

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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 MARTIN ROSS GROUP INC.

**MOTION RECORD OF THE APPLICANT, MARTIN ROSS GROUP INC.
(Plan Sanction and Extension of Stay Period)
(returnable April 14, 2016)**

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TAB 1

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
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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 MARTIN ROSS GROUP INC.

**NOTICE OF MOTION
(Plan Sanction and extension of Stay Period)
(returnable April 14, 2016)**

Martin Ross Group Inc. (the “**Applicant**”) will make a motion to a judge presiding over the Commercial List on Thursday, April 14, 2016 at 10:00 a.m., or as soon after that time as the motion can be heard at 330 University Avenue, 8th Floor, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order substantially in the form attached at Tab 3 of the Motion Record, for, among other things:
 - (a) if necessary, abridging the time for service and filing of the Motion Record, and validating service of the Motion Record, such that this motion is properly returnable today;
 - (b) sanctioning the Plan of Compromise or Arrangement put forward by the Applicant, dated February 2, 2016 (the “**Plan**”);

- (c) extending the Stay Period (as defined herein) to June 23, 2016;
- (d) approving the Eleventh Report of Collins Barrow Toronto Limited (“**CBTL**”), in its capacity as court-appointed monitor of the Applicant (the “**Monitor**”) and the activities of the Monitor described therein;
- (e) approving the fees and disbursements of the Monitor and its legal counsel, Torkin Manes LLP, to date; and,
- (f) such further and other relief as to this Court may seem just.

THE GROUNDS FOR THE MOTION ARE

1. The Applicant was a manufacturer and wholesaler of fine jewellery, with an emphasis on products mined and manufactured within Canada;
2. On August 7, 2014, MRG sought and was granted protection from its creditors under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) pursuant to the Order of the Honourable Justice Penny dated August 7, 2014 (the “**Initial Order**”);
3. Pursuant to the Initial Order, CBTL was appointed as Monitor of MRG;
4. The Stay Period (as defined in the Initial Order) has been extended on a number of occasions, such that it is now set to expire, unless extended further, on April 18, 2016;
5. Pursuant to an Order dated February 9, 2016, the Court accepted the Plan for filing, and authorized and directed that a meeting of creditors to consider and vote on the Plan be held on March 23, 2016 (the “**Meeting**”);

6. The Meeting was held on March 23, 2016 and the Applicant tabled the Plan;
7. The Plan was accepted by the Required Majority (as defined in the Plan);
8. There has been strict compliancy by the Applicant with all statutory requirements and adherence to previous orders of the Court;
9. Nothing has been done or purported to be done by the Applicant that is not authorized by the CCAA;
10. The Plan is fair and reasonable;
11. The Applicant also seeks an extension of the Stay Period until June 23, 2016 to allow sufficient time to implement the Plan;
12. The Applicant has acted and continues to act in good faith and with due diligence in these proceedings;
13. The Monitor supports the relief sought herein;
14. In all of the circumstances, the relief sought by the Applicant is appropriate;
15. Sections 6 and 11.02(2) of the CCAA;
16. Rules 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure*; and,
17. Such further and other grounds as the lawyers may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. The Affidavit of Allen Shechtman, affirmed April 7, 2016 and the exhibits thereto;
2. The Eleventh Report of the Monitor, to be filed; and,
3. Such further and other evidence as the lawyers may advise and this Court permit.

April 7, 2016

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TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**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 MARTIN ROSS GROUP INC.**

**AFFIDAVIT OF ALLEN SHECHTMAN
(affirmed April 7, 2016)**

I, ALLEN SHECHTMAN, of the City of Toronto, in the Province of Ontario, DO SOLEMNLY AFFIRM:

1. I am the Chief Executive Officer and sole director of the Applicant, Martin Ross Group Inc. (“**MRG**” or the “**Applicant**”), and as such, have personal knowledge and information with respect to the matters to which I hereinafter depose. Where matters are stated to be based on information, I state the source of such information and I verily believe them to be true.

2. All references to dollar values in this affidavit are in Canadian dollars unless otherwise indicated.

3. I make this affidavit in support of a motion by the Applicant for an order, among other things:

(a) if necessary, abridging the time for service and filing of the Motion Record, and validating service of the Motion Record, such that this motion is properly returnable today:

- (b) sanctioning the Plan of Compromise or Arrangement put forward by the Applicant, dated February 2, 2016 (the “**Plan**”);
 - (c) extending the Stay Period (as defined herein) to June 23, 2016;
 - (d) approving the Eleventh Report of Collins Barrow Toronto Limited (“**CBTL**”), in its capacity as court-appointed monitor of the Applicant (the “**Monitor**”) and the activities of the Monitor described therein; and,
 - (e) approving the fees and disbursements of the Monitor and its legal counsel, Torkin Manes LLP, to date.
4. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the prior affidavits I have affirmed and filed in these proceedings, and the prior affidavits of Cameron Gillies also sworn and filed in these proceedings.

INTRODUCTION

5. MRG was a manufacturer and wholesaler of fine jewellery, with an emphasis on products that were mined and manufactured within Canada.
6. On August 7, 2014, MRG sought and was granted protection from its creditors pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). A copy of the Initial Order granted by the Honourable Justice Penny is attached hereto and marked as **Exhibit “A”**.
7. Pursuant to the Initial Order, CBTL was appointed as Monitor of MRG.

8. The Stay Period (as defined in the Initial Order) has been extended on a number of occasions, most recently by the Order of the Honourable Justice Hainey, dated February 9, 2016 (the “**Plan Filing Order**”), such that the Stay Period will expire, unless extended further, on April 18, 2016. A copy of the Plan Filing Order is attached hereto and marked as **Exhibit “B”**.

CLAIMS PROCESS

9. As described in my affidavit sworn on October 21, 2015, on May 1, 2015, the Honourable Justice Newbould issued the Claims Procedure Order approving and establishing a procedure for the identification, resolution and barring of certain claims against MRG. With the assistance of the Monitor, MRG carried out the claims process in accordance with the Claims Procedure Order. As a result, all claims received by the Claims Bar Date, as defined in the Claims Procedure Order, have now been allowed or approved, as modified.

THE PLAN OF COMPROMISE OR ARRANGEMENT

10. MRG worked with its largest creditor, Sherfam Inc. (the “**Plan Sponsor**”), to develop a Plan of Compromise or Arrangement (the “**Plan**”), a copy of which is attached to my affidavit and marked as **Exhibit “C”**.

11. Pursuant to the Plan Filing Order, on February 9, 2016, the Plan was accepted by this Court for filing.

12. The Plan provides MRG’s unsecured creditors, other than the Plan Sponsor, with significantly enhanced recoveries over what could be expected in a bankruptcy, the likely alternative outcome at this point.

13. As part of the Plan, the Plan Sponsor has agreed to subordinate approximately 75% or \$24,850,000.00 (the “**Plan Sponsor Contribution**”) of its unsecured claim for the benefit of those remaining unsecured creditors with proven claims, excluding the Plan Sponsor (the “**Affected Creditors**”).

14. In so doing, the value of the Plan Sponsor’s claim for the purpose of distribution will be reduced from \$32.9 million to \$8.1 million, and the total value of proven claims that will participate in a distribution will also be reduced, to \$9.8 million.

15. The effect of the Plan Sponsor Contribution results in total anticipated distributions to the Affected Creditors being enhanced by approximately 11 percentage points. If the Plan is implemented, Affected Creditors can be expected to recover approximately 36.55% of their proven claims (inclusive of \$7.3 million in interim distributions already received). Without the Plan Sponsor Contribution, Affected Creditors can only expect to recover approximately 25.25% of their proven claims. Thus, the Plan Sponsor Contribution is significant to all Affected Creditors.

16. The Plan also provides for a “convenience class” of creditors whose proven claims are \$1,000.00 or less. These creditors will receive payment of 100% of the value of their proven claims, after taking into consideration interim distributions already received.

17. Further, the Plan will not impact the claims: (a) of the Monitor and its counsel, arising before or after the Filing Date; (b) of the Plan Sponsor; and (c) that are Post-Filing Claims.

18. The Plan will be implemented on the first Business Day (the “**Implementation Date**”) following the day on which the Plan is effective, and all actions, documents and agreements necessary to implement the Plan have been effected or executed and delivered.

19. The Plan also provides that the Monitor will make all distributions to Affected Creditors with proven claims under the Plan within 30 Business Days following the Implementation Date, or as soon as possible thereafter.

MEETING OF CREDITORS

20. The Plan Filing Order also provided that the Applicant was authorized to call and hold a meeting of all creditors with proven claims (the “**Meeting**”) on March 23, 2016 to consider the Plan, and if advisable, to pass a resolution approving the Plan.

21. I am advised by the Monitor that pursuant to, and in accordance with, the Plan Filing Order, the Monitor served Notice of the Meeting, together with other relevant documentation and forms, including the Monitor’s report to creditors on the Plan, to all creditors with proven claims on February 26, 2016.

22. The Meeting took place, as scheduled, on March 23, 2016 at 10:30 a.m. at the offices of the Monitor at 11 King Street West, Suite 700, Toronto, Ontario and, pursuant to the Plan Filing Order, the Monitor acted as chair of the Meeting. I understand that the Monitor will be providing a detailed report on the Meeting and its result in its Eleventh Report to be filed on this motion.

23. In brief, a resolution to approve the Plan was put before the Meeting and unanimously passed by those creditors attending and voting at the Meeting, whether in person, by proxy, or by voting letter.

24. There were no objections raised in respect of the Plan itself, nor did anyone raise any issues that impacted on the Plan, the Meeting or any other aspect of the CCAA proceedings.

25. The Meeting then concluded without further business.

REQUEST FOR COURT APPROVAL OF THE PLAN

26. At the start of the within CCAA proceeding, MRG explored various options in the hope that this would result in the restructuring of MRG's business. These options included the sale of all or part of MRG's assets on a going concern basis. When that process did not result in any such offers, MRG proceeded with an orderly liquidation of its assets through specific processes appropriate for the types of assets to be sold (gold, diamonds, finished goods, etc.).

27. The liquidation of MRG's assets resulted in the payment in full of all secured creditors and leaves approximately \$1.3 million for distribution amongst its unsecured creditors. In addition, as described above, the Plan Sponsor agreed to make the Plan Sponsor Contribution, so as to enhance the recovery for the Affected Creditors.

28. The Plan has now been unanimously approved by the Affected Creditors and will, if sanctioned by this Court, result in recoveries for the Affected Creditors that are superior to what could be otherwise expected in a bankruptcy.

29. For all these reasons, I believe that the Plan is fair and reasonable.

30. Further, throughout the CCAA proceeding, the Applicant has complied with all requirements of the CCAA and all Orders of this Court. In addition, and significantly, at no time has any creditor or other stakeholder opposed any of the steps taken by or any of the relief sought by the Applicant during the CCAA proceeding.

31. In addition, throughout the CCAA proceeding the Monitor has observed the Applicant, worked with the Applicant, as prescribed by the various court orders, and has filed its reports to the Court at regular times. At no time has the Monitor ever reported that the Applicant acted in a manner that was not authorized by the CCAA or by an Order of this Court, nor has the Monitor ever advised this Court or the stakeholders of any material adverse changes or of any misconduct on the part of the Applicant.

32. Therefore, I believe that the sanctioning of the Plan by the Court would be just and appropriate in all of the circumstances.

33. Finally, I note that the Monitor supports the sanctioning of the Plan by this Court.

STAY EXTENSION REQUEST

34. As noted above, the stay of proceedings is currently set to expire on April 18, 2016. If the order sanctioning the Plan is granted, the Applicant will be required to wait until all appeal periods have expired. The Applicant expects to implement the Plan immediately thereafter, pursuant to which, the Monitor is to make distributions within 30 business days, or as soon as practical thereafter. However, it is prudent to allow for some additional time to deal with any unanticipated delays and avoid unnecessary cost and expense to seek a further extension of the

Stay Period in those circumstances. Thus, the Applicant seeks an extension of the Stay Period to June 23, 2016 to allow sufficient time to implement the Plan.

35. The Applicant has proceeded at all times, and continues to proceed, in good faith and with due diligence.

36. The Applicant has also cooperated, and continues to cooperate, with the Monitor throughout these proceedings and I understand that the Monitor supports MRG's request for a stay extension as well.

37. Since MRG no longer has any ongoing operations, any employees, or obligations, there is very little to report in terms of ongoing cash flows and obligations. As a result, the Applicant has not prepared a cash flow statement in support of this motion.


MONITOR'S ACTIVITIES AND FEE APPROVALS

38. I understand that the Monitor is seeking approval of its activities as described in its Eleventh Report, along with its fees and those of its counsel for professional services rendered herein. MRG does not oppose these requests.

AFFIRMED BEFORE ME AT THE CITY)
OF TORONTO, IN THE PROVINCE)
OF ONTARIO, THIS 7th)
DAY OF APRIL 2016)



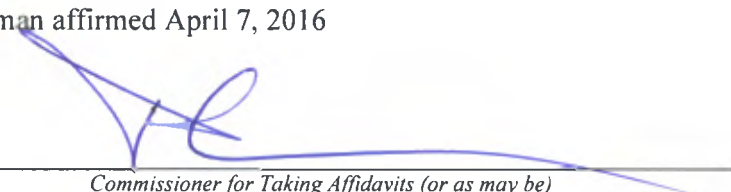
ALLEN SHECHTMAN



A Commissioner, etc.
PHILIP CHO (L2016 456154)

TAB A

This is Exhibit "A" referred to in the Affidavit of Allen Shechtman affirmed April 7, 2016

A handwritten signature in blue ink, appearing to be 'Philip Cho', is written over a horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

Court File No. CV-14-10655-001

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE Mr.)

THURSDAY, THE 7TH

JUSTICE Penny)

DAY OF AUGUST, 2014

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 MARTIN ROSS GROUP INC. (the
"Applicant")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Cameron Gillies sworn August 5, 2014 and the Exhibits thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, no one appearing for Sherfam Inc., RP Holdings Inc., or Dell Financial Services Canada Limited, although duly served as appears from the affidavit of service of Stephen Wolpert affirmed August 5, 2014 and on reading the consent of Collins Barrow Toronto Limited to act as the Monitor,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant 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. THIS COURT ORDERS that the Applicant shall 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"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant is 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. THIS COURT ORDERS that the Applicant 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 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; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant 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
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

7. THIS COURT ORDERS that the Applicant 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, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, 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 Applicant.

8. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant 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 the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period

commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is 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 Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. THIS COURT ORDERS that the Applicant 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 \$100,000 in any one transaction or \$1,000,000 in the aggregate
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; 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 Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

11. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's 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 Applicant's 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 Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims 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 Applicant's claim to the fixtures in dispute.

12. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, 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 Applicant in respect of such lease or leased premises, 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. THIS COURT ORDERS that until and including September 6, 2014, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant 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. THIS COURT ORDERS that 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

Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. THIS COURT ORDERS that 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 Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant 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 services, utility or other services to the Business or the Applicant, 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 Applicant, and that the Applicant 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 the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or

licensed property or other valuable consideration provided on or after the date of this Order, 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 any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant 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 Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION

19. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

APPOINTMENT OF MONITOR

20. THIS COURT ORDERS that Collins Barrow Toronto Limited is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant 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.

21. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (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;
- (c) advise the Applicant in its preparation of the Applicant's cash flow statements which information shall be reviewed with the Monitor;
- (d) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (e) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) 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 Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (g) 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
- (h) perform such other duties as are required by this Order or by this Court from time to time.

22. THIS COURT ORDERS that 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.

23. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to 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 including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (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.

24. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant 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 Applicant 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 Applicant may agree.

25. THIS COURT ORDERS that, 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.

26. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a monthly basis and, in addition, the Applicant is hereby authorized

to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$50,000 , respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time

27. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

28. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit 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 standard 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 paragraph30 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

29. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

30. THIS COURT ORDERS that the Administration Charge (as constituted and defined herein) shall constitute a charge on the Property and such charge 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.

31. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge, unless the Applicant also obtains the prior written consent of the Monitor and the beneficiaries of the Administration Charge, or further Order of this Court.

32. THIS COURT ORDERS that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (collectively, the "Chargees") 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 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 Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (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 Administration Charge; and
- (c) the payments made by the Applicant pursuant to this Order, and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

33. THIS COURT ORDERS that any charge created by this Order over leases of real property in Canada shall only be a charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

34. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in The National Post a notice containing the information prescribed under the CCAA, (ii) within five 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 Applicant of more than \$1000, 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.

35. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <http://www.collinsbarrow.com/en/toronto-ontario/martin-ross-group>

36. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute 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 or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

37. THIS COURT ORDERS that the Applicant 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.

38. THIS COURT ORDERS that 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 Applicant, the Business or the Property.

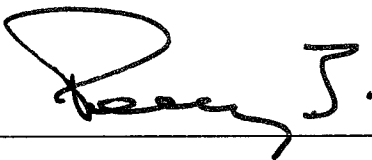
39. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give

effect to this Order and to assist the Applicant, 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 Applicant 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 Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

40. THIS COURT ORDERS that each of the Applicant 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 proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

41. THIS COURT ORDERS that any interested party (including the Applicant 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.

42. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Daylight Time on the date of this Order.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:



AUG 7 2014

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 MARTIN ROSS GROUP INC.

Court File No. CV-14-10655-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

INITIAL ORDER

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Barristers and Solicitors
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Toronto ON M5C 1B5

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Tel: (416) 225-8750

Fax: (416) 306-9874

Lawyers for the Applicant, Martin Ross Group Inc.

TAB B

This is Exhibit "B" referred to in the Affidavit of Allen Shechtman affirmed April 7, 2016



Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE

)

TUESDAY, THE 9TH DAY

JUSTICE

HAINES

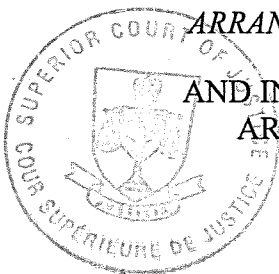
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OF FEBRUARY, 2016

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 MARTIN ROSS GROUP INC.



ORDER

(Plan filing, creditor meeting and extension of Stay Period)

THIS MOTION, made by Martin Ross Group Inc. (the “**Applicant**”) for an order:

- (a) if necessary, abridging the time for service and filing of the Motion Record, and validating service of the Motion Record, such that this motion is properly returnable today;
- (b) accepting the Plan of Compromise or Arrangement in respect of the Applicant dated February 2, 2016, in the form attached as Schedule “A” hereto (the “**Plan**”), for filing;
- (c) authorizing the Applicant to call, hold and conduct a meeting of the Affected Creditors (as defined in the Plan) to consider and vote on a resolution to approve the Plan;

- (d) approving the procedures to be followed with respect to the calling and conduct of the Meeting (as defined herein);
- (e) setting the date for the hearing of motion seeking sanction of the Plan;
- (f) extending the Stay Period (as defined herein) to April 18, 2016;
- (g) approving the Tenth Report of Collins Barrow Toronto Limited, in its capacity as court-appointed monitor of the Applicant (the “**Monitor**”) and the activities of the Monitor described therein; and,
- (h) approving the fees and disbursements of the Monitor and its legal counsel, Torkin Manes LLP, to date;

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Allen Shechtman affirmed February 2, 2016 (the “**Shechtman Affidavit**”) and the Tenth Report of the Monitor including the affidavits of Daniel Weisz and of S. Fay Sulley (the “**Fee Affidavits**”), and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Kelly Barrett sworn February 3, 2016 and Janice Chen sworn February 4, 2016, filed,

SERVICE

1. THIS COURT ORDERS that the time for service and filing of the Motion Record and the Tenth Report is hereby abridged, and service of the Motion Record and the Tenth Report is hereby validated, such that this Motion is properly returnable today and hereby dispenses with further service thereof.

PLAN OF COMPROMISE OR ARRANGEMENT

2. THIS COURT ORDERS that, except where otherwise defined, defined terms in this Order shall have the meanings assigned in the Plan.

3. THIS COURT ORDERS that the Plan is hereby accepted for filing, and the Applicant is hereby authorized to seek approval of the Plan from the Affected Creditors in the manner set forth herein.

4. THIS COURT ORDERS that the Applicant be and is hereby authorized to modify, amend or supplement the Plan (each a “**Plan Modification**”) by way of a supplementary or amended plan or plans of compromise or arrangement at any time or from time to time prior to the Meeting, in which case, any such supplementary or amended plan of compromise or arrangement shall, for all purposes, be and are deemed to be a part of and incorporated into the Plan.

5. THIS COURT ORDERS that after the Meeting (and both prior to and subsequent to the obtaining of any Sanction Order), the Applicant may at any time, and from time to time, with the consent of the Plan Sponsor and the Monitor, effect a Plan Modification (a) pursuant to an

Order of the Court or (b) where such Plan Modification concerns a matter, which in the opinion of the Applicant and the Monitor, is of an administrative nature required to better give effect to the implementation of the Plan or the Sanction Order or to cure any error, omissions or ambiguities, and in either circumstance is not materially adverse to the financial or economic interests of the Affected Creditors. The Monitor shall forthwith post on the Case Website (as defined in the Initial Order) any such Plan Modification, with notice of such posting forthwith provided to the Service List (as defined in the Initial Order).

MEETING OF CREDITORS

6. THIS COURT ORDERS that the Applicant is hereby authorized to call, hold and conduct the Meeting for the purpose of considering, and if deemed advisable, passing, with or without variation, a resolution to approve the Plan.

7. THIS COURT ORDERS that on or before February 29, 2016, the Monitor shall send by prepaid ordinary mail, courier, fax transmission or electronic mail to each Affected Creditor who has filed a proof of claim in accordance with the Claim Procedure Order to the address set forth on the Proof of Claim filed by the Affected Creditor:

- (a) A copy of this Order (without attachments);
 - (b) A copy of the Plan;
 - (c) A summary of the Plan substantially in the form attached as Schedule "B";
 - (d) A form of proxy and voting letter substantially in the form attached as Schedule "C";
- and,

- (e) A report prepared by the Monitor with respect to the relevant Plan, which report shall describe the Plan and include the Monitor's recommendation with respect to acceptance of the Plan.
8. THIS COURT ORDERS that the Meeting of Affected Creditors shall be held on March 23, 2016 at 10:30 a.m. (Toronto time) at the offices of the Monitor at 11 King Street West, Suite 700, Toronto, Ontario and the Applicant is hereby authorized to adjourn the Meeting to such time and place as it deems necessary or desirable.
9. THIS COURT ORDERS that a representative of the Monitor shall preside as the chair of the Meeting (the "Chair") and shall decide all matters relating to the rules and procedures at, and the conduct of, the Meeting.
10. THIS COURT ORDERS that, for the purposes of voting to approve the Plan, there shall be one class of Affected Creditors, as set forth in the Plan.
11. THIS COURT ORDERS that Affected Creditors of the Applicant shall be entitled to attend and vote at the Meeting in person, by proxy, or by voting letter.
12. THIS COURT ORDERS that the Chair be and is hereby authorized to accept and rely upon proxies and voting letters in such form as are acceptable to the Chair.
13. THIS COURT ORDERS that the only persons entitled to attend the Meeting are (a) the Affected Creditors, including proxy holders and their legal counsel; (b) the Plan Sponsor and its legal counsel; and (c) the Monitor and its legal counsel; and (d) the Applicant and its representatives, officers, directors and legal counsel.

14. THIS COURT ORDERS that the quorum required at the Meeting shall be any one Affected Creditor present in person, by voting letter or by proxy.

15. THIS COURT ORDERS that the quantum of the claim that each Affected Creditor is entitled to vote at the Meeting shall be as established in accordance with the Claims Procedure Order.

16. THIS COURT ORDERS that, subject to further Order of the Court, where the Claim of an Affected Creditor has not become a Proven Claim by the Meeting Date, the value of that Affected Creditor's Claim, for the purpose of voting on the Plan only, shall be the greater of the allowed portion of the Claim, if any, and 50% of the Claim set out in the Proof of Claim filed pursuant to the Claims Procedure Order.

17. THIS COURT ORDERS that the Chair shall direct a vote with respect to a resolution to approve the Plan under consideration at the Meeting and containing such other related provisions as the Applicant may consider appropriate.

18. THIS COURT ORDERS that, following the vote at the Meeting, the Chair shall tally the vote and determine whether the Plan under consideration at such Meeting has been accepted by the majority required by section 6 of the *Companies' Creditors Arrangement Act* (Canada).

19. THIS COURT ORDERS that if the Plan is accepted by the required majority of Affected Creditors, the Applicant may bring a Motion seeking an Order sanctioning the Plan returnable on April 14, 2016, or such later date as the Court may order.

FURTHER AND OTHER ORDERS

20. THIS COURT ORDERS that the Applicant or the Monitor may, from time to time, apply to this Court for directions in the discharge of their powers and duties hereunder or in respect of the proper execution of this Order.

21. THIS COURT ORDERS that the Applicant and the Monitor shall use reasonable discretion as to the adequacy of compliance with respect to the manner in which any forms hereunder are completed and executed and the time in which they are submitted and may waive strict compliance with the requirements of this Order including with respect to the completion, execution and time of delivery of required forms.

STAY EXTENSION

22. THIS COURT ORDERS that the Stay Period be and is hereby extended until April 18, 2016.

APPROVAL OF MONITOR'S TENTH REPORT AND FEE APPROVAL

23. THIS COURT ORDERS that the Tenth Report and the activities of the Monitor as described therein, be and are hereby approved.

24. THIS COURT ORDERS that the professional fees of the Monitor and its legal counsel, as set out in the Fee Affidavits, be and are hereby approved.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

FEB 09 2016

SCHEDULE "A"

**PLAN OF COMPROMISE OR ARRANGEMENT
IN RESPECT OF MARTIN ROSS GROUP INC.**

PLAN OF COMPROMISE OR ARRANGEMENT

in respect of

MARTIN ROSS GROUP INC.

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,

R.S.C. 1985; c. C-36, AS AMENDED

February 2, 2016

PLAN OF COMPROMISE OR ARRANGEMENT

ARTICLE I

INTERPRETATION

Section 1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

“**Administrative Fees and Expenses**” means the proper fees, expenses and legal fees and disbursements of the Monitor and its legal counsel relating to or incidental to the CCAA Proceeding, the negotiation, preparation, presentation, consideration and implementation of the Plan, and all proceedings and matters relating to or arising out of the Plan;

“**Affected Claims**” means all Claims other than Unaffected Claims;

“**Affected Creditors**” means all Creditors with Proven Claims;

“**Applicant**” means Martin Ross Group Inc.;

“**Business Day**” means a day that is not (a) a Saturday or a Sunday; or (b) a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable in the Province of Ontario;

“**CCAA**” means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

“**CCAA Proceeding**” means the proceeding before the Court in respect of the Applicant in the application commenced by the Applicant pursuant to the CCAA;

“**Claim**” means any right or claim of any Person against the Applicant, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of the Applicant, which indebtedness, liability or obligation is in existence at the Filing Date and which is not a Post-Filing Claim, and any interest that may accrue thereon in which there is an obligation to pay, and costs which such Person would be entitled to receive pursuant to the terms of any contract with such Person at law or in equity, any right of ownership of or title to property or assets or to a trust or deemed trust (statutory or otherwise) against any property or assets; whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which exist prior to the Filing Date, together with any other claims that would have been claims provable in bankruptcy had the Applicant become bankrupt on the Filing Date;

“Claims Procedure Order” means the Order of the Honourable Justice Newbould, dated May 1, 2015, establishing the procedure for the determination of Claims;

“Confirmation Date” means the date that the Sanction Order is made;

“Convenience Creditors” means all Creditors with Proven Claims not exceeding \$1,000.00;

“Court” means the Ontario Superior Court of Justice (Commercial List);

“Creditor” means any Person having a Claim and, if the context requires, an assignee or transferee of a Claim or a trustee, receiver, receiver-manager or other Person acting on behalf of such Person;

“Dollars” or “\$” means lawful money of Canada unless otherwise indicated;

“Filing Date” means August 7, 2014;

“Implementation Date” means the first Business Day following the day when all of the conditions to the implementation of this Plan, as set forth in Section 7.7, have been waived or satisfied, as applicable;

“Initial Order” means the Order dated August 7, 2014, granted by the Honourable Justice Penny, pursuant to which, among other things, the Applicant was granted relief pursuant to the CCAA;

“Meeting” means the meeting of the Affected Creditors called for the purpose of considering and approving this Plan and includes any adjournment of such meeting;

“Meeting Date” means the date fixed for the Meeting by the Plan Filing Order, including any dates to which the Meeting is adjourned;

“Monitor” means Collins Barrow Toronto Limited, as appointed by the Initial Order, and any successor thereto appointed by any further Order;

“Order” means any order of the Court in connection with the CCAA Proceeding;

“Person” means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted;

“Plan” means this Plan of Compromise or Arrangement, as the same may hereafter be amended or supplemented from time to time, in accordance with the terms hereof, and any Order that may be made in respect thereof;

“Plan Filing Order” means the Order dated February 9, 2016, inter alia, authorizing the filing of the Plan, setting the Meeting Date and establishing the procedure for the Meeting;

“Plan Sponsor” means Sherfam Inc.;

“Plan Sponsor Contribution” has the meaning set out in Section 4.1(a);

“Post-Filing Claim” means any Claim arising solely from or caused solely by an action taken by the Applicant after the Filing Date;

“Proven Claim” of a Creditor means the amount of the Claim of such Creditor as finally determined for voting and distribution purposes in accordance with the Claims Procedure Order and the Plan Filing Order;

“Released Parties” means the Applicant, the Monitor and each of their respective officers, directors, employees and agents;

“Required Majority” means a majority in number representing two-thirds in value of the Affected Creditors’ Proven Claims present and voting in person, by voting letter or by proxy at the Meeting;

“Sanction Order” means the Order of the Court sanctioning and approving the Plan;

“Sherfam Claim” means the Proven Claim, or portion thereof, of the Plan Sponsor;

“Tax” or **“Taxes”** shall mean any and all federal, provincial, municipal, local and foreign taxes, assessments, reassessments and other governmental charges, duties, impositions and liabilities including for greater certainty taxes based upon or measured by reference to gross receipts, income, profits, sales, capital, use and occupation, goods and services, and value added, ad valorem, transfer, franchise, withholding, custom duties, payroll, recapture, employment, excise and property taxes, together with all interest, penalties, fines and additions with respect to such amounts; and

“Unaffected Claims” means: (a) Administrative Fees and Expenses; (b) the Sherfam Claim; and (c) Post-Filing Claims.

Section 1.2 Interpretation, etc.

For the purposes of this Plan:

- (a) any reference to a contract, instrument, release, indenture, or other agreement or documents being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference to an Order or to an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented from time to time;
- (c) any reference to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force from time to time;

- (d) unless otherwise specified, all references to Sections, Articles and Schedules are references to Sections, Articles and Schedules of or to the Plan;
- (e) the words “herein” and “hereto” refer to this Plan in its entirety rather than to a particular portion of the Plan unless otherwise required by the context;
- (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan;
- (g) where the context requires, a word or words importing the singular shall include the plural and vice versa, and a word or words importing the masculine gender shall include the feminine and neuter genders and vice versa;
- (h) the words “includes” and “including” are not limiting; and,
- (i) the word “or” is not exclusive.

Section 1.3 Date for Any Action

In the event that any date on which any action is required to be taken under this Plan by any of the parties is not a Business Day, that action shall be required to be taken by 5:00 p.m. on the next succeeding day which is a Business Day.

Section 1.4 Time

All times expressed in this Plan are local time Toronto, Ontario, Canada unless otherwise stipulated.

ARTICLE 2

PURPOSE AND EFFECT OF THE PLAN

Section 2.1 Background

The circumstances and events leading up to this Plan are summarized in the Report of the Monitor, which will be circulated to Affected Creditors in connection with this Plan.

Section 2.2 Persons Affected

This Plan provides for a coordinated restructuring and compromising of Affected Claims. This Plan will become effective on the Implementation Date and shall be binding on and enure to the benefit of the Applicant, the Plan Sponsor and the Affected Creditors and their respective heirs, administrators, executors, legal personal representatives, successors and assigns.

Section 2.3 Persons Not Affected

This Plan does not affect holders of Unaffected Claims and nothing in this Plan shall impact the rights of the Creditors with Unaffected Claims against the Applicant. Nothing in this Plan shall affect any of the Applicant's rights and defences, both legal and equitable, with respect to any Affected Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to setoffs or recoupment against such Claims.

ARTICLE 3

CLASSIFICATION OF CREDITORS, VALUATION OF CLAIMS AND RELATED MATTERS

Section 3.1 Classes of Claims

There will be one class of Creditors for the purpose of considering and voting on the Plan, being Affected Creditors.

Section 3.2 Claims

Affected Creditors shall vote in respect of the Plan and receive the rights provided for under and pursuant to this Plan. The right of Affected Creditors to vote on the Plan shall be determined in accordance with the Claims Procedure Order and the Plan Filing Order.

Section 3.3 Meeting

The Meeting shall be held and conducted in accordance with this Plan and the Plan Filing Order. The only Persons entitled to attend the Meeting are those Persons who are Affected Creditors, including the holders of proxies, entitled to vote at the Meeting and their legal counsel, the Monitor and its legal counsel, the Applicant and its officers, directors and legal counsel, and the Plan Sponsor and its legal counsel. Any other Person may be admitted on invitation of the chairperson of the Meeting. An officer of the Monitor or a person designated by the Monitor shall preside as the chairperson of the Meeting and shall decide all matters related to the conduct of the Meeting.

Section 3.4 Approval by Affected Class

The Applicant and the Plan Sponsor will seek approval of the Plan by the affirmative vote of the Required Majority in order that the Plan becomes binding on the Affected Creditors as of the Implementation Date. All Convenience Creditors will be deemed to have voted in favour of the Plan.

Section 3.5 Value of Claims for Voting Purposes

Each Affected Creditor shall be entitled to vote based on a value equal to its respective Proven Claim. Where a Claim has not become a Proven Claim by the Meeting Date as a result of a pending appeal from a revision or disallowance by the Monitor under the Claims Procedure

Order, then for the purposes of voting on the Plan only, the value of such Claim shall be the greater of the allowed portion of the Claim, if any, and 50% of the Claim set out in the Proof of Claim filed pursuant to the Claims Procedure Order.

ARTICLE 4

PLAN OF ARRANGEMENT

Section 4.1 Plan

- (a) The Plan Sponsor will subordinate the sum of \$24,850,000.00 of the Sherfam Claim (the “**Plan Sponsor Contribution**”) to all other Affected Claims.
- (b) All Convenience Creditors shall receive payment of 100% of their Proven Claims, inclusive of interim distributions made in the CCAA Proceeding.
- (c) All Affected Creditors who are not Convenience Creditors shall receive a distribution of \$1,000.00 plus payment of the prorated amount of the balance of their Proven Claims based on a ratio where the numerator is the amount of such Creditor’s Proven Claim and the denominator is equal to the total value of Proven Claims less the Plan Sponsor Contribution and less the value of the Proven Claims of the Convenience Creditors.
- (d) The Plan Sponsor shall also receive a distribution of \$1,000.00 plus payment of a prorated amount based on the unsubordinated amount of the Sherfam Claim.

Section 4.2 Implementation of Plan

- (a) On the Implementation Date, the Applicant shall pay any outstanding Administrative Fees and Expenses and shall deliver a retainer of \$50,000.00 (or such other amount as the Applicant, the Monitor, and the Plan Sponsor may agree) to the Monitor.
- (b) On the Implementation Date, all funds held by the Applicant, after paying the amounts in accordance with Section 4.1(b) and Section 4.2(a), and reserving such reasonable amount as determined by the Applicant and the Monitor for the Applicant’s ongoing costs and expenses to seek approval of and for the implementation of the Plan, shall be paid to the Monitor and shall comprise a fund for distribution in accordance with the Plan (the “**Fund**”).

ARTICLE 5
PROVISIONS GOVERNING DISTRIBUTIONS

Section 5.1 Distribution to Creditors

Subject to Articles 5.2 and 5.3, within 30 Business Days of the Implementation Date or as soon as practical thereafter, the Monitor shall distribute the Fund to the Affected Creditors and to the Plan Sponsor in accordance with paragraph 4.1 above.

Section 5.2 Value of Claims for Distribution Purposes

The value of a Claim for distribution purposes shall be determined in accordance with the procedure established by the Claims Procedure Order.

Section 5.3 Reserve Pending Allowance

If the value of an Affected Claim has not been finally determined, pursuant to the Claims Procedure Order, at the date of the proposed distribution of the Fund, then prior to any distribution of the Fund, the Monitor shall reserve from the Fund the maximum amount of any potential distribution to the Affected Creditor based on the Claim of the Affected Creditor and proceed with distribution of the balance of the Fund. Within 10 Business Days following the final determination of the value of the Affected Claims, in accordance with the Claims Procedure Order, the Monitor shall, distribute the amount payable to the Affected Creditor and return the balance, if any, to the Applicant.

Section 5.4 Interest on Claims

Unless otherwise specifically provided for in this Plan or the Sanction Order, interest shall not accrue or be paid on Affected Claims after the Filing Date.

Section 5.5 Delivery of Distributions

Distributions to Affected Creditors shall be made by prepaid ordinary mail by the Monitor: (a) to the address set forth on the Proof of Claim filed by an Affected Creditor; or (b) to the addresses set forth in any written notices of address changes delivered to the Monitor after the date of any related Proof of Claim. If any Affected Creditor's distribution is returned as undeliverable, no further distributions to such Affected Creditor shall be made unless and until the Monitor is notified of such Affected Creditor's then current address, at which time all missed distributions shall be made to such Affected Creditor without interest. All claims for undeliverable distributions must be made on or before the expiration of six (6) months following the date of the distribution, after which date the Claim of any Affected Creditor or successor of such Affected Creditor with respect to such unclaimed distributions shall be discharged, and forever barred, notwithstanding any federal or provincial laws to the contrary, and any such undeliverable distributions shall be returned to the Applicant. Nothing contained in the Plan shall require the Applicant or the Monitor to attempt to locate any Affected Creditor.

Section 5.6 Withholding and Reporting Requirements

All distributions hereunder shall be subject to any withholding and reporting requirements imposed by any federal, provincial, local or foreign taxing authority, and the Monitor is authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan: (a) each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any governmental authority, including income, withholding and other Tax obligations, on account of such distribution; and (b) to the extent applicable, no distribution shall be made to or on behalf of any Affected Creditor pursuant to the Plan unless and until such Affected Creditor has made arrangements satisfactory to the Monitor for the payment and satisfaction of such Tax obligations. Any distributions to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution pursuant to Section 5.5 hereof. It is the Applicant's intent that distributions under the Plan to holders of Claims are in respect of, and to be applied to, principal first and then interest.

ARTICLE 6

RELEASES

Section 6.1 Plan Releases

On the Implementation Date, the Released Parties shall, except as provided below or to the extent prohibited by the CCAA, be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, including, without limitation, any and all claims in respect of potential statutory liabilities of the former, present and future directors and officers of the Applicant, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date relating to, arising out of or in connection with the Claims, the business and affairs of the Applicant, this Plan and the CCAA Proceedings, provided that nothing herein shall release or discharge an officer or director of the Applicant with respect to the matters set out in section 5.1(2) of the CCAA, or release or discharge the Applicant from its obligations to Creditors under this Plan or under any Order and provided further that nothing therein shall release or discharge a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct, and provided further that nothing in this section shall impact the rights of Unaffected Creditors, or release any Person including any current or former officers or directors of the Applicant, from any obligations as guarantor or surety in respect of the Applicant and all such guarantees shall remain in full force and effect.

Section 6.2 Injunction Related to Releases

The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan.

ARTICLE 7**MISCELLANEOUS****Section 7.1 Confirmation of Plan**

Provided that the Plan is approved by the Required Majority of the Affected Creditors, the Applicant will, subject to the rights of the Applicant in Section 7.10 hereof, seek the Sanction Order and, after the granting of the Sanction Order, subject only to the waiver or satisfaction, as applicable, of those conditions described in Section 7.7, the Plan will be implemented by the Applicant and the Plan Sponsor and will be binding upon the Applicant, the Plan Sponsor and all Affected Creditors.

Section 7.2 Paramourncy

From and after the Implementation Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, by-laws of the Applicant, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Applicant as at the Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority. All Affected Creditors shall be deemed to consent to all transactions contemplated in this Plan.

Section 7.3 Compromise Effective for all Purposes

The payment, compromise or other satisfaction of any Affected Claim under the Plan, if sanctioned and approved by the Court, shall be binding upon such Affected Creditor and his heirs, executors, administrators, legal personal representatives, successors and assigns.

Section 7.4 Modification of Plan

The Applicant reserves the right, at any time and from time to time, to amend, modify and/or supplement this Plan, provided that any such amendment, modification or supplement must be contained in a written document which is filed with the Court and: (a) if made prior to the

Meeting, communicated to the Creditors; and (b) if made following the Meeting, approved by the Court.

Any amendment, modification or supplement may be made following the Sanction Order by the Applicant with the consent of the Monitor, provided that it concerns a matter which, in the opinion of the Applicant and the Monitor, acting reasonably, is of an administrative nature required to better give effect to the implementation of this Plan and the Sanction Order and is not adverse to the financial or economic interests of the Affected Creditors.

Any supplementary or amended plan or plans of compromise or arrangement filed with the Court and, if required by this Section 7.4, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporated in this Plan.

No amendment or modification to the Plan that may affect the Applicant or the Unaffected Claims may be made without the prior written consent of the relevant holder(s) of Unaffected Claim(s) or the Applicant.

Section 7.5 Consents, Waivers and Agreements

As of 12:01 a.m. on the Implementation Date, each Affected Creditor shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Affected Creditor shall be deemed:

- (i) to have executed and delivered to the Monitor and the Applicant, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety;
- (ii) to have waived any and all defaults then existing or previously committed by the Applicant in any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale; lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Affected Creditor and the Applicant and any and all notices of default and demands for payment under any instrument, including, without limitation any guarantee, shall be deemed to have been rescinded; and
- (iii) to have agreed that, if there is any conflict between the provisions express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Applicant as at such time (other than those entered into by the Applicant on, or with effect from, such time) and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

In this Plan the deeming provisions are not rebuttable and are conclusive and irrevocable.

Section 7.6 Plan Effective

The Plan is not effective unless and until:

- (a) the Required Majority vote in favour of the acceptance of the Plan; and
- (b) prior to May 13, 2016, the Sanction Order, in form and substance reasonably satisfactory to the Applicant, is entered and all applicable appeal periods have expired.

Section 7.7 Conditions Precedent to Implementation of Plan

The implementation of the Plan is subject to the following conditions precedent:

- (a) the Plan shall be effective; and,
- (b) all actions, documents and agreements necessary to implement the Plan shall have been effected or executed and delivered.

Section 7.8 Notices

Any notices or communications to be made or given hereunder shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by courier, by prepaid ordinary mail or by electronic mail addressed to the respective parties as follows:

- (a) if to the Applicant:
Martin Ross Group Inc.
c/o Kronis Rotsztain Margles Cappel LLP
Suite 1000 – 8 King Street East
Toronto, ON M5C 1B5
Attention: Morris Robinson
Email: morob1000@gmail.com

With a copy to:

Kronis Rotsztain Margles Cappel LLP
Suite 1000 – 8 King Street East
Toronto, ON M5C 1B5
Attention: Mervyn D. Abramowitz
Email: mabramowitz@krmc-law.com

(b) if to the Plan Sponsor:

Sherfam Inc.
10 Director Court
Woodbridge, ON L4L 7E8
Attention: Jonathan Grauman
Email: jgrauman@sherfam.com

(c) if to a Creditor:

(i) to the address for such Creditor specified in the Notice of Claim or the Proof of Claim filed by a Creditor or, (ii) at the address set forth in any written notice of address changes delivered to the Monitor after the date of any related Proof of Claim.

(d) if to the Monitor:

Collins Barrow Toronto Limited
11 King St. W., Suite 700, Box 27
Toronto, Ontario M5H 4C7
Attention: Daniel Weisz
Email: dweisz@collinsbarrow.com

or to such other address as any party may from time to time notify the others in accordance with this Section 7.8. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery, courier, or by electronic mail and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and communications shall be deemed to have been received, in the case of notice by electronic mail or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed. The unintentional failure by the Applicant or the Monitor to give notice contemplated hereunder to any particular Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

Section 7.9 Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicant, shall have the power to either: (a) sever such term or provision from the balance of the Plan and provide the Applicant with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Implementation Date; or (b) alter or interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall

then be applicable as altered or interpreted. Notwithstanding any such severing, holding, alteration or interpretation, and provided the Applicant proceeds with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation. Notwithstanding the forgoing, no such severance, alteration or interpretation shall affect Unaffected Claims and the rights of Creditors with Unaffected Claims.

Section 7.10 Revocation, Withdrawal, or Non-Consummation

The Applicant reserves the right to revoke or withdraw the Plan at any time prior to the Confirmation Date or to file subsequent plans of compromise or arrangement. The Plan Sponsor reserves the right to not proceed as Plan Sponsor or make the Plan Sponsor Contribution at any time prior to the Confirmation Date. If the Applicant revokes or withdraws the Plan, or if the Plan Sponsor chooses not to proceed as Plan Sponsor or make the Plan Sponsor Contribution, or if the Sanction Order is not issued: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void; and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall: (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicant or any other Person; (ii) prejudice in any manner the rights of the Applicant, the Plan Sponsor, or any other Person in any further proceedings involving the Applicant; (iii) constitute an admission of any sort by the Applicant, the Plan Sponsor, or any other Person; or (iv) give rise to any claim against the Plan Sponsor.

Section 7.11 Further Assurances

Notwithstanding that the transactions and events set out in this Plan shall occur and be deemed to occur in the order set out herein without any additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed at the cost of the requesting party, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by the Applicant in order to better implement this Plan.

Section 7.12 Governing Law

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

Schedule "B"

**PLAN OF COMPROMISE OR ARRANGEMENT
IN RESPECT OF MARTIN ROSS GROUP INC.
SUMMARY OF KEY TERMS¹**

Purpose of the Plan	The purpose of the Plan is to provide for the compromise of the Claims of all Affected Creditors. Affected Creditors will receive distributions under the Plan in full and final satisfaction of their Claims against Martin Ross Group Inc. (the " Applicant ").
Unaffected Creditors	The Plan will not impact the Claims: (a) of the Monitor and its counsel, arising before or after the Filing Date; (b) of Sherfam Inc. (the " Plan Sponsor "); and (c) that are Post-Filing Claims.
Affected Creditors	The Plan will compromise the claims of all of the Applicant's unsecured creditors as of the Filing Date who are not Unaffected Creditors.
Convenience Creditors	All Affected Creditors with a Proven Claim not exceeding \$1,000.00 are referred to as Convenience Creditors, and are deemed to have voted in favour of the Plan
Plan Sponsor	Sherfam Inc. is the Plan Sponsor and will be subordinating \$24,850,000.00 of its Proven Claim (the " Plan Sponsor Contribution ") to the Affected Creditors in order to enhance the pro-rated distributions to the Affected Creditors who are not Convenience Creditors.
Conditions of the Plan being Effective	The Plan will not be effective unless and until: (a) a majority in number representing 2/3 in value of the Affected Creditors, present, in person or by proxy, and voting at the meeting of Affected Creditors called to consider the Plan, vote in favour of the Plan; and (b) the Court sanctions the Plan.
Implementation Date	The Plan will be implemented on the first Business Day following the day on which the Plan is effective, and all actions, documents and agreements necessary to implement the Plan have been effected or executed and delivered.

¹ This Summary is intended to provide general information only. Reference should be made to the Plan. In the event of any inconsistency between this Summary and the Plan, the Plan shall govern. All terms not otherwise defined, have the meanings assigned in the Plan.

Distribution by Monitor	<p>The Monitor will make all distributions to Affected Creditors with Proven Claims under the Plan, within 30 Business Days following the Implementation Date, or as soon as possible thereafter.</p> <p>Under the Plan, Convenience Creditors will receive, inclusive of interim distributions, payment of 100% of their Proven Claims.</p> <p>Under the Plan, Affected Creditors who are not Convenience Creditors, will receive, inclusive of interim distributions, a minimum distribution of \$1,000.00, and, after applying the Plan Sponsor Contribution, Affected Creditors will receive total distributions estimated to be approximately 37% of the dollar value of their Proven Claims.</p>
Administrative Fees and Expenses	<p>The Administrative Fees and Expenses will be paid by the Applicant, in addition to the amounts to be paid to the Affected Creditors.</p>
Meeting	<p>A meeting of Affected Creditors to consider the Plan will be held on March 23, 2016 at 10:30 a.m. at the offices of the Monitor. Prior to this Meeting, the Monitor will provide all Affected Creditors who have a Proven Claim against the Applicant with a report containing financial information with respect to the Applicant to assist Affected Creditors in assessing the Plan.</p>
Further Information	<p>Further information with respect to the Applicant is available in the Reports prepared by the Monitor, which are available on the Monitor's Case Website at www.collinsbarrow.com/en/toronto-ontario/martin-ross-group.</p>

Schedule "C"
Proxy and Voting Letter

Court File No. CV-14-1065500CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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 MARTIN ROSS GROUP INC.

PROXY

I/We _____
(name of creditor)

a creditor of Martin Ross Group Inc. hereby irrevocably appoint

(a) Morris Robinson or (b) _____
(insert name of proxy)

to be my/our proxy in the above matter, except as to the receipt of dividends, with power to appoint another proxy in his or her place.

Dated this ____ day of _____, 2016

Print Name of Creditor

Signature of Creditor, or if the Creditor is a corporation, signature of an authorized signing officer of the corporation

Name: _____

Title: _____

Court File No. CV-14-1065500CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**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 MARTIN ROSS GROUP INC.**

VOTING LETTER

THE UNDERSIGNED has reviewed the Plan of Compromise or Arrangement dated February 2, 2016 (the "**Plan**") and hereby instructs Collins Barrow Toronto Limited in its capacity as monitor of Martin Ross Group Inc. and chair of the meeting of creditors to record a vote in respect of the Plan as follows (*please check one of the boxes below; if neither box is checked or if both boxes are checked, your vote will be counted in favour of the Plan*):

VOTE FOR approval of the Plan

VOTE AGAINST approval of the Plan

Dated this _____ day of _____, 2016

Print Name of Creditor

Signature of Creditor, or if the Creditor is a corporation, signature of an authorized signing officer of the corporation

Name: _____

Title: _____

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 MARTIN ROSS GROUP INC.

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

(Plan filing, creditor meeting and extension of Stay Period)

**KRONIS, ROTSZTAIN,
MARGLES, CAPPEL LLP**
Barristers and Solicitors
8 King Street East, Suite 1000
Toronto ON M5C 1B5

Mervyn D. Abramowitz (LSUC # 28323R)
mabramowitz@krmc-law.com

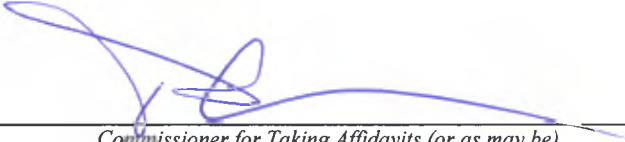
Philip Cho (LSUC #456125U)
pcho@krmc-law.com

Tel: (416) 225-8750
Fax: (416) 306-9874

Lawyers for the Applicant

TAB C

This is Exhibit "C" referred to in the Affidavit of Allen Shechtman affirmed April 7, 2016

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned above a solid black horizontal line.

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

PLAN OF COMPROMISE OR ARRANGEMENT

in respect of

MARTIN ROSS GROUP INC.

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,

R.S.C. 1985; c. C-36, AS AMENDED

February 2, 2016

PLAN OF COMPROMISE OR ARRANGEMENT

ARTICLE I

INTERPRETATION

Section 1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

“**Administrative Fees and Expenses**” means the proper fees, expenses and legal fees and disbursements of the Monitor and its legal counsel relating to or incidental to the CCAA Proceeding, the negotiation, preparation, presentation, consideration and implementation of the Plan, and all proceedings and matters relating to or arising out of the Plan;

“**Affected Claims**” means all Claims other than Unaffected Claims;

“**Affected Creditors**” means all Creditors with Proven Claims;

“**Applicant**” means Martin Ross Group Inc.;

“**Business Day**” means a day that is not (a) a Saturday or a Sunday; or (b) a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable in the Province of Ontario;

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

“**CCAA Proceeding**” means the proceeding before the Court in respect of the Applicant in the application commenced by the Applicant pursuant to the CCAA;

“**Claim**” means any right or claim of any Person against the Applicant, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of the Applicant, which indebtedness, liability or obligation is in existence at the Filing Date and which is not a Post-Filing Claim, and any interest that may accrue thereon in which there is an obligation to pay, and costs which such Person would be entitled to receive pursuant to the terms of any contract with such Person at law or in equity, any right of ownership of or title to property or assets or to a trust or deemed trust (statutory or otherwise) against any property or assets; whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, based in whole or in part on facts which exist prior to the Filing Date, together with any other claims that would have been claims provable in bankruptcy had the Applicant become bankrupt on the Filing Date;

“**Claims Procedure Order**” means the Order of the Honourable Justice Newbould, dated May 1, 2015, establishing the procedure for the determination of Claims;

“**Confirmation Date**” means the date that the Sanction Order is made;

“**Convenience Creditors**” means all Creditors with Proven Claims not exceeding \$1,000.00;

“**Court**” means the Ontario Superior Court of Justice (Commercial List);

“**Creditor**” means any Person having a Claim and, if the context requires, an assignee or transferee of a Claim or a trustee, receiver, receiver-manager or other Person acting on behalf of such Person;

“**Dollars**” or “\$” means lawful money of Canada unless otherwise indicated;

“**Filing Date**” means August 7, 2014;

“**Implementation Date**” means the first Business Day following the day when all of the conditions to the implementation of this Plan, as set forth in Section 7.7, have been waived or satisfied, as applicable;

“**Initial Order**” means the Order dated August 7, 2014, granted by the Honourable Justice Penny, pursuant to which, among other things, the Applicant was granted relief pursuant to the CCAA;

“**Meeting**” means the meeting of the Affected Creditors called for the purpose of considering and approving this Plan and includes any adjournment of such meeting;

“**Meeting Date**” means the date fixed for the Meeting by the Plan Filing Order, including any dates to which the Meeting is adjourned;

“**Monitor**” means Collins Barrow Toronto Limited, as appointed by the Initial Order, and any successor thereto appointed by any further Order;

“**Order**” means any order of the Court in connection with the CCAA Proceeding;

“**Person**” means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted;

“**Plan**” means this Plan of Compromise or Arrangement, as the same may hereafter be amended or supplemented from time to time, in accordance with the terms hereof, and any Order that may be made in respect thereof;

“**Plan Filing Order**” means the Order dated February 9, 2016, inter alia, authorizing the filing of the Plan, setting the Meeting Date and establishing the procedure for the Meeting;

“**Plan Sponsor**” means Sherfam Inc.;

“**Plan Sponsor Contribution**” has the meaning set out in Section 4.1(a);

“**Post-Filing Claim**” means any Claim arising solely from or caused solely by an action taken by the Applicant after the Filing Date;

“**Proven Claim**” of a Creditor means the amount of the Claim of such Creditor as finally determined for voting and distribution purposes in accordance with the Claims Procedure Order and the Plan Filing Order;

“**Released Parties**” means the Applicant, the Monitor and each of their respective officers, directors, employees and agents;

“**Required Majority**” means a majority in number representing two-thirds in value of the Affected Creditors’ Proven Claims present and voting in person, by voting letter or by proxy at the Meeting;

“**Sanction Order**” means the Order of the Court sanctioning and approving the Plan;

“**Sherfam Claim**” means the Proven Claim, or portion thereof, of the Plan Sponsor;

“**Tax**” or “**Taxes**” shall mean any and all federal, provincial, municipal, local and foreign taxes, assessments, reassessments and other governmental charges, duties, impositions and liabilities including for greater certainty taxes based upon or measured by reference to gross receipts, income, profits, sales, capital, use and occupation, goods and services, and value added, ad valorem, transfer, franchise, withholding, custom duties, payroll, recapture, employment, excise and property taxes, together with all interest, penalties, fines and additions with respect to such amounts; and

“**Unaffected Claims**” means: (a) Administrative Fees and Expenses; (b) the Sherfam Claim; and (c) Post-Filing Claims.

Section 1.2 Interpretation, etc.

For the purposes of this Plan:

- (a) any reference to a contract, instrument, release, indenture, or other agreement or documents being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference to an Order or to an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented from time to time;
- (c) any reference to a statute includes all regulations made thereunder and all amendments to such statute or regulations in force from time to time;

- (d) unless otherwise specified, all references to Sections, Articles and Schedules are references to Sections, Articles and Schedules of or to the Plan;
- (e) the words “herein” and “hereto” refer to this Plan in its entirety rather than to a particular portion of the Plan unless otherwise required by the context;
- (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan;
- (g) where the context requires, a word or words importing the singular shall include the plural and vice versa, and a word or words importing the masculine gender shall include the feminine and neuter genders and vice versa;
- (h) the words “includes” and “including” are not limiting; and,
- (i) the word “or” is not exclusive.

Section 1.3 Date for Any Action

In the event that any date on which any action is required to be taken under this Plan by any of the parties is not a Business Day, that action shall be required to be taken by 5:00 p.m. on the next succeeding day which is a Business Day.

Section 1.4 Time

All times expressed in this Plan are local time Toronto, Ontario, Canada unless otherwise stipulated.

ARTICLE 2

PURPOSE AND EFFECT OF THE PLAN

Section 2.1 Background

The circumstances and events leading up to this Plan are summarized in the Report of the Monitor, which will be circulated to Affected Creditors in connection with this Plan.

Section 2.2 Persons Affected

This Plan provides for a coordinated restructuring and compromising of Affected Claims. This Plan will become effective on the Implementation Date and shall be binding on and enure to the benefit of the Applicant, the Plan Sponsor and the Affected Creditors and their respective heirs, administrators, executors, legal personal representatives, successors and assigns.

Section 2.3 Persons Not Affected

This Plan does not affect holders of Unaffected Claims and nothing in this Plan shall impact the rights of the Creditors with Unaffected Claims against the Applicant. Nothing in this Plan shall affect any of the Applicant's rights and defences, both legal and equitable, with respect to any Affected Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to setoffs or recoupment against such Claims.

ARTICLE 3

CLASSIFICATION OF CREDITORS, VALUATION OF CLAIMS AND RELATED MATTERS

Section 3.1 Classes of Claims

There will be one class of Creditors for the purpose of considering and voting on the Plan, being Affected Creditors.

Section 3.2 Claims

Affected Creditors shall vote in respect of the Plan and receive the rights provided for under and pursuant to this Plan. The right of Affected Creditors to vote on the Plan shall be determined in accordance with the Claims Procedure Order and the Plan Filing Order.

Section 3.3 Meeting

The Meeting shall be held and conducted in accordance with this Plan and the Plan Filing Order. The only Persons entitled to attend the Meeting are those Persons who are Affected Creditors, including the holders of proxies, entitled to vote at the Meeting and their legal counsel, the Monitor and its legal counsel, the Applicant and its officers, directors and legal counsel, and the Plan Sponsor and its legal counsel. Any other Person may be admitted on invitation of the chairperson of the Meeting. An officer of the Monitor or a person designated by the Monitor shall preside as the chairperson of the Meeting and shall decide all matters related to the conduct of the Meeting.

Section 3.4 Approval by Affected Class

The Applicant and the Plan Sponsor will seek approval of the Plan by the affirmative vote of the Required Majority in order that the Plan becomes binding on the Affected Creditors as of the Implementation Date. All Convenience Creditors will be deemed to have voted in favour of the Plan.

Section 3.5 Value of Claims for Voting Purposes

Each Affected Creditor shall be entitled to vote based on a value equal to its respective Proven Claim. Where a Claim has not become a Proven Claim by the Meeting Date as a result of a pending appeal from a revision or disallowance by the Monitor under the Claims Procedure

Order, then for the purposes of voting on the Plan only, the value of such Claim shall be the greater of the allowed portion of the Claim, if any, and 50% of the Claim set out in the Proof of Claim filed pursuant to the Claims Procedure Order.

ARTICLE 4

PLAN OF ARRANGEMENT

Section 4.1 Plan

- (a) The Plan Sponsor will subordinate the sum of \$24,850,000.00 of the Sherfam Claim (the “**Plan Sponsor Contribution**”) to all other Affected Claims.
- (b) All Convenience Creditors shall receive payment of 100% of their Proven Claims, inclusive of interim distributions made in the CCAA Proceeding.
- (c) All Affected Creditors who are not Convenience Creditors shall receive a distribution of \$1,000.00 plus payment of the prorated amount of the balance of their Proven Claims based on a ratio where the numerator is the amount of such Creditor’s Proven Claim and the denominator is equal to the total value of Proven Claims less the Plan Sponsor Contribution and less the value of the Proven Claims of the Convenience Creditors.
- (d) The Plan Sponsor shall also receive a distribution of \$1,000.00 plus payment of a prorated amount based on the unsubordinated amount of the Sherfam Claim.

Section 4.2 Implementation of Plan

- (a) On the Implementation Date, the Applicant shall pay any outstanding Administrative Fees and Expenses and shall deliver a retainer of \$50,000.00 (or such other amount as the Applicant, the Monitor, and the Plan Sponsor may agree) to the Monitor.
- (b) On the Implementation Date, all funds held by the Applicant, after paying the amounts in accordance with Section 4.1(b) and Section 4.2(a), and reserving such reasonable amount as determined by the Applicant and the Monitor for the Applicant’s ongoing costs and expenses to seek approval of and for the implementation of the Plan, shall be paid to the Monitor and shall comprise a fund for distribution in accordance with the Plan (the “**Fund**”).

ARTICLE 5
PROVISIONS GOVERNING DISTRIBUTIONS

Section 5.1 Distribution to Creditors

Subject to Articles 5.2 and 5.3, within 30 Business Days of the Implementation Date or as soon as practical thereafter, the Monitor shall distribute the Fund to the Affected Creditors and to the Plan Sponsor in accordance with paragraph 4.1 above.

Section 5.2 Value of Claims for Distribution Purposes

The value of a Claim for distribution purposes shall be determined in accordance with the procedure established by the Claims Procedure Order.

Section 5.3 Reserve Pending Allowance

If the value of an Affected Claim has not been finally determined, pursuant to the Claims Procedure Order, at the date of the proposed distribution of the Fund, then prior to any distribution of the Fund, the Monitor shall reserve from the Fund the maximum amount of any potential distribution to the Affected Creditor based on the Claim of the Affected Creditor and proceed with distribution of the balance of the Fund. Within 10 Business Days following the final determination of the value of the Affected Claims, in accordance with the Claims Procedure Order, the Monitor shall, distribute the amount payable to the Affected Creditor and return the balance, if any, to the Applicant.

Section 5.4 Interest on Claims

Unless otherwise specifically provided for in this Plan or the Sanction Order, interest shall not accrue or be paid on Affected Claims after the Filing Date.

Section 5.5 Delivery of Distributions

Distributions to Affected Creditors shall be made by prepaid ordinary mail by the Monitor: (a) to the address set forth on the Proof of Claim filed by an Affected Creditor; or (b) to the addresses set forth in any written notices of address changes delivered to the Monitor after the date of any related Proof of Claim. If any Affected Creditor's distribution is returned as undeliverable, no further distributions to such Affected Creditor shall be made unless and until the Monitor is notified of such Affected Creditor's then current address, at which time all missed distributions shall be made to such Affected Creditor without interest. All claims for undeliverable distributions must be made on or before the expiration of six (6) months following the date of the distribution, after which date the Claim of any Affected Creditor or successor of such Affected Creditor with respect to such unclaimed distributions shall be discharged, and forever barred, notwithstanding any federal or provincial laws to the contrary, and any such undeliverable distributions shall be returned to the Applicant. Nothing contained in the Plan shall require the Applicant or the Monitor to attempt to locate any Affected Creditor.

Section 5.6 Withholding and Reporting Requirements

All distributions hereunder shall be subject to any withholding and reporting requirements imposed by any federal, provincial, local or foreign taxing authority, and the Monitor is authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan: (a) each Affected Creditor that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any governmental authority, including income, withholding and other Tax obligations, on account of such distribution; and (b) to the extent applicable, no distribution shall be made to or on behalf of any Affected Creditor pursuant to the Plan unless and until such Affected Creditor has made arrangements satisfactory to the Monitor for the payment and satisfaction of such Tax obligations. Any distributions to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution pursuant to Section 5.5 hereof. It is the Applicant's intent that distributions under the Plan to holders of Claims are in respect of, and to be applied to, principal first and then interest.

ARTICLE 6

RELEASES

Section 6.1 Plan Releases

On the Implementation Date, the Released Parties shall, except as provided below or to the extent prohibited by the CCAA, be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, including, without limitation, any and all claims in respect of potential statutory liabilities of the former, present and future directors and officers of the Applicant, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date relating to, arising out of or in connection with the Claims, the business and affairs of the Applicant, this Plan and the CCAA Proceedings, provided that nothing herein shall release or discharge an officer or director of the Applicant with respect to the matters set out in section 5.1(2) of the CCAA, or release or discharge the Applicant from its obligations to Creditors under this Plan or under any Order and provided further that nothing therein shall release or discharge a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct, and provided further that nothing in this section shall impact the rights of Unaffected Creditors, or release any Person including any current or former officers or directors of the Applicant, from any obligations as guarantor or surety in respect of the Applicant and all such guarantees shall remain in full force and effect.

Section 6.2 Injunction Related to Releases

The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan.

ARTICLE 7**MISCELLANEOUS****Section 7.1 Confirmation of Plan**

Provided that the Plan is approved by the Required Majority of the Affected Creditors, the Applicant will, subject to the rights of the Applicant in Section 7.10 hereof, seek the Sanction Order and, after the granting of the Sanction Order, subject only to the waiver or satisfaction, as applicable, of those conditions described in Section 7.7, the Plan will be implemented by the Applicant and the Plan Sponsor and will be binding upon the Applicant, the Plan Sponsor and all Affected Creditors.

Section 7.2 Paramountcy

From and after the Implementation Date, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, by-laws of the Applicant, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Applicant as at the Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which shall take precedence and priority. All Affected Creditors shall be deemed to consent to all transactions contemplated in this Plan.

Section 7.3 Compromise Effective for all Purposes

The payment, compromise or other satisfaction of any Affected Claim under the Plan, if sanctioned and approved by the Court, shall be binding upon such Affected Creditor and his heirs, executors, administrators, legal personal representatives, successors and assigns.

Section 7.4 Modification of Plan

The Applicant reserves the right, at any time and from time to time, to amend, modify and/or supplement this Plan, provided that any such amendment, modification or supplement must be contained in a written document which is filed with the Court and: (a) if made prior to the

Meeting, communicated to the Creditors; and (b) if made following the Meeting, approved by the Court.

Any amendment, modification or supplement may be made following the Sanction Order by the Applicant with the consent of the Monitor, provided that it concerns a matter which, in the opinion of the Applicant and the Monitor, acting reasonably, is of an administrative nature required to better give effect to the implementation of this Plan and the Sanction Order and is not adverse to the financial or economic interests of the Affected Creditors.

Any supplementary or amended plan or plans of compromise or arrangement filed with the Court and, if required by this Section 7.4, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporated in this Plan.

No amendment or modification to the Plan that may affect the Applicant or the Unaffected Claims may be made without the prior written consent of the relevant holder(s) of Unaffected Claim(s) or the Applicant.

Section 7.5 Consents, Waivers and Agreements

As of 12:01 a.m. on the Implementation Date, each Affected Creditor shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Affected Creditor shall be deemed:

- (i) to have executed and delivered to the Monitor and the Applicant, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety;
- (ii) to have waived any and all defaults then existing or previously committed by the Applicant in any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale; lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Affected Creditor and the Applicant and any and all notices of default and demands for payment under any instrument, including, without limitation any guarantee, shall be deemed to have been rescinded; and
- (iii) to have agreed that, if there is any conflict between the provisions express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Applicant as at such time (other than those entered into by the Applicant on, or with effect from, such time) and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

In this Plan the deeming provisions are not rebuttable and are conclusive and irrevocable.

Section 7.6 Plan Effective

The Plan is not effective unless and until:

- (a) the Required Majority vote in favour of the acceptance of the Plan; and
- (b) prior to May 13, 2016, the Sanction Order, in form and substance reasonably satisfactory to the Applicant, is entered and all applicable appeal periods have expired.

Section 7.7 Conditions Precedent to Implementation of Plan

The implementation of the Plan is subject to the following conditions precedent:

- (a) the Plan shall be effective; and,
- (b) all actions, documents and agreements necessary to implement the Plan shall have been effected or executed and delivered.

Section 7.8 Notices

Any notices or communications to be made or given hereunder shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by personal delivery, by courier, by prepaid ordinary mail or by electronic mail addressed to the respective parties as follows:

- (a) if to the Applicant:
Martin Ross Group Inc.
c/o Kronis Rotsztain Margles Cappel LLP
Suite 1000 – 8 King Street East
Toronto, ON M5C 1B5
Attention: Morris Robinson
Email: morob1000@gmail.com

With a copy to:

Kronis Rotsztain Margles Cappel LLP
Suite 1000 – 8 King Street East
Toronto, ON M5C 1B5
Attention: Mervyn D. Abramowitz
Email: mabramowitz@krmc-law.com

(b) if to the Plan Sponsor:

Sherfam Inc.

10 Director Court

Woodbridge, ON L4L 7E8

Attention: Jonathan Grauman

Email: jgrauman@sherfam.com

(c) if to a Creditor:

(i) to the address for such Creditor specified in the Notice of Claim or the Proof of Claim filed by a Creditor or, (ii) at the address set forth in any written notice of address changes delivered to the Monitor after the date of any related Proof of Claim.

(d) if to the Monitor:

Collins Barrow Toronto Limited

11 King St. W., Suite 700, Box 27

Toronto, Ontario M5H 4C7

Attention: Daniel Weisz

Email: dweisz@collinsbarrow.com

or to such other address as any party may from time to time notify the others in accordance with this Section 7.8. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery, courier, or by electronic mail and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and communications shall be deemed to have been received, in the case of notice by electronic mail or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the fourth Business Day following the date on which such notice or other communication is mailed. The unintentional failure by the Applicant or the Monitor to give notice contemplated hereunder to any particular Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

Section 7.9 Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicant, shall have the power to either: (a) sever such term or provision from the balance of the Plan and provide the Applicant with the option to proceed with the implementation of the balance of the Plan as of and with effect from the Implementation Date; or (b) alter or interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall

then be applicable as altered or interpreted. Notwithstanding any such severing, holding, alteration or interpretation, and provided the Applicant proceeds with the implementation of the Plan, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such severing, holding, alteration or interpretation. Notwithstanding the forgoing, no such severance, alteration or interpretation shall affect Unaffected Claims and the rights of Creditors with Unaffected Claims.

Section 7.10 Revocation, Withdrawal, or Non-Consummation

The Applicant reserves the right to revoke or withdraw the Plan at any time prior to the Confirmation Date or to file subsequent plans of compromise or arrangement. The Plan Sponsor reserves the right to not proceed as Plan Sponsor or make the Plan Sponsor Contribution at any time prior to the Confirmation Date. If the Applicant revokes or withdraws the Plan, or if the Plan Sponsor chooses not to proceed as Plan Sponsor or make the Plan Sponsor Contribution, or if the Sanction Order is not issued: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void; and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall: (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicant or any other Person; (ii) prejudice in any manner the rights of the Applicant, the Plan Sponsor, or any other Person in any further proceedings involving the Applicant; (iii) constitute an admission of any sort by the Applicant, the Plan Sponsor, or any other Person; or (iv) give rise to any claim against the Plan Sponsor.

Section 7.11 Further Assurances

Notwithstanding that the transactions and events set out in this Plan shall occur and be deemed to occur in the order set out herein without any additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed at the cost of the requesting party, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by the Applicant in order to better implement this Plan.

Section 7.12 Governing Law

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

TAB 3

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE)	THURSDAY, THE 14 TH DAY
)	
JUSTICE)	OF APRIL, 2016

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 MARTIN ROSS GROUP INC.

ORDER
(Plan sanction and extension of Stay Period)

THIS MOTION, made by Martin Ross Group Inc. (the "**Applicant**") for an order:

- (a) if necessary, abridging the time for service and filing of the Motion Record, and validating service of the Motion Record, such that this motion is properly returnable today;
- (b) sanctioning the Plan of Compromise or Arrangement put forward by the Applicant dated February 2, 2016 (the "**Plan**");
- (c) extending the Stay Period (as defined herein) to June 23, 2016;
- (d) approving the Eleventh Report of Collins Barrow Toronto Limited ("**CBTL**"), in its capacity as court-appointed monitor of the Applicant (the "**Monitor**") and the activities of the Monitor described therein; and,

- (e) approving the fees and disbursements of the Monitor and its legal counsel, Torkin Manes LLP, to date,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Allen Shechtman affirmed April 7, 2016 (the “**Shechtman Affidavit**”) and the Eleventh Report of the Monitor including the affidavits of Daniel Weisz and of * (the “**Fee Affidavits**”), and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service of Kelly Barrett sworn April *, 2016 and * sworn April *, 2016, filed,

SERVICE

1. THIS COURT ORDERS that the time for service and filing of the Motion Record and the Eleventh Report is hereby abridged, and service of the Motion Record and the Eleventh Report is hereby validated, such that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. THIS COURT ORDERS that, except where otherwise defined, defined terms in this Order shall have the meanings assigned in the Plan.

SANCTION OF PLAN

3. THIS COURT ORDERS AND DECLARES on being satisfied that: (a) the Plan has been approved by the Required Majority of Affected Creditors; (b) the Applicant has complied with all statutory requirements of the *Companies’ Creditors Arrangement Act* (the “CCAA”) and

has not done or purported to do anything that is not authorized by the CCAA; and (c) the Plan is fair and reasonable, the Plan shall be and is hereby sanctioned and approved pursuant to section 6 of the CCAA and the compromises and arrangements contemplated under the Plan are approved, binding and effective as herein set out upon all Affected Creditors.

PLAN IMPLEMENTATION

4. THIS COURT ORDERS that the Applicant, and the Monitor, as the case may be, are hereby authorized and directed to take all actions necessary or appropriate (as determined by the Applicant or the Monitor, as applicable) to implement and give effect to the Plan in accordance with and subject to its terms, and to enter into, execute, deliver, implement and consummate any transactions and agreements contemplated pursuant to the Plan, and such actions are hereby approved.

EFFECT OF PLAN IMPLEMENTATION

5. THIS COURT ORDERS that on the Implementation Date, the Released Parties shall, except as provided below or to the extent prohibited by the CCAA, be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, including, without limitation, any and all claims in respect of potential statutory liabilities of the former, present and future directors and officers of the Applicant, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date

relating to, arising out of or in connection with the Affected Claims, the business and affairs of the Applicant, this Plan and the CCAA Proceedings, provided that nothing herein shall release or discharge an officer or director of the Applicant with respect to the matters set out in section 5.1(2) of the CCAA, or release or discharge the Applicant from its obligations to Creditors under this Plan or under any Order and provided further that nothing therein shall release or discharge a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct, and provided further that nothing herein shall impact the rights of Unaffected Creditors, or release any Person including any current or former officers or directors of the Applicant, from any obligations as guarantor or surety in respect of the Applicant and all such guarantees shall remain in full force and effect.

6. THIS COURT ORDERS that upon the Implementation Date, each Affected Claim shall be settled, compromised and released in accordance with the Plan, and the ability of an Affected Creditor to proceed against the Applicant, any of the assets or property of the Applicant or the Released Parties in respect of an Affected Claim shall be forever discharged and restrained, and all proceedings with respect, in connection with or relating to such Affected Claims are hereby permanently stayed, subject only to the right of Affected Creditors to receive distributions in accordance with the Plan, provided further that nothing in this paragraph shall be taken to impact the rights of Unaffected Creditors.

ADDITIONAL PROVISIONS

7. THIS COURT ORDERS that this order shall have full force and effect in all provinces and territories in Canada and abroad and as against all Persons against whom it may otherwise be enforceable.

8. THIS COURT ORDERS AND REQUESTS the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada (including, without limitation, the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court or any judicial, regulatory or administrative body of the United States of America and the states or other subdivisions of the United States of America and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

9. THIS COURT ORDERS that the Applicants or the Monitor may apply to this Court for such further advice, directions, or assistance, as may be necessary to give effect to the terms of the Plan.

STAY EXTENSION

10. THIS COURT ORDERS that the Stay Period be and is hereby extended until June 23, 2016.

APPROVAL OF MONITOR'S ELEVENTH REPORT AND FEE APPROVAL

11. THIS COURT ORDERS that the Eleventh Report and the activities of the Monitor as described therein, be and are hereby approved.

12. THIS COURT ORDERS that the professional fees of the Monitor and its legal counsel, as set out in the Fee Affidavits, be and are hereby approved.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

(Plan sanction and extension of Stay Period)

**KRONIS, ROTSZTAIN,
MARGLES, CAPPEL LLP**
Barristers and Solicitors
8 King Street East, Suite 1000
Toronto ON M5C 1B5

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Philip Cho (LSUC #456125U)
pcho@krmc-law.com

Tel: (416) 225-8750
Fax: (416) 306-9874

Lawyers for the Applicant

**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 MARTIN ROSS GROUP INC.**

Court File No. CV-14-10655-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**MOTION RECORD OF THE APPLICANT, MARTIN
ROSS GROUP INC.
(PLAN SANCTION AND EXTENSION
OF STAY PERIOD)
(RETURNABLE APRIL 14, 2016)**

**KRONIS, ROTSZTAIN,
MARGLES, CAPPEL LLP**
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