

COURT FILE NUMBER

COURT

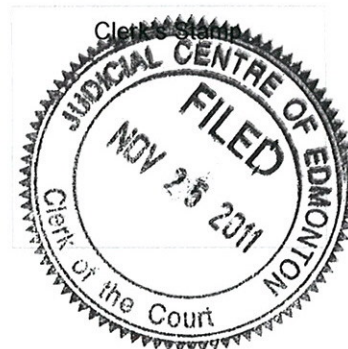
JUDICIAL CENTRE

1103-18646
QUEEN'S BENCH OF ALBERTA

EDMONTON

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

AND IN THE MATTER OF A PLAN
OF COMPROMISE OR
ARRANGMENT OF ARMAC
INVESTMENTS LTD. (AB), LAKE
EDEN PROJECTS INC. (AB),
1204583 ALBERTA INC. (AB),
1317517 ALBERTA INC. (AB),
WESTRIDGE PARK LODGE
DEVELOPMENT CORP (AB),
WESTRIDGE PARK LODGE AND
GOLF RESORT LTD. (AB), HALF
MOON LAKE RESORT LTD. (AB),
NO. 50 CORPORATE VENTURES
LTD. (BC), FISHPATHS RESORTS
CORPORATION (BC), ARMAC
INVESTMENT LTD. (BC), OSTROM
ESTATES LTD. (BC), HAWKEYE
MARINE GROUP LTD. (BC),
JUBILEE MOUNTAIN HOLDINGS
LTD. (BC), GIANT MOUNTAIN
PROPERTIES LTD. (BC), and
CHERRY BLOSSOM PARK
DEVELOPMENT CORP (BC)



DOCUMENT

ORIGINATING APPLICATION

ADDRESS FOR SERVICE
AND

CONTACT INFORMATION OF

PARTY FILING THIS
DOCUMENT

Taylor Law Office
10722 - 103 Avenue
Edmonton, Alberta
T5J 5G7
Attention: Conan Taylor
Ph: (780) 428-7770
Fax: (780) 428-7775

TO: CLERK OF THE COURT

TAKE NOTICE that a motion will be made by ARMAC INVESTMENTS LTD. (AB), LAKE EDEN PROJECTS INC. (AB), 1204583 ALBERTA INC. (AB), 1317517 ALBERTA INC. (AB), WESTRIDGE PARK LODGE DEVELOPMENT CORP (AB), WESTRIDGE PARK LODGE AND GOLF RESORT LTD. (AB), HALF MOON LAKE RESORT LTD. (AB), NO. 50 CORPORATE VENTURES LTD. (BC), FISHPATHS RESORTS CORPORATION (BC), ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC), JUBILEE MOUNTAIN HOLDINGS LTD. (BC), GIANT MOUNTAIN PROPERTIES LTD. (BC), and CHERRY BLOSSOM PARK DEVELOPMENT CORP (BC) (the "Applicants"), before the **Honourable Mr. Justice D.R.G. Thomas**, in Chambers, at the Law Courts, in the City of Edmonton, in the Province of Alberta, on Wednesday, the **30th day of November, 2011**, at the hour of **2:00 o'clock** in the afternoon, or so soon thereafter as counsel may be heard for an Initial Order:

1. Pursuant to the *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, Chapter C-36, as amended (the "Act"), in the form attached hereto as Schedule "A" (the "Order");
2. Granting such further orders and directions as this Honourable Court considers appropriate in the circumstances, including abridging the time for service of the Originating Application and/or dispensing with service on any interested party or declaring such service good and sufficient.

Basis for this claim:

3. That the Applicants are all affiliated companies within the meaning of the Act.
4. That the Applicants are insolvent, however have real property assets valued substantially in excess of outstanding assessed liabilities.
5. That the total claims against the Applicants exceed the sum of \$5,000,000.00.
6. That the Applicants propose to file a Plan of Arrangement with their creditors to permit them to restructure their financial affairs and liquidate assets in the expectation that their creditors and other stakeholders will derive a greater benefit from such restructuring/liquidation than would result from bankruptcy or other financial failure of the Applicants or the bankruptcy or other financial failure of Jack Purdy who holds the controlling interest of the Applicants.
7. That the head office and chief place of business of the Applicants is in the County of Strathcona, in the Province of Alberta.

8. That the office of Alvarez & Marsal Canada Inc., in the Province of Alberta, in the person of Tim Reid, has consented to act as Monitor within the meaning of the Act.
9. That circumstance exist making the granting of the Order appropriate.

Remedy sought:

10. That the Order attached hereto as Schedule "A", and such further orders and directions as this Honourable Court considers appropriate in the circumstances, be granted.

Affidavit or other evidence to be used in support of this application:

11. In support of this application will be read the Affidavit of John Kenneth Purdy (also known as "Jack Purdy"), to be filed, and such further or other materials as counsel may advise and the Court may permit.

Applicable Acts and regulations:

12. The *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, Chapter C-36, as amended and such further or other rules and statutes as counsel may advise and the Court may permit.

Court File Number:

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF EDMONTON

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF ARMAC INVESTMENTS LTD. (AB), LAKE EDEN PROJECTS INC.
(AB), 1204583 ALBERTA INC. (AB), 1317517 ALBERTA INC. (AB), WESTRIDGE PARK
LODGE DEVELOPMENT CORP (AB), WESTRIDGE PARK LODGE AND GOLF RESORT
LTD. (AB), HALF MOON LAKE RESORT LTD. (AB), NO. 50 CORPORATE VENTURES
LTD. (BC), FISHPATHS RESORTS CORPORATION (BC), ARMAC INVESTMENT LTD.
(BC), OSTROM ESTATES LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC), JUBILEE
MOUNTAIN HOLDINGS LTD. (BC), GIANT MOUNTAIN PROPERTIES LTD. (BC), and
CHERRY BLOSSOM PARK DEVELOPMENT CORP (BC)

BEFORE THE HONOURABLE)	
)	
MR. JUSTICE)	ON THE 30 th DAY OF November, 2011.
)	
IN CHAMBERS, LAW COURTS)	
)	
EDMONTON, ALBERTA)	

INITIAL ORDER

UPON the application of ARMAC INVESTMENTS LTD. (AB), LAKE EDEN
PROJECTS INC. (AB), 1204583 ALBERTA INC. (AB), 1317517 ALBERTA INC. (AB),
WESTRIDGE PARK LODGE DEVELOPMENT CORP (AB), WESTRIDGE PARK LODGE
AND GOLF RESORT LTD. (AB), HALF MOON LAKE RESORT LTD. (AB), NO. 50
CORPORATE VENTURES LTD. (BC), FISHPATHS RESORTS CORPORATION (BC),
ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES LTD. (BC), HAWKEYE MARINE
GROUP LTD. (BC), JUBILEE MOUNTAIN HOLDINGS LTD. (BC), GIANT MOUNTAIN
PROPERTIES LTD. (BC), and CHERRY BLOSSOM PARK DEVELOPMENT CORP (BC),
(the "Applicants"); AND UPON having read the Originating Application, the Affidavit of Jack

Purdy, and the Affidavit of Service of Valerie Foster, filed; AND UPON reading the consent of Alvarez & Marsal Canada Inc. to act as Monitor (the "Monitor"); AND UPON noting that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this application and either do not oppose, or have consented, or have made their objections to the within Order known to the Court; AND UPON hearing counsel for the Applicants; IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order is hereby dispensed with, abridged, or deemed good and sufficient, as the case may be, and this application is properly returnable today.

APPLICATION

2. The Applicants are companies to which the *Companies Creditor Arrangement Act* R.S.C. 1985, c. C-36 as amended (the "CCAA") applies.

PLAN OF ARRANGEMENT

3. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. The Applicants shall:
 - (a) remain in possession and control of its current and future assets, undertakings and properties 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; and

- (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.
5. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay 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;
 - (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; and,
 - (c) all arrears of municipal property taxes owing, with the written consent of the Monitor.
6. 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 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 including expenditures as may be necessary for the improvement, marketing and sale of Property or the Business, with the written consent of the Monitor and to a maximum of \$50,000.00 for any one property and

\$500,000.00 in aggregate (or in excess of these amounts if ordered by the Court);
and

- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. The Applicants shall remit, in accordance with legal requirements, 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,
- (iii) [Quebec Pension Plan - deleted]
- (iv) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

- (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 the date of this Order, 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 the date of this Order; 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, but only where such amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court.

8. Until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may 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 as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("Rent"), but shall not pay any rent in arrears.
9. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:
 - (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of its creditors as of the date of this Order;
 - (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and
 - (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. The Applicants shall subject to such requirements as are imposed by the CCAA have the right to:
 - (a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding \$350,000.00 in any one transaction or \$1,500,000.00 in the aggregate (or in excess of these amounts, by order of this Court);

- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan; and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

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

11. 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. 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 or resiliate 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 or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.
12. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
 - (a) during the notice period prior to the effective time of the disclaimer or resiliation, 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 resiliation, 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.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

- 13. Until and including December 30th, 2011, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way 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

- 14. 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"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with 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 security interest; or
 - (d) prevent the registration of a claim for lien.
15. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

16. During the Stay Period, no person shall accelerate, suspend, 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

17. During the Stay Period, all persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may

be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. 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 usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the 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. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

18. Notwithstanding anything else contained in this Order, no creditor of the Applicants shall be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 15 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, 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 AND CHARGE

20. The Applicants shall indemnify its directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants after the commencement of the within proceedings except to the extent that, with respect to any

officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$350,000.00, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 37 and 39 herein.
22. Notwithstanding any language in any applicable insurance policy to the contrary:
 - (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
 - (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. Alvarez & Marsal Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business and financial affairs and the Applicants with the powers and obligations set out in the CCAA or set forth herein and that 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 and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, and in addition to any other rights and obligations provided for in this Order, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;
- (c) DELETED;
- (d) advise the Applicants in its preparation of the Applicants' cash flow statements;
- (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' or 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' Property, 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;
- (i) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and
- (j) perform such other duties as are required by this Order or 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, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, 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 or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.
26. The Monitor shall provide any creditor of the Applicants 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.
27. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this 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.
28. (a) The Clerk and/or Accountant of this Honourable Court are hereby directed to pay to the Monitor all sums held or invested by this Court in Court of Queen's Bench File No. 1103 04022 (the "Lake Eden Funds"). Upon receipt of the Lake Eden Funds, the Monitor shall distribute the funds as follows:

- (i) to the Monitor, the sum of \$400,000.00 on account of the retainer contemplated in paragraph 28(b) of the within Order;
- (ii) to Counsel for the Applicant, the sum of \$150,000.00 on account of the retainer contemplated in paragraph 28(b) of the within Order;
- (iii) to the Applicants, the balance to be utilized in accordance with the Cash Flow filed with the Application for the within Order. The Monitor may withhold a portion of this balance for payment of the pre-filing fees and expenses of the Monitor, Monitor's counsel, Applicants' counsel, and the Proposal Trustee in the Proposal Proceedings to be filed by Jack Purdy.

(b) The Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, 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 bi-weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants, retainers in the respective amounts of \$150,000.00 for the Applicants' counsel and \$400,000.00 for the Monitor and its counsel, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

- 29. The Monitor and its legal counsel shall pass their accounts from time to time.
- 30. The Monitor, counsel to the Monitor, if any, and the Applicants' counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, 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 \$500,000.00 as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such counsel, 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 37 and 39 hereof.

DIP FINANCING

31. The Applicants may on further application to this Court, obtain and borrow under a credit facility from a DIP Lender to be determined (the "DIP Lender") in order to finance the Applicants working capital requirements and other general corporate purposes and capital expenditures as may become necessary.
32. DELETED
33. DELETED
34. DELETED
35. DELETED
36. DELETED

VALIDITY AND PRIORITY OF CHARGES

37. The priorities of the Directors' Charge, and the Administration Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000.00;

Second – DELETED; and

Third – Directors' Charge (to the maximum amount of \$350,000.00).
38. The filing, registration or perfection of the Directors' Charge, and the Administration Charge (collectively, 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.
39. Each of the Directors' Charge, and the Administration Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of

secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

40. 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 rank in priority to, or *pari passu* with, any of the Directors' Charge, or the Administration Charge, unless the Applicants also obtain the prior written consent of the Monitor, the beneficiaries of the Directors' Charge and the Administration Charge, or further order of this Court.
41. The Directors' Charge, and the Administration Charge, shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") thereunder shall not otherwise be limited or impaired in any way by:
 - (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to 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:
 - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a new breach by the Applicantst of any Agreement to which it is a party;

- (ii) 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; and
- (iii) the payments made by the Applicants pursuant to this order, 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.

ALLOCATION

- 42. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge, and the Directors' Charge amongst the various assets comprising the Property.

SERVICE AND NOTICE

- 43. The Monitor shall (i) without delay, publish in The Globe & Mail, national addition, a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.
- 44. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail 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 third business day after mailing. The Monitor may

post a copy of any or all such materials on its website at www.alvarezandmarsal.com, which shall be established for informational purposes.

GENERAL

45. 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.
46. 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.
47. 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 to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
48. Each of the Applicants and the Monitor 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 that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
49. Any interested party (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.

50. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

J.C.Q.B.A.