

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

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
(motion approving FJL and Corona Transactions)
(returnable December 2, 2014)

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INDEX

INDEX

<u>TAB</u>	<u>DOCUMENT</u>	<u>PAGE NOS.</u>
1	Notice of Motion, returnable December 2, 2014	1-7
2	Affidavit of Cameron Gilles, sworn November 25, 2014	8-21
 <u>EXHIBITS</u> 		
A	Initial Order of the Honourable Justice Penny, dated August 7, 2014	22-36
B	Sale Process Order of the Honourable Justice Newbould, dated September 11, 2014	37-81
C	Liquidation Process Order of the Honourable Justice Pattillo, dated October 17, 2014	82-90
D	Offer to Purchase of First Jewelry Limited (“FJL”), dated October 27, 2014 (confidential exhibit, subject of a sealing order request)	91-92
E	Correspondence from Silverman Chapman & Reese Consulting to Martin Ross Group Inc. (“MRG”), dated September 12, 2014 (confidential exhibit, subject of a sealing order request)	93-94
F	Draft Asset Purchase Agreement between MRG and FJL dated November , 2014	96-101
G	Offer to Purchase of Beverly Hills Jewellery Mfg. Ltd., dated October 31, 2014 (confidential exhibit, subject of a sealing order request)	102-103
H	Offer to Purchase of Corona Jewellery Company Ltd. (“Corona”), dated October 31, 2014 (confidential exhibit, subject of a sealing order request)	104-105
I	Redacted version of the Asset Purchase Agreement between MRG and Corona, dated November 21, 2014 (confidential exhibit unredacted version, subject to a sealing order request)	106-116

<u>TAB</u>	<u>DOCUMENT</u>	<u>PAGE NOS.</u>
3	Draft Approval and Vesting Order (FJL Transaction) (blacklined against the Commercial List Model Order)	117-127
4	Draft Approval and Vesting Order (FJL Transaction) (clean version)	128-133
5	Draft Approval and Vesting Order (Corona Transaction) (blacklined against the Commercial List Model Order)	134-143
6	Draft Approval and Vesting Order (Corona Transaction) (clean version)	144-149
7	Draft Order approving Fourth Report of the Monitor	150-152

TAB 1

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

**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.

**NOTICE OF MOTION
(approving FJL and Corona Transactions)
(returnable December 2, 2014)**

Martin Ross Group Inc. (the "**Applicant**") will make a motion to a judge presiding over the Commercial List on Tuesday, December 2, 2014 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. Orders substantially in the form of the draft Orders attached at Tabs 4, 6 and 7 of this Motion Record for various relief, including:

- (a) if necessary, abridging the time for service and validating service of this Notice of Motion and Motion Record, such that this motion is properly returnable today;
- (b) approving a transaction (the "**FJL Transaction**") contemplated in an asset purchase agreement (the "**FJL Agreement**"), substantially in the form attached as

Exhibit “F” to the Affidavit of Cameron Gillies sworn November 25, 2014 (the “**Gillies Affidavit**”), between the Applicant and First Jewelry Limited (“**FJL**”) for the purchase and sale of certain surplus inventory referred to as the Excess Portion (as defined herein);

- (c) approving a transaction (the “**Corona Transaction**”) contemplated in an asset purchase agreement dated November 21, 2014 (the “**Corona Agreement**”), substantially in the form attached as Exhibit “T” to the Gillies Affidavit, between the Applicant and Corona Jewellery Company Ltd. (“**Corona**”) for the purchase and sale of certain assets described as the Libman Collection (the “**Libman Assets**”), as more particularly described in the Corona Agreement;
- (d) authorizing the Applicant to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the FJL Transaction and the Corona Transaction;
- (e) upon completion of the FJL Transaction, vesting all of the Applicant’s right, title and interest in and to the Excess Portion, free and clear of any and all encumbrances, in FJL;
- (f) upon completion of the Corona Transaction, vesting all of the Applicant’s right, title and interest in and to the Corona Assets, free and clear of any and all encumbrances, in Corona;

- (g) approving the Fourth Report of Collins Barrow Toronto Limited (“**CBTL**”), in its capacity as court-appointed monitor of the Applicant (the “**Monitor**”) and the actions and activities of the Monitor described therein;
- (h) sealing the documents attached as Exhibits “D”, “E” and the unredacted version of Exhibit “F” to the Gillies Affidavit until the completion of the FJL Transaction;
- (i) sealing the documents attached as Exhibits “G”, “H” and the unredacted version of Exhibit “I” to the Gillies Affidavit until the completion of the Corona Transaction;
and,
- (j) such further and other relief as to this Court may seem just.

THE GROUNDS FOR THE MOTION ARE

1. The Applicant is a manufacturer and wholesaler of fine jewellery, with an emphasis on products that have been 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 three occasions, such that the Stay Period is now set to expire, unless extended further, on January 31, 2015;

5. On September 11, 2014, the Honourable Justice Newbould granted an order (the “**Sale Process Order**”) approving a sale process (the “**Sale Process**”), which Sale Process ended on September 30, 2014;

6. The Sale Process did not result in any material offers or transactions;

7. On October 17, 2014, the Honourable Justice Pattillo granted a further order (the “**Liquidation Process Order**”) approving a liquidation process to conduct a liquidation of all of the Applicant’s assets, excluding its accounts receivables;

8. The Liquidation Process Order permitted the Applicant to sell certain assets, including surplus inventory, without further Court approval, so long as the value of the transactions were less than \$100,000 each and \$1,750,000 in the aggregate;

The FJL Transaction

9. Following the granting of the Liquidation Process Order, the Applicant, among other things, entered into discussions with FJL for the purchase of certain surplus inventory in two distinct product lines referred to as “Persona” and “My First Diamond”;

10. FJL wanted to acquire the surplus Persona and My First Diamond inventory prior to December to take advantage of the Christmas retail season. However, the first available date for the hearing of the within Motion was December 2, 2014;

11. The parties, therefore, split the surplus Persona and My First Diamond inventory into two separate transactions and two separate parcels of assets – one transaction dealing with one parcel of assets, comprising a portion of the inventory valued at less than \$100,000, and the second

transaction, dealing with the other parcel of assets, containing the balance of the inventory to be sold (the “**Excess Portion**”);

12. The FJL Transaction is the subject of the FJL Agreement, which sets out the terms and conditions with respect to the sale of the Excess Portion and is subject to court approval;

13. The Applicant and FJL are not related parties within the meaning of the CCAA;

The Corona Transaction

14. Following the granting of the Liquidation Process Order, the Applicant, among other things, also entered into discussions with Corona for the purchase of the Libman Assets, which discussions culminated in an asset purchase agreement with respect to the Libman Assets;

15. The Libman Assets include certain models and molds, a customer list, certain trademarks, a business name registration, and other related property used in connection with a unique operating division of the Applicant, referred to as “Libman & Company”;

16. The Applicant and Corona are not related parties within the meaning of the CCAA;

General

17. The Applicants’ secured creditors and its largest unsecured creditor all support both of the FJL Transaction and the Corona Transaction;

18. The Monitor supports both of the FJL Transaction and the Corona Transaction;

19. The processes that led to the FJL Transaction and the Corona Transaction were, in each case, undertaken in compliance with the Liquidation Process Order;

20. The consideration payable in respect of each of the FJL Transaction and the Corona Transaction is, in all of the circumstances, fair and reasonable, and will benefit the Applicant's economic stakeholders;
21. The Applicant has acted at all times and continues to act in good faith;
22. The two transactions are warranted at this time as the Applicant is now liquidating its assets pursuant to the Liquidation Process Order;
23. A sealing order is appropriate at this time in respect of Exhibits "D" through "I" to the Gillies Affidavit, and until the completion of the two transactions, given the sensitive commercial information contained within the said documents, and given the need to protect the integrity of the liquidation process;
24. Section 36 of the CCAA;
25. Section 100 of the *Courts of Justice Act*, R.S.O. c. C.43, as amended;
26. Rules 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure*; and
27. Such further and other grounds as the lawyers may advise.

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

1. The Affidavit of Cameron Gillies, sworn November 25, 2014 and the exhibits thereto;
2. The Fourth Report of the Monitor; and,
3. Such further and other evidence as the lawyers may advise and this Court may permit.

November 25, 2014

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TAB 2

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.**

AFFIDAVIT OF CAMERON GILLIES

(Sworn November 25, 2014)

I, CAMERON GILLIES, of the City of Toronto, in the Province of Ontario, MAKE
OATH AND SAY:

1. I am the President and Chief Operating Officer of the Applicant, Martin Ross Group Inc. ("**MRG**"), 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. I swear this affidavit in support of a motion by MRG for an order, among other things:

- (a) approving two transactions (the "**FJL Transaction**" and the "**Corona Transaction**") contemplated in two separate asset purchase agreements (the "**FJL Agreement**" and the "**Corona Agreement**"), as more particularly described below;

- (b) authorizing the Applicant to take such additional steps and execute such additional documents, as may be necessary or desirable for the completion of the FJL Transaction and the Corona Transaction;
 - (c) upon completion of the FJL Transaction, vesting all of the Applicant's right, title and interest in and to certain surplus inventory referred to as the Excess Portion (as defined below), free and clear of any and all encumbrances, in FJL;
 - (d) upon completion of the Corona Transaction, vesting all of the Applicant's right, title and interest in and to certain surplus inventory referred to as the Libman Assets (as defined below), in Corona;
 - (e) approving the Fourth Report of Collins Barrow Toronto Limited ("CBTL"), in its capacity as court-appointed monitor of the Applicant (the "Monitor") and the actions and activities of the Monitor described therein; and,
 - (f) sealing the unredacted versions of the FJL Agreement and the Corona Agreement until the completion of each of the transactions.
3. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in my previous affidavits in the proceedings sworn August 5, 2014 (the "**First Gillies Affidavit**"), sworn September 5, 2014 (the "**Second Gillies Affidavit**"), and sworn October 15, 2014 (the "**Third Gillies Affidavit**").

INTRODUCTION

4. As described in the First Gillies Affidavit, MRG was a manufacturer and wholesaler of fine jewellery, with an emphasis on products that were mined and manufactured within Canada.

5. 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"**.

6. Pursuant to the Initial Order, CBTL was appointed as Monitor of MRG.

7. The Stay Period (as defined in the Initial Order) has been extended on a number of occasions, and most recently by the Order of the Honourable Justice Pattillo, dated October 17, 2014, such that the Stay Period currently will expire, unless extended further, on January 31, 2015.

8. On September 11, 2014, the Honourable Mr. Justice Newbould granted an order (the "**Sale Process Order**") approving a sale process (the "**Sale Process**") in which MRG sought purchasers for its business on a going-concern basis. Attached hereto and marked as **Exhibit "B"** is a copy of the Sale Process Order.

9. The Sale Process ended on September 30, 2014, but did not result in any material offers.

10. On October 17, 2014, the Honourable Justice Patillo granted an order (the "**Liquidation Process Order**") approving a liquidation process to conduct a liquidation of all of

MRG's assets, excluding its accounts receivables. Attached hereto and marked as **Exhibit "C"** is a copy of the Liquidation Process Order.

11. Pursuant to paragraph 6 of the Liquidation Process Order, MRG is permitted to sell its Remaining Assets (as defined in the Liquidation Process Order), which includes surplus inventory, without Court approval, provided that each transaction is valued at less than \$100,000 and the total value of the transactions is less than \$1,750,000.

12. The value of the assets that comprise the Corona Transaction is greater than \$100,000; hence the need for this motion.

13. Similarly, while the value of the assets that comprise the Excess Portion in the FJL Transaction is less than \$100,000, the Excess Portion is part of a larger overall transaction (two transactions in fact) the value of which, in total, is greater than \$100,000. MRG brings this motion to seek the approval of the transaction involving the transfer of the Excess Portion only.

STEPS TAKEN BY MRG SINCE GRANTING OF LIQUIDATION PROCESS ORDER

14. Since the granting of the Liquidation Process Order, MRG has pursued the activities contemplated within that order. In particular, MRG has:

- (a) worked with the Liquidator in connection with the Liquidation Services Agreement. The Liquidator and MRG are currently conducting a retail liquidation sale of the majority of MRG's finished goods inventory from MRG's premises. The retail liquidation sale is contemplated to continue until December 24, 2014;

- (b) completed the organization of its loose diamonds inventory into lots, in accordance with industry standards. MRG also contacted approximately 70 potential purchasers of loose diamonds, and to date, 17 interested diamond dealers have attended MRG's premises, or have made arrangements to attend, for the purpose of inspecting the available loose diamonds. The deadline for offers to purchase the loose diamonds was originally set at November 24, 2014, but was extended, as permitted by the Liquidation Process Order to November 25, 2014;
- (c) delivered a quantity of gold and other precious metals to a refinery for sale. The refinery has completed the refining process for a portion of the precious metals delivered and on November 17, 2014, MRG received \$318,000, net of expenses, in respect of this portion. The refinery is expected to complete the refining process on or about November 25, 2014, at which time, MRG expects to receive payment for the value of the remaining portion of the precious metals delivered. MRG also has additional quantities of gold and precious metals that will be sold to the refinery at a later date; and,
- (d) engaged in negotiations with potential purchasers for some of the Remaining Assets, resulting in the two proposed transactions which are the subject of this Motion.

THE FJL TRANSACTION

15. FJL is a major North American distributor of particular product lines marketed as "Persona" and "My First Diamond". The products are manufactured in Asia. FJL engaged MRG

to distribute these product lines to independent jewellery retailers, while FJL continued to distribute the same product lines to larger jewellery-chain retailers.

16. MRG, in consultation with the Liquidator, determined that the bulk of the inventory in respect of both the Persona and My First Diamond product lines is likely not saleable at the retail liquidation sale, and would therefore be surplus finished goods. In particular, the Liquidator identified the number of pieces available in the Persona and My First Diamond product lines as being too large and therefore, difficult to sell in a retail environment in the time contemplated for the liquidation.

The Process

17. The process contemplated for the liquidation of the Remaining Assets is set out in the Third Gillies Affidavit. To summarize, MRG has made its surplus inventory of finished goods available for purchase by other wholesalers and retailers, and has also invited prospective purchasers, from its network of contacts in the industry, to view and make offers to purchase the surplus finished goods.

18. Given the distribution rights associated with the Persona and My First Diamond product lines, MRG contacted FJL with respect to purchasing its inventory of Persona and My First Diamond products.

19. On October 27, 2014, FJL submitted an offer for the Persona and My First Diamond surplus inventory (the “**FJL Offer**”). In evaluating the FJL Offer, MRG took note of a letter dated September 12, 2014, prepared by the Liquidator and provided to MRG, that addressed the

values associated with both the Persona and My First Diamond products if they were to be liquidated.

20. Both the FJL Offer and the September 12, 2014 letter of the Liquidator contain commercially sensitive information which, if publicly disclosed, may prejudice MRG and/or FJL in the event that the FJL Transaction does not close. A sealed copy of the FJL Offer and the September 12, 2014 letter of the Liquidator will be filed with the Court separately as **Exhibits “D” and “E”**, respectively, and will be the subject of a request for a sealing order.

21. Simply put, the price per unit of the Persona and My First Diamond inventory contained in the FJL Offer is greater than the value ascribed to them by the Liquidator in its letter. On that basis, the value in the transaction is better than would be realized if the products were liquidated via other means.

22. Further, since the Persona and My First Diamond inventory are products in respect of which FJL has exclusive distribution rights, it is not even possible for MRG to sell these products to another wholesaler.

23. As a result, MRG concluded that the FJL Offer was fair and reasonable, and accepted it, subject to Court approval, as the total value of the FJL Offer exceeded \$100,000.

The need for two transactions

24. The parties had initially contemplated and prepared one transaction for the entire surplus inventory of the Persona and My First Diamond product lines and had been working towards finalizing an asset purchase agreement in that regard. However, I am advised by my

counsel that, when MRG sought to schedule a hearing date for this Motion, the first available date on which a judge of the Commercial List could hear this matter was December 2, 2014. FJL advised MRG that this would be problematic as FJL wanted to acquire the Persona and My First Diamond inventory prior to December to take advantage of the Christmas retail season.

25. As a result, MRG and FJL decided to split the Persona and My First Diamond inventory into two separate transactions and two separate parcels – one transaction dealing with one parcel of assets, comprised of a portion of the Persona and My First Diamond inventory valued at less than \$100,000 (the “**Exempt Portion**”), based on the purchase price per unit set out in the FJL Offer, and the other transaction, dealing with the other parcel comprised of the balance of the Persona and My First Diamond inventory (the “**Excess Portion**”), at the same price per unit.

26. In this way, it was envisioned that FJL could acquire and take possession of the Exempt Portion of the inventory immediately, and the balance, the Excess Portion, would become the subject of a motion for court approval.

27. FJL has agreed to proceed in this way. If, for some reason, the Court does not approve the transfer of the Excess Portion, then FJL has agreed to accept only the Exempt Portion. Again, the only reason for structuring the transaction(s) in this way was to permit FJL to acquire a portion of the Persona and My First Diamond inventory prior to December, given the Christmas season, and given that the Court was not available to hear this motion prior to December 2, 2014. If there had been court time available, MRG would have sought approval for the entirety of the transaction in the motion.

28. At the time of swearing this Affidavit, FJL has not selected the items to allocate to the Exempt Portion. I expect FJL to advise MRG of the specific items to include in the Exempt Portion by the end of the day on November 25, 2014. I also expect that the contemplated asset purchase agreement for the Exempt Portion will be executed, and delivery of the assets will occur, before this Motion is heard by the Court.

29. The Monitor has been advised of this arrangement and I understand will comment on this in its Fourth Report to the Court.

Approval for the Excess Portion

30. As stated above, the anticipated transaction was a single transaction exceeding \$100,000 in value for the entire surplus inventory of MRG's Persona and My First Diamond products. However, given the Court scheduling issues, MRG and FJL entered into an agreement providing for the sale and delivery of the Exempt Portion prior to the hearing of this Motion. MRG now seeks approval of the transfer of the Excess Portion, which transaction is termed the "FJL Transaction".

31. The FJL Transaction is the subject of the FJL Agreement, which sets out that FJL has agreed to purchase the Excess Portion. Attached hereto and marked as **Exhibit "F"** is a true copy of the draft FJL Agreement without the financial terms because FJL has not yet selected the items to be included in the FJL Agreement. However, the financial terms are by their nature commercially sensitive, and which, if publicly disclosed, may prejudice the process, MRG and/or FJL in the event that the FJL Transaction does not close. An unredacted version of the FJL Agreement, with financial terms, will be filed separately with the Court when it is available.

32. The FJL Agreement provides, among other things, that:

- (a) it is conditional upon Court approval and the issuance of a vesting order;
- (b) the purchase price is to be paid in three instalments:
 - i. One-third of the purchase price, plus applicable taxes, to be paid upon delivery of the Excess Portion to FJL;
 - ii. One-third of the purchase price, plus applicable taxes, to be paid 30 days following delivery of the Excess Portion to FJL; and,
 - iii. One-third of the purchase price, plus applicable taxes, to be paid 60 days following delivery of the Excess Portion to FJL; and,
- (c) The FJL Assets are being purchased and accepted by FJL on an “as is, where is” basis and MRG makes no representation or warranty regarding the FJL Assets, and they may not be returned under any circumstances.

33. MRG seeks the Court’s approval of the FJL Transaction, and the Court’s approval to execute the FJL Agreement, substantially in the form attached as Exhibit “F” to my Affidavit.

34. FJL is not a related person to MRG within the meaning of the CCAA.

THE CORONA TRANSACTION

35. MRG also seeks approval for the Corona Transaction. The Corona Transaction includes all of the assets of MRG’s Libman Division (the “**Libman Assets**”) as first described in the First Gillies Affidavit. The Libman Assets include models and molds, marketing materials,

display booths, samples and various intellectual and intangible property associated with the Libman jewellery collection, as more particularly set out in the Corona Agreement.

The Process

36. MRG had hoped to sell the Libman Division on a going-concern basis as part of the Sale Process. The Libman Division was one of the parcels of assets offered for sale at the time. Unfortunately, as noted above, the Sale Process did not result in any significant material offers, including any for the Libman Division.

37. However, as indicated in the Third Report of the Monitor, during the Sale Process, 18 interested persons signed non-disclosure agreements and received the Confidential Information Memorandum. Beverly Hills Jewellery Mfg. Ltd. (“**BHJ**”) and Corona were two of the potential purchasers that received the Confidential Information Memorandum.

38. As noted above, the Liquidation Process Order authorizes and directs MRG to sell its Remaining Assets, which include the Libman Assets. MRG entered into discussions with two potential purchasers in respect of the Libman Assets – BHJ and Corona.

39. On October 31, 2014, both BHJ and Corona submitted offers to purchase the Libman Assets. These offers both contain sensitive commercial information which, if publicly disclosed, may prejudice MRG and/or Corona in the event that the Corona Transaction does not close. Sealed copies of the offers from BHJ and Corona will be filed with the Court separately as **Exhibits “G” and “H”**, respectively, and will be the subject of a request for a sealing order.

40. Following receipt of the two offers, MRG reviewed them, as did the Monitor. In my view, the Corona offer was more favourable than the BHJ offer for the following reasons:

- (a) The BHJ offer is conditional on BHJ having an opportunity to inspect the Libman Assets, whereas the Corona offer is not subject to any prior inspection;
- (b) Corona submitted a 50% cash deposit to MRG, as part of its offer, whereas BHJ only submitted a 13% deposit; and, finally,
- (c) The consideration offered by Corona for the Libman Assets is greater than the consideration offered by BHJ.

41. As a result, MRG concluded that the Corona offer was better than the BHJ offer, and that it was also fair and reasonable, and accepted it, subject to Court approval.

The Corona Agreement

42. Corona has agreed to purchase the Libman Assets, pursuant to the Corona Agreement. Attached hereto and marked as **Exhibit "I"** is a true copy of a redacted version of the Corona Agreement. I have redacted certain financial terms which are by their nature commercially sensitive, and which, if publicly disclosed, may prejudice MRG and/or Corona in the event that the Corona Transaction does not close. An unredacted version of the Corona Agreement will be filed separately with the Court and will be the subject of a request for a sealing order.

43. The Corona Agreement provides, among other things, that:

- (a) it is conditional on Court approval and the issuance of an approval and vesting order (“**Corona AVO**”);
- (b) Corona will pay the balance of the purchase price within two business days of MRG delivering a copy of the Corona AVO; and,
- (c) the Libman Assets are to be purchased and accepted by Corona on an “as is, where is” basis and MRG makes no representation or warranty regarding the Libman Assets, and they may not be returned under any circumstances.

44. Corona is not a related person to MRG within the meaning of the CCAA.

CONCLUSION IN RESPECT OF THE TRANSACTIONS

45. As noted above, the process for liquidating the Remaining Assets was authorized and directed by the Court and the process leading up to the FJL Transaction and the Corona Transaction were undertaken in compliance with the Liquidation Process Order.

46. In my view, the consideration payable in respect of each of the FJL Transaction and the Corona Transaction is fair and reasonable, taking into account the market value of the assets in question, and each transaction will benefit MRG’s stakeholders.

47. Therefore, in my view, in the circumstances, the FJL Transaction and the Corona Transaction constitute the best realizations for the particular assets, and are the result of a fair and reasonable process.

48. Further, MRG acted at all times in good faith in respect of these transactions.

SUPPORT FOR THE TRANSACTIONS

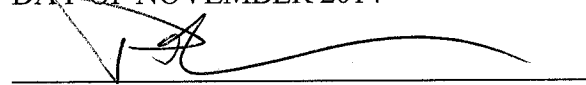
49. Sherfam Inc., the first secured creditor and single largest creditor of MRG, and RP Holdings Inc., the only other secured creditor, have been provided with the pertinent information regarding both the FJL Transaction and the Corona Transaction. Both Sherfam Inc. and RP Holdings Inc. have advised me that they support both proposed sale transactions.

50. I also understand that the Monitor supports the proposed sale transactions and will be filing its Fourth Report to the Court providing support for the proposed sale transactions as well.

SWORN BEFORE ME AT THE CITY)
OF TORONTO, IN THE PROVINCE)
OF ONTARIO, THIS 25th)
DAY OF NOVEMBER 2014)



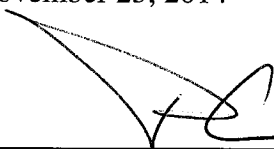
CAMERON GILLIES



Philip Cho
A Commissioner, etc.

EXHIBIT A

This is Exhibit "A" referred to in the Affidavit of Cameron Gillies
sworn November 25, 2014



Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

Court File No. CV-14-10655-002

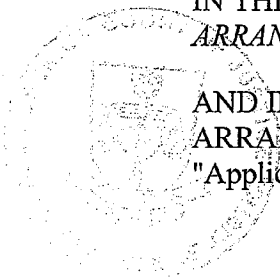
ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE Mr.)
JUSTICE Penny)
)

THURSDAY, THE 7TH
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.

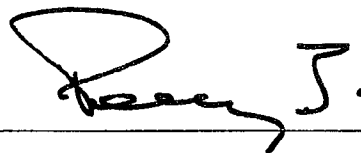
39. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give

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.

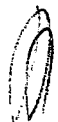
40. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and 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

KRONIS, ROTSZTAIN, MARGLES, CAPPEL LLP
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Mervyn D. Abramowitz (LSUC # 28323R)
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Philip Cho (LSUC #456125U)
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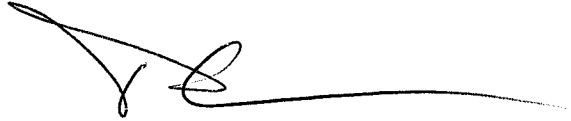
Stephen Wolpert (LSUC # 57609Q)
swolpert@krmc-law.com

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

Lawyers for the Applicant, Martin Ross Group Inc.

EXHIBIT B

This is Exhibit "B" referred to in the Affidavit of Cameron Gillies
sworn November 25, 2014

A handwritten signature in black ink, consisting of a stylized 'P' followed by a loop and a long horizontal stroke.

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

JUSTICE NEWBOULD

) THURSDAY, THE 11TH
)
) DAY OF SEPTEMBER, 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.

ORDER
(Sale process approval and Stay extension)

THIS MOTION, made by the Applicant for an Order, among other things:

- (a) Approving the sale process ("**Sale Process**"), attached as Schedule "A" to this Order;
- (b) Extending the Stay Period, as defined in the Initial Order of the Honourable Mr. Justice Penny granted on August 7, 2014 (the "**Initial Order**") in these proceedings, from September 11, 2014 to October 31, 2014; and,
- (c) Approving the First Report of Collins Barrow Toronto Limited ("**CBTL**"), in its capacity as court-appointed monitor of the Applicant (the "**Monitor**") and the actions and activities of the Monitor described therein,

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

ON READING the affidavit of Cameron Gillies sworn September 5, 2014 and the Exhibits thereto, the First Report of the Monitor, and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one else from the Service List appearing, although

properly served as appears from the affidavit of service of Kelly Barrett, sworn September 5, 2014,

SERVICE

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

SALE PROCESS

2. THIS COURT ORDERS that the Sale Process, attached as Schedule "A" to this Order, be and is hereby approved.

3. THIS COURT ORDERS that the Applicant and the Monitor be and are hereby authorized and directed to perform their obligations under and take such steps as they consider necessary or desirable in carrying out the Sale Process and any step taken by the Applicant or the Monitor in connection with the Sale Process prior to the date hereof be and is hereby approved and ratified.

4. THIS COURT ORDERS that the Monitor shall have no personal or corporate liability in connection with the Sale Process, including, without limitation:

- (a) by advertising the Sale Process, including, without limitation, the opportunity to acquire all or a portion of the Applicant's assets (the "Assets");
- (b) by exposing the Assets to any and all parties, including, but not limited to, those parties who have made their interests known to the Monitor;

- (c) by responding to any and all requests or inquiries in regards to due diligence conducted in respect of the Applicant or the Assets;
- (d) by disclosing any and all information regarding the Applicant or the Assets arising from, incidental to, or in connection with, the Sale Process; and,
- (e) in respect of any and all offers received by the Applicant in accordance with the Sale Process; and,
- (f) in respect of any agreements entered into by the Applicant in respect of the sale of any of the Assets of the Applicant's business.

5. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicant and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or bidders and to their advisors but only to the extent desirable or required to negotiate and attempt to complete one or more sale transactions (each, a "Transaction"). Each prospective purchaser or bidder to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Applicant or the Monitor; (ii) destroy all such information; or, (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so.

6. THIS COURT ORDERS that, pursuant to clause 3(c)(i) of the *Electronic Commerce Protection Regulations*, made under *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic*

Means of Carrying out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act, S.C. 2010, c. 23, the Applicant and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective purchasers or bidders and to their advisors but only to the extent desirable or required to provide information with respect to the Sale Process.

STAY EXTENSION

7. THIS COURT ORDERS that the Stay Period be and is hereby extended from September 11, 2014 to October 31, 2014.

APPROVAL OF THE FIRST REPORT AND MONITOR'S ACTIVITIES

8. THIS COURT ORDERS that the First Report of the Monitor, and the actions and activities of the Monitor as described therein, be and are hereby approved.

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

SEP 11 2014

MB

9. THIS COURT FURTHER ORDERS that the Confidential Information Memorandum attached as Appendix I to the First Report of the Monitor be sealed pending further order of this Court.

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

SEP 11 2014

21/09/14

APPENDIX A



Prime opportunity to purchase the assets of a well-established fine gold and diamond jewellery manufacturer

**For Sale – Assets of Martin Ross Group Inc.
250 Canartic Dr., North York, ON**



HIGHLIGHTS

- **Opportunity to purchase a going concern business**
- **Large selection of finished goods inventory**
- **Raw materials inventory including gold, diamonds, emeralds, rubies and other coloured stones**
- **Well-recognized trademarks and trade names**
- **State-of-the-art manufacturing equipment**
- **Sophisticated CAD/CAM technology**

THE OPPORTUNITY

Martin Ross Group Inc. ("**MRG**" or the "**Company**") is a manufacturer and wholesaler of fine jewellery, including rings, earrings and necklaces.

On August 7, 2014, MRG sought and obtained an Order of the Ontario Superior Court of Justice pursuant to the Companies Creditors Arrangement Act and in which, Collins Barrow Toronto Limited ("**CBTL**"), was appointed to act as the monitor (the "**Monitor**"). CBLT, solely in its capacity as Monitor, was appointed to implement and conduct the process for the marketing and sale of all of the current and future assets, undertakings and properties (collectively the "**Property**") of MRG.

The Monitor will receive offers to purchase up to and including 12:00 PM on September 30, 2014.

OVERVIEW OF THE COMPANY

MRG is one of Canada's dominant, domestic manufacturers of fine-gold and diamond jewellery specializing in Canadian diamonds. In 2005, it acquired the assets of Master Design Jewellery Limited and in 2010 it acquired the assets of Libman & Company Ltd., which was originally founded in 1934. It currently operates these two divisions as separate units, emphasizing as part of marketing that its jewellery is manufactured in Canada and contains gold from the Royal Canadian Mint and precious stones that are mined in Canada.

OVERVIEW OF THE ASSETS FOR SALE

The assets available for sale include:

Parcel A: MRG's Libman & Company ("**Libman**") division, to be sold on a going concern basis. Libman offers a full line of rings, pendants, and earrings, which are primarily positioned to appeal to the middle market of the jewellery industry, and are designed to fulfill the essential inventory requirements of its customers. This parcel includes Libman's models and molds, trademarks and trade names, and marketing materials. If needed, skilled, non-unionized employees are available for hire

Parcel B: Trademarks and trade names not included in Parcel A. MRG owns well-recognized trade names which would be highly attractive to a buyer seeking to establish or enhance its presence in North America. In Canada, products have been marketed up to 80 years under the trade names of *Columbia*, *GoldMaster*, and *Syndicate Designs*.

Parcel C: Machinery, equipment and furniture. The Company's extensive and technologically advanced manufacturing equipment produce a full line of rings, pendants, and earrings. The Company also maintains its own in-house refinery which converts scrap karat gold back to fine gold at the rate of approximately 300 ounces per week.

Parcel D: All of MRG's property (Parcels A-C), including raw materials inventory, finished goods inventory, and accounts receivable. Raw materials inventory consists of gold, diamonds, sapphires, emeralds, rubies and other coloured stones. Finished goods inventory consists primarily of rings, earrings, pendants, etc. Accounts receivable represents amounts due from large, well-recognized customers, cooperatives composed of many smaller independent members, and small, independent retailers.

PLEASE NOTE THAT PREFERENCE WILL BE GIVEN TO EN BLOC OFFERS FOR ALL THE ASSETS.

LOCATION

The subject Company and related assets for sale are located in Toronto, Ontario.

TRANSACTION AND COMPETITIVE BIDS PROCESS

To receive additional information including the Confidential Information Memorandum, interested parties must execute the enclosed Confidentiality Agreement and return a copy to the Monitor via e-mail to ejcorrado@collinsbarrow.com or by facsimile at (416) 480-2646, attention Mr. Eric Corrado.

The information contained in this document is based on information made available to the Monitor by the Company. The information is intended for informational purposes only. The Monitor has not verified the information and does not represent, warrant or guarantee the accuracy, correctness and completeness of the information. The Monitor does not accept or assume any responsibility or liability of any kind in connection with the information and the recipient's reliance upon the information. The recipient should take such steps as it may deem necessary to verify the information prior to placing any reliance upon it. The information may change and any property described in the information may be withdrawn from the market at any time without notice or obligation to the recipient from the Monitor.

APPENDIX B

CONFIDENTIALITY AGREEMENT

Martin Ross Group Inc.

BETWEEN:

Martin Ross Group Inc.

A corporation amalgamated pursuant to the laws of the Province of Ontario (the "**Company**")

- and -

Collins Barrow Toronto Limited

Solely in its capacity as the Court-Appointed Monitor
of Martin Ross Group Inc. and not in its personal capacity

- and -

(hereinafter, the "**Recipient**")

WHEREAS:

- A. The Company is a corporation amalgamated pursuant to the laws of the Province of Ontario. The Company is a manufacturer and wholesaler of fine jewelry.
- B. The Company sought and obtained on August 7, 2014 protection pursuant to the provisions of the Companies Creditors Arrangement Act. Pursuant to the Order of the Ontario Superior Court of Justice (the "**Court**") dated August 7, 2014 (the "**Initial Order**"), Collins Barrow Toronto Limited was appointed as the Monitor of the Company (the "**Monitor**").
- C. The Recipient has expressed an interest in potentially acquiring (the "**Potential Transaction**") certain, or all, of the right, title and interest, if any, in and to the assets of the Company ("the **Property**").
- D. The Company and/or the Monitor intend to provide certain confidential information pertaining to the Company and the Property to the Recipient for its review and consideration in connection with the Potential Transaction.

FOR GOOD AND VALUABLE consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. The Company and/or the Monitor shall furnish to the Recipient certain information pertaining to the Company and the Property that is either non-public, confidential or proprietary in nature, including, but not limited to, property, financial and operating information, trade secrets, business methods and plans, customer information and an information memorandum. All such information furnished to the Recipient, its directors, officers, employees, agents or representatives, including, without limitation, its lawyers, accountants, consultants or financial and other advisers (collectively "**Representatives**") by the Company and/or Monitor, and all analyses, compilations, data, studies, derivative works or other documents prepared by the Recipient or its Representatives containing or based upon, in whole or in part, any such furnished information is herein referred to as the "**Information**". Information includes, but is not limited to, information about identifiable individuals ("**Personal Information**").
2. The Information will be kept confidential by the Recipient and its Representatives and will not, without the prior written consent of the Company and the Monitor, be disclosed by the Recipient or its Representatives, in any manner whatsoever, in whole or in part, and will not be used by the Recipient or its Representatives, directly or indirectly, for any purpose other than in connection with the evaluation and possible completion of the Potential Transaction and not in any way that is, directly or indirectly, detrimental to the interests of the Company or the Monitor.
3. The Recipient acknowledges that the Information is being furnished to the Recipient solely to assess the Potential Transaction. The Recipient acknowledges that neither the Company nor the Monitor makes any express or implied representation or warranty as to the accuracy, sufficiency or completeness of the Information and agrees that neither the Company nor the Monitor shall have any liability, direct or indirect, to the Recipient or its Representatives relating to or resulting from the Information or the use by the Recipient or its Representatives thereof, errors therein, or omissions therefrom, except in accordance with any specific representation or warranty made in any definitive agreement entered into in respect of the Potential Transaction.
4. The Recipient agrees to furnish the Information only to those Representatives who need to know the Information for the purpose of evaluating the Potential Transaction and who are informed by the Recipient of the confidential nature of the Information and who agree in writing to be bound by the terms of this Agreement. The Recipient further agrees to be responsible for any breach of this Agreement by any of its Representatives. The Recipient will make all reasonable, necessary and appropriate efforts to safeguard the Information and prevent its disclosure to anyone other than as permitted hereby.
5. Without the prior written consent of the Company and the Monitor, the Recipient will not, and will direct its Representatives not to disclose to any other person that the Information has been made available, that this Agreement has been entered into, that discussions or negotiations are taking place concerning the Potential Transaction, or any of the terms, conditions or other facts with respect to the Potential Transaction, unless and only to the extent that in the opinion of its counsel disclosure is required to be made under applicable laws or regulations or as required by any competent governmental, judicial or other authority, provided that the Recipient will advise the Company and the Monitor prior to such disclosure concerning the Information the Recipient proposes to disclose so the

Company and/or the Monitor may seek a protective order or other appropriate remedy. The Recipient shall co-operate with the Company and / or the Monitor on a reasonable basis to obtain such protective order or other appropriate remedy. In any event, the Recipient or the Representatives will only furnish such part of the Information which is required by law to be furnished or disclosed and will use reasonable effort to obtain reliable assurances that confidential treatment will be accorded to all the Information.

6. The Recipient shall keep a record of each location of the Information and its Representatives to whom the Information is provided and provide the Company and the Monitor with such information forthwith upon request. If the Recipient determines not to enter into an offer to purchase the Property, or if an offer to purchase the Property is not concluded, the Recipient shall promptly (a) notify the Monitor of that decision, if applicable, and (b) destroy all physical and electronic copies of the Information and all notes prepared by the Recipient or any of its Representatives, including electronic back-ups of the foregoing in a manner that ensures that such data may not be retrieved or undeleted. Without limiting the generality of the foregoing, the Recipient shall not retain for any longer than necessary, and shall destroy or make anonymous, any records pertaining to Personal Information in accordance with applicable law. Further, no reproduction or extracts of the Information will be retained, and all notes, analyses, compilations, studies, summaries and other materials prepared by Recipient or the Recipient's Representatives containing or based on, in whole or in part, any of the Information will be destroyed. The Recipient will cause each of its Representatives to comply with the foregoing requirements.
7. The Recipient shall store the Personal Information properly and securely and ensure that appropriate technical and organizational means are in place to protect the Personal Information against unauthorized or unlawful processing and against accidental loss, destruction or damage, including taking reasonable steps to ensure the reliability of any person permitted by the Recipient to have access to the Personal Information.
8. Save and except with respect to Personal Information, this Agreement shall be inoperative as to such portions of the Information which: (a) are or become generally available to the public other than as a result of the disclosure by the Recipient or its Representatives; (b) become available to the Recipient or its respective Representatives from a source other than the Company or the Monitor, provided that such source, so far as the Recipient is aware, is not bound by a confidentiality agreement with the Company or the Monitor or otherwise prohibited from transmitting the Information to the Recipient by a contractual or legal obligation; or (c) were known to the Recipient prior to their disclosure to the Recipient by the Company or the Monitor, as evidenced by the Recipient's written records.
9. The Recipient's right to receive information hereunder may be terminated by the Company or the Monitor at any time upon written notice to the Recipient whereupon the Recipient shall destroy, without any cost to the Company or the Monitor, the Information and all notes and writings in respect thereof, which the Recipient or its Representatives may have in their possession at that time and provide evidence of same upon request.
10. The Recipient hereby agrees to indemnify the Company and the Monitor against any damages, liability or expense (including legal fees and disbursements) caused to the Company and/or the Monitor, or their respective agents and arising from any breach by the Recipient of its obligations under the terms of this Agreement.

11. The Recipient acknowledges that it has not been introduced to the Property through any registered intermediary and agrees to work directly through the Company and the Monitor with respect to any purchase of the Property. The Recipient and its Representatives will not communicate directly with any of the Company's suppliers or customers or with any officer or employee of the Company in connection with the valuation or completion of the Potential Transaction or any other matter relating to the Information without the prior written consent of the Monitor and the Company. The foregoing shall expire when the Potential Transaction is completed.
12. The Recipient acknowledges that the Information encompasses proprietary confidential information and business secrets of the Company and that disclosure of the Information and breach of this Agreement would cause the Company and the Monitor irreparable harm for which damages would not be an adequate remedy. The Recipient agrees that the Company will be entitled to an injunctive relief to prevent breaches of this Agreement and will specifically enforce the terms and conditions of this Agreement in addition to any other remedy to which the Company may be entitled at law or in equity.
13. No failure or delay by any party hereto in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will any single or partial exercise preclude any other or further exercise of any right, power or privilege under this Agreement.
14. The Recipient acknowledges that disclosure of the Information or other breach of this Agreement would cause serious and irreparable damage and harm to the Company and the Monitor and that remedies at law would be inadequate to protect against breach of this Agreement, and each party agrees in advance to the granting of injunctive relief in favour of the Company and/or the Monitor for any breach of the provisions of this Agreement and to the specific enforcement of the terms of this Agreement, without proof of actual damages, in addition to any other remedy to which the Company and/or the Monitor would be entitled.
15. No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party hereto, shall be binding unless executed in writing by the party to be bound thereby.
16. The confidentiality and non-use obligations described in this Agreement shall terminate two (2) years from the date of this Agreement.
17. This Agreement shall not be assigned without the prior consent of the Company, the Monitor and the Recipient.
18. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
19. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

DATED at Toronto this ____ day of _____ 2014.

Martin Ross Group Inc., a corporation
amalgamated under the laws of the Province of
Ontario

Per: _____

Name:

Title:

Collins Barrow Toronto Limited, solely in its
capacity as Court-Appointed Monitor of Martin
Ross Group Inc. and not in its personal capacity

Per: _____

Name:

Title:

NAME OF RECIPIENT

Per: _____

Name:

Title:

APPENDIX C

Ontario Superior Court of Justice
Court File No. CV-14-10655-00CL

Martin Ross Group Inc.

Request for Offers

Martin Ross Group Inc. ("MRG") is a manufacturer and wholesaler of fine jewellery including rings, earrings and necklaces, a significant portion of which contain diamonds and precious stones.

On August 7, 2014, MRG sought and obtained an order of the Ontario Superior Court of Justice ("Court") pursuant to the Companies' Creditors Arrangement Act ("CCAA"). Collins Barrow Toronto Limited was appointed as Monitor ("Monitor") in the CCAA proceedings. Pursuant to a further order of the Court dated September 11, 2014, the Court approved a process to be conducted by the Monitor for the marketing and sale of all of MRG's assets.

The assets available for sale include:

- i) The Libman & Company division of MRG available for purchase on a going concern basis
- ii) Various trademarks and trade names
- iii) Machinery, equipment and furniture
- iv) All of the above items as one package

All of the above items are for sale together as one package or as separate packages, and all as described in greater detail in a Confidential Information Memorandum (CIM) prepared by the Monitor and MRG. Pursuant to the Terms and Conditions of Sale approved by the Court, all offers for the assets of MRG are required to be submitted to the Monitor by (insert date). To obtain a copy of the Confidential Information Memorandum, please contact the Monitor at:

COLLINS BARROW TORONTO LIMITED
Solely in its capacity as Monitor of Martin Ross Group Inc.,
and not in its personal capacity
11 King Street West, Suite 700, PO Box 27
Toronto, ON M5H 4C7
Attn: Mr. Eric Corrado, CPA, CA
Telephone: (647) 727-3659
Facsimile: (416) 480-2646
E-mail: ejcorrado@collinsbarrow.com



APPENDIX D

TERMS AND CONDITIONS OF SALE

1. Collins Barrow Toronto Limited, solely in its capacity as the Monitor (the "**Monitor**") of Martin Ross Group Inc. (the "**Vendor**"), appointed pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated August 7, 2014, shall be supervising and conducting a sale process (the "**Sale Process**") pursuant to the Order of the Court dated September 11, 2014, of all of the current and future assets, undertakings and properties of the Vendor of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.
2. Pursuant to these Terms and Conditions of Sale, the Vendor, through the Sale Process being conducted by the Monitor, is offering for sale the Vendor's right, title and interest, if any, in the Property as defined in the Confidential Information Memorandum (the "**CIM**") dated September 5, 2014.
3. A listing of the various items comprising the Property is contained in the CIM. All information contained in the CIM, including without limitation, the lists and descriptions of the Property, has been prepared solely for the convenience of the party submitting an offer to purchase some or all of the Property (an "**Offeror**") and are not warranted to be complete or accurate and do not form part of these Terms and Conditions of Sale.
4. The Property is available for inspection by contacting the Monitor's representative identified below to arrange for an appointment:

 Mr. Eric Corrado, CPA, CA
 Telephone: 647-727-3659
 E-mail: ejccorrado@collinsbarrow.com
5. The Monitor and the Vendor will consider offers for individual parcels or assets within parcels. The parcels available for sale are:

<u>Parcel</u>	<u>General Description of Parcel</u>
A	The Libman & Company division of the Vendor, to be sold as a going concern
B	Trademarks and trade names that are not part of the Libman & Company division of the Vendor
C	Machinery, equipment and furniture
D	All of the Vendor's property (Parcel A-C)

6. To submit an offer for all or part of the Property, a completed sealed offer marked "Offer — Martin Ross Group Inc." shall be delivered or mailed, postage prepaid, to Collins Barrow Toronto Limited, 11 King Street West, Suite 700, PO Box 27, Toronto, Ontario, M5H 4C7, to the attention of Daniel Weisz. All offers must be received by the Monitor by 12:00 noon, Eastern Daylight Time, on September 30, 2014 (the "**Offer**")

Date"). The Monitor reserves the right to extend the Offer Date at any time for any reason.

7. The Monitor reserves the right to amend or terminate the Sale Process at any time.
8. Every offer submitted should be in the form of offer attached hereto. Offers received by the Monitor which are not in such form may be rejected. Offers shall be opened by the Monitor in the presence of, and reviewed with, representatives of the Vendor. No Offeror shall be entitled to be present for the opening of offers.
9. The Vendor and Monitor shall have no obligation, at law or in equity or otherwise, to any Offeror or any other person or party, to:
 - (a) consider any offer which:
 - (i) specifies a purchase price as an amount or percentage in excess of any other offer or otherwise as a function of the purchase price offered by any other Offeror;
 - (ii) has not been fully completed and duly executed;
 - (iii) is not accompanied by the Deposit (as defined below) required hereunder;
 - (iv) is conditional on the outcome of unperformed due diligence by the Offeror;
 - (v) has not been delivered to and received at the offices of the Monitor as required hereunder; or
 - (b) negotiate with any Offeror after the Offer Date with respect to any provision of the offer or request or agree to any changes therein,

but nothing in these Conditions of Sale shall preclude the Vendor and Monitor from taking any of the foregoing steps if, in their sole and unfettered discretion, they decide to do so; however the taking of any such step shall not constitute a waiver by the Vendor or Monitor of the provisions of this paragraph or an obligation on the part of the Vendor or Monitor to take any further or other steps referred to above with the same or any other Offeror. The Vendor or Monitor will be under no obligation to negotiate identical terms with, or extend identical terms to, each Offeror.

10. The Offeror shall, with its offer (the "**Offer**"), deliver to the Monitor the following:
 - (a) an amount equal to 10% of the purchase price specified in the Offer by certified cheque or bank draft drawn on or issued by a Schedule 1 Canadian chartered bank or trust company, which shall be held in a non-interest bearing account by the Monitor. If the Offer is accepted by the Vendor and Monitor said cheque shall be deemed to be a cash deposit (the "**Deposit**") to be applied against the aggregate offered purchase price (the "**Purchase Price**") and, subject to Court approval of the Offer, the Offeror (hereinafter called the "**Purchaser**") under an Approved Sale Agreement (as defined below) shall

- pay the balance of the Purchase Price to the Vendor, by certified cheque or bank draft drawn on or issued by a Schedule 1 Canadian chartered bank or trust company on the Closing Date as defined below of the transaction under the Approved Sale Agreement;
- (b) an executed copy of the template agreement of purchase and sale prepared by the Vendor ("**Template Sale Agreement**"), amended to reflect matters specific to the Offer (the Template Sale Agreement as amended, the "**Offeror Sale Agreement**"), which shall be binding and irrevocable until October 9, 2014;
 - (c) a comparison of the Template Sale Agreement to the executed and amended Offeror Sale Agreement;
 - (d) a representation of the Offeror that the Offeror has, and written evidence satisfactory to the Monitor and Vendor of, available cash and/or a commitment for financing to evidence the Offeror's ability to close the proposed transaction as the Vendor may reasonably request;
 - (e) a copy of a resolution of the Offeror's board of directors or similar document demonstrating the Offeror's authority to make an irrevocable Offer and to execute the transaction contemplated by the Offeror Sale Agreement; and
 - (f) disclosure of the identity of each entity (including its ultimate beneficial shareholders) that has submitted the Offer.
11. Following the Offer Date, the Vendor specifically reserves its right to negotiate with one or more Offerors with respect to any provision of the offer or to request or agree to any changes in any such Offer. The Vendor and Monitor each may choose to take such steps with respect to one or more Offers but the Vendor and Monitor each shall have no obligation to negotiate identical terms with, or extend identical terms to each Offeror. The Vendor and Monitor each reserves its right to request some, but not all, Offerors to submit a revised offer reflecting improved terms or other amendments requested by the Vendor. The Vendor and Monitor will be under no obligation to provide to each Offeror the opportunity to improve the terms of any offer submitted to the Vendor following the Offer Date.
12. If the Vendor and Monitor accept an offer and the subject Offeror Sale Agreement, the Vendor and Monitor shall seek Court approval of such Offeror Sale Agreement as soon as reasonably possible. Any Offeror Sale Agreement accepted by the Vendor and Monitor and approved by the Court is referred to herein as an "**Approved Sale Agreement**".
13. If the Vendor and Monitor accept an offer but the terms of that offer or the Offeror Sale Agreement are not approved by the Court then the Vendor and Monitor may, in their sole and unfettered discretion, terminate the proposed transaction and any Offeror Sale Agreement accepted by the Vendor and Monitor, whereupon the Deposit shall forthwith be returned to the Offeror without credit for any accrued interest thereon and the Vendor and Monitor may then accept any other offer to purchase the Property.
14. Notwithstanding any other provision contained in these Conditions of Sale, nothing

herein shall constitute an assignment or attempted assignment of any of the Property subject to an Approved Sale Agreement ("**Purchased Assets**") which is not assignable without the consent of any person if such consent is not obtained by the Purchaser. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents, approvals or any further documentation or assurances which may be required to carry out the terms of the sale of the Purchased Assets, including, without limitation, any approvals with respect to the assignment of any of the Purchased Assets not assignable without the consent or action of a third party or parties. Specifically, and without limiting the generality of the foregoing, by submitting an Offer, an Offeror acknowledges that it has conducted its own investigations with respect to any licences, approvals or third party consents which are necessary to purchase any of the Property, to develop or construct improvements upon lands or any other activity utilizing or in connection with any of the Property.

15. Cheques accompanying Offers that are not accepted will be returned to the Offeror by registered mail addressed to the Offeror at the address set out in its Offer or made available for pick up not later than eighteen (18) days following the opening of Offers unless otherwise arranged with the Offeror.
16. The closing of the Approved Sale Agreement shall take place at the office of the Vendor's solicitor, 25 Sheppard Avenue West, Suite 1100, Toronto, Ontario or at the option of the Vendor, at the offices of the Monitor's solicitors, 151 Yonge Street, Suite 155, Toronto, Ontario at 11:00 a.m. on the 31st day after approval by the Court of the Approved Sale Agreement (the "**Closing Date**") or such other date as the Vendor and the Purchaser may agree.
17. Upon closing of the sale of the Purchased Assets contemplated by the Approved Sale Agreement (the "**Closing**"), the Purchaser shall be entitled, upon receipt by the Vendor of the Purchase Price, to possession of the Purchased Assets and to such bills of sale or assignments as may be considered necessary by the Vendor to convey the Purchased Assets to the Purchaser provided that the Purchaser shall remain liable under the Approved Sale Agreement. Any such deeds, bills of sale or assignments shall contain only a release of the Vendor's interest in the Purchased Assets and shall not contain any covenants.
18. The Purchaser shall pay on closing in addition to the Purchase Price all applicable federal, provincial and municipal taxes.
19. The Purchaser shall assume at the Purchaser's cost complete responsibility for compliance with all laws, municipal, provincial or federal in so far as same apply to the Purchased Assets and the use thereof by the Purchaser.
20. The Vendor shall not be required to furnish or produce any abstract of title, title deed, survey, declaration or other document or evidence as to title, other than those in its possession.
21. Prior to the Closing, the Purchased Assets shall be and remain in the possession of and at the risk of the Vendor and the Vendor will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Vendor and the Purchaser as their respective interests may appear. After Closing, the Purchased Assets shall be at the risk of the Purchaser. In the event of substantial damage to the Purchased Assets

- occurring on or before Closing, the Purchaser may either have the proceeds of the insurance and complete the Approved Sale Agreement or may cancel such Approved Sale Agreement and have the Deposit paid thereunder, returned without interest, costs or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the purchase and shall be entitled to the proceeds of insurance referable to such damage, but not to any other costs or compensation whatsoever.
22. All adjustments of such taxes and other items as are specified herein will be made as of Closing under the Approved Sale Agreement. The Purchaser shall arrange its own insurance and there shall be no adjustment with respect to insurance.
 23. No adjustments will be allowed by either the Vendor or the Purchaser for changes in the condition or quantity of any of the Property comprising the Purchased Assets. The Vendor shall remain in possession of the Purchased Assets until the Purchase Price therefor has been paid in full. The Purchaser will take possession of the Purchased Assets at Closing.
 24. If the Purchaser fails to comply with the Approved Sale Agreement, the Purchaser's deposit shall be forfeited to the Vendor and the Purchased Assets may be resold by the Vendor, and the Purchaser shall pay to the Vendor (i) an amount equal to the amount, if any, by which the Purchase Price under the Approved Sale Agreement exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with the Approved Sale Agreement.
 25. By submitting an Offer, a Purchaser acknowledges that it has inspected the Purchased Assets and that the Purchased Assets are sold on an "as is, where is" basis at the time of Closing and that no representation, warranty or condition is expressed or implied as to title, description, fitness for purpose, merchantability, quantity, conditions or quality thereof or in respect of any other matter or thing whatsoever. Each Purchaser acknowledges that the Vendor is not required to inspect, or provide any inspection of the Purchased Assets or any part thereof and each Purchaser shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents to the transfer of the Purchased Assets and any further documents or assurances which are necessary or desirable in the circumstances. Without limiting the generality of the foregoing, any and all conditions, warranties and representations expressed or implied pursuant to the Sale of Goods Act (Ontario) do not apply to the sale of the Purchased Assets and have been waived by the Purchaser.
 26. Each Offeror acknowledges that Collins Barrow Toronto Limited acts solely in its capacity as the court-appointed Monitor of the Vendor and shall have no personal or corporate liability in connection with the Vendor offering the Property for sale and the Monitor conducting the Sale Process, pursuant to these Terms and Conditions of Sale, the CIM or under any Offer, Offeror Sale Agreement or Approved Sale Agreement.
 27. The highest or any offer will not necessarily be accepted.
 28. The acceptance of any offer and any Offeror Sale Agreement entered into by the Vendor shall be subject to the condition that the sale and the terms thereof be

approved by the Court.

29. No Offeror shall be at liberty to withdraw, vary or countermand an Offer once received by the Vendor. Each Offer shall be irrevocable until October 9, 2014.
30. The Vendor, at its sole discretion, may waive or vary any or all of the terms and conditions hereof. The terms and conditions contained herein shall not merge on the Closing of the transaction contemplated by any Approved Sale Agreement but shall survive such closing and remain in full force and effect and be binding on the Purchaser thereafter.
31. These Conditions of Sale and the validity and interpretation of any offer, Offeror Sale Agreement or Approved Sale Agreement shall be governed by the laws of Ontario, and such agreement shall enure to the benefit of and be binding upon the parties thereto, and their respective heirs, executors, administrators, successors or assigns as the case may be.
32. The submission of an offer by a resident of the province of Quebec shall be deemed to constitute the declaration and acknowledgement by the Offeror that it has requested the Conditions of Sale, the form of the offer referred to herein, any Offeror Sale Agreement and all other documentation relating to its offer and to the acceptance thereof to be drawn up in the English language only.
33. All stipulations as to time are strictly of the essence.
34. Any offer of documents or money hereunder may be made upon the Vendor or the Purchaser, or their respective solicitors. Money may be paid by certified cheque or bank draft drawn on or issued by a Schedule 1 Canadian chartered bank or trust company.
35. The obligations of the Vendor to complete an Approved Sale Agreement shall be relieved if, on or before the Closing of such sale, the Order of the Court approving the subject Approved Sale Agreement is subject to appeal, any of the Purchased Assets subject to the sale have been removed from the control of the Vendor by any means or process, or if any of the Purchased Assets subject to the sale is redeemed, whereupon the only obligation of the Vendor shall be to return the applicable Deposit, without interest, costs or compensation.
36. The Vendor shall not be bound to sell any of the Property until it is authorized by the Court to accept and enter into an Approved Sale Agreement. The Vendor reserves the right to enter into one or more agreements to sell any or all of the Property at any time and to withdraw any or all of the Property from the sale.

APPENDIX E

AGREEMENT OF PURCHASE AND SALE

This AGREEMENT made the [REDACTED] day of [REDACTED] 2014.

BETWEEN:

MARTIN ROSS GROUP INC.

A corporation amalgamated pursuant to the laws of the Province of Ontario

(the "Vendor")

and

[REDACTED]

(the "Purchaser")

RECITALS:

- A. The Vendor is a corporation amalgamated pursuant to the laws of the Province of Ontario and is a manufacturer and wholesaler of fine jewelry.
- B. The Vendor sought and obtained on August 7, 2014 protection pursuant to the provisions of the Companies' Creditors Arrangement Act. Pursuant to the Initial Order made on August 7, 2014, Collins Barrow Toronto Limited was appointed as the monitor of the Vendor (the "Monitor").
- C. Pursuant to the Marketing Order, the Court approved the sale process proposed by the Vendor for the sale of certain assets.
- D. The Vendor desires to sell and the Purchaser desires to purchase the Purchased Assets, as more particularly set out herein, subject to the terms and conditions hereof.

FOR VALUE RECEIVED, the Parties agree as follows:


SECTION 1 - INTERPRETATION

1.1 Definitions

In this Agreement, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

- (a) "Acceptance Date" means the day on which this Agreement is executed by both parties hereto;
- (b) "Agreement" means this Agreement of Purchase and Sale;

- (c) "**Applicable Laws**" means, with respect to any person, property, transaction or event, all laws, by-laws, rules, regulations, orders, judgments, decrees, decisions or other requirements having the force of law relating to or applicable to such Person, property, transaction or event;
- (d) "**Approval and Vesting Order**" has the meaning set out in Section 4.3(a);
- (e) "**Assets**" means the right, title and interest of the Debtor in and to the assets described in Schedule "A";
- (f) "**Assignment of Leases**" means an Assignment by the Vendor without any warranties, representations and on a non-recourse basis and an Assumption by the Purchaser of the Leases, for the Lease(s) that the Purchaser elects in writing to assume;
- (g) "**Assumed Encumbrances**" means the encumbrances set out in Schedule "B" to this Agreement being assumed by the Purchaser on Closing;
- (h) "**Business Day**" means a day on which banks are open for business in the City of Toronto but does not include a Saturday, Sunday, or statutory holiday in the Province of Ontario;
- (i) "**CIM**" means the confidential information memorandum prepared by the Vendor and/or the Monitor;
- (j) "**Claim**" means any claim, demand, action, cause of action, damage, loss, cost, liability or expense, including reasonable professional fees and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;
- (k) "**Closing**" means the successful completion of the Transaction;
- (l) "**Closing Date**" means the earlier of ~~§§~~ or 5 business days after the granting of the Approval and Vesting Order and subject to Section 4.5, and in no event later than ~~§§~~;
- (m) "**Conditions of Sale**" means the conditions of sale approved pursuant to the Marketing Order;
- (n) "**Court**" means the Ontario Superior Court of Justice (Commercial List);
- (o) "**Encumbrance**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), claim, title retention agreement or arrangement, restrictive covenant, rights of way, easements, encroachments, reserves, or other encumbrance of any nature or any other arrangement or condition which, in substance, secures payment or performance of an obligation;
- (p) "**Environmental Laws**" means all Applicable Laws concerning pollution or protection of the natural environment or otherwise relating to the environment or health or safety matters, including Applicable Laws pertaining to (i) reporting, licensing, permitting, investigating and remediating the presence of Hazardous Materials, and (ii) the storage, generation, use, handling, manufacture, processing, transportation, treatment, release and disposal of Hazardous Materials;
- (q) "**ETA**" means the Excise Tax Act (Canada);

- (r) "**Government Authority**" means any person, body, department, bureau, agency, board, tribunal, commission, branch or office of any federal, provincial or municipal government having or claiming to have jurisdiction over part or all of the Assets being purchased pursuant to the Agreement, the transaction contemplated in this Agreement or one or both of the parties and shall include a board, commission, courts, bureau, agency or any quasi-governmental or private body exercising any regulatory authority including an association of insurance underwriters;
- (s) "**Hazardous Materials**" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environmental, health or safety matters;
- (t) "**HST**" means all goods and services taxes and harmonized sales tax payable under the ETA;
- (u) "**Initial Order**" means the order set out in recital B herein appointing Collins Barrow Toronto Limited, as Monitor of the Company;
- (v) "**Leases**" means all subsisting offers to lease, agreements to lease, leases, and renewals of leases;
- (w) "**Marketing Order**" means the Order of the Court dated September 11, 2014 authorizing the Company and the Monitor to market and sell the Assets;
- (x) "**Monitor**" is Collins Barrow Toronto Limited appointed pursuant the provisions of the Initial Order;
- (y) "**Parties**" means the Vendor, the Purchaser and any other Person who may become a party to this Agreement. "Party" means any one of the foregoing;
- (z) "**Person**" means an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;
- (aa) "**Project Documents**" means, the documents made available to the Purchaser including, the CIM;
- (bb) "**Purchase Price**" shall have the meaning ascribed to it in Section 2.4. For greater certainty, the Purchase Price shall be exclusive of Transfer Taxes and any other taxes payable as a result of or in connection with the Transaction;
- (cc) "**Purchased Assets**" means the Assets subject to this Agreement;
- (dd) "**Purchaser**" ;

- (ee) **"Release"** means, in addition to the meaning given to it under any applicable Environmental Laws, any release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit spraying, burial, abandonment, incineration, seepage or placement of any Hazardous Materials;
- (ff) **"Time of Closing"** means 2.00 p.m. (EDT) on the Closing Date or such other time on the Closing Date as the Parties may mutually agree;
- (gg) **"Transaction"** means the transaction of purchase and sale and assignment and assumption contemplated by this Agreement;
- (hh) **"Transfer Taxes"** means all HST, Land Transfer Tax, sales, excise, use, transfer, gross receipts, documentary, filing, recordation, value-added, stamp, stamp duty reserve, and all other similar taxes, duties or other like charges, however denominated and by whomever levied together with interest, penalties and additional amounts imposed with respect thereto; and
- (ii) **"Vendor"** means Martin Ross Group Inc..

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof.

1.3 Extended Meanings

Words importing the singular include the plural and vice versa, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and governmental authorities. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings.

1.4 Schedules

The following Schedules are incorporated in and form part of this Agreement;

Schedule "A"	Purchased Assets
Schedule "B"	Assumed Encumbrances
Schedule "C"	Form of Approval and Vesting Order

SECTION 2 — SALE AND PURCHASE AND ASSIGNMENT

2.1 Sale and Purchase of Assets

Subject to the terms and conditions hereof, the Vendor, exercising the powers of sale granted in the Approval and Vesting Order, shall sell to the Purchaser, and the Purchaser shall purchase, the Purchased Assets on the Closing Date. The Purchaser acknowledges that it is not purchasing any other property or assets of the Debtor other than the Purchased Assets.

2.2 "As is, Where is"

The Purchaser acknowledges and agrees that:

(a) It had access to the CIM and any other information and documentation provided by the Vendor or the Monitor or at its request by the Vendor or the Monitor and that same has been made available for informational and convenience purposes only and do not constitute any express, or implied representation or warranty by the Vendor or the Monitor, or any other representative of the Vendor or the Monitor to the Purchaser as to the contents thereof, the completeness and accuracy thereof, or otherwise and although believed to be correct, if any misstatement, error or omission is found in the particulars thereof, the Purchaser shall not be entitled to any abatement, damages, reimbursement, in respect thereof. Without limiting the generality of the foregoing, in respect of any financial data, forecasts, and any like material provided by the Vendor, the Monitor and/or described in the CIM (collectively, "**Forward Looking Information**"), it is acknowledged by the Purchaser that (i) there are uncertainties inherent in attempting to make such estimates, projections and other forecasts and plans, (ii) the Purchaser is familiar with such uncertainties, (iii) the Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of any Forward Looking Information (including the reasonableness of any underlying assumptions), and (iv) the Purchaser will have no claim against the Vendor or the Monitor, or any other parties in respect of any Forward Looking Information;

(b) It has inspected the Assets and that it is relying entirely upon its own investigations and inspections in proceeding with this transaction and has relied solely upon its own judgment therefrom and not in reliance on any information, including the Forward Looking Information provided by the Vendor or the Monitor, or any other person or entities on behalf of or at the direction of the Vendor or the Monitor;

(c) The Purchased Assets are being purchased, accepted and assumed by the Purchaser "As Is, Where Is". The term "As Is, Where Is" means in its condition or state on the date of this Agreement and Closing and without any agreement, representation or warranty, statutory or otherwise as to the suitability of the Purchased Assets, the existence of patent and latent defects and the quality of the Purchased Assets, compliance with Applicable Laws and Environmental Laws (including any environmental condition thereof arising as a result of the presence of Hazardous Materials or the Release thereof) and subject to the Permitted Encumbrances;

(d) The Vendor and the Monitor make no representation or warranties with respect to the physical condition or any other aspect of the Purchased Assets, the Forward Looking Information, or any other aspect of the transaction contemplated by this Agreement including the presence of Hazardous Materials;

(e) As part of its agreement to purchase and accept the Purchased Assets on an "As Is, Where Is" basis, and not as a limitation on such agreement, the Purchaser hereby unconditionally and irrevocably waives any and all actual or potential rights the Purchaser might have against the Vendor and the Monitor regarding any form of warranty, express or implied, of any kind or type, (including all applicable statutory warranties), such waiver is absolute, complete, total and unlimited in every way. Such waiver includes, but is not limited to, a waiver of express warranties, implied warranties, warranties of fitness for a particular use or purpose, warranties of merchantability, warranties of occupancy, all applicable statutory warranties, strict liability rights, and claims of every kind and type, including, but not limited to, claims regarding defects which might have been discoverable, claims regarding defects which were not or are not discoverable, product liability claims, product liability type claims, and all other extent or later created or conceived of strict liability or strict liability type claims and rights. The Purchaser acknowledges to the Vendor and the Monitor that the Purchaser has inspected the Purchased Assets and that the Vendor is selling the Purchased Assets on an "as is, where is" basis with all faults known,

or unknown, as they shall exist as of the date of execution of this Agreement, or on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor and the Monitor do not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to any matter including, title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality, latent defects, cost, size, value, state of repair, environmental condition, Environmental Laws, zoning, permitted uses, permits, compliance with Applicable Laws of the Governmental Authorities, threatened claims, litigation, or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the Sale of Goods Act (Ontario) or similar legislation do not apply hereto and are hereby waived by the Purchaser. The description of the Purchased Assets contained in the Schedules hereto, and in any marketing material is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor or the Monitor concerning completeness or the accuracy of such descriptions. The Purchaser acknowledges that it has relied entirely upon its own inspections and investigations with respect to the purchase of the Purchased Assets including the quantity, quality and value thereof. The information contained in the description of the Purchased Assets in any marketing material, and any like material delivered or made available by the Vendor or the Monitor, agents or any other party on their behalf to the Purchaser or its representatives are believed to be correct, but if any misstatement, error, inaccuracy or omission (collectively the 'Inaccuracies') is found in the particulars thereof the Purchaser shall not be entitled to any abatement, damages, reimbursement, costs or to termination of this Agreement as a result thereof and the Purchaser hereby releases the Vendor and the Monitor from any claims, damages, suits, costs, etc., the Purchaser had, has or may have as a result of such Inaccuracies.

2.3 Assumed Encumbrances

The Purchaser acknowledges that the Vendor is selling the Purchased Assets subject to the Assumed Encumbrances and that the Vendor undertakes no obligation to discharge such Assumed Encumbrances on the Closing or thereafter.

2.4 Purchase Price

The Purchase Price for the Purchased Assets shall be the sum of ~~████~~ (\$~~████~~). The Purchase Price shall be payable to Collins Barrow Toronto Limited, Monitor re Martin Ross Group Inc.

2.5 Taxes

In addition to the Purchase Price, the Purchaser shall pay all applicable Transfer Taxes exigible in connection with the purchase and sale of the Purchased Assets, including, without limitation, HST.

The Purchaser will be a HST registrant under the ETA on or before the Closing Date and will provide its registration number to the Vendor on or before the Closing Date.

If part or all of the said transaction is subject to HST and:

- (i) the Vendor is a non-resident of Canada (i) the Vendor would be a non-resident of Canada but for Subsection 132(2) of the ETA; and/or

(ii) the Purchaser is a "prescribed recipient" under the ETA and/or is registered under the ETA, then the Purchaser shall deliver, prior to Closing, its certificate in form prescribed by the Act or, if no such form is prescribed, then in reasonable form, certifying that the Purchaser shall be liable for, shall self-assess and shall remit to the appropriate Governmental Authority all HST payable in respect of the transaction contemplated hereunder. If sub-paragraph (a) (ii) above is applicable, then the Purchaser's certificate shall also include certification of the Purchaser's prescription and/or registration as the case may be, and the Purchaser's HST registration number. If the Purchaser shall fail to deliver its certificate, then the Purchaser shall tender to the Vendor at Closing, in addition to the balance due on Closing, an amount equal to the HST that the Vendor shall be obligated to collect and remit in connection with the said transaction.

The Purchaser hereby indemnifies and holds the Vendor and the Monitor harmless from and against any liability for Transfer Taxes, including, without limitation, HST arising out of any failure to pay such taxes as and when due, together with all interest, penalties and expenses resulting from such failure.

2.6 Inspections

The Vendor will permit the Purchaser, its consultants, agents and representatives to carry out, at the Purchaser's sole expense and risk, such tests and investigations and inspections as the Purchaser, acting reasonably, may deem necessary with respect to the Assets, provided that no invasive testing shall be conducted in or under the premises where the assets are located and any other invasive testing shall require the Vendor's written approval prior to such testing and:

- (a) the Purchaser shall provide at least two Business Days' Notice to the Vendor of any such tests and inspections and the Vendor will be entitled to have a representative present during all such tests and inspections;
- (b) any damage to the Property caused by such tests and inspections will be promptly repaired by the Purchaser and the Purchaser will indemnify and save the Vendor harmless from all losses, costs, claims, third party actions, damages and expenses which the Vendor may suffer directly as a result of the said tests and inspections or any other breach of this Section by the Purchaser; and
- (c) prior to entering the Property to conduct the Purchaser's tests and investigations, the Purchaser shall deliver (or shall cause its representatives completing the Purchaser's investigations on its behalf to deliver) to the Vendor evidence of liability insurance coverage for at least \$2,000,000 from an insurer acceptable to the Vendor.

SECTION 3 — REPRESENTATIONS AND WARRANTIES

3.1 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of Ontario;
- (b) the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly

authorized by all necessary corporate action on the part of the Purchaser;

- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained herein;
- (d) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the best of the Purchaser's knowledge, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the transactions contemplated and the Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success;
- (e) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Purchaser and constitute or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (f) the Purchaser is not a non-Canadian person as defined in the Investment Canada Act; and
- (g) the Purchaser is registered or will be registered on Closing under Part IX of the ETA.

3.2 Vendor's Representations

The Vendor represents and warrants to the Purchaser as follows:

- (a) the Vendor has the right to enter into this Agreement and to complete the Transaction, subject to the granting of the Approval and Vesting Order;
- (b) the Vendor is not a non-resident of Canada for purposes of Section 116 of the *Income Tax Act* (Canada).

SECTION 4—CONDITIONS AND TITLE

4.1 Conditions - Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following condition precedent being fulfilled or performed at or prior to the Time of Closing:

- (a) the Vendor shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date;

The foregoing condition is for the exclusive benefit of the Purchaser. Such condition may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

4.2 Conditions — Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and as of that date;
- (b) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date;
- (c) no action or proceedings shall be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (d) the Vendor shall not have lost possession or control of the Purchased Assets or any part thereof.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing.

4.3 Approval and Vesting Order

The obligations of the Vendor and the Purchaser are subject to the conditions that:

- (a) the Approval & Vesting Order shall have been obtained, the terms of the Approval & Vesting Order shall not differ materially from the form of Order at Schedule "C" (the "**Approval & Vesting Order**"), and such Order shall not have been stayed, reversed or dismissed, and shall vest in the Purchaser all the right, title and interest of the Vendor in the Purchased Assets free and clear of any and all liabilities and encumbrances except for the Assumed Encumbrances; and
- (b) no order shall have been issued which restrains or prohibits the completion of the Transaction.

The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

4.4 Non-Satisfaction of Conditions

If any condition set out in this Section 4 is not satisfied or performed prior to the time specified therefore, the party for whose benefit the condition is inserted may

- (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other party to terminate this Agreement before Closing.

4.5 Title Examination

SECTION 5 — CLOSING

5.1 Closing

The completion of the Transaction shall take place on the Closing Date at the Time of Closing or as otherwise determined by mutual agreement of the Parties in writing.

5.2 Purchaser's Deliveries on Closing

At or before the Time of Closing, the Purchaser shall execute or deliver as applicable, to the Vendor the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) payment of the Purchase Price;
- (b) a certificate, dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (c) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 4.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (d) an Assignment and Assumption of Leases, if applicable;
- (e) an assumption of the Assumed Encumbrances;
- (f) a certificate of the Purchaser executed by a senior officer of the Purchaser confirming that the Purchaser (or such permitted assignee of the Purchaser) is purchasing the Purchased Assets on its own account and not as agent, trustee or nominee for any other Person and that it is a registrant for HST purposes under the ETA as at the Closing Date and setting out the registration number of the Purchaser for HST purposes;
- (g) an undertaking of the Purchaser to remit to the Receiver General for Canada on a timely basis, to the extent required under the ETA, any HST exigible in connection with the transactions contemplated by this Agreement and to indemnify and hold the Vendor harmless from and against any and all Claims that may be suffered or incurred by the Vendor arising from or in respect of the Purchaser's failure to register for the purposes of the HST or to perform its obligations under the ETA in connection with the completion of the transactions contemplated by this Agreement;
- (h) certified copy of a resolution of the board of directors of the Purchaser authorizing the execution of this Agreement and performance of each of the Purchaser's obligations hereunder;
- (i) a certificate of status and certified copy of the Articles of Incorporation of the Purchaser;
- (j) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement; and,
- (k) a corporate opinion letter from the solicitor of the Purchaser in a form satisfactory to the Vendor.

5.3 Vendor's Deliveries on Closing

At the time of Closing the Vendor shall execute and deliver to the Purchaser the following, each of

which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) Notarial copy of the Approval and Vesting Order;
- (b) an acknowledgement dated the Closing Date, that each of the conditions precedent in Section 4.2 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (c) an Assignment and Assumption of Leases, if applicable; and
- (d) such other documents as may be reasonably requested by the Purchaser's solicitors to give effect to this Agreement.

5.4 Purchaser's Acknowledgement

The Purchaser acknowledges that the Vendor is selling its rights, title and interests in and to the Purchased Assets pursuant to the Approval and Vesting Order. The Purchaser agrees to purchase and accept the Vendor's rights, title and interests in and to the Purchased Assets pursuant to and in accordance with the terms of this Agreement, the Terms and Conditions of Sale and the Approval and Vesting Order.

5.5 Possession of Purchased Assets

On Closing, the Purchaser shall take possession of the Purchased Assets where situate at the Time of Closing. In no event shall the Purchased Assets be sold, assigned, transferred or set over to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied and the Purchaser has satisfied all delivery requirements outlined in Section 5.2.

5.6 Risk

The Purchased Assets shall be and remain at the risk of the Vendor until Closing and at the risk of the Purchaser from and after Closing.

5.7 Termination

If either the Vendor or the Purchaser validly terminates this Agreement pursuant to the provisions of Section 4.4,

- (a) all the obligations of both the Vendor and Purchaser pursuant to this Agreement shall be at an end except as set out in this Agreement; and
- (b) neither party shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

5.8 Breach by Purchaser

If all of the conditions contained in Section 4.1 have been complied with, or waived by the Purchaser and the Purchaser fails to comply with the terms of this Agreement, the Vendor may by notice to the Purchaser elect to treat this Agreement as having been repudiated by the Purchaser. In addition, the Purchaser shall pay to the Vendor, on demand, the deficiency, if any, arising upon such resale (after deducting the expenses of resale) together with interest and all other damages or charges occasioned by or resulting from

the default by the Purchaser.

SECTION 6 - GENERAL

6.1 Further Assurances

Each of the Parties shall, from time to time after the Closing Date, at the request and expense of the other, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

6.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax, addressed:

in the case of the Purchaser, as follows:

Attention:
Telephone No:
Fax No.
Email

and in the case of the Vendor, as follows:

Martin Ross Group Inc.
250 Canarctic Drive
Toronto, Ontario
M3J 2P4

Attention: Morris Robinson
Fax No.:
Email:

With a copy to:

Collins Barrow Toronto Limited, Court-Appointed
Monitor of Martin Ross Group Inc.
11 King Street West
Suite 700, PO Box 27
Toronto ON M5H 4C7

Attention: Eric Corrado, CPA, CA
Fax No.: 416-480-2646

Email: ejcorrado@collinsbarrow.com

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if *transmitted by fax* before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on that Business Day, and if transmitted by fax after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

6.3 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser or by their respective solicitors.

6.4 Currency

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

6.5 Survival

The representations and warranties of the Parties hereto contained in this Agreement shall survive Closing.

6.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns, provided that the Purchaser shall not assign the benefit of this Agreement without the prior written consent of the Vendor.

6.7 Entire Agreement

This Agreement and the attached Schedules constitute the entire agreement between the Parties with respect to the subject matter and supersede all prior negotiations, understandings and agreements provided, however, that the Conditions of Sale continue to bind the Parties. This Agreement may not be amended or modified in any respect except by written instrument executed by the Parties. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless otherwise expressly provided in writing duly executed by the Party to be bound thereby. Subject to the Approval & Vesting Order being issued by the Court, this Agreement is intended to create binding obligations on the part of the Vendor as set forth herein and on acceptance by the Purchaser, is intended to create binding obligations on the part of the Purchaser, as set out herein.

6.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

6.9 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision's validity or enforceability in any other jurisdiction.

6.10 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario.

6.11 Commission

The Purchaser acknowledges that there are no agent or broker fees or other commissions payable by the Vendor on the Purchase Price or otherwise in connection with the Transaction, and the Purchaser agrees to indemnify the Vendor against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction.

6.12 Certain Words

In this Agreement, the words "third party" means any Person who is not a Party.

6.13 Statutory References

All references to any statute is to that statute or regulation as now enacted or as may from time to time be amended, re-enacted or replaced and includes all regulations made thereunder, unless something in the subject matter or context is inconsistent therewith or unless expressly provided otherwise in this Agreement.

6.14 Actions to be Performed on a Business Day

Whenever this Agreement provides for or contemplates that a covenant or obligation is to be performed, or a condition is to be satisfied or waived on a day which is not a Business Day, such covenant or obligation shall be required to be performed, and such condition shall be required to be satisfied or waived on the next Business Day following such day.

6.15 Strict Construction

Each party to this Agreement hereto acknowledges that it and its legal counsel have reviewed and participated in settling the terms of this Agreement and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

6.16 Monitor

Notwithstanding any other term in this Agreement, the Parties acknowledge that notwithstanding that the Monitor is not a party to this Agreement, the Monitor shall be entitled to rely on the representations, warranties, covenants, acknowledgements and other terms of this Agreement as if it were a signatory thereto.

6.17 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement.

Transmission by facsimile or electronic mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

6.18 Assignment

The Vendor acknowledges that the Purchaser has the right, and is permitted, provided it is not in breach and or in default of, its obligations hereunder, on five (5) Business Days prior written notice to the Vendor, to assign this Agreement and all the benefits contained herein, or the rights under this Agreement, to an affiliated entity only, subject to the assignee entering into an assumption agreement with the Vendor assuming the within Agreement.

The Parties have executed this Agreement by their duly authorized officers.

MARTIN ROSS GROUP INC.

Per: _____
Name:
Title:



Per: _____
Name:
Title:

Schedule A
Purchased Assets

The Purchased Assets consist of:

[REDACTED]

DRAFT

APPENDIX F

FORM OF OFFER

To: Martin Ross Group Inc. (the "Vendor")

1. _____

 (Name of Offeror)
2. _____

 (Address of Offeror)
3. _____

 (Telephone Number) (Facsimile Number) (E-mail address)

4. We/I hereby submit this offer for the purchase of the parcel(s) listed in Schedule A hereto for the total purchase price of CAD\$ _____ (_____ dollars), excluding applicable taxes.
5. We/I agree, that in the event this offer is accepted, to be bound by the Terms and Conditions of Sale dated August __, 2014 which shall form part of this offer.
6. This Offer is irrevocable and shall remain open for the consideration of the Company until 12:00 o'clock noon Eastern Standard Time on the 9th day of October, 2014.
7. Warranty - We/I represent and warrant to the Monitor that we are /I am/ not a non-Canadian, as defined by the *Investment Canada Act*, R.S.C. 1985, as amended.
8. Enclosed is our/my certified cheque payable to Collins Barrow Toronto Limited, Monitor re Martin Ross Group Inc., as a deposit in the amount of \$ _____, representing 10% of the total amount of our/my Offer submitted herein.

DATED at _____ this ____ day of _____, 2014.

[NAME OF OFFEROR]

Per: _____

Name:

Title:

Per: _____

Name:

Title:

We/I have authority to bind the Corporation.

SCHEDULE A

Parcel	Purchase Price
A	
B	
C	
D	
Total	

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
(Stay extension and Sale Process approval)
(returnable September 11, 2014)**

**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

Stephen Wolpert (LSUC # 57609Q)
swolpert@krmc-law.com

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

Lawyers for the Applicant

EXHIBIT C

This is Exhibit "C" referred to in the Affidavit of Cameron Gillies
sworn November 25, 2014

A handwritten signature in black ink, consisting of a stylized 'P' followed by a cursive 'C' and a long horizontal flourish extending to the right.

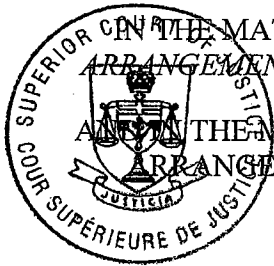
Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) FRIDAY, THE 17th
JUSTICE *PATTELLO*)
DAY OF OCTOBER, 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.

ORDER
(liquidation process approval)

THIS MOTION, made by the applicant, Martin Ross Group Inc. (the "Applicant")
for an Order, among other things:

- (a) approving a liquidation services agreement (the "Liquidation Services Agreement"), attached as Exhibit "G" to the Affidavit of Cameron Gillies sworn on October 15, 2014 (the "Gillies Affidavit"), between the Applicant and Silverman Chapman & Reese Consulting Ltd. (the "Liquidator"), and the transaction contemplated therein (the "Transaction"), and in particular, the liquidation of certain of the Applicant's finished goods inventory;
- (b) authorizing and directing the Applicant to conduct a separate liquidation process in respect of its loose diamonds inventory (the "Loose Diamonds Liquidation Process"), as described in the Gillies Affidavit;

- (c) authorizing and directing the Applicant to liquidate its inventory of gold and other precious metals, on a continuing basis, by selling them to a refinery, as described in the Gillies Affidavit;
- (d) authorizing and directing the Applicant to sell its remaining assets, excluding (i) assets covered by the Liquidation Services Agreement and the Loose Diamonds Liquidation Process, (ii) inventory of gold and other precious metals, and (iii) accounts receivable (the “**Remaining Assets**”), as part of a further, separate liquidation process, as described in the Gillies Affidavit, and each such sale not to exceed \$100,000 in any one transaction or \$1,750,000 in the aggregate;
- (e) vesting all of the Applicant’s right, title and interest in and to the assets sold in accordance with this Order, free and clear of any and all encumbrances, in and to the applicable purchasers;
- (f) extending the Stay Period, as defined in the Initial Order in these proceedings, from October 31, 2014 to January 31, 2015;
- (g) approving the Second and Third Reports of Collins Barrow Toronto Limited (“**CBTL**”), in its capacity as court-appointed monitor of the Applicant (the “**Monitor**”) and the actions and activities of the Monitor described therein;
- (h) approving the fees and disbursements of the Monitor and its counsel to date; and,
- (i) sealing the unredacted version of the Liquidation Services Agreement pending further order of this Court,

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

ON READING the Gillies Affidavit and the exhibits thereto, the Second and Third Reports of the Monitor, including the Affidavit of Daniel Weisz sworn on October 16, 2014 and the Affidavit of Stewart Thom sworn on October 14, 2014 (the “**Fee Affidavits**”) appearing as Appendices H and I, respectively, in the Third Report of the Monitor, and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one else from the Service List appearing, although properly served as appears from the affidavit of service of Kelly Barrett, sworn October 15, 2014,

SERVICE

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

LIQUIDATION SERVICES AGREEMENT

2. THIS COURT ORDERS that the Liquidation Services Agreement and the Transaction are hereby approved, and the execution of the Liquidation Services Agreement by the Applicant is hereby ratified and approved, with such minor amendments as the Applicant, Liquidator or Monitor may deem necessary. The Applicant is hereby authorized and directed to perform the Liquidation Services Agreement and complete the Transaction in accordance with the terms and conditions of the Liquidation Services Agreement, including taking such additional steps and executing such additional documents as may be necessary or desirable for the completion of the Transaction.

3. THIS COURT ORDERS that the Liquidator shall be entitled to use the Applicant’s premises and shall be entitled to use the Applicant’s trade names in all of its advertising and promotional activities related to the Liquidation Services Agreement.

LOOSE DIAMONDS LIQUIDATION PROCESS

4. THIS COURT ORDERS that the Applicant be and is hereby authorized and directed to conduct the Loose Diamonds Liquidation Process in respect of the Applicant's loose diamonds inventory, and that the Applicant is hereby authorized and directed to take such steps as are necessary or desirable to carry out the Loose Diamonds Liquidation Process and any step taken by the Applicant in connection with the Loose Diamonds Liquidation Process prior to the date hereof be and is hereby approved and ratified.

SALE OF GOLD AND PRECIOUS METALS

5. THIS COURT ORDERS that the Applicant be and is hereby authorized and directed to sell its inventory of gold and precious metals, from time to time, as it deems appropriate, by selling its inventory to refineries, at prices substantially in accordance with prevailing market rates.

SALE OF REMAINING ASSETS

6. THIS COURT ORDERS that the Applicant be and is hereby authorized and directed to sell its Remaining Assets as part of a further, separate liquidation process, provided that each such sale does not exceed \$100,000 in any one transaction or \$1,750,000 in the aggregate.

7. THIS COURT ORDERS that, pursuant to clause 3(c)(i) of the *Electronic Commerce Protection Regulations*, made under *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act*, S.C. 2010, c. 23, the Applicant is authorized and permitted to send, or cause or permit to be sent, commercial electronic

messages to an electronic address of prospective purchasers or bidders and to their advisors but only to the extent desirable or required to provide information with respect to the Loose Diamonds Liquidation Process and the sale of the Remaining Assets.

VESTING OF TITLE

8. THIS COURT ORDERS AND DECLARES that, upon the Liquidator, pursuant to the Liquidation Services Agreement, or upon the Applicant, under the Loose Diamonds Liquidation Process or pursuant to this Order, completing the sale of any assets to a purchaser, and upon receipt of the purchase price by the Liquidator or the Applicant, as the case may be, and delivery by the Liquidator or the Applicant, as the case may be, of a bill of sale or similar evidence of purchase to the purchaser (the “**Purchaser Bill of Sale**”), all of the Applicant’s right, title and interest in and to the assets described in the Purchaser Bill of Sale shall vest absolutely in such purchaser, free and clear of, and from, any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limitation: (i) any encumbrances or charges created by the Initial Order; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system.

9. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the monies payable to the Applicant, whether under the Liquidation Services Agreement or through the Loose Diamonds Liquidation Process or pursuant to this Order, from the sale of the assets shall stand in the place and stead of such assets, and that from and after

delivery of the Purchaser Bill of Sale, all Claims shall attach to the net proceeds from the sale of the assets with the same priority as they had with respect to the assets immediately prior to the sale, as if the assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

10. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicant,

the vesting of the assets in a purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

11. THIS COURT ORDERS AND DECLARES that each of the Transaction and the sale transactions contemplated by this Order are exempt from the application of the *Bulk Sales Act* (Ontario).

STAY EXTENSION

12. THIS COURT ORDERS that the Stay Period be and is hereby extended from October 31, 2014 to January 31, 2015.

FEE APPROVAL

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

APPROVAL OF THE SECOND AND THIRD REPORTS AND THE MONITOR'S ACTIVITIES

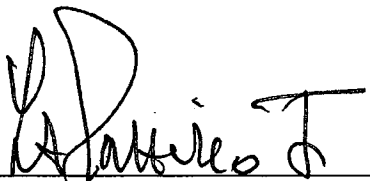
14. THIS COURT ORDERS that the Second and Third Reports of the Monitor, and the actions and activities of the Monitor as described therein, be and are hereby approved.

SEALING ORDER

15. THIS COURT ORDERS that the unredacted version of the Liquidation Services Agreement and the expression of interest from the Second Liquidator, as defined in the Third Report of the Monitor, appended as Confidential Appendix "1" to the Third Report of the Monitor shall remain sealed ** until January 31, 2015 or ** pending further order of this Court.

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

OCT 17 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

**ORDER
(liquidation process approval)**

**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, Martin Ross Group Inc.

EXHIBIT D

This is Exhibit "D" referred to in the Affidavit of Cameron Gillies
sworn November 25, 2014



Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

CONFIDENTIAL
SUBJECT TO A SEALING ORDER REQUEST

EXHIBIT E

This is Exhibit "E" referred to in the Affidavit of Cameron Gillies
sworn November 25, 2014

A handwritten signature in black ink, appearing to read 'P. Cho', with a long horizontal line extending to the right.

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

CONFIDENTIAL
SUBJECT TO A SEALING ORDER REQUEST

EXHIBIT F

This is Exhibit "F" referred to in the Affidavit of Cameron Gillies
sworn November 25, 2014

A handwritten signature in black ink, consisting of a stylized 'P' followed by a long horizontal line that ends in a small flourish.

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

THIS AGREEMENT made as of the _____ day of November, 2014

BETWEEN:

MARTIN ROSS GROUP INC., a corporation amalgamated pursuant to the laws of the Province of Ontario (“MRG”)

OF THE FIRST PART

- and -

FIRST JEWELRY LIMITED, a corporation incorporated pursuant to the laws of the Province of Ontario (“First”)

OF THE SECOND PART

WHEREAS:

- (A) On August 7, 2014 MRG commenced proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (“CCAA”);
- (B) As part of the CCAA proceedings, MRG obtained the consent of the court to liquidate its assets, in accordance with the terms of the order of the Honourable Justice Pattillo dated October 17, 2014 (the “Order”);
- (C) First has agreed to purchase selected finished goods from MRG that form part of MRG’s Persona brand and My First Diamond brand inventory;
- (D) The Order provides that further court approval is necessary if the purchase price of assets being sold by MRG exceeds \$100,000.00 for any single sale;
- (E) MRG has previously sold inventory to First with a value of less than \$100,000.00 and to comply with the terms of the Order, further court approval is required to sell additional inventory to First; and
- (F) The parties have agreed to terms of sale for the inventory, as set out herein.

NOW THEREFORE WITNESSETH THAT for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The foregoing recitals are true in substance and fact.
2. Subject to obtaining an order from the Ontario Superior Court of Justice (the “Court”), First agrees to purchase and MRG agrees to sell the inventory set out in Schedule B to this Agreement (the “Conditional Inventory”). The parties agree that the estimated purchase price for the Conditional Inventory is \$● plus applicable taxes. First shall be responsible to pay HST and other applicable taxes on top of the purchase price for the

Conditional Inventory. Payments on account of the purchase price shall be made by certified cheque, bank draft or via wire transfer.

3. MRG shall apply to the Court to approve the sale of the Conditional Inventory (the "Transaction") as soon as possible upon this Agreement being signed by both First and MRG. The Transaction occur within two (2) business days, as defined in Section 8, of obtaining an order of the Court approving the Transaction, by MRG making the Conditional Inventory available for pick-up, in accordance with section 5 below. The parties agree that if the Court does not approve the purchase of the Conditional Inventory, then such inventory shall not be sold to First.
4. Subject to obtaining an order approving the Transaction, the purchase price for the Conditional Inventory shall be paid as follows:
 - (a) One-third ($\frac{1}{3}$) of the purchase price, plus applicable taxes, upon delivery of the Conditional Inventory to First;
 - (b) One-third ($\frac{1}{3}$) of the purchase price, plus applicable taxes, 30 days after delivery of the Conditional Inventory; and
 - (c) One-third ($\frac{1}{3}$) of the purchase price, plus applicable taxes, 60 days after delivery of the Conditional Inventory.
5. Subject to obtaining the necessary order from the Court, MRG will make the Conditional Inventory available for First to pick up, at First's own expense, within the time frame set out in Section 3 above.
6. First acknowledges that it has inspected and chosen the Conditional Inventory (collectively the "Inventory") inventory from MRG's inventory. First further acknowledges and agrees that it will be purchasing and accepting the Conditional Inventory on an "as is where is" basis and that MRG is making no representation or warranty regarding the Conditional Inventory. First acknowledges that MRG disclaims any warranty or representation, expressed and implied, with respect to the Conditional Inventory, including but not limited to warranties regarding merchantability, quality or fitness for a particular purpose. Further, First acknowledges and agrees that none of the Conditional Inventory may be returned under any circumstances.
7. Title to the Conditional Inventory shall remain with MRG until such time as the items are paid for in full, at which time all of MRG's right, title and interest in and to the Conditional Inventory shall be transferred to First. Failure by First to make the required payments under this Agreement shall entitle MRG to demand the immediate return of the unpaid portion of the Conditional Inventory, as directed by MRG.
8. Any notice required or permitted to be given pursuant to this Agreement shall be in writing and may be given by personal delivery, by email, or by mailing the same postage prepaid as follows:

In the case of MRG, addressed to:

250 Canarctic Drive
Toronto, Ontario
M3J 2P4

Attn: Cam Gillies
Email: cgillies@martinross.ca

In the case of First, addressed to:

43 Lesmill Road
Toronto, Ontario
M3B 2T8

Attn: Neil Travis
President
Email: ntravis@firstjewelry.com

Any notice given personally shall be deemed delivered when personally delivered and if delivery is made other than during regular business hours of the recipient, the notice shall be deemed delivered the following business day. For the purposes of this Agreement, a business day shall mean a day other than a Saturday, Sunday or statutory holiday in the Province of Ontario. If a notice is given by email, the notice shall be deemed delivered on the date on which it was sent, provided if delivered outside normal business hours of the recipient, the notice shall be deemed delivered on the following business day. Finally if a notice is sent by regular prepaid mail, the notice shall be deemed delivered on the fifth (5th) business day after mailing, not including the date of mailing. Any one of the parties hereto may change its address from time to time by notice given to the other in accordance with the foregoing. In the event of a mail strike or other interruption of postal deliveries, all notices shall be delivered personally or by email.

9. This Agreement may be executed in any number of counterparts and all these counterparts shall for all purposes constitute one agreement, binding all the parties, notwithstanding that all parties are not signatories to the same counterpart. This Agreement may be delivered as a pdf document or by facsimile, which pdf document or facsimile shall be deemed an original and shall be admissible to the same extent as an original agreement.
10. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

11. This Agreement shall be governed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

MARTIN ROSS GROUP INC.

Per: _____
Name: Cameron Gillies
Title: President

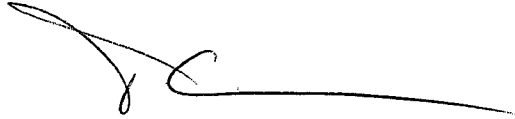
FIRST JEWELRY LIMITED

Per: _____
Name: Neil Travis
Title: President

SCHEDULE A
CONDITIONAL INVENTORY

EXHIBIT G

This is Exhibit "G" referred to in the Affidavit of Cameron Gillies
sworn November 25, 2014

A handwritten signature in black ink, consisting of a stylized 'P' and 'C' followed by a long horizontal line.

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

CONFIDENTIAL
SUBJECT TO A SEALING ORDER REQUEST

EXHIBIT H

This is Exhibit "H" referred to in the Affidavit of Cameron Gillies
sworn November 25, 2014



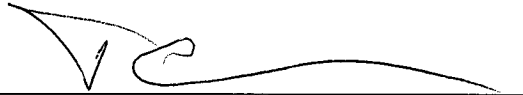
Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

CONFIDENTIAL
SUBJECT TO A SEALING ORDER REQUEST

EXHIBIT I

This is Exhibit "I" referred to in the Affidavit of Cameron Gillies
sworn November 25, 2014

A handwritten signature in black ink, appearing to read 'P. Cho', is written above a horizontal line.

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

EXECUTION VERSION

THIS ASSET PURCHASE AGREEMENT made as of the 21st day of November, 2014

BETWEEN:

MARTIN ROSS GROUP INC., a corporation amalgamated pursuant to the laws of the Province of Ontario
 (“**MRG**”)

- and -

CORONA JEWELLERY COMPANY LTD., a corporation incorporated pursuant to the laws of the Province of Ontario
 (“**Corona**”)

WHEREAS:

- (A) On August 7, 2014 MRG commenced proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”);
- (B) As part of the CCAA proceedings, MRG obtained the consent of the Court to liquidate its assets, in accordance with the terms of the order of the Honourable Justice Pattillo dated October 17, 2014 (the “**October Order**”);
- (C) Corona has agreed to purchase certain assets from MRG relating to MRG’s Libman jewellery collection, as set out and provided for in Schedule A attached hereto (the “**Purchased Assets**”);
- (D) The October Order provides that court approval is necessary if the purchase price of assets being sold by MRG exceeds \$100,000.00 for any single sale;
- (E) The purchase price for the Purchased Assets exceeds \$100,000.00; and
- (F) MRG has agreed to sell the Purchased Assets to Corona and Corona has agreed to purchase the Purchased Assets from MRG.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The foregoing recitals are true in substance and fact.
2. Subject to the terms and conditions of this Agreement, MRG hereby agrees to transfer, sell, convey and assign to Corona all of MRG’s right, title and interest in and to the Purchased Assets, and Corona hereby agrees to purchase the Purchased Assets from

-2-

MRG (the "**Transaction**") on or before 5.00 p.m. (the "**Closing Time**") on the day that is two (2) business days after the granting of the Approval and Vesting Order (the "**Closing Date**") or, in each case, as may otherwise be agreed to by the parties in writing.

3. The closing of the Transaction (the "**Closing**") is subject to and conditional upon MRG obtaining an order from the Ontario Superior Court of Justice (Commercial List) (the "**Court**") approving the transaction set out in this Agreement and vesting all right, title and interest of MRG in and to the Purchased Assets free and clear of all liens, claims, security interests and any other encumbrances and which order shall not have been stayed, reversed or dismissed or restrains or prohibits the completion of the Transaction, such Order to be substantially in the form of Order attached hereto as Schedule B (the "**Approval and Vesting Order**"). MRG shall apply to the Court to obtain the Approval and Vesting Order as soon as reasonably possible following the execution of this Agreement.
4. The aggregate purchase price for the Purchased Assets shall be the sum of [REDACTED] plus HST (if applicable) (the "**Purchase Price**"). The parties acknowledge and confirm that Corona has, prior to the date hereof, paid to MRG and MRG has received a deposit in the amount of [REDACTED] to be applied towards the Purchase Price (the "**Deposit**"). The balance of the Purchase Price shall be paid by Corona to MRG, or as MRG may direct, in full on or before the Closing Time. If the Transaction does not close on the Closing Date because MRG was not able to obtain the Approval and Vesting Order or due to MRG being unwilling or unable to close, or for any other reason that is not caused by Corona, MRG shall forthwith return the Deposit in full to Corona, without set-off, deduction or counterclaim. All payments contemplated herein shall be made by certified cheque, bank draft or wire transfer.
5. Corona acknowledges and agrees that it is purchasing and accepting the Purchased Assets on an "as is where is" basis and that MRG is making no representation or warranty of any kind regarding the Purchased Assets. Corona acknowledges that MRG disclaims any warranty or representation, expressed and implied, with respect to the Purchased Assets, including but not limited to warranties regarding title, encumbrances, merchantability, condition, quality or fitness for a particular purpose. Further, Corona acknowledges and agrees that none of the Purchased Assets may be returned under any circumstances.
6. MRG shall make the Purchased Assets available to Corona to pick up on Closing. On Closing, Corona shall take possession of the Purchased Assets where situate at the Closing Time, at its own expense. The Purchased Assets shall be and remain at the risk of MRG until Closing and at the risk of Corona from and after Closing.
7. Any notice required or permitted to be given pursuant to this Agreement shall be in writing and may be given by personal delivery, by email, or by mailing the same postage prepaid as follows:

-3-

In the case of MRG, addressed to:

250 Canarctic Drive
Toronto, Ontario
M3J 2P4

Attention: Cam Gillies, President
Email: cgillies@martinross.ca

In the case of Corona, addressed to:

16 Ripley Avenue
Toronto, Ontario
M6S 3N9

Attention: Sandra Minister, Secretary & Treasurer
Email: sandram@coronajewellery.com

Any notice given personally shall be deemed delivered when personally delivered and if delivery is made other than during regular business hours of the recipient, the notice shall be deemed delivered the following business day. For the purposes of this paragraph, a business day shall mean a day other than a Saturday, Sunday or statutory or public holiday in the Province of Ontario. If a notice is given by email, the notice shall be deemed delivered on the date on which it was sent, provided if delivered outside normal business hours of the recipient, the notice shall be deemed delivered on the following business day. Finally if a notice is sent by regular prepaid mail, the notice shall be deemed delivered on the fifth (5th) business day after mailing, not including the date of mailing. Any one of the parties hereto may change its address from time to time by notice given to the other in accordance with the foregoing. In the event of a mail strike or other interruption of postal deliveries, all notices shall be delivered personally or by email.

8. This Agreement may be executed in any number of counterparts and all these counterparts shall for all purposes constitute one agreement, binding all the parties, notwithstanding that all parties are not signatories to the same counterpart. This Agreement may be delivered as a pdf document or by facsimile, which pdf document or facsimile shall be deemed an original and shall be admissible to the same extent as an original agreement.
9. At the request of Corona, MRG shall do all things and execute all documents, consents and instruments, without further remuneration, to give effect to the terms of this Agreement including, without limitation, to sell, transfer, assign, convey and vest of all of MRG's right, title, and interest in and to the Purchased Assets to Corona.
10. This Agreement constitutes the entire agreement among the parties pertaining to the transaction provided for herein, and supersedes all prior agreements, understandings,

-4-


negotiations and discussions, whether oral or written, between the parties, including without limitation the letter agreement between the parties dated October 31, 2014. This Agreement contains all of the covenants, representations and warranties of the parties with respect to the transaction provided for herein, and there are no oral representations or warranties among the parties of any kind. This Agreement may not be amended or modified in any respect except by written instrument signed by all parties.

11. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.
12. This Agreement shall be governed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

MARTIN ROSS GROUP INC.

Per: _____


Cameron Gillies
President
I have authority to bind the corporation

CORONA JEWELLERY COMPANY LTD.

Per: _____

Sandra Minister
Secretary & Treasurer

-4-

negotiations and discussions, whether oral or written, between the parties, including without limitation the letter agreement between the parties dated October 31, 2014. This Agreement contains all of the covenants, representations and warranties of the parties with respect to the transaction provided for herein, and there are no oral representations or warranties among the parties of any kind. This Agreement may not be amended or modified in any respect except by written instrument signed by all parties.

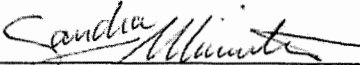
11. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.
12. This Agreement shall be governed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

MARTIN ROSS GROUP INC.

Per: _____
Cameron Gillies
President
I have authority to bind the corporation

CORONA JEWELLERY COMPANY LTD.


Per: 
Sandra Minister
Secretary & Treasurer

SCHEDULE A


PURCHASED ASSETS

All right, title and interest of MRG in and to assets used exclusively in the design, production and marketing of the Libman jewellery collection, including without limitation, the following:

1. Master models;
2. Molds, in their cabinets;
3. CAD files of designs;
4. CAD desktop computer and related software, which software Corona will have to obtain its own licence to use;
5. Computer Data on style information;
6. Customer lists;
7. Related worldwide intellectual property (and all goodwill attaching thereto), including but not limited to trade names, copyright, trademarks, domain names, ring styles and designs, industrial designs, registrations, applications, and including the following (the "Intellectual Property"):

<u>TRADEMARK</u>	<u>APPLICATION/REGISTRATION NOS.</u>
"COLUMBIA"	Canadian App 210073, Canadian Reg UCA38872
CENTURY	Canadian App 566414 Canadian Reg TMA328207
CONFORMA DESIGN <i>CONFORMA</i>	Canadian App 855956 Canadian Reg TMA515147
GOLDMASTER	Canadian App 454334 Canadian Reg TMA268394
Inuit Diamonds	Canadian App 1316452 Canadian Reg TMA750179
INUIT ICE	Canadian App 1594461 Canadian Reg TMA861989
INUIT ICE CANADIAN DIAMONDS & Design <i>Inuit Ice</i>  CANADIAN DIAMONDS	Canadian App 1594462 Canadian Reg TMA868909
LC; DESIGN	Canadian App 536590 Canadian Reg TMA312679

-6-

	
LIBCO	Canadian App 665180 Canadian Reg TMA394811 U.S. Ser. 73,655,720 U.S. Reg. 1,467,257
LIBMAN & COMPANY	
LUXURY FIT	Canadian App 750640 Canadian Reg TMA442582
SYNDICATE	Canadian App 391226 Canadian Reg TMA217643
THE FOREVER COLLECTION	U.S. Ser. 76,502,050 U.S. Reg. 2,985,823
THE JOURNEY OF LOVE COLLECTION	Canadian App 1289329 Canadian Reg TMA690798

8. All tools, equipment and machinery that are marked, stamped, labelled or are otherwise identified as comprising or are subject to the Intellectual Property;
9. Business Name Registration (Ontario) – “Libman & Company”;
10. Electronic marketing images;
11. Sales representative sample lines which consist of brass samples in carrying trays and cases; and
12. Marketing, packaging & display material.

It is understood by the parties that the items listed in Schedule C have been sold by MRG to a third party prior to the date of this Agreement and do not comprise a part of the Purchased Assets, notwithstanding that such items were previously used in the production of the Libman jewellery collection

-7-

SCHEDULE B

**FORM OF
APPROVAL AND VESTING ORDER**
(see attached)

-8-

SCHEDULE C**EXCLUDED ITEMS**

Sku	Libman Style #	Model #	Model #
18286591	31781/50PJ	3736	
17637083	T21794/25	97813	
19562677	32242WG	3S1009	
19292960	32233/150WG	3S1011	
19752468	32243WG	3S1012	
19917004	32255/100WG	3S1033/100	
19877562	32255/100WGZ	3S1033/100	
19925460	32255/150WG	3S1033/150	
19925460	32255/150WG	3S1033/150	
19917020	32255/200WG	3S1033/200	
19877570	32256/100WGZ	3S1034/100	
18262196	4967G	4967G	
18262188	4967L	4967L	
18262204	4968G	4968G	
18262212	4968L	4968L	
19543156	T22774PJ	97996SM	
15164833	B2336WD	B2336W	B931WX
15619281	B2336WDPJW	B2336W	B931WX
17712043	B3427/100WG	B3427/100	
18567289	B3427WD26	B3427W1	
18158584	B3716	B3716	
19292986	32234/150WG	BR1119	
19300045	32235/14K	BR1122	
19312834	32235	BR1122ZP/Q65	
19300243	B3822/40PJ	BR1138/40	
19973674	B3799/33WGR	BR1228/33	
19957096	B3799/33WGZ	BR1228/33	
19971974	B3799/50PJ	BR1228/50	
19973673	B3799/50WGR	BR1228/50	
19957095	B3799/50WGZ	BR1228/50	
19973196	B3799/70PJ	BR1228/70	
19556430	B3799/70WG	BR1228/70	
19957094	B3799/70WGZ	BR1228/70	
19977610	B3889WG/PJ	BR1304	
19810100	B3889WG	BR1304	
19972961	B3918/33WG	BR1347/33	
19972971	B3918/50WG	BR1347/50	
19978704	B3919WG – SET	BR1348 - W	
19775766	32217/100WG	DF1049	

-9-

19386143	32243WG	O1014	
19598838	T22664WG	PD1062	

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TAB 3

Revised: January 21, 2014

Court File No. CV-14-1065500CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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THE HONOURABLE) WEEKDAY TUESDAY, THE #2ND
JUSTICE) DAY OF MONTH DECEMBER, 20YR 2014

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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.

BETWEEN:

PLAINTIFF

Plaintiff

~~and~~

DEFENDANT

Defendant

APPROVAL AND VESTING ORDER
(approving FJL Transaction)

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~~THIS MOTION, made by Martin Ross Group Inc. (the "Applicant") for, among other things, an order [RECEIVER'S NAME] in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an asset purchase agreement of purchase and sale (the "Sale Agreement") between the Receiver Applicant and [NAME OF PURCHASER] First Jewelry Limited (the "Purchaser"), substantially in the form dated [DATE] November 20, 2014 and appended attached as Exhibit "F" to the Report of the Receiver dated [DATE] (the "Report") Affidavit of Cameron Gillies sworn on November 24, 2014 (the "Gillies~~

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Affidavit"), and vesting in the Purchaser the Debtor's Applicant's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

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ON READING the Notice of Motion, the Gillies Affidavit and the Fourth Report of Collins Barrow Toronto Limited ("CBTL") in its capacity as court-appointed monitor of the Applicant (the "Monitor"), and on hearing the submissions of the lawyers for the Applicant, the Monitor, the Purchaser, and on being advised that the Purchaser does not object to the relief sought, Report and on hearing the submissions of counsel for the Receiver, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME]-Kelly Barrett sworn {DATE} November 24, 2014, filed¹:

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

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved,² and the execution of the Sale Agreement by the Receiver³ Applicant is hereby authorized and approved, with such minor amendments as the Receiver Applicant may deem necessary. The Receiver Applicant is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's Monitor's certificate to the Purchaser substantially in the form attached as Schedule A hereto

¹ This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.

² In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.

³ In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.

- 3 -

(the "Receiver's Monitor's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement ~~[and listed on Schedule B hereto]~~⁴ shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"⁵) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Penny dated August 7, 2014 (the "Initial Order")~~the Order of the Honourable Justice [NAME] dated [DATE];~~ and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) ~~those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.~~

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3. — ~~THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver][Land Titles Division of {LOCATION}] of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act~~⁶, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

⁴ To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.

⁵ The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.

⁶ Elect the language appropriate to the land registry system (Registry vs. Land Titles).

- 4 -

4. THIS COURT ORDERS that the Monitor may rely on written notice from the Applicant and the Purchaser regarding fulfilment of conditions to closing under the Sale Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

4.5. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's-Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale⁸, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5.6. THIS COURT ORDERS AND DIRECTS the Receiver-Monitor to file with the Court a copy of the Receiver's-Monitor's Certificate, forthwith after delivery thereof.

~~6. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada Personal Information Protection and Electronic Documents Act, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "A" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.~~

7. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;

⁷ The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".

⁸ This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.

- 5 -

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the ~~Debtor~~ Applicant and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the ~~Debtor~~ Applicant;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the ~~Debtor~~ Applicant and shall not be void or voidable by creditors of the ~~Debtor~~ Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. THIS COURT ORDERS that the offer to purchase dated October 27, 2014, the letter dated September 12, 2014 and the unredacted version of the Sale Agreement, appearing as Exhibits "D", "E" and F" to the Gillies Affidavit, respectively, shall remain sealed until the completion of the Transaction, or further order of this Court.

~~8.~~

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~~9. 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.~~

- 6 -

Revised: January 21, 2014

Schedule A – Form of ReceiverMonitor’s Certificate

Court File No. CV-14-1065500CL_____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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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.

BETWEEN:

~~PLAINTIFF~~

Plaintiff

~~and~~

~~DEFENDANT~~

Defendant

RECEIVERMONITOR’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Penny [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "**Court**") dated August 7, 2014, Collins Barrow Toronto Limited ("**CBTL**") [DATE OF ORDER], [NAME OF RECEIVER] was appointed as the receiverMonitor (the "ReceiverMonitor") of the undertaking, property and assets of Martin Ross Group Inc. [DEBTOR] (the "**DebtorApplicant**").

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B. Pursuant to an Order of the Court dated [DATE] December 2, 2014, the Court approved the asset purchase agreement substantially in the form attached as Exhibit "F" to the Affidavit of Cameron Gillies sworn on November 25, 2014 of purchase and sale made as of [DATE OF AGREEMENT] November 20, 2014 (the "**Sale Agreement**") between the Receiver Applicant [Debtor] and [NAME OF PURCHASER] First Jewelry Limited (the "**Purchaser**") and provided

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- 2 -

for the vesting in the Purchaser of the ~~Debtor~~Applicant's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the ~~Receiver~~Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) ~~that the conditions to Closing as set out in section 2 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;~~ and (iii) the Transaction has been completed to the satisfaction of the ~~Receiver~~Applicant.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE ~~RECEIVER~~MONITOR CERTIFIES the following:

1. The Purchaser has paid and the ~~Receiver~~Applicant has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section ~~2~~2 of the Sale Agreement have been satisfied or waived by the ~~Receiver~~Applicant and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the ~~Receiver~~Applicant.
4. This Certificate was delivered by the ~~Receiver~~Monitor at _____ [TIME] on _____ [DATE].

Collins Barrow Toronto Limited~~[NAME OF RECEIVER], in its capacity as court-appointed monitor of Martin Ross Group Inc., Receiver of the undertaking, property and assets of [DEBTOR], and not in its personal capacity~~

Per: _____

Name:

Title:

Revised: January 21, 2014

Schedule B—Purchased Assets

DRAFT

Revised: January 21, 2014

Schedule C — ~~Claims to be deleted and expunged from title to Real Property~~

DRAFT

~~Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property~~

~~(unaffected by the Vesting Order)~~

TAB 4

Court File No. CV-14-1065500CL

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

THE HONOURABLE)	TUESDAY, THE 2 ND
)	
JUSTICE)	DAY OF DECEMBER, 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.

**APPROVAL AND VESTING ORDER
(approving FJL Transaction)**

THIS MOTION, made by Martin Ross Group Inc. (the "**Applicant**") for, among other things, an order approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement (the "**Sale Agreement**") between the Applicant and First Jewelry Limited (the "**Purchaser**"), substantially in the form attached as Exhibit "F" to the Affidavit of Cameron Gillies sworn on November 25, 2014 (the "**Gillies Affidavit**"), and vesting in the Purchaser the Applicant's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Gillies Affidavit and the Fourth Report of Collins Barrow Toronto Limited ("**CBTL**") in its capacity as court-appointed monitor of the Applicant (the "**Monitor**"), and on hearing the submissions of the lawyers for the Applicant, the Monitor, and on being advised that the Purchaser does not object to the relief sought, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Kelly Barrett sworn November 25, 2014, filed:

1. THIS COURT ORDERS that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Applicant is hereby authorized and approved, with such minor amendments as the Applicant may deem necessary. The Applicant is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Monitor's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Penny dated August 7, 2014 (the "**Initial Order**"); and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
4. THIS COURT ORDERS that the Monitor may rely on written notice from the Applicant and the Purchaser regarding fulfilment of conditions to closing under the Sale Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

5. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

7. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicant;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. THIS COURT ORDERS that the offer to purchase dated October 27, 2014, the letter dated September 12, 2014 and the unredacted version of the Sale Agreement, appearing as Exhibits "D", "E" and F" to the Gillies Affidavit, respectively, shall remain sealed until the completion of the Transaction, or further order of this Court.

Schedule A – Form of Monitor’s Certificate

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.

MONITOR’S CERTIFICATE**RECITALS**

A. Pursuant to an Order of the Honourable Justice Penny of the Ontario Superior Court of Justice (the "**Court**") dated August 7, 2014, Collins Barrow Toronto Limited ("**CBTL**") was appointed as Monitor (the "Monitor") of Martin Ross Group Inc. (the "**Applicant**").

B. Pursuant to an Order of the Court dated December 2, 2014, the Court approved the asset purchase agreement substantially in the form attached as Exhibit "F" to the Affidavit of Cameron Gillies sworn on November 25, 2014 (the "**Sale Agreement**") between the Applicant and First Jewelry Limited (the "**Purchaser**") and provided for the vesting in the Purchaser of the Applicant’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; and (ii) the Transaction has been completed to the satisfaction of the Applicant.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

- 2 -

1. The Purchaser has paid and the Applicant has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 2 of the Sale Agreement have been satisfied or waived by the Applicant and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Applicant.
4. This Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

**Collins Barrow Toronto Limited, in its
capacity as court-appointed monitor of
Martin Ross Group Inc., and not in its
personal capacity**

Per: _____

Name:

Title:

TAB 5

Revised: January 21, 2014

Court File No. CV-14-1065500CL

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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THE HONOURABLE) WEEKDAY TUESDAY, THE #2ND
JUSTICE) DAY OF MONTH DECEMBER, 20YR 2014

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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.

BETWEEN:

~~PLAINTIFF~~

Plaintiff

~~and~~

~~DEFENDANT~~

Defendant

APPROVAL AND VESTING ORDER
(approving Corona Transaction)

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THIS MOTION, made by Martin Ross Group Inc. (the "Applicant") for, among other things, an order [RECEIVER'S NAME] in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an asset purchase agreement of purchase and sale (the "Sale Agreement") between the Receiver Applicant and [NAME OF PURCHASER] Corona Jewellery Company Ltd. (the "Purchaser") dated [DATE] November 21, 2014 and appended attached as Exhibit "FI" to the Report of the Receiver dated [DATE] (the "Report") Affidavit of Cameron Gillies sworn on November 25, 2014 (the "Gillies Affidavit"),

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- 2 -

and vesting in the Purchaser the ~~Debtor's Applicant's~~ right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

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ON READING the Notice of Motion, the Gillies Affidavit and the Fourth Report of Collins Barrow Toronto Limited ("CBTL") in its capacity as court-appointed monitor of the Applicant (the "**Monitor**"), and on hearing the submissions of the lawyers for the Applicant and the Monitor and ~~on hearing the submissions of counsel for the Receiver, [NAMES OF OTHER PARTIES APPEARING],~~ no one appearing for any other person on the service list, although properly served as appears from the affidavit of ~~[NAME]~~ Kelly Barrett sworn ~~[DATE]~~ November 25⁴, 2014, filed¹:

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

~~1.2.~~ THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved,² and the execution of the Sale Agreement by the Receiver³ Applicant is hereby authorized and approved, with such minor amendments as the Receiver Applicant may deem necessary. The Receiver Applicant is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

~~2.3.~~ THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's Monitor's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Monitor's Certificate"), all of the Debtor's right, title and interest in and to the

¹ ~~This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

² ~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

³ ~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

- 3 -

Purchased Assets described in the Sale Agreement ~~[and listed on Schedule B hereto]~~⁴ shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"⁵) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Penny dated August 7, 2014 (the "Initial Order")~~the Order of the Honourable Justice [NAME] dated [DATE]; and~~ (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and ~~(iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.~~

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3. ~~THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the *Land Registration Reform Act* duly executed by the Receiver~~~~[[Land Titles Division of {LOCATION}] of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*]~~⁶, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

⁴ To allow this Order to be free standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.

⁵ The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.

⁶ Elect the language appropriate to the land registry system (Registry vs. Land Titles).

- 4 -

4. THIS COURT ORDERS that the Monitor may rely on written notice from the Applicant and the Purchaser regarding fulfilment of conditions to closing under the Sale Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

4.5. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's-Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale⁸, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5.6. THIS COURT ORDERS AND DIRECTS the Receiver-Monitor to file with the Court a copy of the Receiver's-Monitor's Certificate, forthwith after delivery thereof.

~~6. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada Personal Information Protection and Electronic Documents Act, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "•" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.~~

7. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;

⁷ ~~The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".~~

⁸ ~~This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

- 5 -

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the ~~Debtor~~ Applicant and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the ~~Debtor~~ Applicant;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the ~~Debtor~~ Applicant and shall not be void or voidable by creditors of the ~~Debtor~~ Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. THIS COURT ORDERS that the offers to purchase dated October 31, 2014 and the unredacted version of the Sale Agreement, appearing as Exhibits "G", "H" and "I" to the Gillies Affidavit, respectively, shall remain sealed until the completion of the Transaction, or further order of this Court.

~~10. 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.~~

Revised: January 21, 2014

Schedule A – Form of ReceiverMonitor’s Certificate

Court File No. CV-14-1065500CL_____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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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.

BETWEEN:

~~PLAINTIFF~~

Plaintiff

~~—and—~~

~~DEFENDANT~~

Defendant

RECEIVERMONITOR’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Penny [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "Court") dated August 7, 2014, Collins Barrow Toronto Limited ("CBTL") [DATE OF ORDER], [NAME OF RECEIVER] was appointed as the receiverMonitor (the "ReceiverMonitor") of the undertaking, property and assets of Martin Ross Group Inc. [DEBTOR] (the "DebtorApplicant").

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B. Pursuant to an Order of the Court dated [DATE] December 2, 2014, the Court approved the asset purchase agreement of purchase and sale made as of [DATE OF AGREEMENT] November 21, 2014 (the "Sale Agreement") between the Applicant [Debtor] and [NAME OF PURCHASER] Corona Jewellery Company Ltd. (the "Purchaser") and provided for the vesting in the Purchaser of the DebtorApplicant’s right, title and interest in and to the Purchased Assets,

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which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver~~Monitor~~ to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 3 of the Sale Agreement have been satisfied or waived by the Receiver~~Applicant~~ and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver~~Applicant~~.

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C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER~~MONITOR~~ CERTIFIES the following:

1. The Purchaser has paid and the Receiver~~Applicant~~ has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 3 of the Sale Agreement have been satisfied or waived by the Receiver~~Applicant~~ and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver~~Applicant~~.
4. This Certificate was delivered by the Receiver~~Monitor~~ at _____ [TIME] on _____ [DATE].

Collins Barrow Toronto Limited~~[NAME OF RECEIVER]~~, in its capacity as **court-appointed monitor of Martin Ross Group Inc., Receiver of the undertaking, property and assets of [DEBTOR]**, and not in its personal capacity

Per: _____
Name:
Title:

Revised: January 21, 2014

Schedule B—Purchased Assets

DRAFT

Revised: January 21, 2014

Schedule C—Claims to be deleted and expunged from title to Real Property

DRAFT

~~Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property~~

~~(unaffected by the Vesting Order)~~

TAB 6

Court File No. CV-14-1065500CL

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

THE HONOURABLE

)

TUESDAY, THE 2ND

JUSTICE

)

DAY OF DECEMBER, 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.

**APPROVAL AND VESTING ORDER
(approving Corona Transaction)**

THIS MOTION, made by Martin Ross Group Inc. (the "**Applicant**") for, among other things, an order approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement (the "**Sale Agreement**") between the Applicant and Corona Jewellery Company Ltd. (the "**Purchaser**") dated November 21, 2014 and attached as Exhibit "I" to the Affidavit of Cameron Gillies sworn on November 25, 2014 (the "**Gillies Affidavit**"), and vesting in the Purchaser the Applicant's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Gillies Affidavit and the Fourth Report of Collins Barrow Toronto Limited ("**CBTL**") in its capacity as court-appointed monitor of the Applicant (the "**Monitor**"), 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 affidavit of Kelly Barrett sworn November 25, 2014, filed:

1. THIS COURT ORDERS that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Applicant is hereby authorized and approved, with such minor amendments as the Applicant may deem necessary. The Applicant is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Monitor's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Penny dated August 7, 2014 (the "**Initial Order**"); and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
4. THIS COURT ORDERS that the Monitor may rely on written notice from the Applicant and the Purchaser regarding fulfilment of conditions to closing under the Sale Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

5. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

7. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicant;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. THIS COURT ORDERS that the offers to purchase dated October 31, 2014 and the unredacted version of the Sale Agreement, appearing as Exhibits "G", "H" and "I" to the Gillies Affidavit, respectively, shall remain sealed until the completion of the Transaction, or further order of this Court.

Schedule A – Form of Monitor’s Certificate

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.

MONITOR’S CERTIFICATE**RECITALS**

- A. Pursuant to an Order of the Honourable Justice Penny of the Ontario Superior Court of Justice (the "**Court**") dated August 7, 2014, Collins Barrow Toronto Limited ("**CBTL**") was appointed as Monitor (the "Monitor") of Martin Ross Group Inc. (the "**Applicant**").
- B. Pursuant to an Order of the Court dated December 2, 2014, the Court approved the asset purchase agreement made as of November 21, 2014 (the "**Sale Agreement**") between the Applicant and Corona Jewellery Company Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Applicant’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 3 of the Sale Agreement have been satisfied or waived by the Applicant and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Applicant.
- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Applicant has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 3 of the Sale Agreement have been satisfied or waived by the Applicant and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Applicant.
4. This Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

**Collins Barrow Toronto Limited, in its
capacity as court-appointed monitor of
Martin Ross Group Inc., and not in its
personal capacity**

Per: _____

Name:

Title:

TAB 7

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

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

THE HONOURABLE
JUSTICE

)
)
)

TUESDAY, THE 2ND
DAY OF DECEMBER, 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.

ORDER

(approving the Fourth Report and actions and activities of the Monitor)

THIS MOTION, made by Martin Ross Group Inc. (the "**Applicant**") for, among other things, an order approving the Fourth Report of Collins Barrow Toronto Limited ("**CBTL**") in its capacity as court-appointed monitor of the Applicant (the "**Monitor**") and the actions and activities of the Monitor described therein, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Gillies Affidavit and the Fourth Report of the Monitor, 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 affidavit of Kelly Barrett sworn November 25, 2014, filed:

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

2. THIS COURT ORDERS that the Fourth Report of the Monitor, and the actions and activities of the Monitor as described therein, be and are hereby approved.
-

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
(approving Fourth Report and
actions and activities of the Monitor)**

**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, Martin Ross Group Inc.

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
(motion approving FJL and Corona Transactions)
(returnable December 2, 2014)**

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