

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

IN THE MATTER OF THE: *Companies' Creditors Arrangement Act,*
R.S.C. 1985, c. C-36, as Amended

AND IN THE MATTER OF: Certain proceedings taken in the United
States Bankruptcy Court for the District of
Delaware with respect to IMRIS Inc.,
IMRIS, Inc. and NeuroArm Surgical Ltd.,
(Collectively, the "Chapter 11 Debtors")

Application of Imris, Inc. ("Applicant") under the: *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, s. 46, as Amended

**PRE-FILING REPORT TO THE COURT SUBMITTED BY
FTI CONSULTING CANADA INC., IN ITS CAPACITY AS
PROPOSED INFORMATION OFFICER**

June 1, 2015

TAYLOR McCAFFREY LLP
Barristers and Solicitors
9th Floor - 400 St. Mary Avenue
Winnipeg, Manitoba, R3C 4K5
David R. M. Jackson
988-0375/Fax No. 957-0945
File No. 97510-1 DJAC

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

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

**AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE
UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF
DELAWARE WITH RESPECT TO THE IMRIS INC., IMRIS, INC. and
NEUROARM SURGICAL LTD. (THE "CHAPTER 11 DEBTORS")
APPLICATION OF IMRIS, INC. ("APPLICANT") UNDER SECTION 46 OF
THE
COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**PRELIMINARY REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.
IN ITS CAPACITY AS PROPOSED INFORMATION OFFICER**

INTRODUCTION

1. FTI Consulting Canada Inc. ("**FTI Consulting**" or the "**Proposed Information Officer**") has been informed that on May 25, 2015 (the "**Petition Date**"), the Chapter 11 Debtors filed voluntary petitions under Chapter 11 of Title 11 of the United States Code (the "**Chapter 11 Proceedings**") in the United States Bankruptcy Court for the District of Delaware (the "**US Bankruptcy Court**"). The Proposed Information Officer is informed by counsel for the Chapter 11 Debtors that motions for the first day orders (the "**First Day Orders**") in the Chapter 11 Proceedings were heard on May 27, 2015.

2. The Proposed Information Officer understands that on May 27, 2015 the US Bankruptcy Court made certain First Day Orders including appointing IMRIS, Inc. (“**IMRIS US**”) as a foreign representative of the Chapter 11 Debtors (the “**Foreign Representative**”). The foreign Representative intends to commence proceedings (the “**Recognition Proceedings**” or “**Canadian Proceedings**”) before this Honourable Court. As part of the Recognition Proceedings, the Foreign Representative will seek two Orders (the “**Initial Recognition Order**”) and (the “**Supplemental Order**”) under Part IV of the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”).
3. FTI Consulting hereby submits this report (the “**Pre-Filing Report**”) to provide some background information and to assist this Honourable Court in considering the Foreign Representative’s request for the Initial Recognition Order and Supplemental Order, and to provide this Court with information concerning the contemplated initial proceedings in the Chapter 11 Proceedings and in the Recognition Proceedings.
4. In preparing this Pre-Filing Report, FTI Consulting has relied solely on information and documents provided by the Foreign Representative, the Chapter 11 Debtors and their affiliates and their counsel. FTI Consulting has not audited, reviewed or otherwise attempted to independently verify the accuracy of completeness of this information. Accordingly, FTI Consulting expresses no opinion or other form of assurance on the information contained herein.
5. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

FTI CONSULTING'S QUALIFICATIONS TO ACT AS INFORMATION OFFICER

6. FTI Consulting is expected to be retained by the Chapter 11 Debtors on or around June 3, 2015.
7. Deryck Helkaa of FTI Consulting will have primary carriage of this matter and is a trustee within the meaning of subsection 2(1) of the Bankruptcy and Insolvency Act (Canada) ("**BIA**"). Neither FTI Consulting nor any of its representatives have been at any time in the two preceding years:
 - (a) the auditor of the Chapter 11 Debtors;
 - (b) a director, an officer or an employee of any of the Chapter 11 Debtors;
 - (c) related to the Chapter 11 Debtors or to any director or officer of the Chapter 11 Debtors except for FTI Consulting Inc. ("**FTI US**") who acts as the Chief Restructuring Officer of the Chapter 11 Debtors. FTI US was originally engaged by the Chapter 11 Debtors as Financial Advisor on April 28, 2015 to provide restructuring and financial advice to assist the Chapter 11 Debtors throughout the Chapter 11 Proceedings. Upon entering the Chapter 11 Proceedings the engagement of FTI US evolved into the Chief Restructuring Officer role for the Chapter 11 Debtors. Formal approval of the Chief Restructuring Engagement is still subject to approval by the US Bankruptcy Court; or

- (d) trustee (or related to any such trustee) under a trust indenture is issued by the Chapter 11 Debtors or any person related to the Chapter 11 Debtors, or the holder of a power of attorney under an act constituting a hypothec within the meaning of the Civil Code of Quebec that is granted by the Chapter 11 Debtors or any person related to the Chapter 11 Debtors.
8. FTI Consulting has consented to act as Information Officer should this Honourable Court grant the

BACKGROUND

9. The Chapter 11 Debtors and their non-debtor affiliate companies (collectively, the “**Company**”) design, manufacture service and market image-guided surgical therapy systems with integrated robotics throughout the world. The parent corporation IMRIS Inc. (“**IMRIS Canada**”) was incorporated under the *Canada Business Corporations Act* on May 18, 2005, its registered address is at the offices of Ronald S. Ade Law Corporation, 102-1015 Wilkes Avenue, Winnipeg, Manitoba. On May 20, 2005 IMRIS Canada acquired all of the assets and assumed the liabilities of Innovative Magnetic Imaging Systems Inc., and subsequently merged to two companies together under the name IMRIS Inc. On June 15, 2005 IMRIS US was incorporated in the United States as a Delaware corporation. On February 5, 2010 IMRIS Canada acquired 100% of the shares of NeuroArm Surgical Ltd (“**NASL**”) a Canadian company incorporated under the *Canada Business Corporations Act*. NASL’s registered address is 100-1370 Sony Place, Winnipeg, Manitoba. Originally the Company’s head office was located in Winnipeg, Manitoba, however in late 2013 the Company moved its head office and to Minnetonka, Minnesota.

10. The majority of the Chapter 11 Debtors employee administration, human resource functions, marketing and communications decisions are made in the United States out of its head office in Minnetonka, Minnesota. The officers and directors manage the Chapter 11 Debtors' business from the Minnetonka, Minnesota head office and the books and records are located there. The Chapter 11 Debtors have approximately 90 employees of which approximately 5 are located in Canada. The Chapter 11 Debtors operate in three complementary business lines:
- (a) designing, manufacturing and selling an image guided surgical therapy systems known as VISIUS Surgical Theatre ("Imaging Business");
 - (b) designing, manufacture and selling a surgeon-controlled surgical robot known as SYMBIS Surgical System ("Robotics Business") and;
 - (c) servicing and maintaining the VISIUS Surgical Theatre systems and SYMBIS Surgical Systems ("Service Business").

11. Based on the declaration of Mr. Jay D. Miller, dated May 25, 2015 (“**Miller Declaration**”) filed with the US Bankruptcy Court the Proposed Information Officer understands that on September 16, 2013, each of the Chapter 11 Debtors entered into a Secured Loan Facility (as subsequently amended, modified and supplemented from time to time, the (“**Facility Agreement**”), with Deerfield Private Design Fund II, L.P., Deerfield Private Design International II, L.P. and Deerfield Special Situations Fund L.P., (collectively “**Deerfield**”), which provided proceeds of \$24.5 million to the Company. The outstanding principal balance of the loan accrues interest at a rate of 9 percent per annum. The Facility Agreement matures five years from the date of the Facility Agreement and was meant to be repaid over three equal instalments on the third, fourth and fifth anniversaries of the date of the disbursement. The payments could be deferred if certain revenue targets were achieved by the Company. In connection with the entry into the Facility Agreement, Deerfield received warrants to purchase 6.1 million shares of IMRIS common stock as an exercise price of \$1.94 per share.
12. The Facility Agreement contains a covenant to maintain cash and cash equivalents in excess of \$7.5 million on the end of each calendar quarter. The Company was unable to meet this covenant and subsequently entered into Waiver and Forbearance Agreements with Deerfield on September 23, 2014 and December 24, 2014. In exchange for these agreements, the Company reduced the exercise price of the warrants to \$0.70 on September 23, 2014 and then to \$0.35386 on December 24, 2014.
13. The Company’s financial health continued to deteriorate throughout the first quarter of 2015 and it was in need of an additional cash injection to continue to fund its operations. On March 31, 2015 the Company negotiated an amended facility agreement (“**Amended Facility Agreement**”), with Deerfield. The Amended Facility Agreement includes:
 - (a) a revolving loan of up to \$600,000 (“**Revolving Loan**”); and

- (b) if requested by the Company, an amount equal to 50% of any additional cash received from an equity financing and rights offering, provided that the sum of the (a) and (b) do not exceed \$3.0 million.
14. The Revolving Loan bears interest at 15% per annum and matures March 31, 2016. The Amended Facility Agreement also included the following terms:
- (a) the interest payment due in April 2015 and July 2015 under the Facility Agreement have been deferred and are due October 15, 2015.
 - (b) the minimum cash balance requirement covenant under the Facility Agreement has been waived for September 30, 2015 and December 31, 2015; and
 - (c) The Company agreed to commence a sale process for all or part of its business operations.
15. As of the Petition Date the Chapter 11 Debtors owed Deerfield approximately \$26,874,162 including accrued and unpaid interest fees and expenses to the Petition Date (“**Deerfield Claim Amount**”).
16. Taylor McCaffrey LLP, which will act as independent counsel for the Proposed Information Officer if FTI Consulting is so appointed by the Court, has been engaged to provide an opinion on the validity of the security held by Deerfield over the assets and undertaking of the IMRIS Canada and NASL. Their review is complete and no material issues have yet been identified. Taylor McCaffrey LLP has verbally advised the Proposed Information Office that Deerfield has a perfected security interest over all the assets and undertaking of both the IMRIS Canada and NASL in Manitoba. The only other registrant in the Manitoba Personal Property Security Registry is Xerox Canada Ltd which claims a security interest over equipment, office equipment and software supplied or financed by it to Imris Canada whether by lease, conditional sale or otherwise.

17. In addition to its obligations under the Facility Agreement and Amended Facility Agreement the Chapter 11 Debtors have the following obligations:
 - (a) loan in the amount of \$500,000 to the City of Minnetonka; and
 - (b) approximately \$11.3 million owing to unsecured creditors, excluding intercompany obligations of \$17.7 million.

18. The Chapter 11 Debtors credit their financial difficulties to various factors including;
 - (a) large investments and capital commitments required to be spent over a long research and development timeframe to develop new technologies;
 - (b) high fixed operating costs during the research and development stage with little return from sales;
 - (c) enormous variability in the Company's sales and resulting economic performance due to the size of the investment its customers must make in order to implement their imaging and robotic systems;
 - (d) working capital issues caused by the lengthy complex sales cycle. A typical sale takes more than 12 months from customer engagement to purchaser order and then an additional 12 months to manufacture and install the system. The design, manufacture and install costs associated with the sale and incurred by the Company are front loaded while the majority of the proceeds from the sale are typically not received until the system has been delivered and accepted by the customer; and

- (e) the Company operates in a highly competitive industry where its competitors are typically larger, better capitalized and have more resources at their disposal in terms of technology, manufacturing, product development, marketing, distribution, sales, commercialization, human resources, relationships with hospitals and experience obtaining foreign and domestic regulatory approvals.
19. According to the Miller Declaration the factors listed above have led to mounting losses and increasing financial distress. The Company's sales dropped in 2014 decreasing by \$17.2 million or 37% to \$28.9 million. Ultimately, these issues resulted in severely constrained liquidity which has significantly affected the Company's ability to pay its debts as they come due.
20. In attempts to resolve its financial distress the Company engaged Imperial Capital LLC ("**Imperial**") on March 10, 2015 to explore a broad range of strategic financing and sales options ("**Imperial Process**"). Options included raising additional equity financing and/or the sale of the Company in its entirety as a going-concern or in parts. Further details on the Imperial Process are provided below, however to date the process has been unsuccessful.
21. The increasing financial distress and unsuccessful Imperial Process resulted in the Company having limited options to solve their liquidity issues and restructure their business. The Chapter 11 Debtors decided the best course of action was to file voluntary petitions under Chapter 11 of Title 11 of the United States Bankruptcy Code. The filing would allow the Company additional time to continue its efforts to maximize value for its stakeholders and provide a platform for a fair and open process to sell its assets and provide access to the funding necessary to keep its operations going through debtor-in-possession financing. Further details on the proposed debtor-in-possession financing are provided below.

INTERIM FINANCING

22. We understand that the Chapter 11 Debtors have filed a motion in the Chapter 11 Proceedings seeking an Order authorizing them to obtain post-petition financing through Deerfield in the amount of \$5,363,413 (the “**DIP Facility**”). This order (“**Interim US DIP Order**”) was granted on an interim basis by the US Bankruptcy Court on May 27, 2015. A hearing to consider approval of the motion on a final basis contemplated for June 16, 2015. The DIP Facility includes the following significant terms:

- (a) **Principal** - The total \$5,363,413 million principal amount is made up of a series of loans including (i) roll up loans in the amount of \$939,413, (ii) Imaging and Service Business Loans of \$4.124 million, and (iii) Robotics Loans of \$300,000 (collectively the (“**DIP Loans**”). \$3.5 million (“**Interim DIP Amount**”) of the total principal amount has been requested to be approved on an interim basis with the remainder to be approved upon entry of a final order;
- (b) **Fees** - Include fees in an amount equal to 2% of the Multiple Draw Term Loan Commitments, as defined in the DIP Facility agreement;
- (c) **Interest** - The DIP Loans bear interest at 19% per annum. If an event of default occurs the interest rate is increased by 10%.
- (d) **Maturity** - The Maturity for the DIP Loans is the earliest of (i) August 7, 2015, (ii) the effective date of a chapter 11 plan, (iii) 20 days after the Petition date, unless before such day the Bankruptcy Court shall have entered the a final order approving the DIP Facility, or (iv) the acceleration or termination due to an event of default. Any extension to the maturities requires the consent of the DIP Lenders; and

- (e) Security – The DIP Loans shall be granted a super-priority charge subject only to the Carve-Out Budget and prior liens in the Chapter 11 Proceedings and subject only to the priority of the administrative charge granted in the Canadian Proceedings.
23. The DIP Facility will be used in the following manner;
- (a) Roll up loans (\$939,413) to refinance certain outstanding pre-petition debts related to the pre-petition Credit Facility and Amended Credit Facility (collectively (“**Prepetition Credit Facilities**”));
 - (b) Imaging and Service Business loans used to fund working capital needs in connection with the Company’s ongoing operation of the Imaging and Service Businesses as well as pay fees, interest and expenses related to the Prepetition Credit Facilities, pay the carve out budget which includes the Company’s professionals working on the Chapter 1 Proceedings and the US Trustee fees; and
 - (c) Robotics Loans used solely to fund working capital required in connection with the ongoing operations of the Robotics Business.
24. The Canadian Debtors operations will continue to be funded as required in the ordinary course through the activities of the Chapter 11 Debtors.
25. The approved DIP Facility includes a partial “rollup” provision wherein \$939,413 (the “**Prepayment Amount**”) will be used to refinance certain outstanding pre-petition debts related to the Facility Prepetition Credit Facilities.

26. In an ordinary application under the CCAA, a partial “rollup” provision such as is contained in the Interim US DIP Order would not be permissible as a result of section 11.2 of the CCAA which expressly provides that a DIP charge may not secure an obligation that exists before the initial order is made. However, section 49 of the CCAA provides that in recognizing an order of a foreign court, the Court may make any order that it considers appropriate, provided the court is satisfied that it is necessary for the protection of the debtor company’s property or the interests of a creditor or creditors.
27. The Proposed Information Officer understands that the limited Prepayment Amount was advanced by Deerfield on April 15, 2015 and May 18, 2015 in order to allow the Chapter 11 Debtors enough liquidity to prepare for the Chapter 11 filing and that the funded Prepayment Amount would have otherwise been funded by the DIP Lenders in the Chapter 11 Proceedings. The Proposed Information Officer further understands that the roll-up of the Prepayment Amount was an essential element to the DIP Financing.
28. The Proposed Information Officer understands that parties who take issue with any of the provisions in Interim US DIP Order have until June 11, 2015 to file their objections with the US Bankruptcy Court, and that these objections, if any, will be heard at the final US DIP Order hearing scheduled for June 16, 2016.

29. Furthermore, the Chapter 11 Debtors have advised that the DIP Facility is critical to maintaining and maximizing value throughout the Chapter 11 Proceedings as it instils the Chapter 11 Debtors' employees, vendors, service providers, customers and potential bidders with confidence that there is adequate funding to continue operating the business in normal course throughout the Chapter 11 Proceedings. The Chapter 11 Debtors believe maintaining the operations in normal course while the Company works to complete a sale of all or substantially all of its assets is critical to maximizing value for its stakeholders. Immediate access to the Interim DIP Amount is critical to not cause undue harm to the Chapter 11 Debtors operations.

30. Given the ability for parties to object to the Interim US DIP Order and the critical liquidity issues faced by the Chapter 11 Debtors the Proposed Information Officer is of the view that in the circumstances there will be no material prejudice to Canadian creditors if this Court recognizes the Interim US DIP Order, and that nothing is being done that is contrary to the applicable provisions of the CCAA. As such, the Proposed Information Officer believes that recognition of the Interim US DIP Order is appropriate in the circumstances.

CENTRE OF MAIN INTEREST

31. While the Chapter 11 Debtors have operations in Canada through two of their companies, IMRIS Canada and NASL such Canadian operations are fully integrated with the operations in the United States and are controlled by the senior management team located in the United States. The majority of the Chapter 11 Debtors employee administration, human resource functions, marketing and communications, and decision making is made in the United States out of its head office in Minnetonka, Minnesota. The Chapter 11 Debtors have approximately 90 employees of which approximately 5 are located in Canada, Based on the foregoing, the Proposed Information Officer is of the view that, the Chapter 11 Debtors' "centre of main interest" is in the United States.

THE SALES PROCESS

32. The Proposed Information Officer understands that the Chapter 11 Debtors have decided that after unsuccessful attempts to raise additional equity capital and the worsening liquidity constraints the best way to maximize value for their stakeholders is to complete a sale of all or substantially all of their assets on the most favourable terms possible.
33. Prior to filing the Chapter 11 Proceedings the Chapter 11 Debtors commenced the Imperial Process, which was a strategic alternatives process looking at several options to solve the Chapter 11 Debtors financial difficulties. Originally the Imperial Process focused on raising additional capital through equity financing. Throughout the process Imperial was also directed to explore options to sell all of the Company's business as a going concern or in parts focusing on the Imaging Business, the Robotics Business and the Service Business. Throughout the process Imperial approached 39 financial and strategic buyers. As the process unfolded it became clear to the Company that they would not be able to complete a transaction in whole in in part outside of a Chapter 11 filing.

34. The Chapter 11 Debtors intend to continue on with the sales and marketing process within the Chapter 11 Proceedings and as such have filed first day motions in the Chapter 11 Proceedings requesting an order;
- (a) Approving procedures (“**Bidding Procedures**”) in connection with the sale of all or substantially all of the Chapter 11 Debtors assets. The Bidding Procedures contemplate a stalking horse credit bid. Further details on the Bidding Procedures and stalking horse credit bid are provided below;
 - (b) Scheduling the related auction and hearing to consider approval of a sale;
 - (c) Approving procedures related to the assumption of certain executory contracts and unexpired leases and approving the form and manner of notice thereof; and
 - (d) Authorizing the sale of all of substantially all of the Chapter 11 Debtors assets free and clear of liens and encumbrances

STALKING HORSE CREDIT BID

35. On May 25, 2015 the Chapter 11 Debtors and Deerfield Acquisition Corp. (“**Stalking Horse Purchaser**”), an affiliate of Deerfield, entered into a purchase agreement (the “**Stalking Horse Agreement**”) under the following key terms:
- (a) an aggregate price of \$9.5 million consisting of \$2.5 million for the Robotics Business and \$7.0 million for the Imaging and Services Businesses;
 - (b) the purchase price is a credit bid with no cash component and will be paid by way of reduction the Deerfield Claim Amount;

- (c) reimbursement of reasonable fees and expenses incurred by the Stalking Horse Purchaser in connection with the transaction contemplated, subject to a cap of \$1.0 million (“**Expense Reimbursement**”),
 - (d) the assumption of certain liabilities, contracts and leases including certain cure costs.
36. The Chapter 11 Debtors believe the Stalking Horse Agreement is necessary to establish a “floor” for the sale of all or substantially all of the Company’s assets and ultimately encourage competitive bidding and realization of the highest value. Additionally having a Stalking Horse Agreement at the commencement of the Chapter 11 Proceedings gives additional confidence the Company’s employees, customers suppliers and other stakeholders that there will be a transaction consummated at the completion of the Chapter 11 Proceedings.

BID PROCEDURES

37. The Chapter 11 Debtors have filed a motion in the US Bankruptcy Court to approve bidding procedures ultimately aimed at selling the Chapter 11 Debtors business in an expedited fashion. The Chapter 11 Debtors have proposed the following timeline for the sales process:
- June 16, 2015 – Bidding Procedures Hearing
 - July 20, 2015 – Submission Deadline for Qualified Bids
 - July 23, 2015 – Auction
 - July 27, 2015 – Proposed Sale Hearing
38. To be a (“**Qualified Bid**”) a bid must meet the following requirements, among other things:

- (a) The bid must provide for consideration greater than the Stalking Horse Purchase Price plus the Expense Reimbursement plus a minimum overbid increment of \$100,000.00;
 - (b) The bid must be accompanied by a refundable deposit of no less than 10% of the proposed purchase price, as well as indicia of the ability of the purchaser to immediately close the transaction;
 - (c) The bid must be on terms more favourable and not more burdensome or conditional in any material respect than that contemplated by the Stalking Horse Agreement; and
 - (d) The bid must include an instrument of irrevocable commitment to the terms of the bid.
39. If the Chapter 11 Debtors receive one or more bids which are Qualified Bids, an auction will be held on July 23, 2015, in accordance with the terms of the Bidding Procedures Order. If the Chapter 11 Debtors do not receive any Qualifying Bids, the Chapter 11 Debtors will not conduct the auction and may recommend the approval of the Purchaser's bid at the Sale Hearing.
40. The Foreign Representative will bring a motion to recognize the Bidding Procedures Order following approval by the US Bankruptcy Court of the Bidding Procedures Order in the Chapter 11 Proceedings.

INITIAL APPLICATION TO THE CANADIAN COURT

41. The Proposed information Officer understands that the Foreign Representative has brought an application before this Honourable Court to obtain the Initial Recognition Order and Supplemental Order. The Proposed Information Officer understands that the relief sought in Canada, in respect of the stay of proceedings, is comparable to the relief given to the Chapter 11 Debtors as a result of their voluntary petitions in the Chapter 11 Proceedings.

INITIAL RECOGNITION ORDER

42. The application for the Initial Recognition Order includes requests for the following:

- (a) recognition of the Chapter 11 Proceedings as a “foreign main proceeding”;
- (b) recognition of IMRIS US as the Foreign Representative for the Chapter 11 Debtors;
- (c) stay of proceedings be granted and until otherwise directed by this Honourable Court:
 - (i) all proceedings taken or that might be taken against any Chapter 11 Debtor under the *Bankruptcy and Insolvency Act*, R.S.C., 1985 c. B-3 or the *Winding-up and Restructuring Act*, R.S.C. 1985, c. W-11 are stayed;
 - (ii) further proceedings in any action, suit or proceeding against any Chapter 11 Debtor are restrained; and
 - (iii) the commencement of any action, suit or proceeding against any Chapter 11 Debtor is prohibited;
- (d) No sale of property, subject to further Order of this Court, each of the Chapter 11 Debtors is prohibited from selling or otherwise disposing of:
 - (i) outside the ordinary course of its business, any of its property in Canada that relates to the business; and
 - (ii) any of its other property in Canada;

- (e) within five business days from the date of this Order, or as soon as practicable thereafter, the Information Officer shall cause to be published a notice containing the information required by section 53(b) of the CCAA, once a week for two consecutive weeks, in the Globe and Mail (National Edition) and the Winnipeg Free Press.

SUPPLEMENTAL ORDER

43. The application for the Supplemental Order includes requests to recognize the following First Day Orders that were made by the US Bankruptcy Court on May 27, 2015:
- (a) Joint Administration Order directing the joint administration of the Chapter 11 Proceedings;
 - (b) Foreign Representative Order authorizing IMRIS US to act as the Foreign Representative in of the Chapter 11 Debtors in Canada;
 - (c) Claims Agent Order authorizing the appointment of Kurtzman Carson Consultants LLC as the Official Claims and Noticing Agent;
 - (d) Pre-petition Wages Order authorizing payment of certain pre-petition wages, salaries and employee benefits and reimbursement of employee business expenses;
 - (e) Prepetition Shipping Order authorizing the payment of certain pre-petition shipping charges;
 - (f) Customer Obligation Order authorizing the Chapter 11 Debtors to pay certain pre-petition obligations to their customers and to continue their customer programs and practices;

- (g) Post-Petition Operations Order confirming the enforcement and applicability of Section 362 of the Bankruptcy Code and confirming the Chapter 11 Debtors' authority with respect to post-petition operations;
- (h) Insurance Order authorizing the Chapter 11 Debtors to honour prepetition insurance policies and to renew such policies in the ordinary course;
- (i) Interim Prepetition Taxes Order authorizing the payment of pre-petition sales;
- (j) Interim Cash Management Order authorizing the continued use of certain pre-petition bank accounts, business forms and the cash management system; and
- (k) Interim DIP Facility Order authorizing the Chapter 11 Debtors to obtain post-petition financing and the use of cash collateral and granting adequate protection to the Prepetition Secured Lenders.

NOTICE TO CREDITORS AND AVAILABILITY OF PRESCRIBED INFORMATION

44. At the request of the Chapter 11 Debtors, if the Initial Recognition Order is granted, the Proposed Information Officer will send notice of the Chapter 11 Proceedings and the Recognition Proceedings to all known creditors of the Chapter 11 Debtors in Canada within five business days of the granting of that Order.

45. The Proposed Information Officer is establishing a website at <http://cfcanada.fticonsulting.com/IMRIS> to make available copies of the Orders granted in the Recognition Proceedings as well as other relevant motion materials and reports. In addition, the Proposed Information Officer will from time to time reports as needed on the status of the Chapter 11 Proceedings and the restructuring process.

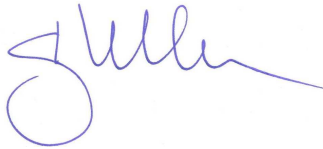
SUMMARY

46. The Proposed Information Officer understands that the Chapter 11 Debtors have filed petitions commencing the Chapter 11 Proceedings and that a stay of proceedings in respect of the Chapter 11 Debtors' property and business in Canada, and also in respect of the directors and officers of the Chapter 11 Debtors, is required in order to obtain sufficient time to affect a sale of the business.
47. The Proposed Information Officer is of the view that granting the Initial Recognition Order and Supplemental Order is appropriate in the circumstances, having regard to the current status of the Chapter 11 Debtors, the orders made in the US Bankruptcy Court and to allow for co-ordination of the Recognition Proceedings with the Chapter 11 Proceedings.
48. The Proposed Information Officer understands that the Initial Recognition Order and Supplemental Order are being sought from this Honourable Court with limited notice to affected parties, and that future Orders of the Honourable Court will be sought on appropriate notice to those parties.

The Proposed Information Officer respectfully submits to the Court this Pre-Filing Report.

Dated this 1st day of June, 2015.

FTI Consulting Canada Inc.
The Proposed Information Officer of
IMRIS, Inc.



Deryck Helkaa
Senior Managing Director



Dustin Olver
Managing Director

