

FORM 10-3
(Rule 10-3)

COURT FILE NUMBER 643 of 2016
COURT QUEEN'S BENCH FOR SASKATCHEWAN
 IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE SASKATOON
APPLICANTS 101133330 SASKATCHEWAN LTD. and
 101149825 SASKATCHEWAN LTD.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 101133330 SASKATCHEWAN LTD. and 101149825 SASKATCHEWAN LTD.

INITIAL ORDER

BEFORE THE HONOURABLE) FRIDAY, THE 20th DAY
MR. JUSTICE N.G. GABRIELSON) OF MAY, 2016
IN CHAMBERS)

UPON THE APPLICATION of counsel on behalf of the Applicants, 101133330 Saskatchewan Ltd. and 101149825 Saskatchewan Ltd., and upon hearing read the Notice of Application, dated the 12th day of May, 2016, the Affidavit of John Orr sworn the 12th day of May, 2016, the draft Order, the Consent of the Monitor to Act, the Pre-Filing Report of the Proposed Monitor and the Brief of Law on behalf of the Applicants, all filed; and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice; and upon hearing from counsel to the Applicants, counsel for Firm Capital Corp., counsel for Affinity Credit Union and counsel for all other interested parties present:

IT IS HEREBY ORDERED, ADJUDGED, AND DECLARED THAT:

VALIDATION OF SERVICE

1. Service of the Notice of Application and all other materials filed in support of this application (collectively, the "**Application Materials**") upon all parties listed on the Service List established in these proceedings and maintained by the Monitor (a current copy of which is attached as Schedule "C" hereto) shall be and is hereby deemed to be good, valid, timely and sufficient.

TERM OF ORDER

2. The hearing of the application on this proceeding shall be held at the Court House situated at 520 Spadina Crescent East, Saskatoon, Saskatchewan at 10:00 o'clock a.m. on the 20th day of May, 2016. All of the relief provided for in the subsequent paragraphs of this Order is granted to the Applicants on an interim basis only, and the relief made in the subsequent paragraphs will expire at 11:59 p.m. (local Saskatchewan time) on the 19th day of June, 2016, unless extended by this Court.

APPLICATION

3. The Applicants are both Companies to which the CCAA applies. The Applicants are affiliated companies as defined in section 3(2) of the CCAA.

CONVERSION OF BIA PROCEEDINGS TO CCAA PROCEEDINGS

4. The proceedings commenced by the Applicants under Part III of the *Bankruptcy and Insolvency Act*, RSC, 1985, c B-3 (the "**BIA**") by the filing by each of the Applicants of a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to section 50.4(1) of the BIA shall be and are hereby taken up and continued under the CCAA pursuant to section 11.6(a) of the CCAA.

PLAN OF ARRANGEMENT

5. Each of the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court one or more plans of compromise or arrangement (hereinafter referred to as the "**Plan**").

DEFINITIONS

5A. For the purposes of this Order:

- a. “**Saskatoon Property**” shall mean all current and future assets, undertakings and property of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, of 101149825 Saskatchewan Ltd.

POSSESSION OF PROPERTY AND OPERATIONS

6. Each of the Applicants shall:

- a. remain in possession and control of its current and future assets, undertakings and property of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");
- b. subject to further Order of this Court, continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property;
- c. be authorized and empowered to continue to retain, employ, and pay the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain, employ, and pay such further Assistants as it deems reasonably necessary or desirable, all in the ordinary course of business or for the carrying out of the terms of this Order;
- d. be entitled to continue to utilize the central cash management system currently in place, or replace it with another substantially similar central cash management system (the "**Cash Management System**"); provided that, until further Order of this Court, the Cash Management Systems of the Applicant companies shall be kept separate, shall not be commingled, and no funds that are the property of one Applicant company shall be paid or transferred to the other Applicant company. Any present or future bank providing the Cash Management System:

- i. shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System;
 - ii. shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System; and
 - iii. shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.
7. The Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:
 - a. all outstanding and future wages, salaries, employee and pension benefits, contributions to pension plans, vacation pay, bonuses, and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
 - b. the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.
8. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- a. all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
 - b. payment for goods or services actually supplied to the Applicants.
9. The Applicants shall, in accordance with legal requirements, remit or pay:
 - a. any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
 - b. all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after April 20, 2016, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after April 20, 2016; and
 - c. any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.
10. Until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to a landlord under a lease) or as otherwise may be negotiated by the Applicants from time to time ("**Rent**"), for the period commencing

from and including April 20, 2016, bi-weekly, in advance (but not in arrears). On the date of the first of such payments, any arrears relating to the period commencing from and including April 20, 2016, shall also be paid.

11. Except as specifically permitted herein, the Applicants are hereby precluded and enjoined, until further Order of this Court, from:

- a. making any payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of its creditors as April 20, 2016;
- b. granting any security interests, trusts, mortgages (or other real property interests), liens, charges, or encumbrances upon or in respect of any of its Property; and
- c. granting credit or incurring liabilities except in the ordinary course of the Business; and
- d. assigning or transferring any Property from or any debt from one Applicant company to the other, or causing either Applicant company to pay or satisfy any obligations of the other.

11A. Notwithstanding paragraph 11, Firm Capital Mortgage Fund Inc. shall, with the consent of the Monitor, be permitted to utilize funds held by it pursuant to a Cash Pledge Agreement granted to it by the Applicant, 101149825 Saskatchewan Ltd., to cause regular payments of interest due after the date of this Order to be made to it in accordance with the Mortgage Loan Commitment dated June 23, 2015 among Firm Capital Corporation, John Orr and 101149825 Saskatchewan Ltd., as amended by an Amendment to the Mortgage Loan Commitment dated August 4, 2015.

RESTRUCTURING

12. Each of the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Lender Documents, if any, (as hereinafter defined), have the right to:

- a. permanently or temporarily cease, downsize or shut down any of its Business or operations;
- b. sell its assets in the ordinary course of its Business;
- c. dispose of (by sale or otherwise) redundant or non-material assets not exceeding \$100,000.00 in any one transaction or \$250,000.00 in the aggregate under a series of connected transactions;
- d. dispose of (by sale or otherwise) redundant or non-material assets not authorized by paragraph 12(c) of this Order only with the approval of the Court;
- e. terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- f. pursue all avenues of refinancing of its Business or Property, subject to prior approval of this Court being obtained before any material refinancing is undertaken;

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

13. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA), and

the disclaimer of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

14. If a notice of disclaimer or repudiation is delivered pursuant to section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer², the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

15. Subject to the other provisions of this Order (including the payment of Rent as herein provided) and any further Order of this Court, the Applicants shall be permitted to dispose of any or all of the Property located (or formerly located) at such leased premises without any interference of any kind from landlords (notwithstanding the terms of any leases) and, for greater certainty, the Applicants shall have the right to realize upon the Property and other assets in such manner and at such locations, including leased premises, as it deems suitable or desirable for the purpose of maximizing the proceeds and recovery therefrom.

NO PROCEEDING AGAINST THE APPLICANTS OR THE PROPERTY

16. Until and including Sunday, June 19, 2016, or such later date as this Court may order (the "Stay Period"), no proceeding (the "Proceeding") or enforcement process (the "Enforcement") in any court or tribunal shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court and any and all Enforcements or Proceedings currently underway against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

17. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on; (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA; (c) prevent the filing of any registration to preserve or perfect a mortgage, floating charge, or security interest; or (d) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect a lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further steps shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Applicants.

NO INTERFERENCE WITH RIGHTS

18. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement,

licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

19. During the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after April 20, 2016, are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

20. Notwithstanding anything else contained in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after April 20, 2016, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, or by further order of this Court, no Proceeding or Enforcement may be commenced or continued against any one or more of the former, current or future directors or officers of

the Applicants (the “**Past and Present Directors**”) with respect to any claim against any one or more of the Past and Present Directors which arose before April 20, 2016, in regard to or in respect of:

- a. claims involving acts or omissions of those individuals in their capacity as directors or officers or in any way related to matters arising from their role or status as directors or officers;
 - b. claims in any way related to any matters arising from the appointment of any one or more of the Past and Present Directors by or on behalf of the Applicants to any corporation, partnership or venture, including their appointment or election by or on behalf of the Applicants to any other board of directors or other governing body or committee;
 - c. derivative rights of the Applicants against any one or more of the Past and Present Directors; or
 - d. claims by former, current or future shareholders of the Applicants or former, current or future directors or officers of the Applicants involving acts or omissions of any one or more of the Past and Present Directors which are alleged to be oppressive, or unfairly prejudicial to, or which are alleged to unfairly disregard the interests of, former, current or future shareholders of the Applicants or former, current or future directors or officers of the Applicants,
- until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS’ AND OFFICERS’ INDEMNIFICATION

22. The Applicants shall indemnify each of its current directors (its “**Current Directors**” or “**Current Director**”, as the context may require) and officers (its “**Current Officers**” or “**Current Officer**”, as the context may require) on a joint and several basis from and against:

- a. all costs (including, without limitation, defence costs), claims, charges, expenses, liabilities and obligations of any nature whatsoever actually incurred by any one or more of its Current Directors and Current Officers that may arise as a result of:

- i. his or her position or involvement with the Applicants from and after April 20, 2016 (including without limitation any amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding, or an action by or on behalf of the Applicants to procure a judgment in favour of the Applicants, to which such Current Director and Current Officer may be made a party by reason of being or having been a Current Director or Current Officer or person that manages the business of the Applicants);
- ii. any sale of all or part of the Property; or
- iii. the Plan or Plans,

provided that such Current Director and Current Officer:

- (aa) acted honestly and in good faith with a view to the best interests of the Applicants; and
- (bb) in the case of a criminal or administrative action, had reasonable grounds for believing that his or her conduct was lawful;

except to the extent that such Current Director and Current Officer has participated in the breach of any fiduciary duty; has engaged in willful misconduct; or has been grossly negligent;

- b. all costs, claims, charges, expenses, liabilities and obligations that any one or more of the Current Directors or Current Officers sustain or incur from and after April 20, 2016 (including, without limitation, legal costs on a solicitor and client basis) relating to the failure of the Applicants to make any payments in respect of which such Current Directors or Current Officers may be liable under any law in his or her capacity as such Current Director or Current Officer, including without limitation, payments in respect of wages and other amounts owing to employees, except to the extent that such Current Director or Current Officer has participated in the breach of any fiduciary duty; has engaged in willful misconduct, or has been grossly negligent,

but this paragraph shall not constitute a contract of insurance and shall not constitute “other valid and collectible insurance” as this term may be used in any existing policy of

insurance issued in favour of the Applicants or any one or more of the Current Directors and Current Officers. For greater certainty, the indemnity granted by the Applicants to the Current Directors and Current Officers pursuant to this paragraph 22 shall only apply and extend to any claims, obligations or liabilities incurred from and after April 20, 2016.

APPOINTMENT OF MONITOR

23. Deloitte Restructuring Inc. of Winnipeg, Manitoba (the “**Monitor**”) is hereby appointed pursuant to the CCAA, as an officer of this Court, to monitor the business and financial affairs of the Applicants, with the powers and obligations set out in the CCAA or set forth herein and the Applicants and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations, including providing the Monitor with access to such books, records, assets and premises of the Applicants as the Monitor requires, and otherwise provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor’s functions. For greater certainty, any and all activities underway as at the date of this Order which Deloitte Restructuring Inc. is engaged in pursuant to its role as Proposal Trustee under the NOI shall be (if the Monitor deems necessary in its sole discretion) taken up and continued by the Monitor under these CCAA proceedings, and Deloitte Restructuring Inc. shall be and is hereby discharged from its role as Proposal Trustee under the NOI. All rights and protections afforded to the Monitor pursuant to the CCAA or any applicable legislation shall apply (with the necessary modification) to its appointment and carrying out of its previous mandate as Proposal Trustee under the NOI.

24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- a. monitor the Applicants’ receipts and disbursements;

- b. report to this Court at such times and intervals as the Monitor may deem appropriate or as this Court may direct with respect to matters relating to the Property, the Business, and such other matters as may be relevant to these proceedings;
 - c. assist the Applicants, to the extent required by the Applicants, in its dissemination, to the DIP Lender (as hereinafter defined) and its counsel, on a bi-weekly basis of financial and other information as agreed to between the Applicants and the DIP Lender.
 - d. advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed by the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than monthly, or as otherwise agreed to by the DIP Lender;
 - e. advise the Applicants in its development of the Plan and any amendments to the Plan;
 - f. advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' and shareholders' meetings for voting on the Plan;
 - g. have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
 - h. be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
 - i. perform such other duties as are required by this Order and by this Court from time to time.
25. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

26. Nothing herein contained shall require the Monitor to occupy or take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.
27. The Monitor shall provide any creditor of the Applicants and the DIP Lender, if any, with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
28. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of the Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.
29. The Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements by the Applicants as part of the costs of these

proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a monthly basis.

30. The Monitor, counsel for the Monitor and counsel for the Applicants may render accounts on a periodic basis and the Applicants shall pay such accounts when rendered, subject to any final assessments and taxations ordered by this Court.
31. The Monitor, counsel for the Monitor, and the Applicants' counsel shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$150,000.00, as security for their reasonable professional fees and disbursements, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 35 and 38 hereof.
32. The appointment of the Monitor by this Order shall not constitute the Monitor an employer or a successor employer or payor for any purpose, including (without limitation) pensions or benefits or any legislation governing employment or labour standards or pension benefits or health and safety or any other statute, regulation, rule of law or rule of equity.

DIP FINANCING

33. In the event that the Applicants determine that they require debtor-in-possession financing to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, the Applicants are hereby authorized to enter into negotiations to obtain and borrow such financing from a proposed debtor-in-possession lender (the "**DIP Lender**") under a credit facility and to execute and deliver such commitment letters, credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively the "**DIP Lender Documents**"), and are hereby granted leave to make application to the Court (on five days' notice to holders of registered secured interests on the Property) for an Order authorizing the granting of such arrangements for debtor-in-possession financing to the

Applicants on terms and conditions of the DIP Lender Documents or as determined on such application (the "**DIP Financing Application**").

34. Subject to further approval of this Court as may be directed in the order resulting from the hearing of the DIP Financing Application, the DIP Lender shall be entitled to the benefits of a charge (the "**DIP Lender's Charge**") on the Property, which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the DIP Lender Documents which charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the respective priorities set out in paragraphs 35 and 38 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

35. The priorities of the Administration Charge and the DIP Lender's Charge (collectively the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$150,000.00); and

Second – DIP Lender's Charge.

36. If the Persons sharing in the benefit of one of the Charges (the "**Chargees**") have claims that, in the aggregate, exceed the maximum authorized amount of that Charge, such Chargees shall share in the benefit of that Charge (as between themselves) on a *pro rata* basis to the maximum aggregate authorized amount of such Charge.
37. The filing, registration or perfection of each of the Charges shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
38. Each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, real property interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person; provided that in respect of the Saskatoon

Property, the Charges shall rank behind the Mortgage in favour of Firm Capital Mortgage Fund Inc. registered as Interest Register No. 121088167 and the Mortgage in favour of Frank Pa registered as Interest Register No. 121113155.

39. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that purports to rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Administration Charge, or further Order of this Court.
40. The Charges and the DIP Lender Documents shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees entitled to the benefit of the Charges and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
 - a. neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Lender Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;
 - b. none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges or the entering into, execution, delivery or performance of the DIP Lender Documents; and

- c. the payments made by the Applicants pursuant to this Order, the DIP Lender Documents and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

SERVICE AND NOTICE

41. The Monitor shall:

- a. without delay, publish in the Saskatoon *Star Phoenix* and the Regina *Leader Post*, a notice containing the information prescribed under the CCAA;
- b. within five (5) days after the date of this Order,
 - i. make this Order publically available in the manner prescribed under the CCAA;
 - ii. send, in the prescribed manner, a notice in the form attached as Schedule "A" to this Order (the "**Notice**") to every known creditor who has a claim against the Applicants of more than \$1,000.00; and
 - iii. prepare a list (the "**Creditor's List**") showing the name, address, telephone, fax and email contact information, if available, of those creditors and the estimated amounts of those claims and make it publically available in the prescribed manner;

all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

42. Every creditor on the Creditor's List and any other interested Person who requires notice in respect of any or all further proceedings in this matter shall provide to counsel for each of the Monitor and the Applicants, by electronic mail or facsimile, a demand for notice of such proceedings, which demand for notice shall be in the form provided in the attached Schedule "B" to this Order (the "**Demand for Notice**") and shall contain an

electronic mail address or a facsimile number to which such Person has elected that further notice of these proceedings may be served on such Person. The failure of any Person to forward a Demand for Notice by electronic mail or facsimile to counsel for each of the Monitor and the Applicants hereby releases the Monitor and the Applicants or any other interested Person serving court materials in this matter from any requirement to provide further notice in respect of these proceedings to any such Person until such time as a properly completed Demand for Notice is received by each of the counsel for the Monitor and the Applicants from such Person.

43. The Applicants and the Monitor shall be at liberty to serve the Notice on any other interested Person by prepaid ordinary mail, courier, personal delivery, facsimile or other electronic transmission to such Persons at their respective addresses as last shown on the records of the Applicants.
44. The Notice shall be deemed to have been received by a creditor on the Creditor's List or served on an interested Person (as the case may be) if sent by personal delivery, on the date of delivery; if sent by courier, facsimile or other electronic transmission, on the next business day following the date of forwarding thereof, or if sent by prepaid ordinary mail, on the third business day after mailing.
45. From the Demands For Notice received pursuant to paragraph 42 of this Order, the Monitor shall prepare and keep current a Service List (the "**Service List**") containing the name, address, telephone and fax or email contact information of the Applicants, the Monitor and each creditor or interested Person filing a Demand for Notice. The Service List shall indicate the manner that those on the Service List have elected to be served.
46. The Service List shall be posted by the Monitor on the following website: www.insolvencies.deloitte.ca/en-ca/101133330and101149825SkLtd. The Creditor List and the Service List shall be updated by the Monitor from time to time, and each list shall contain a statement as to when it was last updated.
47. Other than the sending or service of the Notice as contemplated by paragraphs 41, 43 and 44 of this Order, the Applicants, the Monitor or any interested Person may serve any

notice of motion, affidavit, order, report, other court material, or correspondence in these proceedings in the manner indicated on the Service List, in which case the document shall be deemed to be received the next business day following the date of forwarding.

48. Where by the nature of the matter before the Court it is appropriate to serve Persons that are not on the Service List, the Applicants, the Monitor or any interested Person may serve any notice of motion, affidavit, order, report, other court material, or correspondence as follows:

- a. if the Person is listed on the Creditor List, by prepaid ordinary mail, courier, personal delivery, facsimile or other electronic transmission to such Person at their respective addresses as last shown on the records of the Applicants, in which case service shall be deemed to have been effected if sent by personal delivery, on the date of delivery; if sent by courier, facsimile or other electronic transmission, on the next business day following the date of forwarding thereof; or if sent by prepaid ordinary mail, on the third business day after mailing;
- b. if the Person is not listed on the Creditor List, by service effected in accordance with the Rules of the Court of Queen's Bench for Saskatchewan.

49. Other than the Notice and notices of motion, and notwithstanding paragraphs 47 and 48 of this Order, service of any affidavit, order, report, other court material or correspondence shall be deemed to have been effected if such affidavit, order, report, other court material or correspondence are posted on the following website: www.insolvencies.deloitte.ca/en-ca/101133330and101149825SkLtd and written notice (the "**Posting Notice**") is given to those being served that the affidavit, order, report, other court material or correspondence may be obtained from that website. Service of the documents described in the Posting Notice shall be effective on the day that service of the Posting Notice is effected. Service of the Posting Notice may be made and shall be effected as provided in paragraphs 47 and 48 of this Order.

50. Any party filing material with the Court in these proceedings may request of the Monitor and the Monitor shall (so long as it is received in an unalterable electronic

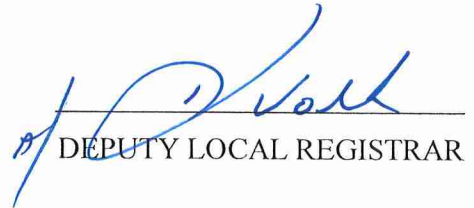
postable format) post such material to the website listed in paragraph 49 of this Order within 2 business days of receipt.

GENERAL

51. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
52. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.
53. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested:
 - a. to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order;
 - b. to grant representative status to the Monitor in any foreign proceeding; and
 - c. to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
54. Each of the Applicants and the Monitor shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

55. Any interested Person (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
56. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.
57. This Order and all of its provisions are effective as of 12:01 a.m. Central Standard Time on the date of the issuance of this Order.

ISSUED at the City of Saskatoon, in the Province of Saskatchewan, this 20th day of May, 2016.


DEPUTY LOCAL REGISTRAR

This Order was delivered by:

Name of firm: McDougall Gauley LLP

Name of lawyer in charge of file: Ian A. Sutherland/ Craig Frith

Address of legal firm: 500-616 Main Street, Saskatoon, SK S7H 0J6

Telephone / Facsimile: (306) 653-1212 / (306) 652-5432

Email address: isutherland@mcdougallgauley.com
cfrith@mcdougallgauley.com

TO: THE SERVICE LIST ESTABLISHED IN THESE PROCEEDINGS

SCHEDULE "A"

NOTICE

[Date]

TO:

[NAME AND ADDRESS OF CREDITOR OR INTERESTED PARTY]

RE: IN THE MATTER OF AN ORDER UNDER **THE COMPANIES' CREDITORS ARRANGEMENT ACT** OBTAINED BY 101133330 SASKATCHEWAN LTD. and 101149825 SASKATCHEWAN LTD.

101133330 SASKATCHEWAN LTD. and 101149825 SASKATCHEWAN LTD have obtained an Order of the Court of Queen's Bench for Saskatchewan under the *Companies' Creditors Arrangement Act* (the "Order"). A photocopy of the Order is posted on the following website: www.insolvencies.deloitte.ca/en-ca/101133330and101149825SkLtd.

You are being given notice of the Order as you are a creditor of 101133330 SASKATCHEWAN LTD. or 101149825 SASKATCHEWAN LTD or the Order may affect your rights.

If you would like to receive notice of all further proceedings in relation to this matter, please complete the Demand for Notice attached to this Notice and send the Demand for Notice by electronic mail (email) or facsimile to each of the following persons:

1. 101133330 Saskatchewan Ltd. and 101149825 Saskatchewan Ltd.
c/o McDougall Gauley LLP
Attention: Ian Sutherland / Craig Frith
Email: isutherland@mcdougallgauley.com / cfrith@mcdougallgauley.com
Fax: (306) 652-1323
2. Deloitte Restructuring Inc.
c/o MacPherson Leslie & Tyerman LLP
Attention: Paul Olfert
Email: polfert@mlt.com
Fax: (306) 975-7145

If you fail to properly complete the Demand for Notice and forward the Demand for Notice by email or facsimile to each of the above-referenced persons indicating that you request further notice of the proceedings, then you will not receive, nor will you be entitled to receive, any further notice of the proceedings.

Yours truly,

SCHEDULE "B"

Q.B. No. 643 of 2016

CANADA
PROVINCE OF SASKATCHEWAN

IN THE COURT OF QUEEN'S BENCH
JUDICIAL CENTRE OF SASKATOON

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENTS ACT*, R.S.C.
1985, c. C-36, AS AMENDED (the "CCAA")

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT FOR THE
CREDITORS OF 101133330 SASKATCHEWAN LTD. and 101149825
SASKATCHEWAN LTD

(the "Applicant")

DEMAND FOR NOTICE

TO:

- | | |
|---|--|
| <p>1. 101133330 Saskatchewan Ltd. and 101149825
Saskatchewan Ltd.
c/o McDougall Gauley LLP
Attention: Ian Sutherland
Email: isutherland@mcdougallgauley.com
cfrith@mcdougallgauley.com
Fax: (306) 652-1323</p> | <p>2. Deloitte Restructuring Inc.
c/o MacPherson Leslie & Tyerman LLP
Attention: Paul Olfert
Email: polfert@mlt.com
Fax: (306) 975-7145</p> |
|---|--|

I hereby request that notice of all further proceedings on this matter be served on me and hereby elect that service may be effected on me in the following manner: **[Please select either (a) or (b), but not both.]**

(a) by email, at the following email address:
_____ , or

(b) by facsimile, at the following facsimile number:
_____.

Signature: _____
Name of Creditor: _____
Address of Creditor: _____

Phone Number: _____