

# SUPERIOR COURT

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL

No: 500-11-031896-075

DATE: October 20, 2008

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BY: THE HONOURABLE CHANTAL CORRIVEAU, J.S.C

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**IN THE MATTER OF THE PLAN OF COMPROMISE AND REORGANIZATION OF:**

**SRX POST HOLDINGS INC. (formerly known as SR TELECOM INC.)**

Petitioner

**AND**

**RSM RICHTER INC.**

Monitor

**AND**

**7062184 CANADA INC.**

Mise-en-cause

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SANCTION ORDER

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[1] **CONSIDERING** the Petitioner's Amended Motion for an Order sanctioning the Petitioner's plan of compromise and reorganization, the Affidavit of Marc Girard, sworn October 17, 2008, the Report of the Designated Monitor for the Purpose of the Sanction of the Amended Plan of Compromise and Reorganization of RSM Richter Inc., as monitor (the "**Monitor**") of the Petitioner and the submissions of counsel for the Petitioner and the Monitor before this Court;

[2] **FOR THESE REASONS, THE COURT:**

[3] **ORDERS** that capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the amended plan of compromise and reorganization, dated October 16, 2008, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**") with respect to SRX Post Holdings Inc. ("**SRX**" or the "**Petitioner**"), which is attached hereto as Schedule "A" (the "**Plan**").

[4] **GRANTS** the motion of Petitioner to sanction the Plan (the "**Motion**").

[5] **SERVICE AND MEETING**

[6] **ORDERS AND DECLARES** that there has been good and sufficient service and notice of both the Plan and the Notice of Meeting and Sanction Hearing (as defined in the Order of this Court made on April 23, 2008 (the "**Claims Process Order**")) and that the Meeting of Creditors was duly called, held and conducted in accordance with the CCAA and the Orders of this Court in the CCAA Proceedings, including the Claims Process Order.

[7] **DECLARES** valid and sufficient the service and the notices of presentation of the Motion, and **EXEMPTS** the Petitioner from service or providing any notice of presentation of the Motion other than the service and notice already given.

[8] **SANCTION OF PLAN**

[9] **ORDERS AND DECLARES** that the Petitioner has complied with the provisions of the CCAA and the Orders of this Honourable Court in these CCAA Proceedings in all respects.

[10] **ORDERS AND DECLARES** that the Plan has been agreed to and approved by the requisite majorities of the Affected Creditors voting on the Plan in accordance with the CCAA.

[11] **ORDERS AND DECLARES** that the Plan is fair and reasonable and that the Plan is hereby sanctioned and approved pursuant to section 6 of the CCAA and section 191 of the CBCA.

**[12] PLAN IMPLEMENTATION**

[13] **ORDERS** that, upon the filing with this Court of the Monitor's Certificate in accordance with section 7.2 of the Plan, the Plan Implementation Date shall occur and all of the conditions precedent (the "**Conditions Precedent**") to the implementation of the Plan set out in section 7.1 of the Plan shall have been satisfied and be deemed to be satisfied or, where permissible, waived, and the Plan and associated steps, transactions, compromises, arrangements and reorganizations shall be implemented in accordance with the terms of the Plan.

[14] **ORDERS AND DECLARES** that, upon implementation of the Plan in accordance with its terms and this Order, the Plan, including all steps, transactions, compromises, releases, arrangements, reorganizations and terms effected by the Plan, shall be effective and binding upon SRX, 7062184 Canada Inc. ("**Newco**"), and the Affected Creditors and all other relevant Persons referred to in, or affected by the Plan, and their respective heirs, administrators, executors, legal personal representatives, successors and assigns, in accordance with the terms of the Plan.

[15] **ORDERS** that SRX (which upon completion of the reorganization referred to in paragraph [18] below (the "**Reorganization**") shall be renamed Bonterra Energy Ltd.), Newco and/or the Monitor are hereby authorized and directed, at the times and in the sequential order contemplated by section 7.3 of the Plan (subject to amendment in accordance with the terms thereof), to take all actions and steps necessary or appropriate, to enter into, adopt, execute, deliver, implement and consummate the contracts, instruments, releases and all other agreements, instruments or documents to be created or which are to come into effect in connection with the Plan, and to complete all of the transactions and steps contemplated by the Plan, and that all such actions and steps are hereby approved, in all respects and for all purposes, without any requirement of further action or step by shareholders, directors or officers of any of SRX, Newco or the Monitor. Further, to the extent not previously given, all necessary approvals to take such actions and steps shall be deemed to have been obtained.

[16] **ORDERS AND DECLARES** that, without limiting the generality of the foregoing, in the sequence and at the times set out in or contemplated by the Plan (subject to amendment in accordance with the terms thereof):

[16.1] Newco is authorized and directed to deliver to the Secured Lenders a secured guarantee (upon such terms as agreed upon by the Secured Lenders) of the liabilities owed by SRX to the Secured Lenders, which agreement shall be binding upon Newco regardless of method of execution and which guarantee shall not in any way diminish or affect the indebtedness of SRX to the Secured Lenders and which secured guarantee shall be a valid and binding obligation of Newco according to its terms, notwithstanding the resignation of Newco's directors prior to the delivery thereof and notwithstanding the release of SRX by the Secured Lenders;

[16.2] all of the Transferred Assets are hereby transferred to Newco for the sole consideration of \$1, being the fair market value thereof, free and clear of any

liabilities or encumbrances, except for the Secured Lenders' Security, which shall continue to attach to the Transferred Assets as a first ranking charge in respect of the amounts owed to the Secured Lenders provided that in no event shall Newco be considered as having assumed any liabilities or indebtedness of SRX as consideration for the transfer of the Transferred Assets;

[16.3] immediately after the transfer of the Transferred Assets to Newco, Newco shall become bankrupt pursuant to the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3, as amended (the "BIA") and RSM. Richter Inc. shall be appointed as bankruptcy trustee, and this Order shall, at the relevant time, constitute a Bankruptcy Order against Newco pursuant to the BIA, without requirement for any further Order, application or assignment;

[16.4] immediately upon the bankruptcy of Newco, the directors of Newco shall be and be deemed to have been released and discharged from any and all liabilities and claims against or by Newco or arising as a result of the directors having acted as the directors of Newco;

[16.5] immediately after the corporate name of SRX is changed to Bonterra Energy Ltd. pursuant to paragraph [18] hereof, Newco is authorized and directed to file articles of amendment pursuant to the CBCA to change its name to SRX Post Holdings Inc.;

[16.6] SRX is authorized and directed to pay and distribute all of its cash (including all amounts received by SRX from the Investment, but excluding the Affected Creditors' Fund and the Administration Reserve) to the Secured Lenders, to be applied by them towards payment of their Secured Claims;

[16.7] SRX, with the assistance of the Monitor, is authorized and directed to pay and distribute the Affected Creditors' Fund to Affected Creditors in accordance with the Plan as soon as practicable after the Plan Implementation Date, having regard only to valid Claims that have been properly asserted by the Claims Bar Date (or the Supplementary Bar Date with respect to Claims arising after the Claims Bar Date) in accordance with the Claims Process Order or this Order, as applicable; and

[16.8] all amounts, including without limitation, any refundable provincial investment tax credits under the *Taxation Act* (Québec), input tax credits and rebates under the *Excise Tax Act, Part IX* (Canada), refundable tax credits and rebates under the *Sales Tax Act* (Québec), received or receivable by SRX before or after the Plan Implementation Date but relating only to any period prior to the Plan Implementation Date, shall be received and held by SRX in trust for the Secured Lenders and shall be transferred to the Monitor as and when received by SRX and shall be received by the Monitor as agent for the Secured Lenders, and the proceeds thereof shall be paid by the Monitor, without personal liability, to the Secured Lenders as and when collected without any deduction or withholding by the Monitor whatsoever.

## [17] REORGANIZATION

[18] **ORDERS AND DECLARES** that SRX is authorized and directed to file the articles of reorganization attached as Schedule "B" (the "**Articles of Reorganization**") with the Director appointed under section 260 of the CBCA (the "**Director**") and that the articles of SRX are amended in accordance with the Articles of Reorganization (to which the Plan will be attached) and pursuant to section 191 of the CBCA, with effect from and after the Plan Implementation Date, in accordance with the provisions of the Plan, effected in the sequential order contemplated in section 7.3 of the Plan (subject to amendment in accordance with the terms thereof), including, *inter alia*, as follows:

[18.1] to provide that the board of directors of SRX shall be fixed at a minimum of three and a maximum of 15 directors and shall initially consist of the persons referred to in paragraph [22] below;

[18.2] to reorganize the authorized capital of SRX to: (i) create a new class of redeemable preferred shares (the "**Redeemable Preferred Shares**"); (ii) exchange all issued and outstanding common shares of SRX existing immediately prior to the Plan Implementation Date into an equal number of Redeemable Preferred Shares; and (iii) create a new class of common shares (the "**New Common Shares**") to be issued to the unit holders of Bonterra Energy Income Trust on the basis of one New Common Share for each unit of Bonterra Energy Income Trust;

[18.3] to change the corporate name of SRX to "Bonterra Energy Ltd." or such other name as the directors of Bonterra shall determine; and

[18.4] to change the place where the registered office of SRX is located to Alberta.

[19] **ORDERS** the cancellation, as of the Plan Implementation Date, of any and all issued and outstanding options, warrants and rights to acquire shares of SRX, without payment or consideration.

[20] **ORDERS** that SRX is authorized and directed to change and convert all Existing SRX Equity to Redeemable Preferred Shares on a the basis of one Redeemable Preferred Share for each existing common share pursuant to the Articles of Reorganization of SRX and, thereafter, following the completion of the Bonterra Arrangement the Redeemable Preferred Shares shall be redeemed by SRX in accordance with their terms for no consideration and shall be cancelled.

[21] **ORDERS** that SRX is authorized and directed to issue the New Common Shares to the unit holders of Bonterra Energy Income Trust on the basis of one New Common Share for each unit of Bonterra Energy Income Trust, and that the New Common Shares will be validly issued and outstanding as fully-paid and non-assessable on the Plan Implementation Date.

[22] **ORDERS** that Gary J. Drummond, George F. Fink, Carl Jonsson and F. William Woodward be appointed the new directors of Bonterra Energy Ltd. as of the Plan Implementation Date, upon completion of the steps set out in paragraphs [16] to [21] above.

[23] **ORDERS AND DECLARES** that this Order and the issuance by the Director of a certificate of amendment pursuant to section 262 of the CBCA constitute the only authorizations required by the Petitioner to proceed with the Reorganization and, for greater certainty, **DECLARES** that the Petitioner, Newco and the Monitor are exempted from requiring or obtaining any further authorization that may have been required from any person or authority whatsoever in connection with the Reorganization.

[24] **SUPPLEMENTARY CLAIMS PROCESS**

[25] **ORDERS** that SRX and the Monitor are authorized and directed to undertake the following steps to allow any Creditors who have Claims that have arisen exclusively after the Claims Bar Date of May 23, 2008 ("**Post Bar Date Claims**") to file such Claims (all steps in this section of the Order are referred to collectively as the "**Supplementary Claims Process**"):

[25.1] the Monitor shall, within three Business Days of the date of this Order, publish the notice substantially in the form attached as Schedule "C" to this Order ("**Notice of Supplementary Bar Date**") in one daily edition of the Globe and Mail (National Edition) in English and one daily edition of La Presse in French and on its website at <http://www.rsmrichter.com/Restructuring/SRTelecom.aspx> (the "**Website**");

[25.2] the Monitor shall, within three Business Days of the date of this Order, send, by regular mail or facsimile, to each Creditor with whom Petitioner transacted or did business after the Claims Bar Date (a "**Scheduled Creditor**"), notice of such Post Bar Date Claim ("**Notice of Post Bar Date Claim**"), substantially in the form attached as Schedule "D" to this Order, together with a copy of the information package ("**Information Package**"), consisting of: a copy of the instruction letter attached as Schedule "E" to this Order ("**Instruction Letter**"), a copy of the form of notice of dispute attached as Schedule "F" to this Order ("**Supplementary Notice of Dispute**"); a copy of this Order (excluding the schedules hereto); and any other materials as the Monitor may consider necessary or appropriate, and the Monitor shall provide copies of all Notices of Post Bar Date Claims to counsel for the Secured Lenders; and

[25.3] the Monitor shall send to each Creditor that, prior to November 12, 2008 (the "**Supplementary Bar Date**"), notifies the Monitor in writing of a purported Post Bar Date Claim, a copy of the Information Package and the proof of Post Bar Date Claim form ("**Proof of Post Bar Date Claim**") substantially in the form attached as Schedule "G" to this Order.

[26] **ORDERS** that any Scheduled Creditor that disputes the amount of its Post Bar Date Claim as set out in its Notice of Post Bar Date Claim must return its completed Supplementary Notice of Dispute to the Monitor by no later than the Supplementary Bar Date in accordance with the instructions provided in the Instruction Letter. Upon receipt of any Supplementary Notice of Dispute, the Monitor shall forthwith provide a copy thereof to the Petitioner and to counsel for the Secured Lenders.

[27] **ORDERS** that any Scheduled Creditor who does not file a Supplementary Notice of Dispute with the Monitor by the Supplementary Bar Date in accordance with paragraph [26] shall be deemed to have accepted the amount in the Notice of Post Bar Date Claim sent to it and any other Post Bar Date Claims that could have been asserted by such Scheduled Creditor, if any, shall be extinguished and forever barred.

[28] **ORDERS** that any Person (other than a Scheduled Creditor who has received a Notice of Post Bar Date Claim) asserting a Post Bar Date Claim must return its completed Proof of Post Bar Date Claim to the Monitor by no later than the Supplementary Bar Date in order to avoid having its Post Bar Date Claims automatically extinguished and forever barred. Upon receipt of any Proof of Post Bar Date Claim, the Monitor shall forthwith provide a copy thereof to the Petitioner and to counsel for the Secured Lenders.

[29] **ORDERS** that any Person (other than a Scheduled Creditor who has received a Notice of Post Bar Date Claim) that does not file a Proof of Post Bar Date Claim by the Supplementary Bar Date shall be forever barred from making, asserting or enforcing any Post Bar Date Claim, and shall not be entitled to receive any distribution under the Plan in respect of such Post Bar Date Claim, and such Person's Post Bar Date Claims, if any, shall be extinguished and forever barred.

[30] **ORDERS** that Unaffected Claims (as defined in the Plan) are excluded from the Supplementary Claims Process and that no Proof of Post Bar Date Claim is required to be filed in respect of an Unaffected Claim.

[31] **ORDERS** that the Monitor, with the assistance of the Petitioner, shall review each Proof of Post Bar Date Claim filed by the Supplementary Bar Date, and shall accept, revise or reject the amount set out in such Proof of Post Bar Date Claim, and where applicable, **ORDERS** that the Monitor shall, as soon as possible after receipt of a Proof of Post Bar Date Claim, but in any event no later than November 20, 2008, notify a Creditor who has filed a Proof of Post Bar Date Claim that is disputed, that such Proof of Post Bar Date Claim has been revised or rejected and the reasons therefor, by sending to such Creditor (with a copy to the Petitioner) by regular mail, facsimile or courier service, a notice of revision or disallowance ("**Supplementary Notice of Revision or Disallowance**") substantially in the form attached as Schedule "H" to this Order, and the Monitor shall provide copies of all such Notices of Revision or Disallowance to the Secured Lenders.

[32] **ORDERS** that, where the Monitor does not send, by November 20, 2008, a Supplementary Notice of Revision or Disallowance to a Creditor who has submitted a Proof of Post Bar Date Claim, then, subject to further Order of this Court, the Monitor shall be deemed to have accepted the Post Bar Date Claim set out in such Proof of Post Bar Date Claim as a Proven Claim for distribution purposes under the Plan (to the extent that such Post Bar Date Claim is entitled to receive distributions under the Plan) .

[33] **ORDERS** that any Creditor (other than a Scheduled Creditor who has received a Notice of Post Bar Date Claim) who intends to dispute a Supplementary Notice of

Revision or Disallowance, shall, on or before November 27, 2008 send a Supplementary Notice of Dispute to the Monitor by e-mail, facsimile or courier service, failing which, the Post Bar Date Claim of such Creditor shall be deemed to be the Claim set out in the Supplementary Notice of Revision or Disallowance.

[34] **ORDERS** that upon receiving a Supplementary Notice of Dispute from a Creditor (including a Scheduled Creditor), the Monitor shall attempt to resolve the disputed Post Bar Date Claim with the applicable Creditor, subject to the consent of the Secured Lenders, on or before December 4, 2008.

[35] **ORDERS** that where any disputed Post Bar Date Claim has not been finally resolved or determined on or before December 4, 2008, the Monitor shall forthwith thereafter submit such disputed Post Bar Date Claim to the Court for resolution and the Court's determination of the value of the Post Bar Date Claim shall be deemed to be the applicable Creditor's proven Post Bar Date Claim for distribution purposes under the Plan (to the extent that such Post Bar Date Claim is entitled to receive distributions under the Plan) and shall be final and binding on the parties without any right of appeal.

[36] **ORDERS AND DECLARES** the Supplementary Claims Process set out in this Order is intended to deal only with Claims arising exclusively after the Claims Bar Date and that nothing in this Order shall in any way extend, vary, amend or affect the Claims Bar Date or any Claims that were barred, extinguished or settled under the Claims Process Order or otherwise.

[37] **RELEASES AND DISCHARGES**

[38] **ORDERS AND DECLARES** that, pursuant to and in accordance with the Plan, effective as of the Plan Implementation Date, all Affected Claims of any nature against the Petitioner shall be forever compromised, discharged and released, the ability of any Person to proceed against the Petitioner in respect of or relating to any Affected Claims shall be forever discharged, and all proceedings with respect to, in connection with or relating to such Affected Claims are hereby permanently stayed, subject only to the right of Affected Creditors to receive the distributions pursuant to the Plan in respect of their Affected Claims.

[39] **ORDERS AND DECLARES** that the compromises and releases set out in the Plan are approved and that upon implementation of the Plan in accordance with its terms and this Order, SRX and each of the other Released Parties shall be forever released and discharged from all Claims as well as any and all indebtedness, obligations and liabilities to the extent provided under the Plan and this Order (the "**Released Claims**") and the ability of any Person to proceed against SRX or against any other Released Party in respect to any Released Claims shall be forever discharged, and all proceedings with respect to, in connection with or relating to such Released Claims are hereby permanently stayed.

[40] **ORDERS AND DECLARES** that the D&O Charge and the Administration Charge (together, the "**CCAA Charges**"), as defined in and created pursuant to the Initial Order



are hereby terminated and discharged as against SRX and its property effective as of the Plan Implementation Date and that, from and after the Plan Implementation Date, the Administration Charge shall continue to attach only to the Transferred Assets transferred to Newco.

[41] **ORDERS** that SRX is authorized and directed to pay any funds or property held as security for or in respect of the CCAA Charges to the Secured Lenders to be applied in reduction of their Secured Claims notwithstanding the ultimate release of same.

[42] **ORDERS AND DECLARES** that the Monitor has satisfied all of its obligations to prepare, compile, assemble and distribute the financial and other information required in the CCAA proceedings and shall have no further obligations to report or disclose any further information or otherwise in such proceedings relating to the Petitioner and the Monitor has no liability in respect of any information disclosed.

[43] **ORDERS** that, effective upon the Plan Implementation Date, any and all claims against the Monitor in connection with the performance of its duties as Monitor up to the Plan Implementation Date shall be and are hereby stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof except for any liability arising out of gross negligence or wilful misconduct on the part of the Monitor, provided however that this paragraph shall not release the Monitor of its remaining duties pursuant to the Plan and this Order (the "**Remaining Duties**").

[44] **ORDERS** that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court on notice to Monitor and upon further order securing, as security for costs, the solicitor and his own client costs of the Monitor in connection with the proposed action or proceeding.

[45] **ORDERS** that upon the completion of its Remaining Duties, the Monitor shall, with the written consent of the Secured Lenders, not to be unreasonably withheld, file with this Court, and serve upon the Petitioner and counsel for the Secured Lenders, a certificate stating that all of its Remaining Duties have been completed and that the Monitor is unaware of any claims with respect to its performance of such Remaining Duties, and upon the filing of such certificate, any and all claims against the Monitor in connection with the performance of its Remaining Duties as Monitor shall be and are hereby stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof except for any liability arising out of gross negligence or wilful misconduct on the part of the Monitor.

[46] **GENERAL**

[47] **DECLARES** that the Petitioner, the Monitor, the Secured Lenders and any other directly affected parties may apply to this Court for any directions or determinations required to resolve any matter or dispute relating to, or to the subject matter of or rights and benefits under, the Plan or this Order.

[48] **DECLARES** that any other directly affected party referred to in paragraph [47] above that wishes to apply to this Court, including with respect to a dispute relating to the Plan, its implementation or its effects, must proceed by motion presentable before this Court after a 10-day prior notice of the presentation thereof given to the Petitioner, the Secured Lenders and to the Monitor.

[49] **ORDERS** that notwithstanding: (a) the pendency of the CCAA Proceedings and the declarations of insolvency made therein; (b) the pendency of any applications for bankruptcy orders hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Petitioner or Newco and any bankruptcy orders issued in respect of the Petitioner or Newco; or (c) the provisions of any federal or provincial statute, that none of the transactions, asset transfers, steps, releases or compromises contemplated to be performed or effected pursuant to the Plan, including without limitation, the Reorganization, shall: (i) constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions under any applicable law, federal, provincial or otherwise; or (ii) constitute conduct meriting an oppression remedy.

[50] **ORDERS** the aid and recognition of any court of any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA), and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada, the legislature of any province or otherwise and any court or any judicial, regulatory or administrative body of the United States of America and the states or other subdivisions of the United States of America or any other nation or state to act in aid of and to be complementary to this court in carrying out the terms of this order where required.

[51] **DECLARES** the orders rendered herein executory notwithstanding any appeal or application seeking leave to appeal therefrom.

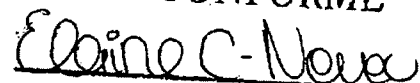
[52] **THE WHOLE WITHOUT COSTS.**



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CHANTAL CORRIVEAU, J.S.C.

COPIE CONFORME

  
Greffier adjoint