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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE

) THURSDAY, THE 11TH

JUSTICE *NEWBOLD*

)
) 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.

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

SEP 11 2014

[Signature]

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**"). CBTL, 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 backups 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.

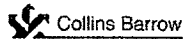
On August 7, 2014, MRG sought and obtained an order of the Ontario Superior Court of Justice ("Court") pursuant to the Companies' Creditors Arrangement Act ("CCAA"), Collins Barrow Toronto Limited was appointed as Monitor ("Monitor") in the CCAA proceedings. Pursuant to a further order of the Court dated 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: ejcorrado@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  day of  2014.

BETWEEN:

MARTIN ROSS GROUP INC.

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

(the "Vendor")

and



(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 or 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:

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
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