

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 interim distribution)
(returnable January 14, 2015)

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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 interim distribution)
(returnable January 14, 2015)**

Martin Ross Group Inc. (the “**Applicant**”) will make a motion to a judge presiding over the Commercial List on Wednesday, January 14, 2015 at 10:00 a.m., or as soon after that time as the motion can be heard at 330 University Avenue, 8th Floor, Toronto, Ontario.

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

THE MOTION IS FOR:

1. An order substantially in the form of the draft order attached at Tab 3 of the Motion Record for various relief, including:
 - (a) if necessary, abridging the time for service and filing of the Motion Record, and validating service of the Motion Record, such that this motion is properly returnable today;

- (b) approving the proposed interim distribution (the “**Interim Distribution**”) to the major secured creditors of the Applicant, as follows:
 - (i) \$3,400,000 to RP Holdings; and,
 - (ii) \$1,800,000 USD to Sherfam Inc.;
- (c) approving the Fifth Report of Collins Barrow Toronto Limited (“**CBTL**”), in its capacity as court-appointed monitor of the Applicant (the “**Monitor**”) and the activities of the Monitor described therein;
- (d) approving the fees and disbursements of the Monitor and its counsel, Torkin Manes LLP; and,
- (e) such further and other relief as to this Court may seem just.

THE GROUNDS FOR THE MOTION ARE

1. The Applicant was a manufacturer and wholesaler of fine jewellery, with an emphasis on products 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 October 17, 2014, the Honourable Justice Pattillo granted an order (the “**Liquidation Process Order**”) approving a liquidation process to conduct a liquidation of all of the Applicant’s assets, excluding its accounts receivables;
6. Pursuant to the Liquidation Process Order, the Applicant has concluded a number of transactions that have resulted in realizations and cash receipts;
7. As of January 12, 2015, the Applicant has approximately \$4.833 million CDN and \$2.692 million USD cash on hand in its bank account;
8. The Applicant proposes to make the Interim Distribution to the two major secured creditors of the Applicant, while retaining the balance of the cash on hand to continue funding the operations, fees and expenses to be incurred during this CCAA proceedings, in accordance with the cash flow statements previously filed with this Court, as well as any further claims of creditors;
9. The Monitor has obtained independent opinions with respect to the validity and enforceability of the security interests of the Applicant’s major secured creditors, RP Holdings Inc. (“**RP**”) and Sherfam Inc. (“**Sherfam**”). According to the security opinions, the security interests of RP and Sherfam are valid and enforceable;
10. The proposed Interim Distribution would provide for the repayment of some, but not all, of the outstanding secured indebtedness owed to the Applicant’s secured creditors;
11. Section 11 of the CCAA;

12. Rules 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure*; and
13. 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 Allen Shechtman, affirmed January 12, 2015 and the exhibits thereto;
2. The Fifth Report of the Monitor; and,
3. Such further and other evidence as the lawyers may advise and this Court may permit.

January 12, 2015

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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 ALLEN SHECHTMAN
(affirmed January 12, 2015)

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

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

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

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

- (a) approving the proposed interim distribution (the "**Interim Distribution**") to the major secured creditors of the Applicant, as follows:

- i. \$3,400,000 to RP Holdings Inc. (“**RP**”); and,
 - ii. \$1,800,000 USD to Sherfam Inc. (“**Sherfam**”);
- (b) approving the Fifth Report of Collins Barrow Toronto Limited (“**CBTL**”), in its capacity as court-appointed monitor of the Applicant (the “**Monitor**”) and the activities of the Monitor described therein; and,
- (c) approving the fees and disbursements of the Monitor and its counsel, Torkin Manes LLP.
4. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the prior affidavits of Cameron Gillies filed in these proceedings and sworn August 5, 2014 (the “**First Gillies Affidavit**”), September 5, 2014 (the “**Second Gillies Affidavit**”), October 15, 2014 (the “**Third Gillies Affidavit**”) and November 25, 2014 (the “**Fourth Gillies Affidavit**”), respectively.

INTRODUCTION

5. 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.

6. On August 7, 2014, MRG sought and was granted protection from its creditors pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). A copy of the Initial Order granted by the Honourable Justice Penny is attached hereto and marked as **Exhibit “A”**.

7. Pursuant to the Initial Order, CBTL was appointed as Monitor of MRG.
8. The Stay Period (as defined in the Initial Order) has been extended on a number of occasions, 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.
9. 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.
10. The Sale Process ended on September 30, 2014, but did not result in any material offers.
11. On October 17, 2014, the Honourable Justice Pattillo 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 “B”** is a copy of the Liquidation Process Order.
12. Pursuant to the Liquidation Process Order, MRG was authorized and directed to conduct separate liquidation processes for certain distinct types of assets, in the following manner:
 - (a) a retail liquidation sale of its finished good inventory (the “**Retail Liquidation Sale**”);

- (b) a closed-bid sale process for its inventory of loose diamonds (the “**Loose Diamonds Sale Process**”);
 - (c) the sale of gold and other precious metals to a refinery at prevailing market prices (the “**Precious Metals Refinery Sale**”); and;
 - (d) the sale of its semi-precious stones, surplus inventory and other assets (the “**Remaining Assets**”) by private sale without further approval of the court, provided each individual sale transaction does not exceed \$100,000, and that all transactions in respect of the Remaining Assets do not exceed \$1,750,000 in the aggregate.
13. The Retail Liquidation Sale and the Loose Diamonds Sale Process have now been concluded and have resulted in realizations for, and cash receipts in the hands of, the Applicant. The Applicant has also completed a number of transactions in respect of the Remaining Assets that have resulted in realizations and cash receipts.
14. Accordingly, and in accordance with the wishes of the Applicant’s major secured creditors, MRG seeks an order approving the proposed Interim Distribution.
15. In this affidavit, I will deal with the following matters:
- (a) the preliminary results of the Retail Liquidation Sale;
 - (b) the results of the Loose Diamonds Sale Process;
 - (c) the status of the two sale transactions which were approved by this Court on December 2, 2014;

- (d) the status of the Precious Metals Refinery Sale;
- (e) the status of MRG's employees;
- (f) the secured creditors of MRG; and,
- (g) the proposed Interim Distribution.

16. We anticipate returning to the Court prior to the expiry of the Stay Period, and thus, in a future affidavit, I will deal with the results of the Retail Liquidation Sale and the status of the sale of the Remaining Assets in greater detail, and provide an outline of the Applicant's proposed future actions in these proceedings in an effort to realize further value for MRG's Stakeholders.

RETAIL LIQUIDATION SALE

17. The Retail Liquidation Sale concluded on December 24, 2014. The total sales, exclusive of taxes, were approximately \$1.9 million (including a small amount attributable to some supplemental inventory supplied by the Liquidator).

18. The Retail Liquidation Sale did not result in the expected level of sales and a significant quantity of finished goods inventory remains unsold. MRG is presently working to catalogue the remaining inventory. MRG is also working with the Liquidator to account for all expenses incurred in respect of the sale in order to determine the net realizations from the Retail Liquidation Sale.

19. Based, in part, on this determination of the net realizations, MRG will assess its options with respect to the finished goods inventory and the Remaining Assets, so as to realize value for its stakeholders.

THE LOOSE DIAMONDS SALE PROCESS

20. The Loose Diamonds Sale Process took place between November 3 and December 8, 2014. A total of 16 interested persons attended MRG's premises to inspect the loose diamonds inventory. MRG received a total of 12 offers for some or all of the loose diamonds.

21. During the irrevocability period from November 25, 2014 to December 8, 2014, MRG contacted the top three offerors and invited them to submit revised bids. All three of these offerors submitted revised bids and MRG ultimately selected the top bidder who offered to purchase the entire inventory of loose diamonds, except for a specific lot of trademarked diamonds (Lot 270) that could only be sold to certain authorized diamond dealers.

22. Accordingly, MRG entered into a purchase and sale agreement with SimplexDiam, Inc. ("**Simplex**") in respect of all of MRG's inventory of loose diamonds, except for Lot 270, for a purchase price of \$2,503,333.30 USD.

23. On December 9, 2014, Simplex paid the balance of the purchase price to MRG. On December 10, 2014, Simplex and MRG arranged for the pick-up and delivery of the loose diamonds.

24. As noted above, Lot 270 was comprised of trademarked diamonds that could only be sold to certain authorized diamond dealers. Although there were a number of offers from

authorized diamond dealers which included Lot 270, only one of these authorized diamond dealers was willing to purchase Lot 270 alone.

25. Therefore, MRG agreed to sell Lot 270 to HRA Group Holdings Limited (“HRA”) for the purchase price of \$35,000 USD. I am advised by the Monitor that it is in receipt of a cheque in the amount of \$35,000 USD from HRA which is to be delivered to MRG upon the delivery of the diamonds to HRA. Accordingly, on January 8, 2015, MRG arranged for the diamonds to be shipped to HRA and expects to be in receipt of the sale proceeds shortly.

THE FJL AND CORONA TRANSACTIONS

26. As described in the Fourth Gillies Affidavit, MRG entered into two separate asset purchase agreements with First Jewelry Limited (“FJL”) and Corona Jewellery Company Ltd. (“Corona”).

27. On December 2, 2014, the Honourable Justice Newbould approved the two transactions for the purchase and sale of certain Remaining Assets to FJL and Corona. Attached and marked as **Exhibits “C” and “D”** are copies of the Orders of Justice Newbould, dated December 2, 2014, approving the sale transactions to FJL (the “**FJL Transaction**”) and Corona (the “**Corona Transaction**”), respectively.

28. The Corona Transaction has been completed and MRG is in receipt of the full purchase price of \$200,000 plus HST.

29. The FJL Transaction was part of a larger transaction that included an Exempt Portion of the purchased assets and an Excess Portion, the particulars of which are described in more

detail in the Fourth Gillies Affidavit. These transactions provided for payment over time and MRG has already received 2/3 of the purchase price for both portions (totalling \$84,783.64).

30. MRG is in possession of post-dated cheques for the balances payable on each of the two transactions. On January 26, 2015, the final payment for the Exempt Portion of \$28,612.15 will be deposited. On February 1, 2015, the final payment for the Excess Portion of \$13,779.67 will be deposited.

31. In addition to the FJL Transaction and the Corona Transaction, on November 24, 2014, MRG sold a portion of its coloured stones inventory to C.D. Barcados Co. Ltd. for \$20,500.

32. Apart from these transactions, the Applicant has not had any material written offers for other parts of the Remaining Assets. The Applicant continues its efforts but, as described above, together with the results of the Retail Liquidation Sale, will consider its options for the sale of balance of its assets in a manner that will best realize value for its stakeholders.

PRECIOUS METALS REFINERY SALE

33. Since the granting of the Liquidation Process Order, MRG has sold several quantities of gold and other precious metals to the refinery at prevailing market prices. The particulars of the amounts received for gold and other precious metals sold are as follows:

(a) approximately \$318,000, on November 17, 2014; and,

(b) approximately \$152,000 on November 27, 2014.

34. Sometime next week, MRG will be delivering additional amounts of gold and silver for sale to the refinery, after which time there is likely to be only a small amount of gold and precious metals remaining.

EMPLOYEES

35. Effective December 31, 2014, all of MRG's remaining employees were terminated. However, seven employees were subsequently offered employment on a fixed term basis beginning January 5, 2015 until March 31, 2015, while one employee was offered employment from January 5, 2015 until January 28, 2015. These employees have agreed to continue their prior respective roles to provide certain management, administration and maintenance services to MRG during the pendency of the CCAA proceedings.

36. However, MRG was advised that one of the seven employees will resign effective January 19, 2015. MRG intends to replace this person with a part-time employee although no steps have been taken in this regard at this time.

THE SECURED CREDITORS

37. The major secured creditors of MRG are Sherfam and RP. There is one other secured creditor of MRG, Dell Financial Services Canada Limited, which holds a security interest in specific leased equipment.

38. I understand that the Monitor has sought independent legal opinions (the "**Security Opinion**") with respect to the validity and enforceability of the security of Sherfam and RP.

39. I am advised by the Monitor that according to the Security Opinion, RP holds a valid and enforceable security interest against MRG's assets, pursuant to a general security agreement, securing the payment of amounts owing by MRG to RP pursuant to a promissory note (the "Note"). The Note does not bear any interest.

40. The Note evidences a loan from RP to MRG in the amount of \$3.4 million, which was advanced to MRG on June 2, 2010. Attached hereto and marked as **Exhibit "E"** is a copy of an account statement for RP showing the advance of \$3.4 million to MRG by wire transfer.

41. As of January 12, 2015, the amount owing to RP pursuant to the Note continues to be \$3.4 million. Attached hereto and marked as **Exhibit "F"** is a copy of a letter from RP to MRG dated January 12, 2015 confirming that \$3.4 million is owing pursuant to the Note.

42. I am advised by the Monitor that according to the Security Opinion, Sherfam holds a valid and enforceable security interest against MRG's assets, pursuant to a general security agreement, securing the payment of amounts owing by MRG to Sherfam (the "**Sherfam Security**").

43. The amounts owing to Sherfam, secured by the Sherfam Security, are in respect of amounts owing by MRG pursuant to a licence and royalty agreement (the "**Royalty Agreement**") between MRG and HRA Group Holdings Ltd. and two of its related companies, Crossworks Manufacturing Ltd. and Worldwide Diamond Trademarks Limited (collectively the "**HRA Companies**"). Pursuant to an agreement dated August 1, 2014, the HRA Companies assigned its security interest in the assets of MRG to Sherfam in consideration of certain amounts paid by Sherfam to the HRA Companies.

44. As of January 12, 2015, Sherfam has advised that in respect of the amounts secured by the Sherfam Security it is owed \$2,303,643 USD based on the amounts owing by MRG to the HRA Companies at the time the Sherfam Security was assigned to Sherfam. Attached hereto and marked as **Exhibit "G"** is a letter from Sherfam to MRG dated January 12, 2015 advising that it is owed \$2,303,643 USD (in addition to other amounts owing to Sherfam which are not secured by the Sherfam Security).

45. MRG acknowledges that at least \$1.8 million USD is secured by the Sherfam Security based on its records of amounts payable pursuant to the Royalty Agreement. These amounts were consolidated at the time the Sherfam Security was assigned to Sherfam and are set out in the statement attached to my affidavit as **Exhibit "H"**.

46. MRG is in the process of confirming whether the balance of the amount set out in Sherfam's January 12, 2015 letter is also secured by the Sherfam Security, and will continue to work with Sherfam with respect to this issue. Accordingly, at this time, MRG seeks to pay only \$1.8 million USD to Sherfam on the proposed Interim Distribution and I am advised by Sherfam that it is not opposed to this approach.

PROPOSED INTERIM DISTRIBUTION

47. Presently, taking into account the amounts realized pursuant to the Retail Liquidation Sale, Loose Diamonds Sale Process, the FJL and Corona Transactions, and the Precious Metals Refinery Sale, in addition to amounts collected by MRG in respect of accounts receivables, MRG currently has approximately \$4.833 million in its Canadian account and \$2.692 million

USD in its US account (which upon receipt of the payment from HRA of \$35,000 USD from the Monitor, will increase to \$2.727 million).

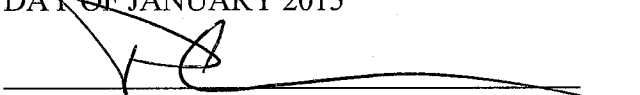
48. Accordingly, MRG proposes to distribute \$3.4 million to the RP and \$1.8 million USD to Sherfam in the Interim Distribution. The Interim Distribution will leave approximately \$1.4 million and \$900,000 USD cash in hand to continue to pay for any potential activities of MRG and the professional fees of the MRG's counsel, the Monitor and its counsel, relating to the CCAA proceedings.

49. I understand that the Monitor will be filing its Fifth Report in these proceedings and does not object to the proposed Interim Distribution.

AFFIRMED BEFORE ME AT THE CITY)
OF TORONTO, IN THE PROVINCE)
OF ONTARIO, THIS 12th)
DAY OF JANUARY 2015)



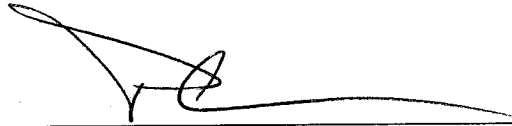
ALLEN SHECHTMAN



Philip Cho
A Commissioner, etc.

TAB A

This is Exhibit "A" referred to in the Affidavit of Allen Shechtman affirmed January 12, 2015



Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

Court File No. *CU-14-10655-00*

**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.

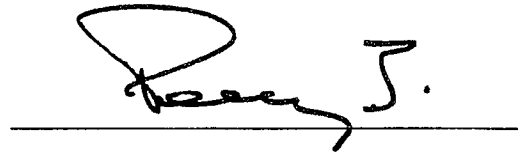
39. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give

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.

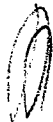
40. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and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

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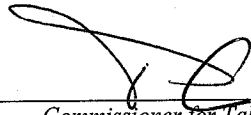
Stephen Wolpert (LSUC # 57609Q)
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Tel: (416) 225-8750
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Lawyers for the Applicant, Martin Ross Group Inc.

TAB B

This is Exhibit "B" referred to in the Affidavit of Allen Shechtman
affirmed January 12, 2015



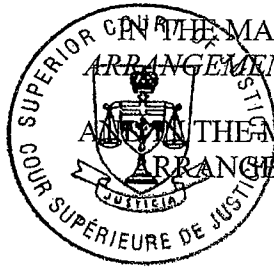
Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

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

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

THE HONOURABLE)	FRIDAY, THE 17 th
)	
JUSTICE <i>PATIELLO</i>)	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 ~~pending~~ ^{* until January 31, 2015 or *} 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

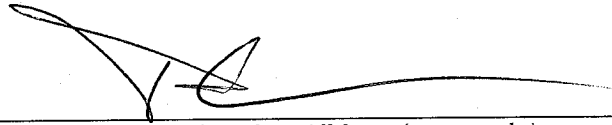
Philip Cho (LSUC #456125U)
pcho@krmc-law.com

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

Lawyers for the Applicant, Martin Ross Group Inc.

TAB C

This is Exhibit "C" referred to in the Affidavit of Allen Shechtman affirmed January 12, 2015

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

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO



Court File No. CV-14-1065500CL

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

THE HONOURABLE)

TUESDAY, THE 2ND

JUSTICE NEWBOULD)

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, and the affidavit of Janice Chen sworn November 28, 2014, filed:

- 2 -

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.

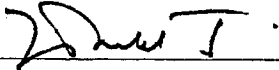
7. THIS COURT ORDERS that, notwithstanding:


- (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, appearing as Exhibits "D" and "E" to the Gillies Affidavit, respectively, and the executed version of the Sale Agreement, a draft of which appears as Exhibit "F" to the Gillies Affidavit, shall remain sealed until the completion of the Transaction, or further order of this Court.



ENTERED FOR RECORD AT TORONTO
ON / LEV. NO. REC. STAMP NO.
DEC 2 - 2014


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:

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:

**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

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

**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

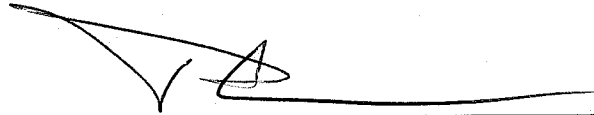
Philip Cho (LSUC # 45615U)
pcho@krmc-law.com

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

Lawyers for the Applicant

TAB D

This is Exhibit "D" referred to in the Affidavit of Allen Shechtman affirmed January 12, 2015

A handwritten signature in black ink, appearing to be 'Philip Cho', written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

Court File No. CV-14-1065500CL



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

THE HONOURABLE)

TUESDAY, THE 2ND

JUSTICE NEWBOULD)

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, and the affidavit of Janice Chen sworn November 28, 2014, filed:

- 2 -

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.

- 3 -

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.



ENTERED AT / ENREGISTRÉ À TORONTO
ON / LE 2 DÉCEMBRE 2014
LE / ENREGISTRÉ À TORONTO

DEC 2 - 2014



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:

**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

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

**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 # 45615U)
pcho@krmc-law.com

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

Lawyers for the Applicant

TAB E

This is Exhibit "E" referred to in the Affidavit of Allen Shechtman affirmed January 12, 2015

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

Client Accounts Detail

Client Accounts Detail

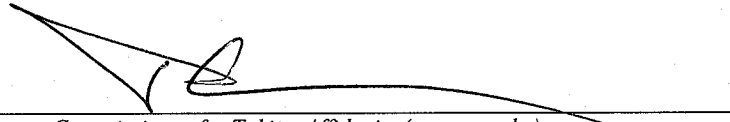


Client Name RP HOLDINGS INC.
 Client Number 13434
Account Type L
Account Desc BANK OF MONTREAL MIXED TRUST

Type	Description	Date	Cleared Date	Amount	Balance
BEGINNING BALANCE					28,620.75
TRANSIN	13434.0003 TR FUNDS TO MIXED TRUST	6/2/2010	6/2/2010	2,002,947.07	2,031,567.82
TRANSIN	13434.0006 PARTIAL WITHDRAWL FROM TREASURY ACCT	6/2/2010	6/2/2010	1,397,492.00	3,429,059.82
TRANOUT	13434.0006 TR FUNDS FROM MATTER 6 TO MATTER 3	6/2/2010	6/2/2010	(1,397,492.00)	2,031,567.82
TRANSIN	13434.0006 TR FUNDS FROM MATTER 6 TO MATTER 3	6/2/2010	6/2/2010	1,397,492.00	3,429,059.82
TRANOUT	13434.0006 TRANSFER FUNDS TO 13434.3	6/2/2010	6/2/2010	(1,397,492.00)	2,031,567.82
TRANSIN	13434.0003 TRANSFER FUNDS TO 13434.3	6/2/2010	6/2/2010	1,397,492.00	3,429,059.82
TRANOUT	13434.0003 WIRE FUNDS TO ROYAL BANK ACCOUNT OF MARTIN ROSS GROUP INC AS PER DIRECTION.	6/2/2010	6/2/2010	(3,400,000.00)	29,059.82
TOTAL				439.07	

TAB F

This is Exhibit "F" referred to in the Affidavit of Allen Shechtman affirmed January 12, 2015

A handwritten signature in black ink, consisting of a stylized 'P' followed by a loop and a long horizontal stroke that extends to the right and then curves downwards.

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

RP HOLDINGS INC.
151 Yonge Street, Suite 1500
Toronto, ON M5C 2W7

January 12, 2015

Mr. Morris Robinson
Martin Ross Group Inc.
250 Canarctic Drive
Downsview, ON
M3J 2P4

Re: Amounts owing to RP Holdings Inc. secured by a GSA and PPSA registration

Dear Morris,

We hereby confirm that Martin Ross Group's ("MRG") total indebtedness to RP Holdings Inc. ("RP") as at January 12, 2015 is \$3,400,000.00 CAD. This balance is secured by a GSA and PPSA registration over all of the assets of MRG.

Sincerely,

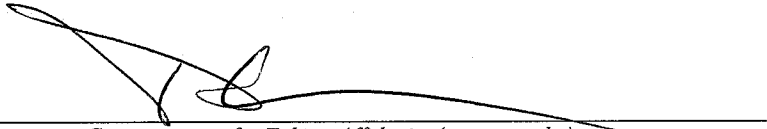
RP Holdings Inc.

Per:


Jeffrey Cohen, ASO

TAB G

This is Exhibit "G" referred to in the Affidavit of Allen Shechtman affirmed January 12, 2015

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

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO



January 12, 2015

Mr. Morris Robinson
Martin Ross Group Inc.
250 Canarctic Drive
Downsview, ON
M3J 2P4

Re: Amounts owing to Sherfam Inc. secured by PPSA registration

Dear Morris,

We hereby confirm that following amounts owed to Sherfam Inc. ("Sherfam") as at January 12, 2015, are secured by a PPSA registration over all of the assets of Martin Ross Group ("MRG):

\$ 2,303,643.00 USD & \$2,783.48 CAD.

It is important to note that Sherfam is owed additional funds which are not secured.

Sincerely,



Alex Glasenberg
Chief Financial Officer

TAB H

This is Exhibit "H" referred to in the Affidavit of Allen Shechtman affirmed January 12, 2015

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

Commissioner for Taking Affidavits (or as may be)

PHILIP CHO

MRG's INDEBTEDNESS TO HRA

JULY 31 2014

	C\$	HRA US\$
	1.0833	
HRA's A/R - due by MRG		1,953,757.30
CR Royalty due June 30 2014	258,466.50	238,591.80
Less:		
Return July 22, 2014:ref NCM 140722HRA		-12,742.17
Libman's A/R - due by HRA		-184,702.24
Libman's A/R - due by HRA	-14,110.47	-13,025.45
MDJ's A/R due by HRA (inv S1036175 less rtn)	-12,813.10	-11,827.84
HRA's agreed share of CR marketing expenses	-37,580.11	-34,690.40
HRA's agreed share of J.Lockwood's expenses (UK rep)	-52,394.37	-48,365.52
		<u>1,886,995.48</u>

E/MRG/HRA-MRG INDEBTEDNESS JUL 31 2014

TAB 3

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

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

THE HONOURABLE

)
)
)

WEDNESDAY, THE 14TH DAY

OF JANUARY, 2015

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 interim distribution)**

THIS MOTION, made by Martin Ross Group Inc. (the "**Applicant**") for, among other things, an order (i) approving the proposed interim distribution to secured creditors of the Applicant; (ii) approving the Fifth Report (the "**Fifth Report**") of Collins Barrow Toronto Limited ("**CBTL**") in its capacity as court-appointed monitor of the Applicant (the "**Monitor**") and the activities of the Monitor described therein, and, (iii) approving the fees and disbursements of the Monitor and its counsel, Torkin Manes, LLP, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Alan Shechtman affirmed on January 12, 2015 and the Fifth Report, including the fee affidavits of Stewart Thom sworn January 9, 2015 and Daniel Weisz sworn January 12, 2015 (the "**Fee Affidavits**"), and on hearing the submissions of the lawyers for the Applicant and the Monitor, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Kelly Barrett sworn January 12, 2015, filed, and the affidavit of Janice Chen sworn January *, 2015, filed:

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

2. **THIS COURT ORDERS** that the proposed interim distribution (the “**Interim Distribution**”) to the major secured creditors of the Applicant, as described in the Affidavit of Allen Shechtman is hereby approved, and the Applicant is hereby authorized and directed to make the Interim Distribution as follows:

- (a) \$3,400,000 to RP Holdings Inc.; and,
- (b) \$1,800,000 USD to Sherfam Inc.

3. **THIS COURT ORDERS** that the Fifth Report of the Monitor, and the activities of the Monitor as described therein, be and are hereby approved.

4. **THIS COURT ORDERS** that the fees and disbursements of the Monitor, and of its counsel, Torkin Manes LLP, as set out in the Fee Affidavits, 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 interim distribution)**

**KRONIS, ROTSZTAIN,
MARGLES, CAPPEL LLP**
Barristers and Solicitors
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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.**

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 interim distribution)
(returnable January 14, 2015)**

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