

CANADA
PROVINCE OF NEW BRUNSWICK
COURT NO: S/M/15/09

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
IN THE MATTER OF THE PLAN OF ARRANGEMENT OF

Blue Note Caribou Mines Inc.

NOTICE TO CREDITORS OF ORDER

DATE OF ORDER: **February 20, 2009**

Notice is hereby given that the above debtor filed for protection pursuant to the provisions of the Companies' Creditors Arrangement Act on the date indicated above, and on February 20, 2009 the Court of Queen's Bench of New Brunswick issued a protective Order, a copy of which is attached hereto.

The Order provides that the Company file a plan of arrangement on or before the 22nd day of March, 2009 or such later date as the Court shall Order. On or before that date the Company will likely also apply for a date for the meeting of creditors. It is expected that the plan of arrangement will not be filed at that time, and an extension of time will be sought for the filing of the Plan of Arrangement.

At this time we would request that you complete and file the attached proof of claim as at February 20, 2009. **You will receive notice of the meeting, the plan and a voting letter at a later date.**

The Company temporarily shut down the mine and mill while world commodity prices are very low, and there are no immediate plans to restart operations until world prices improve. PricewaterhouseCoopers Inc. is working with the Company to determine the current status of its affairs, and further financial information will be sent to the creditors in due course when the plan is submitted for consideration.

A website will be established for your convenience at www.pwc.com/car-bncariboumines. This website will be available soon. In the interim, if you have any further questions, please contact the Monitor, PricewaterhouseCoopers Inc., Robert C. Smith at 506.653.9425.

Dated at Saint John, New Brunswick, this 20th day of February, 2009.

PricewaterhouseCoopers Inc.
Court Appointed Monitor of Blue Note Caribou Mines Inc.

Bob Smith

Robert C. Smith, CA, CIRP

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK

TRIAL DIVISION

JUDICIAL DISTRICT OF SAINT JOHN

BETWEEN:

COURT OF QUEEN'S BENCH
CLERK / SAINT JOHN

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

REC'D
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FILED
DEPOSE

and

COUR DU BANC DE LA REINE
GREFFIER / SAINT-JEAN

IN THE MATTER OF THE
APPLICATION OF BLUE NOTE
CARIBOU MINES INC., a body corporate

INITIAL ORDER

UPON APPLICATION of Blue Note Caribou Mines Inc. (the "Applicant") for an Order substantially in the form attached as Schedule "A" to the Notice of Application herein; and

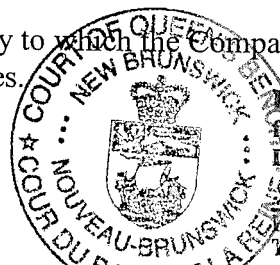
UPON READING the Notice of Application, the Affidavit of Michael Judson sworn February 18, 2009, the Affidavit of Robert Smith sworn February 19, 2009, and the consent of PricewaterhouseCoopers Inc. ("PWC") to act as proposed Monitor of the Applicant; and

UPON HEARING, Frederick A. Welsford and Timothy M. Hopkins, Counsel for the Applicant.

IT IS ORDERED THAT:

1. The time for any required service or notice of the Application herein be and it is hereby abridged and validated such that the Application is properly returnable today and further that any requirement for service of the Application herein upon any interested party is hereby dispensed with.
2. The Applicant is a company to which the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 applies.

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I certify that this is a true copy of the original on file in the Court Office, Judicial District of Saint John
Dated this 20th day of February, 2009
Edward Joas
Edward Joas, under written authorization of
The Registrar dated the 21st day of December 2007

STAY OF PROCEEDINGS

3. Until and including March 22nd, 2009 or such later date as this Court may by further Order stipulate (the "Stay Termination Date"):

(a) any and all proceedings, including, without limitation, suits, actions, extra-judicial proceedings, enforcement processes or other remedies including without limiting the foregoing the matter having Cause No. B/C/244/08 ("Proceedings") commenced, taken or proceeded with or that may be commenced, taken or proceeded with by any of the Applicant's creditors, customers, clients, suppliers, contractors, lenders; factors, customs brokers, purchasing agents, lessors of real or personal property of any kind or nature whatsoever, sub-lessors, tenants, sub-tenants, licensors, licensees, consignors, co-owners, co-tenants, shareholders, joint venture partners, co-venturers, partners, governments of any nation, province, state or municipality or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in Canada, or elsewhere and any person, firm, corporation or other entity owned or controlled by or which is the agent of any of the foregoing, or by any charge, debit or credit card company or any other person, firm, corporation or entity wherever situate or domiciled (collectively, "Persons" and, individually, a "Person"), against or in respect of the Applicant, or its directors, officers, or employees, in such capacity, or in respect of any present or future property; assets, business and undertaking of the Applicant of any kind or nature whatsoever, whether real or personal and wherever located, (the "Property"), whether pursuant to the Bankruptcy and Insolvency Act (the "BIA"), the Winding-up and Restructuring Act (the "WUA") or otherwise, are hereby stayed and suspended.

(b) the right of any Person to make demand or draw under any debenture, note, bond, or instrument of similar effect, issued by or on behalf of the Applicant prior to the date of this Order, to take possession of, exercise rights of garnishment, foreclose upon or otherwise realize upon or deal with any of the Property or to continue any such actions or proceedings if commenced prior to the date of this Order, is hereby restrained;

(c) the right of any Person (including, without limitation, any authority with jurisdiction to levy realty taxes) to commence or continue enforcement, realization or collection proceedings in respect of any encumbrance, tax, lien, security interest, charge, mortgage, guarantee, attornment of rents, hypothecation, pledge or other security held in relation to, or any trust



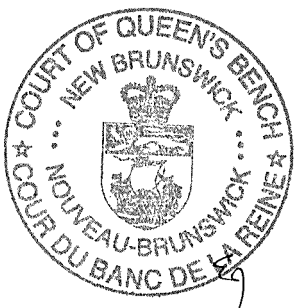
attaching to or deemed to attach to or comprise any of, the Property including without limitation the right of any creditor to take any step in asserting, perfecting or registering any right or interest (including, without limitation, any right to revendication, rescission, resiliation or any right to repossession or stoppage in transit of any goods supplied or shipped to the Applicant, whether taken in or delivered in the Province of New Brunswick or elsewhere, and whether pursuant to the BIA or otherwise), is hereby restrained;

- (d) the right of any Person to assert, enforce or exercise any right, option or remedy available to it, including, without limitation, any right of dilution, buy-out, divestiture, preemptive right of purchase, option to purchase on default, pledge agreement, forced sale, acceleration, termination, suspension, modification, cancellation or right to revoke or terminate any qualifications, registration or lending arrangements of any kind (collectively, "Rights"), including, without limitation, any Rights arising under or in respect of any arrangement or agreement to which the Applicant is a party or in which the Applicant has an interest (including, without limitation, any security agreement, mortgage, contract, partnership agreement, management agreement, lease, license agreement, agreements relating to any charge, credit or debit card arrangements, shareholders' agreement, joint venture agreement, co-ownership agreement, easement agreement, operating agreement or any agreement of purchase and sale but excluding any eligible financial contract within the meaning of the CCAA) where such Rights arise out of, relate to or are triggered by the occurrence of any default or non-performing by the Applicant thereunder, the making of this Order or filing of these proceedings, or any allegation contained in these proceedings, including, without limitation, the right to make any demand, to send any notice, to crystallize any security interest, to exercise any preemptive first right, to accelerate the repayment of any outstanding indebtedness or to terminate, accelerate rent due under, interfere with the Applicant's quiet possession in respect of, or otherwise deal with any lease of real or personal property in respect to which the Applicant is a lessee, is hereby restrained;
- (e) all Persons having arrangements or agreements, written or oral, with the Applicant for the supply of goods and/or services by or to the Applicant, including, without limitation, raw materials and packaging, or to any of the Property, including, without limitation, leases of real or personal property of any nature or kind whatsoever, display contracts, licence agreements, consignment agreements, insurance contracts, product certification arrangements, warranty service contracts, distribution agreements, inventory financing agreements, conditional sales contracts, charge, credit



and debit card agreements, bank and other operating accounts, management agreements, transportation contracts, freight forwarding contracts, shipping and carrier contracts, security and truck carrier contracts, computer software and support systems, supply contracts, maintenance and service contracts, access or sharing of premises or common facilities arrangements with respect to any of the Applicant's locations or premises, are hereby restrained from accelerating, terminating, suspending, modifying or canceling any such agreements, arrangements or supply of goods or services so long as the Applicant pays the normal prices or charges (other than security or other deposits {whether by way of cash, letter of credit or guarantee or otherwise}, stand-by fees or similar items which the Applicant shall have no obligation to pay or grant) for such goods and services received after the date of this Order as the same become due and payable in accordance with present payment practices, or as may be hereafter agreed by the Applicant from time to time, without the written consent of the Applicant or leave of the Court. Without limiting the generality of the foregoing, all Persons are hereby restrained until further Order of this Court from, directly or indirectly, discontinuing, interfering with or cutting-off any utility or required services (including telephone, facsimile or other communications services at the present numbers used by the Applicant in respect of any of the Property), the furnishing of oil, gas, diesel, other petroleum products, inventory, water, heat or electricity, the supply of equipment, computer software, transportation, hardware support and electronic, internet, electronic mail and other data services, so long as the Applicant pays the normal prices or charges (other than deposits, stand-by fees or similar items which the Applicant shall have no obligation to pay) for such goods and services received from and after the date of the within Order as same become due in accordance with present payment practices, or as may be negotiated from time to time, and that all such Persons shall continue to perform and observe the terms and conditions contained in any agreements entered into with the Applicant or in connection with any of the Property, as the case may be, of goods and services and from pursuing any right or remedies arising thereunder;

- (f) all Persons are prohibited until further Order of This Court from terminating, canceling, suspending, amending or withdrawing any licences, sub-licences, royalty arrangements, permits or approvals or rights relating to uses of product or brand names issued or granted to the Applicant or in connection with any of the Property and from pursuing any rights or remedies arising thereunder;



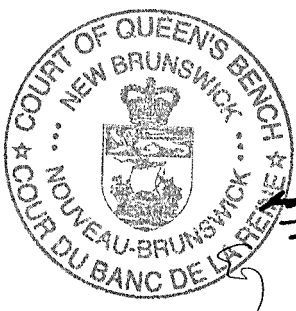
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- (g) all Persons are restrained from exercising any extra-judicial remedy against the Applicant, including, without limitation, any right of distress, revendication, resiliation, repossession, set-off or consolidation of accounts in relation to any amount due or accruing due in respect of or arising from any indebtedness or obligation of the Applicant as of the date hereof; or from retaining any cheque and/or money owing to the Applicant or to which the Applicant is otherwise entitled, or from retaining any goods, including, without limiting the generality of the foregoing, any goods of the Applicant or of any of the Applicant's customers held by any bailee, warehouser, distributor, supplier, subcontractor, vendor, or other third party or any of their respective agents, purchasing agents, freight carriers, delivery companies or customs brokers and agents, in relation to or by reason of amounts past due to any such person, or customs duties and charges, taxes, freight, insurance, storage or other charges paid on behalf of or owed by the Applicant prior to the date hereof for which the Applicant has not reimbursed or paid such Person;
- (h) notwithstanding subparagraph 3(d) hereof, this Order shall not prohibit any party to an "eligible financial contract" (as defined in section 2 of the CCAA) with the Applicant, which contract was entered into before the date of this Order, from terminating such eligible financial contract and setting off the obligations between the Applicant and such other party in accordance with its provisions, provided that if the "net termination value" (as defined in section 2 of the CCAA) determined in accordance with the eligible financial contract is owed by the Applicant to another party to the eligible financial contract, the other party shall be deemed to be a creditor of the Applicant with a claim in respect of that net termination value;
- (i) any deposit made by the Applicant or for its benefit (including without limiting the forgoing as a payment of an account receivable by a customer or otherwise) with any Person from and after the making of this Order, whether in an operating account or otherwise and whether for its own account or for the account of any other entity, shall not be applied by such Person in reduction or repayment of any amount owing as of the date of this Order or which may become due on or before the Stay Termination Date or in satisfaction of any interest, fees, charges or other amounts accruing in respect thereof, and shall be remitted to the Applicant;
- (j) no Person may commence or continue any Proceedings against any present or former director of the Applicant on any claim against such present or former director that arose before the commencement of these proceedings and that relates to obligations of the Applicant where, directors are under



any law liable in their capacity as directors for payment of such obligations;

- (k) the right of all creditors and shareholders of the Applicant to make demand for payment upon the Applicant is hereby restrained;
 - (l) no Person shall cancel, or shall seek cancellation of, any policy of insurance which has been issued at the request of or for the benefit of the Applicant and other designated insured parties under any such policy of insurance; directly or indirectly, and in the event of any process having been taken for the cancellation of any such policy of insurance, such process is hereby restrained and stayed, and all policies of insurance shall continue in full force and effect;
 - (m) without limiting the generality of any of the foregoing, no Person whose claim is joint, several or joint and several between the Applicant (the "Joint Liability") and any other Person (the "Joint Debtor") shall be permitted to commence, take or proceed with any Proceedings in respect of the Joint Liability against the Joint Debtor, whether or not the Joint Debtor is situated or domiciled in Canada;
 - (n) all Persons shall continue to perform and observe the terms, conditions and provisions contained in any agreements with the Applicant on their part to be performed and observed; and
 - (o) without limiting the generality of any of the foregoing, all Persons, shall continue to provide and maintain all policies of insurance in respect of the Applicant on the same terms and conditions existing as of the date of this Order.
4. Notwithstanding anything else contained herein no creditor of the Applicant shall be under any obligation after the making of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant except as provided in paragraph 5 of this Order.
5. Notwithstanding paragraph 3 and 4 of this Order, any Person which provided letters of credit, standby letters of credit or shipping guarantees (the "Issuing Party") at the request of the Applicant shall be required to continue honouring any and all such letters of credit, standby letters of credit and/or shipping guarantees, issued on or before the date of this Order subject to the Issuing Party being entitled to retain the bills of lading and/or shipping documents relating thereto until paid therefore. For greater certainty, the Issuing Party shall be prohibited from terminating, suspending, modifying, determining, refusing to honour or



canceling any such letters of credit, standby letters of credit or shipping guarantees, and the beneficiaries of such letters of credit, standby letters of credit or shipping guarantees for the supply and delivery of goods shall be entitled to draw on such letters of credit, standby letters of credit or shipping guarantees, as the case may be, in accordance with their respective terms and conditions, without the prior written consent of the Applicant and without the leave of this Court.

6. Without limiting anything contained in this Order, from 12:01 a.m. (New Brunswick, Canada time) on the date of this Order to the time of the granting of this Order, any act or action taken or notice given by any of the Applicant's creditors or other Persons in furtherance of their rights to commence or continue realization or to take or enforce any other step or remedy, whether in any Proceeding or otherwise, will be deemed not to have been taken or given, as the case may be, subject to the right of any such Person to further apply to this Court on proper notice to the Applicant and the Monitor hereinafter appointed in respect of such step, act, action or notice given.
7. To the extent that any rights or obligations, or time or limitation periods relating to the Applicant or the Property may expire or terminate with the passage of time, the term of such rights, obligations or periods shall hereby be deemed to be extended by a period of time equal to the duration of the stay of proceedings effected by this Order and any further Order of this Court and, for greater certainty, in the event that the Applicant becomes bankrupt or a receiver is appointed in respect of the Applicant within the meaning of the BIA, the period between the date of this Order and the day on which such stay of proceedings is ended shall not be counted in determining the 30-day period referred to in Section 81.1 of the BIA or the 15 day period referred to in Section 81.2 of the BIA, provided that this paragraph shall not be construed to extend the term of any lease that expires during the pendency of such stay of proceedings.
8. All Persons having any other arrangements or agreements whether written or oral, with the Applicant, are hereby restrained from accelerating, terminating, suspending, modifying, determining or canceling any such arrangements or agreements, notwithstanding any provisions therein contained to the contrary, without the prior written consent of the Applicant and concurrence of the Monitor or leave of this Court on proper notice to the Applicant and the Monitor. All such Persons shall continue to perform and observe the terms, conditions and provisions contained in such agreements on their part to be performed or observed. Without limiting the generality of the foregoing, all Persons be and they are restrained until further Order of this Court from terminating, resiliating, rescinding, repudiating, suspending, modifying, canceling, disturbing or otherwise interfering in any way with the present or future occupation by the Applicant of any lands or premises leased, subleased or occupied by the Applicant, and the

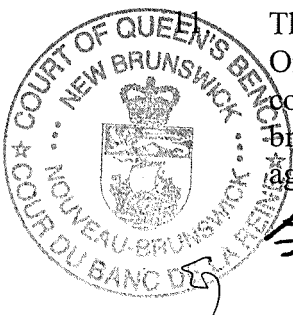


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landlords of lands or premises leased, subleased or occupied by the Applicant are hereby specifically restrained from taking any steps to terminate, resiliate or otherwise bring to an end any lease, sublease, occupancy or other agreement to which the Applicant is a party, whether by notice or otherwise, or to terminate any ancillary agreements or arrangements, including, without limitation, leasehold improvement arrangements with the Applicant, without the prior written consent of the Applicant and concurrence of the Monitor or leave of this Court on proper notice to the Applicant and the Monitor, subject to the obligation of the Applicant to pay occupation rent (calculated in accordance with the terms of the particular lease, or as may otherwise be agreed in writing between the Applicant and the relevant landlord and concurred in by the Monitor) for the period commencing with the date of this Order for leased lands or premises actually occupied by the Applicant, but not arrears arising prior to the date of this Order or rents in dispute, once every two weeks in arrears, commencing on the date that the next rental payment is due following the date of this Order, at the rental rate calculated on the per diem basis presently payable by it, applied proportionately to the period of actual occupation, or as otherwise may be agreed in writing by the Applicant and the relevant landlord and concurred in by the Monitor from time to time. If any such occupation rent for any such leased premises remains outstanding for more than fifteen days after written notice of non-payment has been given by the relevant landlord to the Applicant and to the Monitor, the stay of proceedings with respect to such premises shall thenceforth cease to have effect.

9. Until and including the Stay Termination Date, Her Majesty in Right of Canada may not exercise rights under subsection 224(1.2) of the Income Tax Act (Canada) in respect of the Applicant, where the Applicant is a tax debtor under that subsection or any provision of the Canada Pension Plan or the Employment Insurance Act that refers to subsection 224 (1.2) and Her Majesty in Right of a Province may not exercise rights under provincial legislation substantially similar to that subsection in respect of the Applicant where the Applicant is a tax debtor under the provincial legislation.
10. The provisions of paragraphs 3 to 9 of this Order apply in accordance with their terms to stay any and all Proceedings or to restrain any matter provided therein that may be commenced or taken against any person who is or may be directly or indirectly obligated to any obligations of the Applicant otherwise than under any letter of credit or any guarantee in respect of any such obligations.

This Order and the proceedings in this Application leading to the granting of this Order, including the content of any Affidavit filed in these proceedings, shall not constitute or be relied upon in evidence or otherwise as constituting a default or breach by the Applicant, its directors, shareholders, employees, advisors and agents, under or pursuant to any agreement, statute, regulation, license, permit,



contract, permission, covenant, undertaking, policy of insurance or other instrument or requirement.

OPERATIONS

12. The Applicant shall be entitled to exercise any rights of set-off and claim any allowances or benefits which it is entitled to claim against amounts payable by the Applicant to any Person, including, without limitation, amounts payable to any supplier of goods or services or any landlord of land or premises leased or occupied by the Applicant and including rights arising in connection with any agreements or arrangements with any supplier with respect to advertising, marketing, installation of fixtures, product research and development, volume rebates and allowances and any other similar arrangements or product allowances.
13. The Applicant shall honour to the extent possible all of its obligations to its customers both before and after the date of this Order, in accordance with its existing practices including, without limitation, all obligations with respect to refunds for goods purchased, warranty claims and deposits made by customers including without limitation the return of any deposits for orders not completed or of any overpayments.
14. All funds, monies, cheques, instruments, charge, debit or credit card vouchers and other forms of payment received or collected by the Applicant from and after the making of this Order from any source whatsoever, including without limitation the sale of any inventory, the collection of any account receivable or the sale of, realization upon or income from any other Property, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited in one or more new accounts opened by the Applicant (the "Post-Filing Accounts"), and the monies standing to the credit of such account or accounts from time to time shall be used by the Applicant solely for the payment of those obligations of the Applicant specifically authorized to be paid by the terms of this Order or any further Order of this Court. For greater certainty and without limiting the generality of subparagraph 3(g) hereof, the Applicant's bankers are hereby restrained from exercising or purporting to take the benefit of any right of set-off or combination of accounts or bankers lien in respect of any indebtedness or liability of the Applicant owed to the Applicant's bankers as at the time of the making of this Order against the credit balance at any time or from time to time standing to the credit of any of the Post-Filing Accounts, provided that, notwithstanding paragraph 3(i) and any other provisions of this Order, the Applicant's bankers shall be entitled to exercise the foregoing remedies or any of the remedies in subparagraph 3(g) in relation to any amount due or accruing due after the date of this Order arising from any indebtedness or obligation of the Applicant incurred after the date hereof. The Applicant and the Monitor shall



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keep accounts with respect to the source of all such receipts received by the Applicant from and after the date hereof.

15. The Applicant shall remit, in accordance with legal requirements,
- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof which from and after the date hereof are required to be deducted from employees' wages, including, without limitation, amounts in respect of unemployment insurance, Canada Pension Plan and income taxes;
 - (b) amounts accruing and payable by the Applicant, in respect of wages paid from and after the date thereof, in respect of unemployment insurance, Canada Pension Plan, workers' compensation and employer health taxes with respect to employees; and
 - (c) all goods and services or sales taxes payable by the Applicant or its customers in connection with the sale of goods and services by the Applicant to such customers from and after the date hereof.
16. From and after the date hereof, the Applicant shall pay all reasonable expenses incurred by the Applicant in carrying on its business and carrying out the provisions of this Order, which expenses, pending any further Order of this Court, may include, without limitation, payment of:
- (a) The Monitor, counsel to the Monitor, and counsel to the Applicant shall be paid their reasonable fees and disbursements (in the case of the Monitor, on the basis of a chartered accountant and its own client and, in the case of such counsel on a solicitor and his own client basis) by the Applicant and such fees shall be part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel of the Monitor, and counsel for the Applicant on a weekly basis, and, in addition, the Applicant is hereby authorized to pay each of the Monitor and counsel to the Applicant retainers to be held by the recipient as security for payment of their fees and disbursements outstanding from time to time;
 - (b) amounts to make such arrangements as may be necessary for payment of suppliers of goods or services actually supplied, delivered or provided to the Applicant following the date of this Order, including where the Applicant determines it necessary and economically beneficial to the Applicant, with the prior concurrence of the Monitor, payment of any amounts due prior to the date of this Order;

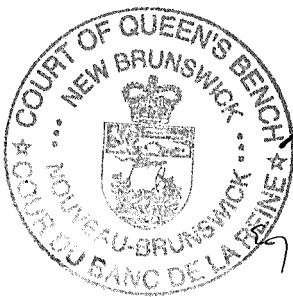


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- (c) all outstanding and future wages, salaries, employee benefits, vacation pay (for continuing employees in the normal course), and other like amounts (but excluding for greater certainty any severance, termination and other like amounts) due or accruing due to employees and present and future directors and the reimbursement of business expenses properly incurred by employees and present and future directors and payments to operate and fund the payroll accounts (including source deductions) in respect of such employees;
- (d) all expenses reasonably necessary for the preservation of the Property including, without limitation, payments on account of insurance, safety and security;
- (e) all present and future warranty claims and the acceptance of returns of merchandise for cash or credit in the ordinary course of business;
- (f) all outstanding and future premiums on directors' and officers' liability insurance and key-man insurance;
- (g) any amount secured by the DIP Security (if any);
- (h) any amount secured by the Administration Charge (as hereinafter defined and constituted);
- (i) any amounts payable in respect of the Post-Filing Accounts; and
- (j) any other amount specifically provided for by the terms of this Order.

POSSESSION OF PROPERTY

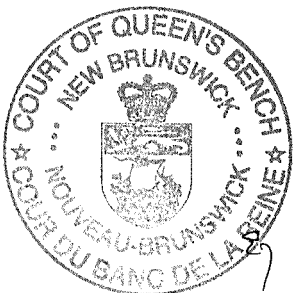
17. Subject to the terms of this Order, the Applicant shall remain in possession and control of the Property and shall continue to carry on business in a manner consistent (except as herein otherwise contemplated) with the preservation of the Applicant's business and Property, and shall be authorized and empowered to continue to retain and engage the agents, accountants, advisors, servants, solicitors and consultants currently engaged and paid by the Applicant, with liberty to retain, with the concurrence of the Monitor or approval of this Court, such further or other Persons as it deems reasonably necessary or desirable in the ordinary course of business or for the purpose of the Plan or the carrying out of the terms of this Order.



RESTRUCTURING

18. The Applicant shall have the right, with the concurrence of the Monitor, to:

- (a) cease, downsize or shut down any of its operations or locations and to make provision for any consequences thereof in the Plan;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate and, to the extent not paid in the ordinary course, to make provision for any consequences thereof in that Plan;
- (c) vacate, abandon or quit any leased lands or premises and/or terminate, repudiate or resiliate any lease and any ancillary agreements relating to any leased lands or premises, on not less than seven days notice in writing to the relevant landlord on such terms as may be agreed upon between the Applicant and such landlord with the concurrence of the Monitor and, failing agreement, on terms as the Applicant deems appropriate and to make provision for any consequences thereof in the Plan, provided that the Applicant may remain in occupation of any such lands or premises despite such termination so long as the Applicant pays occupation rent in accordance with paragraph 8 of this Order.
- (d) subject to obtaining the prior concurrence of the existing, relevant secured lenders, proceed with the marketing for sale or other disposition of such of its Property and/or shares as the Applicant deems appropriate;
- (e) subject to obtaining the prior concurrence of the existing relevant secured lenders, and subject to paragraph 18(f) hereof, proceed with an orderly liquidation of such of its property as the Applicant deems appropriate;
- (f) subject to obtaining the prior concurrence of the existing relevant secured lenders, sell, transfer or assign, whether on credit, by private tender, public auction or otherwise, or to lease or mortgage the Property or any part or parts thereof out of the ordinary course of business, without compliance with, any applicable legislation or any other notice, statutory or otherwise, which a creditor or other party may be required to issue in order to dispose of the collateral of a debtor, in respect of which the Applicant be and is hereby relieved:

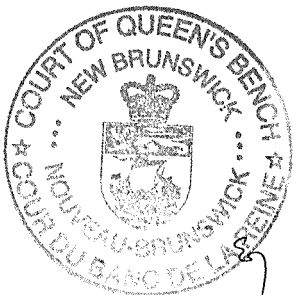


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- i) without the approval of the Court in respect of any transaction in the ordinary course of business;
 - ii) without the approval of the Court in respect of any transaction out of the ordinary course of business and not exceeding \$200,000 provided that the aggregate consideration for all such transactions does not exceed \$2,000,000; and
 - iii) with the approval of this Court in respect of any other transaction;
- (g) notwithstanding paragraph 18(f), to sell its current inventory of raw materials and to purchase new raw materials in an amount appropriate to the needs of the Company;
 - (h) terminate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicant deems appropriate and to make provision for any consequences thereof in the Plan.

all of the foregoing in order to permit the Applicant to proceed with an orderly restructuring of its business, property and affairs (the "Restructuring").

19. In order to facilitate the Restructuring, the Applicant shall be permitted to carry on its business in the manner and to the extent determined by it, to dispose of any or all of its inventory and other assets wherever situate through its retail, warehouse and distribution operations and facilities or otherwise without any interference of any kind from its landlords and, for greater certainty, the Applicant shall have the right to realize upon its inventory and other assets in such manner and at such locations as the Applicant deems suitable or desirable for the purpose of maximizing the proceeds and recovery therefrom.
20. (a) In addition to any existing indemnities, the Applicant shall indemnify each of the directors and officers of the Applicant (the "Directors") against the following, (collectively the "D&O Claims"):
- i) all costs (including without limitation), full defence costs, charges, expenses, claims, liabilities and obligations of any nature whatsoever, which may arise on or after the date of this Order (including, without limitation, an amount paid to settle an action or a judgment in a civil, criminal, administrative or investigative action or proceeding to which a Director may be made a party), provided that any such liability relates to such Director in that capacity, and provided that such Director,

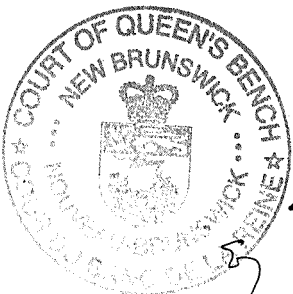


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- (A) acted honestly and in good faith in the best interests of the Applicant; and
 - (B) in the case of a criminal or administrative action or proceeding in which such Director would be liable to a monetary penalty, such Director had reasonable grounds for believing his or her conduct was lawful, except if such Director has actively breached any fiduciary duties or has been grossly negligent or guilty of wilful misconduct;
- ii) all costs, charges, expenses, claims, liabilities and obligations relating to the failure of the Applicant to make any payments or to pay amounts in respect of employee, or former employee entitlements to wages, vacation pay, termination pay, severance pay, pension or other benefits, or any other amount for services performed on or after the date of this Order, and that such Directors sustain, by reason of their association with the Applicant as a Director, except to the extent that they have actively breached any fiduciary duties or have been grossly negligent or guilty of wilful misconduct.

The foregoing shall not constitute a contract of insurance or other valid and collectable insurance as such term may be used in any existing policy of insurance issued in favour of the Applicant or any of the Directors.

- (b) As security for the obligation of the Applicant to indemnify the Directors pursuant to this paragraph 20, the Directors are granted a mortgage of, lien on, and security interest in the Property to the extent of \$400,000.00 (the "D&O Charge"). Such D&O Charge shall not constitute or form a trust. Such D&O Charge, notwithstanding any language in any applicable policy of insurance to the contrary, shall only apply to the extent that the Directors do not have coverage under any directors' and officers' insurance which shall not be excess insurance to the D&O Charge. In respect of any D&O Claims against any of the Directors (collectively the "Respondent Directors"), if such Respondent Directors do not receive confirmation from the applicable insurer within twenty-one (21) days of delivery of notice of the D&O Claim to the applicable insurer confirming that the applicable insurer will provide coverage for and indemnify the Respondent Directors, then, without prejudice to the subrogation rights hereinafter referred to, the Applicant shall pay the amount of the D&O Claim upon expiry. Failing such payment, the Respondent Directors may enforce the D&O Charge provided that the Respondent Directors shall reimburse the Applicant to the extent that they subsequently receive

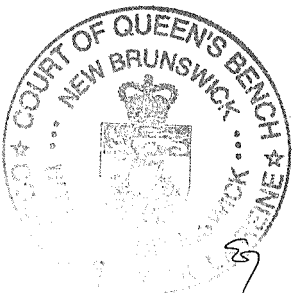


insurance benefits for the D&O Claim paid by the Applicant, and provided further that the Applicant shall, upon payment, be subrogated to the rights of the Respondent Directors to recover payment from the applicable insurer as if no such payment had been made;

- (c) Subject to the Administrative Charge only, the D&O Charge shall rank prior to all existing charges, liens, securities, security interests, and other encumbrances against the Property or any part thereof.
21. No person shall commence or continue with any proceeding against any directors, officers, employees, legal counsel or financial advisors to the Applicant, the Monitor or the legal counsel to the Monitor for or in respect of the Restructuring or the Plan or any other matter in connection with this proceeding, without first obtaining the leave of this Court, upon seven days' (or such other period as the Court may order) written notice to the Applicant, the Monitor and all potential defendants referred to in this paragraph.

PAYMENT OF CREDITORS

22. Subject to paragraphs 14, 15, 16, 17, 18 and 30 hereof and except as otherwise provided in this Order, the Applicant is hereby directed, until further Order of this Court:
- (a) to make no payments, whether of principal, interest thereon or otherwise, on account of amounts owing by the Applicant to any of its creditors as of this date;
 - (b) to grant no mortgages, charges or other security upon or in respect of any of its present or future Property other than as otherwise authorized by further Order of this Court; and
 - (c) except with the concurrence of the Monitor, not to enter into, incur, make or pay any monies or other consideration in respect of, any commitment, obligation, arrangement or agreement:
 - i) out of the ordinary course of its business and which involves the incurrence of obligations or payment of monies exceeding \$50,000.00 in the aggregate, except as is otherwise expressly provided for in this Order; and
 - ii) in the ordinary course of its business for or in respect of the purchase of goods not intended for sale by the Applicant until the Stay Termination Date, and which involves the incurrence of



*10/17/15
SCAB*

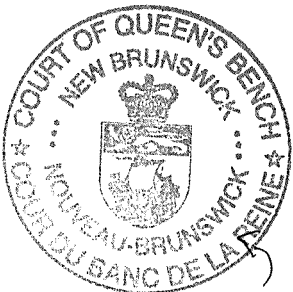
obligations or payment of monies exceeding \$200,000.00 in the aggregate.

PLAN OF ARRANGEMENT

23. The Applicant is hereby authorized and permitted to file with this court a plan of compromise or arrangement regarding the Applicant under the CCAA (the "Plan") on or before the Stay Termination Date or such other date as may be ordered by this Court.
24. The Applicant shall, subject to the direction of this Court, summon and convene meeting(s) between the Applicant and its secured and unsecured creditors under the Plan to consider and approve the Plan (collectively, the "Meetings").

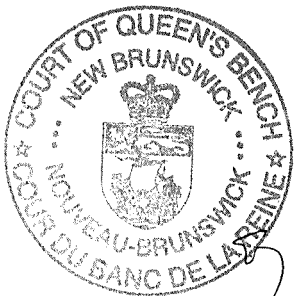
MONITOR

25. Until further Order of this Court, PWC (the "Monitor") shall be and it is hereby appointed as an officer of this Court to monitor the business and affairs of the Applicant with the powers and obligations hereafter set forth and that the Applicant and its shareholders, officers, directors, employees, servants, agents and representatives shall cooperate fully with the Monitor in the exercise of its powers and discharge of its obligations. Without limiting the generality of the foregoing, the foregoing persons shall provide the Monitor with such access to the Applicant's books, records, assets and premises as the Monitor requires to exercise its power and perform its obligations under this Order.
26. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
 - (a) consult with the Province of New Brunswick and, to the extent permitted by law, thereafter direct such Minister or Ministers, as the case may be, to release to the Monitor, in trust for the Applicant, all funds or any portion thereof held by the Province of New Brunswick for the payment of costs with respect to the protection, reclamation and rehabilitation of the environment in relation to the Applicant's operations ("Environmental Protection Fund") and, to the extent permitted by law, the Province of New Brunswick shall release all funds directed to be released by the Monitor within five days of such direction (the "Release Period") or apply to this Court for direction or to stay the direction of the Monitor prior to the expiry of the Release Period;



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- (b) the Monitor may release to the Applicant such portion of the Environmental Protection Fund as it determines is appropriate or as ordered by this Court for the payment of costs with respect to protection, reclamation and rehabilitation of the environment in relation to the Applicant's operations;
- (c) assist the Applicant, as applicable, in the development of the Plan and any amendments to and the implementation of the Plan;
- (d) monitor the Applicant's receipts and disbursements;
- (e) assist the Applicant with the marketing of their Property and/or shares;
- (f) assist the Applicant in their review and assessment of areas for cost reduction and revenue enhancement in the Applicant's business;
- (g) assist the Applicant, as applicable with the holding and administering of any Meetings for voting on the Plan and shall act as chair at any such Meeting;
- (h) assist the Applicant in securing its required supply of goods and services by the issue of letters of comfort supported by cash on deposit;
- (i) inquire into and report to creditors, at or prior to any Meetings to consider the Plan, upon the financial condition and prospects of the Applicant;
- (j) be at liberty to engage legal counsel and engage such other agents as the Monitor deems necessary respecting the exercise of its powers and performance of its obligations under this Order;
- (k) report to this Court as the Monitor deems appropriate or as this Court directs, in respect of the marketing of the Property and/or shares, the Applicant's receipts and disbursements, the Plan, the Restructuring or the business of the Applicant or in respect of such other matters as may be relevant to the proceedings herein;
- (l) perform such other duties as are required by this Order or further Order of this Court;
- (m) provide such information to all secured creditors regarding the Applicant as is reasonably requested by any secured creditor and to consult with all secured creditors concerning the development of the Plan, the

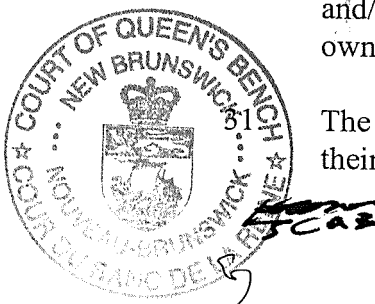


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implementation of the Plan and the marketing of the Property and/or shares; and

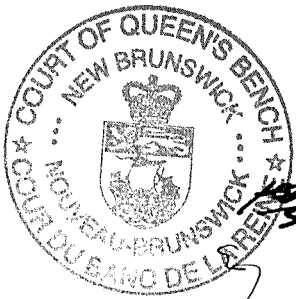
- (n) generally to consult with the secured creditors with respect to the authority given to the Monitor pursuant to this paragraph.
27. The Monitor is authorized to provide all interested parties who so request with its report or assessment on the Plan. The Monitor shall incur no liability as a result of any report or assessment that it may make pursuant to this provision.
 28. In response to any reasonable request for information made in writing by any of the Applicant's creditors addressed to the Monitor, the Monitor shall provide such creditor with the information requested. In the case of information which the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to the requesting creditor unless otherwise directed by this Court.
 29. The Monitor is not empowered to take possession of any of the Property or to manage any of the Applicant's business or affairs and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession, management or control of the Property, or any part thereof, and shall not occupy any premises except in such circumstances as the Monitor deems necessary.
 30. The reasonable fees and disbursements of the Monitor (including the reasonable solicitor and client fees and disbursements of any counsel retained by the Monitor) and the reasonable solicitor and client fees and disbursements of the Applicant's counsel in these proceedings shall be paid by the Applicant as part of the costs of these proceedings, the Plan and the Restructuring and the Applicant is hereby authorized and directed to pay the accounts of the Monitor, and the Applicant's counsel and counsel for the Monitor on a weekly basis. In addition, the Applicant is hereby authorized to pay each of the Monitor, counsel to the Monitor, and counsel to the Applicant such retainers as may be agreed upon to be held by the Monitor and each such counsel as security for payment of their fees and disbursements outstanding from time to time (including with respect to this Application), subject to any final assessment or taxation as may be ordered by this Court, in which case the remuneration of the Monitor shall be taxed on the basis of a chartered accountant and its own client and the legal costs of the Monitor's and/or the Applicant's counsel shall be taxed on the basis of a solicitor and its own client.

The Monitor, counsel to the Monitor and the Applicant's counsel, as security for their reasonable professional fees and disbursements incurred both before and

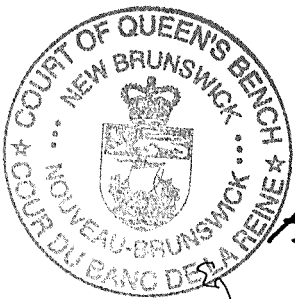


after the making of this Order in respect of these proceedings, the Plan and the Restructuring, shall be entitled to the benefits of and are hereby granted a charge against all present and future Property, including without limitation the credit balances from time to time in the Post-Filing Accounts (the "Administration Charge"), such Administration Charge not to exceed \$400,000.00 without further order of this Court.

32. The Administration Charge shall attach to all present and future real and personal property of the Applicant, including any lease or other contract, notwithstanding any requirement for the consent of the lessor or other party to any such contract or any other Person, the necessity for the giving of any such consent is hereby dispensed with, and the absence of any such consent shall not constitute a breach of or default under any such lease or other contract.
33. The Administration Charge shall rank prior to all existing charges, liens, securities, security interests and other encumbrances against the Property or any part thereof.
34. The Administration Charge shall be deemed to be valid and effective notwithstanding any negative covenant, prohibition or any other provision with respect to incurring debt or the creation of liens or security contained in any existing agreement between the Applicant and/or its shareholders and any other Person, including without limitation those contained in the existing credit agreements with the Applicant and those contained in any agreement between the Applicant, its shareholders and any other Person. Notwithstanding any provision to the contrary in any such agreements and without limiting the generality of the foregoing, the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Applicant of any agreement to which it is a party.
35. It is further ordered:
 - (a) where the Monitor acts in good faith and takes reasonable care in preparing a report required by this Order, the Monitor is not liable for loss or damage to any Person resulting from that Person's reliance on the report;
 - (b) notwithstanding anything in federal or provincial law, the Monitor is not personally liable in that position for any environmental condition that arose or environmental damage that occurred;
 - i) before the Monitor's appointment; or



- ii) after the Monitor's appointment unless it is established that the condition arose or the damage occurred as a result of the Monitor's gross negligence or willful misconduct;
- (c) notwithstanding anything in any federal or provincial law but subject to sub-paragraph 35(b) above, the Monitor will not be personally liable for failure to comply with any order made which has the effect of requiring the Monitor to remedy any environmental condition or environmental damage affecting any Property, and is not personally liable for any costs that are or would be incurred by any Person in carrying out the terms of the order,
 - i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Monitor, if the order is in effect when the Monitor is appointed, or during the period of stay referred to in subparagraph 35(c)(ii) below, the Monitor
 - A. complies with the order, or
 - B. on notice to the Person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
 - ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in subparagraph 35(c)(i) above or within 10 days after the order is made or within 10 days after the appointment of the Monitor, if the order is in effect when the Monitor is appointed, by
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Monitor to contest the order, or
 - B. the court having jurisdiction under the CCAA for the purposes of assessing the economic viability of complying with the order; or
 - iii) if the Monitor had, before the order was made, abandoned or renounced any interest in any real property affected by the condition or damage;
- (d) the Monitor shall not be liable for any other at or omission as a result of its appointment or the fulfillment of its duties in the carrying out of the



provisions of this Order, save and except for negligence or willful misconduct on its part or for any debt incurred by the Applicant whether before or after the date of this Order; and

- (e) no action application or other proceeding shall be taken, made or continued against the Monitor without the leave of this Court first being obtained.
36. The appointment of the Monitor shall not constitute the Monitor as an employer or a successor employer under any agreement or contract between the Applicant and any of its present or former employees or within the meaning of any legislation governing employment or labour standards or in respect of pensions or benefits or any other statute, regulation or rule of law or equity for any purpose whatsoever and, further, that the Monitor shall not be deemed to be an owner or in possession, control or management of the Property or of the business and affairs of the Applicant whether pursuant to any legislation enacted for the protection of the environment, health and safety or any other statute or regulation of any federal, provincial or other jurisdiction or under any rule of law or equity for any purpose whatsoever.

DEBTOR IN POSSESSION FINANCING

37. The Applicant is hereby authorized and empowered to enter into arrangements to obtain a credit facility (the "DIP Facility") from Blue Note Mining Inc. (the "DIP Lender") substantially on the terms and conditions set out in the term letter dated February 18, 2009 between the Applicant and the DIP Lender, a copy of which is annexed hereto as Schedule "A" (the "DIP Agreement").
38. The Applicant is authorized to borrow and otherwise obtain credit under the DIP Facility in accordance with the terms of the DIP Agreement, as such terms may from time to time hereafter be amended by the parties thereto with the consent of the Monitor and approved by the Court, to fund the ongoing, ordinary course activities of the Applicant and to permit the Applicant, to pay such amounts as may be permitted by the terms of this Order.
39. The Applicant shall pay when due all principal and interest under the DIP Facility, provided that nothing in this Order shall oblige the DIP Lender to make any advance to the Applicant.
40. All of the Property of the Applicant is hereby immediately charged in favour of the DIP Lender as security for the DIP Facility by way of a fixed and floating charge, mortgage, hypothec, lien, pledge and security interest as security for



repayment of the DIP Facility, together with interest, fees, expenses, charges and other amounts payable in respect thereof (the "DIP Charge").

41. The DIP Lender shall not be required to file, register, record or perfect the DIP Charge, notice thereof or any financing statement with respect thereto and the DIP Charge is valid and enforceable for all purposes against all existing and after-acquired Property for all purposes, with priority over any right, title or interest of any nature or kind whether filed, registered, recorded, perfected or not with the exception of the Administration Charge and despite any failure to file, register, record or perfect the DIP Charge, notice thereof, or any financing statement with respect thereto. Despite anything in this Order, the DIP Lender may take such steps as it deems necessary or appropriate to register, record or perfect the DIP Charge, notice thereof or any financing statement with respect thereto, if it deems it advisable to do so.
42. Notwithstanding any other provision of this Order, the Applicant is hereby authorized and empowered to execute and deliver such mortgages, charges, hypothecs, security agreements, debentures (the "DIP Security") and such other agreements and documents as may be reasonably required by the DIP Lender from time to time in respect of the borrowings under the DIP Facility.
43. Nothing in this Order shall apply to prevent, enjoin, restrain or stay:
 - (a) any right of the DIP Lender to terminate the making of or refuse to make advances to the Applicant under the DIP Facility and to make demands thereunder, or from issuing any notices of intention to enforce security, notices of powers of sale, notices of disposition or other such notices, and from exercising any acceleration rights or rights of set-off or combination of accounts, or any rights and remedies under the DIP Facility, the DIP Charge or the DIP Security;
 - (b) without limiting paragraph (a) above, prevent the DIP Lender from applying to this Court for the appointment of an interim receiver, receiver and manager and/or for the appointment of a trustee in bankruptcy in connection with the enforcement of a DIP Charge, the DIP Security or the payment of indebtedness under the DIP Facility or for other relief;
 - (c) the right of the DIP Lender to receive and apply all amounts received from the Applicant in accordance with the DIP Facility and this Order, provided the prior leave of the Court is first obtained;
 - (d) the DIP Lender from exercising its rights and remedies as against the Applicant in respect of the DIP Charge or the DIP Security; and



- (e) the Applicant from paying amounts from time to time on account of the DIP Facility to the extent permitted by this Order in accordance with the DIP Security.

Notwithstanding any other provision of this Order, the DIP Lender shall not enforce any security (or exercise any right of set-off or combination of accounts) against the Applicant or its Property without the prior leave of this Court, provided that the DIP Lender may deliver demands and notices to the Applicant and exercise acceleration rights without the leave of the Court.

44. The DIP Lender, in such capacity, shall, unless it otherwise agrees, be treated in all respects as an unaffected creditor in these proceedings and in any plan of arrangement or compromise presented by the Applicant.
45. The Applicant shall execute the documents and take the other actions necessary or appropriate to give effect to the DIP Charge.
46. Except as otherwise expressly provided for herein, the Applicant shall not grant any encumbrance of any Property that ranks in priority to, or *pari passu* with the DIP Charge unless the Applicant obtains the prior written consent of the DIP Lender and approval of the Court.
47. None of the DIP Facility, the DIP Charge, the DIP Agreement, or the DIP Security, the obligations of the Applicant pursuant to the DIP Facility, the DIP Charge, the DIP Agreement or the DIP Security, or any of the documents delivered pursuant thereto, shall be illegal, invalid or non-binding obligations of the Applicant or otherwise be rendered unenforceable against the Applicant or any of the Property, nor shall they be void or voidable by creditors or shareholders of the Applicant, a trustee in bankruptcy of the Applicant or any other person, by reason of:
- (a) the pendency of these proceedings and the declarations of insolvency made herein;
- (b) the pendency of any applications for any bankruptcy orders or any bankruptcy orders issued under the *Bankruptcy and Insolvency Act* ("BIA") in respect of the Applicant, or any assignment under the BIA being made or deemed to have been made; or
- (c) the provisions of any federal or provincial law.



48. The creation of a DIP Charge and any payments made by the Applicant, and any agreements, instruments or other documents delivered pursuant to this Order do not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable or reviewable transactions under any applicable law.
49. None of the DIP Charge, the DIP Facility, the DIP Agreement, or the DIP Security shall be, or be deemed to be, invalid or ineffective by reason of any negative covenant, prohibition or other similar provision with respect to incurring debt or other obligations or the creation of any encumbrance contained in any agreement to which the Applicant is a party and, despite any provision to the contrary in such agreements:
- (a) none of the applicable DIP Charge, the DIP Agreement, the obtaining of a DIP Facility, or the creation of any of the DIP Security documentation and none of the execution, delivery, perfection or registration of any agreements, instruments or other documents delivered pursuant thereto shall create or be deemed to constitute a breach by the Applicant of any agreement to which it is a party; and
 - (b) no person shall have any liability to any other person whatsoever as a result of any breach of any agreement caused by or resulting from the DIP Charge, the DIP Agreement, the obtaining of a DIP Facility, the creation of any of the DIP Security documentation or the execution, delivery or registration of any agreements, instruments or other documents delivered pursuant thereto.
50. Without limiting the generality of the foregoing, the Administration Charge shall be deemed to be valid and effective notwithstanding any negative covenant, prohibition or any other provision with respect to incurring debt or the creation of liens or security contained in any existing agreement between the Applicant, its shareholders and any other Person, and that, notwithstanding any provision to the contrary in any such agreements, the creation of the Administration Charge or notice in respect thereof shall create or be deemed to constitute a breach by the Applicant of any agreement to which it is a party.

GENERAL TERMS

51. The Applicant shall be at liberty to:

- (a) serve this Order, any other orders in these proceedings, notices of all other proceedings, the Plan, any notices of Meetings and all other notices, and to



deliver any letters to creditors, information circulars, proofs of claim, proxies and disallowances of claims, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicant's creditors (or their solicitors where known) at their respective addresses as last shown on the records of the Applicant and that any, such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the fourth business day after mailing;

(b) with the concurrence of the Monitor consent to the appointment of a receiver and/or receiver and manager of any of the Property otherwise protected by this Order, at any time.

52. Notwithstanding any other provision of this Order, the Applicant may apply at any time to this Court to seek any further relief, and any interested Person may apply to this Court to vary or rescind this Order or seek other relief on seven days' notice to the Applicant and the Monitor and to any other Person likely to be affected by the Order sought or on such other notice, if any, as this Court may order.

53. Any of the Applicant or the Monitor may, from time to time, apply to this Court for direction in the discharge of the Monitor's powers and duties hereunder or in respect of the proper execution of this Order.

54. This Order and any other Orders in these proceedings shall have full force and effect in all provinces and territories in Canada and abroad and as against all Persons against whom it may otherwise be enforceable.

55. This Court requests the aid and recognition of any court or 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 or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of 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.

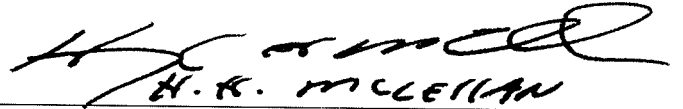
56. For the purposes of seeking the aid and recognition of any court or any judicial, regulatory or administrative body outside of Canada, the Monitor shall act and be deemed to be the foreign representative of the Applicant.



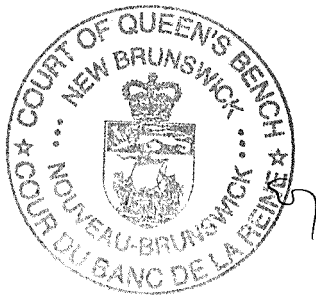
57. All amounts set out in this order shall have all applicable taxes added thereto as required by applicable legislation.

58. THIS MATTER IS TRANSFERRED TO THE JUDICIAL DISTRICT OF BATHURST. ANY APPLICATIONS FOR FURTHER RELIEF IN THIS MATTER SHOULD BE FILED WITH THE CLERK OF THE COURT 254 ST PATRICK STREET, BATHURST, N.B. L 4R 5E47

DATED at Saint John, New Brunswick this 20th day of February, 2009.



Judge of the Court of Queen's Bench of
New Brunswick



SCHEDULE "A"

February 18, 2009

Blue Note Caribou Mines Inc.
9361 Route 180
Post Office Box 26
Bathurst NB
E2A 2Z1

Dear Sirs:

Re: Term Letter

Based on the information provided to us, Blue Note Mining Inc. (the "Lender"), subject to the successful completion of the conditions set out herein, is pleased to outline the terms of a demand operating facility (the "Facility") that the Lender would be willing to extend to Blue Note Caribou Mines Inc.

1. **BORROWER:** Blue Note Caribou Mines Inc.
2. **FACILITY/AMOUNT** Demand Operating Facility in the maximum amount of CDN \$1,000,000 available for draw down at the request of the Borrower for the purpose of operating its facility
3. **INTEREST RATE:** Prime plus 3% on daily balance outstanding under the Facility. Interest shall be calculated monthly in arrears and payable on the last business day of each calendar month with interest on overdue interest at the same rate as on principal.
4. **TERM** 24 month facility with a minimum of 12 months.
5. **DOCUMENTATION AND SECURITY:** The liability and obligations herein and any future obligations of any nature and kind of the Borrower shall be evidenced, governed and secured, as the case may be, by the following documents (collectively, the "Security") completed in form and manner satisfactory to Lender's solicitor:

Loan Agreement;
General Security Agreement;
Collateral Mortgage over all real property of the Borrower; and
Such further security and other documentation that the Lender and its solicitor may reasonably require.

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6. **CONDITIONS:**

The obligation of the Lender to make the Facility available is subject to and conditional upon each of the following:

acceptance by the Borrower of this Term Letter;
approval of the Court of Queen's Bench of New Brunswick (the "Court");
delivery and registration of the Security in a form acceptable to Lender or the issuance of an order of the Court containing in a form and substance acceptable to the Lender;
Lender's security interest under the Security ranking in priority to all other claims unless other ranking otherwise required by the Lender prior to closing;
the Borrower having paid statutory liens, trust and other Crown Claims; and
there not being a material change in the projections and operations of the Borrower.

7. **ONGOING REPORTING:**

The Borrower is to provide such financial and other information as Lender may reasonably request, from time to time.

8. **ONGOING COVENANTS:**

The Borrower may not pledge assets, acquire or merge with other companies, change the capital structure, voting control and/or shareholder(s) without the Lender's prior written consent, which will not be unduly withheld.

The Borrower may not pay any dividends or make any other shareholder withdrawals and/or management bonus without the written permission of the Lender, which permission will not be unreasonably withheld.

The Borrower may not make loans to or investments in, or give guarantees on behalf of others.

The Borrower shall pay when due all statutory liens, trust and other Crown claims including employee source deductions, HST and Workplace Health and Safety premiums.

9. **COSTS/EXPENSES:**

The Borrower shall be responsible for all legal, financial and other advisory fees, disbursements and out of pocket expenses of the Lender in connection with the transaction contemplated herein including, but not limited to, all fees incurred by the Lender in connection with the preparation



of this Term Letter, the Security and all court attendances in Canada or elsewhere. All such fees and expenses shall be secured by the Lender's security, whether or not the loan is advanced and shall include the time spent by the Lender and its representatives in retaking, holding, repairing, processing and preparing for disposition and disposing of the Lender's security calculated at the Lender's standard rates.

10. **ACCEPTANCE:**

If these terms and conditions are acceptable, the Borrower must sign and return this Terms Letter before 5:00 p.m. E.S.T. on February 18, 2009 failing which this Term Letter is of no force and effect.

The Borrower shall pay a facility fee of 2% (CDN\$20,000.00) on closing

11. **GOVERNING LAW:**

All agreements shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of New Brunswick and the federal laws of Canada applicable therein.

12. **COUNTERPARTS:**

This Term Letter may be executed in two or more counterparts, (including counterparts by facsimile) each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

Yours Truly,

Blue Note Mining Inc.

Per: 

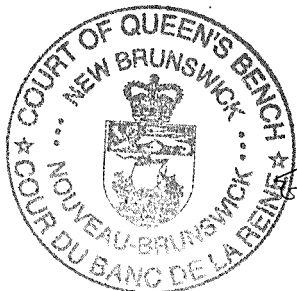
Borrower hereby accepts the terms and conditions of this Term Letter, agrees to be bound thereby and agrees to provide the required Security.

Dated at Montréal, Quebec, this 18th day of day of February, 2009

Blue Note Caribou Mines Inc.

per: 

~~1600~~
JCOB



PROOF OF CLAIM
Companies' Creditors Arrangement Act

IN THE MATTER OF THE PLAN OF ARRANGEMENT OF Blue Note Caribou Mines Inc. OF Bathurst, New Brunswick
(Name of debtor) (City and Province)
 and the claim of _____, creditor.

All notices or correspondence regarding this claim to be forwarded to the following address:

I, _____ residing in the _____
 of _____ in the Province of _____. Phone # _____

DO HEREBY CERTIFY:

1. That I am a creditor of the above-name debtor, (or that I am _____ (state position or title)
 of _____ (name of creditor)

2. That I have knowledge of all the circumstances connected with the claim referred to in this form.

3. That the said debtor was at the date of the Initial Order under the Companies' Creditors Arrangement Act, namely the 20th day of February, 2009, and still is justly and truly indebted to the creditor in the sum of \$ _____ (specify currency if not Canadian dollars) as shown by the statement of account (or affidavit or solemn declaration) hereto attached and marked Schedule "A" after deducting any counterclaims to which the debtor is entitled. (The attached statement of account, or affidavit or solemn declaration must specify the vouchers or other evidence in support of the claim.)

4. That in respect to the said debt, that in respect of this debt, (Check appropriate description)

() Regarding the amount of \$ _____, I do not claim a right to a priority.

() Regarding the amount of \$ _____, I claim a right to security.

(If other than an unsecured claim or you claim a right to priority, please complete Section B on the reverse of this form)

5. That, to the best of my knowledge the above-named creditor is not related to the debtor within the meaning of section 4 of the Bankruptcy and Insolvency Act (if related please so state).

6. That the statement attached hereto indicates fully the payments that I have received from, and the credits that I have allowed to, the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Bankruptcy and Insolvency Act, within the twelve months) immediately before the date of the initial Order within the meaning of Section 2 of the Bankruptcy and Insolvency Act: (Provide details of payments and credits on an attached schedule.)

Dated at _____, this _____ day of _____, 2009.

 Witness Signature of individual completing this certificate

NOTE: If an affidavit or solemn declaration is attached, it must have been made before a person qualified to take affidavits or solemn declarations.

WARNING: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor. Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

General Proxy

In the matter of the Plan of Arrangement of Blue Note Caribou Mines Inc., I/We _____
(name of creditor), of the _____ of _____

_____ a creditor, hereby appoint _____ (with power of substitution) of the _____

of _____ as my/our proxy at any meeting of creditors to be held in relation to this purpose of this matter.

Dated at _____ this _____ day of _____, 2009.

 Signature of Witness Signature of Creditor

See notes and further information on reverse

SECTION B

Check and complete appropriate category.

() A.1 CLAIM OF LANDLORD FOR DISCLAIMER OF A LEASE \$_____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are set out on the attached documents:
(Give full particulars of the claim, including the calculations upon which the claim is based)

() B. SECURED CLAIM OF \$_____. That in respect of this debt, I hold assets of the debtor valued at \$_____ as security, particulars of which are as follows: (Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

() D. CLAIM AGAINST DIRECTOR \$_____

(To be filed when a proposal provides for the compromise of claims against directors)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

CHECKLIST FOR PROOFS OF CLAIM

This checklist is provided to assist you in preparing the accompanying proof of claim form and, where required, proxy form in a complete and accurate manner. Please specifically check each requirement.

GENERAL

- The claim must be signed.
- The signature of a witness is required.
- The claim must be signed personally by the individual completing this declaration.
- Give the complete address where all notices or correspondence is to be forwarded.
- The amount on the statement of account must correspond to the amount indicated on the proof of claim.

PARAGRAPH (1) OF THE PROOF OF CLAIM

- Creditor must state full and complete legal name of company or firm.
- If the individual completing the proof of claim is not the creditor personally, they must state their position or title.

PARAGRAPH (3) OF THE PROOF OF CLAIM

- A detailed statement of account must be attached.
- The statement of account must be complete.

Note: Detailed statement of account must be attached to the proof of claim and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward.

PARAGRAPH (4) OF THE PROOF OF CLAIM

- A secured creditor must provide a certified true copy of the security instrument as registered. **Warning** - A monitor may, pursuant to subsection 128(3) of the Bankruptcy and Insolvency Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed by the secured creditor.

PARAGRAPH (5) OF THE PROOF OF CLAIM

- All claimants must indicate if they are related or not to the debtor, as defined in Section 4 of the Bankruptcy and Insolvency Act, by striking out that which does not apply.

PARAGRAPH (6) OF THE PROOF OF CLAIM

- All claimants must attach a detailed list of all payments or credits received or granted, as follows:
 - (a) within the three (3) months preceding the bankruptcy or the proposal, in the case where the claimant and the debtor are not related.
 - (b) within the twelve (12) months preceding the bankruptcy or proposal, in the case where the claimant and the debtor are related.

- PROXY-

NOTE: The Bankruptcy and Insolvency Act permits a proof of claim to be made by a duly authorized agent of a creditor but this does not give such a person power to vote at the first meeting of creditors or to act as the proxy of the creditors.

GENERAL

- A creditor may vote either in person or by proxy.
- A debtor may not be appointed a proxy to vote at any meeting of his creditors.
- The Trustee may be appointed as a proxy for any creditor.
- A corporation may vote by an authorized agent at a meeting of creditors.
- In order for a duly authorized person to have a right to vote that person must be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.