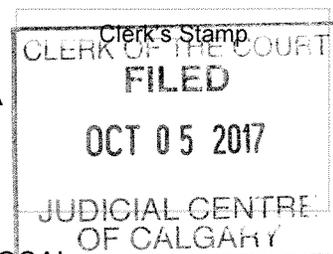


COURT FILE NUMBER 25-2299607
COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY
APPLICANT IN THE MATTER OF THE DIVISION I PROPOSAL
PROCEEDINGS OF 1031084 ALBERTA LTD.



DOCUMENT

APPLICATION

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

McCARTHY TÉTRAULT LLP
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NOTICE TO RESPONDENT(S)

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date: October 11, 2017
Time: 3:00 pm
Where: Calgary Courts Center
Before Whom: Justice C.M. Jones

Go to the end of this document to see what else you can do and when you must do it.

Remedy Claimed or Sought: 1031084 Alberta Ltd. ("**Alberta Co**") and 623735 Saskatchewan Ltd. ("**Saskatchewan Co**") (Alberta Co and Saskatchewan Co collectively referred to as the "**Debtors**") apply for an order, substantially in the form attached as Schedule "**A**" hereto:

1. Declaring that the time for service of this Application and the Affidavit of Danny Mysak, sworn on October 5, 2017 (the "**Affidavit**"), is abridged, if necessary, the Application is properly returnable today, that service of the Application and the Affidavit on the service list created and maintained in respect of the within proceedings (the "**Service List**") is validated, good and sufficient and that no persons other than those on the Service List are entitled to service of the materials filed in connection with the within Application.

2. Administratively consolidating the proposal proceedings of Albert Co and Saskatchewan Co into a single proceeding and declaring that this Honourable Court has jurisdiction to hear applications pertaining to and grant relief in respect of Saskatchewan Co under either the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) or the *Companies’ Creditors Arrangement Act* (Canada).
3. Granting a charge over all of the Debtors’ property, assets and undertaking in priority to all other security interests, trusts, deemed trusts, liens, charges, encumbrances, and claims of creditors, statutory or otherwise, in an amount not to exceed \$300,000 in aggregate in favour of the KPMG Inc. (the “**Proposal Trustee**”), counsel to the Proposal Trustee and counsel to the Debtors in order to secure payment of their respective reasonable fees and disbursements incurred at their standard rates and charges.
4. Such further and other relief as counsel for the Applicant may advise and this Honourable Court may permit.

Grounds for Making this Application: The grounds for the Application are as follows:

5. On October 2 and 3, 2017, the Debtors both filed a Notice of Intention to Make a Proposal (the “**NOIs**”) pursuant to section 50.4 of the BIA. KPMG Inc. was named as proposal trustee in the NOIs.
6. The Debtors are in the business of conducting a retail operation that specializes in the sale of jewelry and apparel (the “**Business**”). The Debtors have 21 leased retail locations located in Western Canada and Ontario.
7. The principal place where the Debtors have carried on business in the preceding year is the province of Alberta. Saskatchewan Co was forced to file its NOI in Saskatchewan as a result of the position asserted by the Office of the Superintendent of Bankruptcy. It is appropriate for the proceedings of the Debtors to be administratively consolidated in order to create efficiencies and benefit the creditors and other stakeholders of the Debtors.
8. The Proposal Trustee and its counsel, together with the Debtors’ counsel are integral to the success of the Proposal Proceedings. The secured creditors most directly impacted by the proposed charge do not oppose the granting of the charge.

9. Such further and other grounds as counsel for the Debtors may advise and this Honourable Court may permit.

Material or Evidence to be Relied On: The Applicants will rely on the following evidence:

10. The Affidavit of Danny Mysak, sworn on October 5, 2017;
11. The First Report of the Proposal Trustee, to be filed; and
12. Such further and other evidence as counsel for the Applicant may advise.

Applicable Rules:

13. Rules 6.3(1) and 6.9 of the *Alberta Rules of Court*;
14. Such further and other rules as counsel for the Applicants may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

15. The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, sections 43(4), 64.2 and 66(1);
16. Such further and other acts and regulations as counsel for the Applicants may advise and this Honourable Court may permit.

Any Irregularity Complained of or Objection Relied On:

17. There are no irregularities complained of, or objections relied on.

How the Application is Proposed to be Heard or Considered:

18. The Applicants propose that the Application be heard in person with one, some, or all of the parties present.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit

or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicants.

SCHEDULE "A"

COURT FILE NUMBER	25-2299607	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA IN BANKRUPTCY AND INSOLVENCY	
JUDICIAL CENTRE	CALGARY	
APPLICANT	IN THE MATTER OF THE DIVISION I PROPOSAL PROCEEDINGS OF 1031084 ALBERTA LTD.	
DOCUMENT	ORDER (TO APPROVE ADMINISTRATIVE CHARGE / ADMINISTRATIVELY CONSOLIDATE PROCEEDINGS)	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McCARTHY TÉTRAULT LLP Barristers & Solicitors Walker MacLeod / Pantelis Kyriakakis Suite 4000, 421 - 7 Avenue S.W. Calgary, AB T2P 4K9 Phone: 403-260-3531 Fax: 403-260-3501 Email: wmacleod@mccarthy.ca / pkyriakakis@mccarthy.ca	

DATE ON WHICH ORDER WAS PRONOUNCED:	October 11, 2017
LOCATION OF HEARING OR TRIAL:	Calgary, Alberta
NAME OF MASTER/JUDGE WHO MADE THIS ORDER:	Justice C.M. Jones

UPON THE APPLICATION of 1031084 Alberta Ltd. ("**Alberta Co**") and 623735 Saskatchewan Ltd. ("**Saskatchewan Co**" and Alberta Co and Saskatchewan Co collectively referred to as the "**Debtors**"), **AND UPON** having read the Affidavit of Danny Mysak, sworn on October 5, 2017 (the "**Affidavit**"), filed; **AND UPON** having read the First Report of the proposal trustee, KPMG Inc. (the "**Proposal Trustee**"), filed; **AND UPON** having read the Affidavit of Service of Katie Doran, sworn October •, 2017 (the "**Service Affidavit**"), filed; **AND UPON** hearing counsel to the Debtors, counsel to the Proposal Trustee, and counsel present for other parties who may be present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of the corresponding Application and the Affidavit is abridged to the date parties were served, the Application is properly returnable today, service of the Application and the Affidavit on the parties listed in and in the manner described in the Affidavit of Service,

is validated, good and sufficient and no other persons are entitled to service of the Affidavit or the Application.

2. The Notice of Intention Proceedings of Saskatchewan Co, commenced on October 3, 2017 as Estate No. 23-2299690 in the Province of Saskatchewan pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), be and are hereby administratively consolidated into the within proceeding. In particular and without limitation:

- (a) Saskatchewan Co shall be added as a party to the within proceedings and all further filings in the within proceedings shall identify Saskatchewan Co as a party in the style of cause; and
- (b) this Honourable Court shall have jurisdiction to hear applications pertaining to the Debtors under the BIA, the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) or any other similar or analogous federal legislation and to administer the recapitalization, restructuring or reorganization of the Debtors or the disposition of the assets of the Debtors under the either the BIA and/or the CCAA, as applicable.

3. The Proposal Trustee (including in its capacity as trustee in bankruptcy, if applicable), counsel to the Proposal Trustee (including in its capacity as counsel for the trustee in bankruptcy, if applicable) and counsel to the Debtors, shall be entitled to the benefit of and are hereby granted a charge (the “**Administrative Charge**”) on all of the Debtors’ property, assets and undertaking (collectively, the “**Property**”) as security for professional fees and disbursements incurred at their standard rates and charges, both before and after October 2, 2017, in respect of these proceedings. Subject to paragraph 5 of this Order, the Administrative Chare shall rank in priority to all other security interests, trusts, deemed trusts, liens, encumbrances and claims of secured creditors, statutory or otherwise, in an amount not to exceed \$300,000.

4. The filing, registration or perfection of the Administrative Charge as against the Property shall not be required, and the Administrative Charge shall be valid and enforceable against the Property for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administrative Charge coming into existence and notwithstanding any failure to file, register, record or perfect the Administrative Charge. The

Administrative Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administrative Charge thereunder 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 the BIA or any bankruptcy order made pursuant to such motions or applications; (c) the filing of any assignments for the general benefit of creditors made or deemed to have been made pursuant to the BIA; or (d) the provisions of any federal or provincial statutes.

5. Any claim of Element Financial Corporation or Steelcase Financial Services Ltd. that is secured by way of valid, enforceable and properly perfected purchase money security interest to specific items or classes of Property (each, a "**PMSI Claim**") shall rank in priority to the Administrative Charge. For greater certainty, the priority afforded to any PMSI Claims shall extend only to the specific items or classes of Property that are subject to the valid, enforceable and properly perfected PMSI Claim and not to the Property as a whole.

6. Service of this Order by email, facsimile, registered mail, courier or personal delivery to the persons listed on the Service List shall constitute good and sufficient service of this Order, and no persons other than those listed on the Service List are entitled to be served with a copy of this Order.

J.C.Q.B.A.