote on their Voting Claims in respect of the Plan, and, if their Affected Claims become Proven Claims, receive the distributions provided for pursuant to the Claims Procedure Order and this Plan.

All amounts recognized as Voting Claims or Proven Claims shall be net of any amount that the Company is entitled to offset, recoup, compensate or otherwise apply in reduction of such amounts.

4.3 Creditors' Meeting

The Creditors' Meeting shall be held in accordance with this Plan and any other order of the Court for the purposes of considering and voting on the Resolution and all other matters to be considered at the Creditors' Meeting.

4.4 Approval by Affected Creditors

The Company will seek approval of the Plan by the affirmative vote of the Required Majorities of each Creditor class. The Resolution to be voted on at the Creditors' Meeting, which will be decided by the Required Majorities on a vote by ballot, unless the Chair decides, in his or her sole discretion, to hold such vote by way of show of hands. The result of any vote will be binding on all Affected Creditors, whether or not any such Affected Creditor is present and voting (in person or by proxy) at the Creditors' Meeting.

4.5 Claims Bar Date and Restructuring Bar Date

If an Affected Creditor holding an Affected Claim has failed to file its Proof of Claim prior to the relevant Claims Bar Date or Restructuring Bar Date and has not been permitted to file a late claim pursuant to the Claims Procedure Order, he or she shall be barred from voting at the Creditors' Meeting and the Affected Creditor shall have no right to receive a distribution, and the Company shall be released from the Affected Claims of such Creditor and Section 6.2 of this Plan shall apply to all such Affected Claims.

4.6 Holders of Equity Claims

Any Persons holding an Equity Claim shall not be entitled to receive any payment, compensation or distribution hereunder with respect to their Equity Claims, and any Claims that any such Persons may have that are directly or indirectly related to or are derived from such Equity Claims shall be deemed to be released in full. Any Person holding an Equity Claim shall also not be entitled to vote in respect of such Equity Claim on the Plan at a Meeting of Affected Creditors.

ARTICLE 5 PROCEDURE FOR RESOLVING DISTRIBUTIONS IN RESPECT OF DISPUTED CLAIMS

5.1 No Distributions Pending Allowance

Notwithstanding any other provision of this Plan, no distributions shall be made with respect to a Disputed Claim unless and until it has become a Proven Claim. Disputed Claims shall be dealt with in accordance with the Claims Procedure Order and this Plan.

5.2 Distributions From Reserve Once Disputed Claims Resolved

The Monitor shall make allocations from the Reserve to holders of Disputed Claims. To the extent that Disputed Claims become Proven Claims after the Distribution Date, the Monitor shall, from time to time and at its sole discretion, distribute from the Reserve to the holders of such Proven Claims, the amount which they would have been entitled to receive in respect of such Proven Claims had such Claims been Proven Claims on the Distribution Date. To the extent that any Disputed Claim or a portion thereof has become a Disallowed Claim, then the Monitor shall distribute, to the holders of Claims that have previously been adjudicated under this Plan to be Proven Claims, their pro rata share from the Reserve of such additional amount kept in the Reserve on account of such Disallowed Claims.

ARTICLE 6 EFFECT OF THE PLAN AND RELEASES

6.1 Effect of the Plan

Upon the issuance of the Certificate of Performance, all Affected Claims shall be deemed to be fully and finally settled, compromised and released, as of the date of issuance of the Certificate of Performance, subject only to an Affected Creditor's right to recover the distributions under this Plan, except for such claims as may have been fully paid prior to such date, in which case those Affected Claims will be deemed to be settled as of such payment.

6.2 Plan Releases

Upon the implementation of this Plan on the Plan Implementation Date, (i) the Company; (ii) the Monitor and its legal counsel in the CCAA Proceedings; and (iii) all present and future directors, officers and employees, legal counsel, accountants, financial advisors, consultants and agents of the Company in such capacities (and their respective directors, officers and employees)

(each being herein referred to individually as a “**Released Party**”) shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person (including any Secured Creditor) may be entitled to assert (including any and all Claims in respect of statutory liabilities of present and former directors, officers and employees of the Company and any alleged fiduciary or other duty) whether known or unknown, mature or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date in any way relating to, arising out of or in connection with Claims, the business and affairs of the Company, this Plan and the CCAA Proceedings, and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Company's obligations under the Plan or any related document), all to the full extent permitted by law, provided that nothing herein:

- a) shall release or discharge a Released Party from an Unaffected Claim or shall release or discharge the Company from or in respect of its obligations under this Plan;
- b) shall affect the right of any Person:
 - (i) to recover an indemnity from any insurance coverage under which that Person is an insured; or
 - (ii) to obtain recovery on a claim or liability against a Released Party from any insurance coverage pursuant to which that Released Party is an insured, but, for certainty, any claim or liability to which an insurer is or would otherwise be subrogated as against the Company is released hereunder and the recovery to which such Person shall be entitled under such insurance coverage shall be limited to the proceeds of insurance actually paid by the insurer with respect to such claim or liability; or
- c) shall release or discharge Directors of the Company with respect to matters set out in Section 5.1(2) of the CCAA;

and provided further, however, that, notwithstanding the foregoing release under the Plan, any Claim shall remain subject to any right of set-off that otherwise would be available to the Person against whom such Claim is asserted.

6.3 Injunction Related to Releases

The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to this Plan.

6.4 Waiver of Defaults

From and after the Plan Implementation Date, all Persons shall be deemed to have waived any and all defaults of the Company (except for defaults under the securities, contracts, instruments, releases and other documents delivered under this Plan or entered into in connection herewith or pursuant hereto) then existing or previously committed by the Company or caused by the Company, directly or indirectly, or non-compliance with any covenant, positive or negative pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Company arising from the filing by the Company under the CCAA or the transactions contemplated by this Plan or otherwise, and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded.

ARTICLE 7 PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Partial Distributions for Claims Allowed

Except as otherwise provided herein or as ordered by the Court, distributions shall be made by the Monitor at the time and in the manner deemed reasonable by the Monitor and no later than the Distribution Date.

7.2 Currency Used for the Distribution

For the purposes of determining the value of Claims denominated in currencies other than Canadian dollars for distribution purposes, such Claims shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the Determination Date (which in the case of US dollars was C \$1.003 for US \$1.00).

7.3 Assignment of Claims

For purposes of determining entitlement to receive any distribution pursuant to this Plan, the Company and the Monitor and each of their respective agents, successors and assigns shall have no obligation to recognize any transfer of Claims except as provided for under the Claims Procedure Order.

7.4 Interest on Affected Claims

Except as specifically provided in the Plan, the Sanction Order or any contract, instrument release, settlement or other agreement entered into in connection with this Plan, following the Determination Date, interest shall not be treated as accruing on account of any Affected Claims for purposes of determining the allowance and distribution of such Affected Claim. To the extent that any Proven Claim to which a distribution under this Plan relates is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated for Tax purposes to the principal amount of the Proven

Claim (including the secured and unsecured portion of the principal amount of such Proven Claim) first and then, to the extent that the consideration exceeds the principal amount of the Proven Claim, to the portion of such Proven Claim representing accrued but unpaid interest (including interest in respect of any secured portion of such Proven Claim).

7.5 Distributions by the Monitor

The Monitor shall make all distributions required under this Plan subject to the provisions of Article 5 and Article 7 hereof.

7.6 Delivery of Distributions

Proven Claims. Subject to Section 7.3 hereof, distributions shall be made by the Monitor: (i) at the addresses set forth on the Proof of Claim form filed by the Affected Creditors (or at the last known addresses of such Affected Creditors if no Proof of Claim form was filed or if the Company or the Monitor has been notified in writing of a change of address), or (ii) at the addresses set forth in any written notice of address change delivered to the Monitor after the date of any related Proof of Claim.

Undeliverable Distributions. If any distribution to a Creditor is returned as undeliverable, no further distributions to such Creditor shall be made unless and until the Monitor is notified of the then-current address of such Creditor, at which time all missed distributions shall be made to such Creditor without interest. The Company shall make reasonable efforts to locate Affected Creditors for which distributions were undeliverable. Any claim for undeliverable distributions must be made on or before the later to occur of: (i) three months after the Distribution Date, or (ii) three months after such Creditor's Claim becomes a Proven Claim, after which date all unclaimed property shall revert to the Company free of any restrictions or claims thereon and the claim of any Creditor with respect to such property shall be discharged and forever barred, notwithstanding any federal or provincial laws to the contrary.

7.7 Guarantees and Similar Covenants

No Person who has a Claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim which is settled, compromised, released or otherwise dealt with under this Plan or who has any right under any such covenant against a Creditor in respect of, or to be subrogated to, the rights of any Person in respect of a Claim which is compromised under this Plan shall not be entitled to any greater rights than the Creditor whose Claim is settled, compromised, released or otherwise dealt with under this Plan.

ARTICLE 8 IMPLEMENTATION OF THE PLAN

8.1 Conditions precedent to implementation of the Plan

The implementation of this Plan by the Company is subject to the following conditions precedent which, except for subsection a) below and as otherwise would be in violation of applicable Laws, may be waived as provided in Section 8.2 hereof:

- a) the approval of this Plan by the Required Majorities shall have been obtained;
- b) the Sanction Order sanctioning this Plan shall have been rendered enforceable notwithstanding appeal and not appealed from and the operation and effect of the Sanction Order shall not have been stayed, reversed or amended, and shall, among other things:
 - (i) declare that: (i) this Plan has been approved by the Required Majorities of Affected Creditors of the Company in accordance with the CCAA; (ii) the Company has complied with the provisions of the CCAA and the orders of the Court made in the CCAA Proceedings in all respects; (iii) the Court is satisfied that the Company has neither done nor purported to do anything that is not authorized by the CCAA; and (iv) this Plan and the transactions contemplated thereby are fair and reasonable;
 - (ii) order that this Plan, including the compromises and arrangements set out herein, is sanctioned and approved pursuant to Section 6 of the CCAA and, as at the Plan Implementation Date, will be effective and will enure to the benefit of and be binding upon the Company, the Affected Creditors and all other Persons stipulated in this Plan or in the Sanction Order;
 - (iii) order that the full and final release and discharge of the Claims will be effective and will enure to the benefit of and be binding upon the Company, the Affected Creditors and all other Persons stipulated in this Plan upon the issuance of the Certificate of Performance;
 - (iv) declare that the Company and the Monitor are authorized to take all steps and actions necessary to implement this Plan;
 - (v) declare that all Proven Claims determined in accordance with the Claims Procedure Order are final and binding on the Company and all Affected Creditors;
 - (vi) a declaration and an order declaring that any Claims for which a Proof of Claim has not been filed by the Claims Bar Date shall be forever barred and extinguished;
 - (vii) a declaration and order declaring that all distributions and payments by or at the direction of the Monitor, in each case on behalf

of the Company, under the Plan are for the account of the Company and the fulfillment of its obligations under the Plan;

- (viii) a declaration and an order declaring that the Company and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or under the Plan;
 - (ix) declare that, subject to the performance by the Company of its obligations under this Plan, all contracts, leases, agreements and other arrangements to which the Company are a party and that have not been terminated or repudiated pursuant to the Initial Order will be and remain in full force and effect, unamended, as at the Plan Implementation Date, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect, by reason of:
 - i. any event that occurred on or prior to the Plan Implementation Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of default, or termination events arising as a result of the insolvency of the Company);
 - ii. the insolvency of the Company or the fact that the Company sought or obtained relief under the CCAA; or
 - iii. any compromises or arrangements effected pursuant to this Plan or any action taken or transaction effected pursuant to this Plan;
 - (x) declare that the stay of proceedings under the Initial Order continues until the Plan Implementation Date;
 - (xi) confirm the scope of the release contemplated by Section 6.2;
 - (xii) preclude the commencement or prosecution, whether directly, derivatively or otherwise, or any demands, claims, actions, causes of action, counterclaims, suits, or any indebtedness, liability, obligation or cause of action released and discharged pursuant to this Plan; and
 - (xiii) order that the Administration Charge will be released and discharged upon issuance of the Sanction Order;
- c) The Sanction Order approving the Reorganization shall have been rendered and not been appealed and the application and effect of the

Sanction Order shall not have been stayed, reversed or amended and shall, among other things:

- (i) authorize the Company to proceed with the Reorganization;
- (ii) approve the clauses of the Reorganization to be proposed by the Investor and AUTHORIZE the Company to produce, in a form that is substantially similar to the clauses of the Reorganization, said clauses of the Reorganization in the Registraire des entreprises in accordance with the BCA and in the form established by it;
- (iii) order amendments to the Company's statutes in the form and according to the content set forth in the clauses of Reorganization;
- (iv) declare that the clauses of Reorganization will become effective from the date that the Registraire des entreprises issues a certificate in accordance with the BCA and, without limitation, declare that said Order and issuance of a certificate by the Registraire des entreprises in accordance with the BCA are the only approvals required for the Company to proceed with the Reorganization and no other authorization will be required in order for the clauses of the Reorganization to be proposed by the Investor to become effective.

8.2 Waiver of conditions

Each of the conditions set forth in Section 8.1 above, except for the conditions set forth in Section **Erreur ! Source du renvoi introuvable.**, may be waived in whole or in part by the Company or the other relevant parties to the documents and transactions referred to therein without any other notice to parties in interest or the Court and without a hearing. The failure to satisfy or waive any condition prior to the Plan Implementation Date may be asserted by the Company regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Company). The failure of the Company to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

8.3 Monitor's Certificate

Upon satisfaction of all the conditions set out in Section 8.1 (or waiver thereof, as the case may be), the Monitor shall file with the Court a certificate stating that all such conditions have occurred or have been satisfied or waived, as the case may be, and that the Plan Implementation Date has occurred (the "**Monitor's Certificate**").

8.4 Certificate of Performance

Upon receipt of the amounts in the Fund and following the issuance of shares in accordance with article 2.6.2 herein, the Monitor will deposit with the Court a certificate of performance of the Plan (the “**Certificate of Performance**”).

8.5 Effect of Plan

As of the issuance of the Certificate of Performance, the settlement of the Affected Claims in accordance with this Plan shall become final and binding on the Company and all of the Affected Creditors and their respective successors and assigns, and this Plan shall result in the full and final settlement of all Affected Claims, including for greater certainty, any Restructuring Claim and any Claims resulting, directly or indirectly, from the consequences and effects relating to the acceptance of the Plan by the Affected Creditors, its sanction by the Court, or its implementation, and any indebtedness, obligations or undertakings which the Company may subsequently become subject to, directly or indirectly, as a result of an obligation, transaction or event that occurred before the Determination Date, as well as any indebtedness, obligations or undertakings that the Company may be subject to on any date whatsoever in connection with the Plan, the approval thereof by the Court or the implementation thereof. For greater certainty, this Plan shall not affect or impair any rights, remedies and recourses which the Company had, has or may have after the issuance of the Certificate of Performance in connection with transactions, facts or obligations existing prior to the Determination Date.

ARTICLE 9 MISCELLANEOUS

9.1 Confirmation of Plan

Provided that this Plan is approved by the Required Majorities, that the Sanction Order is made in form and substance acceptable to the Company, and the satisfaction or waiver of the conditions to the implementation of this Plan set forth in Article 8 hereof, this Plan shall be implemented by the Company and shall be binding upon the Company and all Persons referred to in Section 2.2 hereof and their respective successors and assigns.

9.2 Paramountcy

From and after the Plan Implementation Date, any conflict between this Plan and/or the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, mortgage, security agreement, and/or indenture, trust indenture, loan agreement, commitment letter, agreement for sale, the bylaws of the Company, lease or other agreement, undertaking or any other source of obligations, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Company as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority. For greater certainty, all Affected Creditors shall be deemed irrevocably for all purposes to consent to all transactions contemplated in and by this Plan.

9.3 Modification of Plan

The Company, in consultation with the Monitor, reserves the right to file any modification of, or amendment or supplement to, this Plan by way of a supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof) at or before the Creditors' Meeting, in which case any such supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof) shall, for all purposes, be and be deemed to form part of and be incorporated into this Plan. The Company shall file any supplementary plans with the Court as soon as practicable. The Company shall give notice to Affected Creditors of the details of any such modification, amendment or supplement at the Creditors' Meeting prior to the vote being taken to approve this Plan. The Company may give notice of a proposed modification, amendment or supplement to this Plan at or before the Creditors' Meeting by notice which shall be sufficient if given to those Affected Creditors present at such meeting in person or by proxy.

After the Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Company, in consultation with the Monitor, may at any time and from time to time vary, amend, modify or supplement this Plan, except the amount of the Fund, without the need for obtaining an order of the Court or providing notice to the Affected Creditors if the Monitor determines that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of the Affected Creditors under this Plan or the Sanction Order and is necessary in order to give effect to the substance of this Plan or the Sanction Order.

9.4 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

9.5 Sections 95 to 101 BIA

Notwithstanding Section 36.1 of the CCAA, Sections 38 and 95 to 101 of the *Bankruptcy and Insolvency Act* (Canada) shall not apply to this Plan, and neither the Monitor nor any Creditor may exercise a right or remedy, or commence an action or proceeding based on those sections.

9.6 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings with respect to the Company and not in its personal or corporate capacity and will not be responsible or liable for any responsibilities or obligations of the Company under this Plan or otherwise, including with respect to the making of distributions or the receipt of any distribution by any Creditor or any other Person pursuant to the Plan. The Monitor will have the powers and protections granted to it by this Plan, the CCAA, the Initial Order, the Claims Procedure Order, the Sanction Order and any other Orders.

9.7 Notices

- a) Any notices or communication to be made or given hereunder to the Company or the Monitor shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by courier, by prepaid mail or by facsimile addressed to the respective parties as follows:

- (i) if to the Company:

Company: Jeannot Langlois
 Fax: (514) 281-7808
 Courriel : jeannot.langlois@pentagone.com

With a copy to:

Norton Rose LLP
 To the attention of: Christian Roy
 Fax: (418) 640-1500
 Email: christian.roy@nortonrose.com

- (ii) if to the Monitor:

Monitor: RSM Richter Inc.
 To the attention of: Paul Lafrenière and
 Stéphane De Broux
 Fax: (514) 934-3504
 Email: plafreniere@rsmrichter.com
 sdebroux@rsmrichter.com

With a copy to: McCarthy Tétrault LLP
 To the attention of: Alain N. Tardif
 Fax: (514) 875-6246
 Email: atardif@mccarthy.ca

or to such other address as any party may from time to time notify the others in accordance with this Section 9.7. In the event of any strike, lock-

out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by facsimile and any notice or other communication given or made by prepaid mail within the five Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and communications shall be deemed to have been received, in the case of notice by facsimile or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed. The unintentional failure by the Company or the Monitor to give any notice contemplated hereunder to any particular Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

- b) Any notices or communication to be made or given hereunder by the Monitor or the Company to a Creditor may be sent by e-mail, ordinary mail, registered mail, courier or facsimile transmission to the email address, address or facsimile number specified by such Creditor in its Proof of Claim, or in any subsequent written notice of change of address given to the Monitor. A Creditor shall be deemed to have received any document sent pursuant to this Plan four Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, email or facsimile transmission.

9.8 Severability of Plan Provisions

If, prior to the Sanction Date, any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Company, which request shall be made in consultation with the Monitor, shall have the power to either (i) sever such term or provision from the balance of this Plan and provide the Company with the option to proceed with the implementation of the balance of this Plan as of and with effect from the Plan Implementation Date, or (ii) alter and interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such severing, holding, alteration or interpretation, and provided the Company proceeds with the implementation of this Plan, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation.

9.9 Further Assurance

Notwithstanding that the transactions and events set out in this Plan shall occur and be deemed to occur in the order set out herein without any additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed at

the cost of the requesting party, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by the Company in order to better implement this Plan.

9.10 Governing Law

This Plan shall be governed by and construed in accordance with the law of the Province of Quebec and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

9.11 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and permitted assigns of any Person named or referred to in Section 2.1 hereof.

Signed in Montreal, Quebec, this 3rd day of July, 2012.

BOUTIQUE LE PENTAGONE INC.

Per: (Signed)
Claude Rhéaume
Chair