



NO. S148656  
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE BUSINESS CORPORATIONS ACT  
S.B.C. 2002, c. 57

AND

IN THE MATTER OF  
PRETTY ESTATES LTD.

PETITIONER

ORDER MADE AFTER APPLICATION  
(SANCTION ORDER)

BEFORE THE HONOURABLE	)	WEDNESDAY, THE 9th DAY OF
JUSTICE GRAUER	)	
	)	MARCH, 2016

THE APPLICATION of the Petitioner coming on for hearing at Vancouver, British Columbia, on Tuesday, the 9th day of March, 2016; AND UPON HEARING Bonita Lewis-Hand, counsel for the Petitioner and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed; AND ON NOTICE to those parties having sent Notices of Intended Opposition to the Petitioner in accordance with the Meeting Order made herein on February 23, 2016; AND PURSUANT to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the "CCAA"), the Initial Order, the Meeting Order, the *Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court:

**THIS COURT ORDERS AND DECLARES THAT:**

1. The time for service of the Notice of Application herein be and is hereby abridged such that the Application is properly returnable today, and further, that any requirement for service of the Application materials upon any interested party, other than the parties herein mentioned, is hereby dispensed with.

2. All capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Plan of Arrangement dated Monday, February 22, 2016 and amended March 3, 2016 (“**Plan**”) as considered at the Creditors’ Meeting held in Vancouver, B.C. on Thursday, March 3, 2016.

**PLAN APPROVAL**

3. The Meeting Process Order, the Meeting Notice, Proxy, Voting Letter, Monitor’s Ninth Report dated February 22, 2016, and the Plan, as such terms are defined in the Meeting Order, were duly sent or delivered to the members of the General Creditor Class substantially in accordance with the Meeting Order, and such sending or delivery is hereby deemed sufficient for the purposes of the CCAA.

4. The Meeting Materials as defined in the Meeting Order were duly sent to each of the General Creditors on or before 5:00 p.m. on Friday, February 26, 2016.

5. The Creditors’ Meeting was duly convened and held on Thursday, March 3, 2016, pursuant to the CCAA and the Orders of this Court.

6. Notice of this Application has been provided to each Person who has entered an appearance in these proceedings pursuant to the Supreme Court Rules and further to the Meeting Order, no further service to any General Creditor or any other Person shall be required.

7. The Plan has been voted on and approved by the requisite percentages of the General Creditors in the General Creditor Class created under the Plan, in conformity with CCAA and the Meeting Order.

8. The Plan, together with the compromises, arrangements, transactions, releases, discharges, injunctions and results provided therein and effected thereby, is both fair and reasonable and in the best interests of the Creditors and the other stakeholders of the Petitioner and is hereby sanctioned and approved pursuant to the provisions of the CCAA.

#### FILING OF CERTIFICATE OF CONDITION REMOVAL

9. Upon satisfaction of the conditions precedent set forth in the Plan, the Monitor shall issue and file with this Court a certificate which states that all conditions precedent to the Plan have been satisfied (the “**Certificate of Condition Removal**”) and the Plan Implementation Date shall be deemed to be the date of <sup>Filing of</sup> such completion certificate.

#### PLAN IMPLEMENTATION

10. The Petitioner is hereby authorized and directed to take all steps and actions necessary or appropriate to enter into or implement the Plan in accordance with its terms, and enter into, implement and consummate the contracts, instruments, releases and other agreements or documents to be created or delivered in connection with the Plan.

11. Effective as of the Plan Implementation Date, the Plan, together with the compromises, arrangements, transactions, arrangements, releases, discharges, injunctions and results provided therein, effected thereby and as provided in this Order, shall be binding and effective upon the Petitioner, the Creditors and all Persons affected thereby and, subject to the provisions of the Plan and the performance of the Petitioner thereunder, the Petitioner shall be released from any and all Claims, as and to the extent provided in the Plan and herein.

12. Effective on the Plan Implementation Date, all agreements to which the Petitioner is a party and which <sup>have not been</sup> ~~are not~~ terminated or rejected by the Petitioner prior to the Creditors’ Meeting, are in full force and effect notwithstanding the CCAA Proceedings, the Plan and its attendant compromises, and no party to such an agreement shall be entitled, either pursuant to statute or common law, to terminate, rescind or repudiate its obligations under such agreement or take the position in any proceedings that such agreement is not enforceable, by reason of or in

connection with any matter, fact or circumstance arising prior to the Plan Implementation Date, including, without limitation, the commencement of the CCAA Proceedings, the implementation of the Plan or the compromises, arrangements, transactions, discharges, releases or injunctions effected pursuant to the Plan or this Order.

13. Forthwith upon payment to the Secured Creditors of their Secured Claim (plus accrued interest), the Secured Creditors shall discharge all security interests they have in the assets and property of the Petitioner.

14. Forthwith upon payment to the DIP Lender of the amount outstanding with respect to the DIP Facility, the DIP Lender shall discharge all security interests it has in the assets and property of the Petitioner.

15. Upon Distribution to the General Creditors with Proven Claims, all Claims of the General Creditors shall be fully and finally satisfied, settled, discharged and extinguished in accordance with the Plan.

16. Subject to the provisions of the Plan, from and after the Plan Implementation Date, the releases, waivers, permanent injunctions and other provisions contemplated and effected by the Plan are hereby confirmed and are binding and effective upon the Creditors and all Persons affected thereby.

17. As of the Plan Implementation Date the following Persons (collectively the **"Released Parties"**):

- (a) the Petitioner and its legal counsel;
- (b) the Monitor and its legal counsel;
- (c) all present and former directors, officers and employees of the Petitioner; and
- (d) any Person claimed to be liable derivatively through any and all of the foregoing Persons;

shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert including, without limitation, any claims in respect of potential statutory liabilities of the present and former directors, officers and employees of the Petitioner, and any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the filing of the Certificate of Completion in any way relating to, arising out of or in connection with Claims, the Business and affairs of the Petitioner, this Plan and the CCAA Proceedings to the full extent permitted by law, and all claims arising out of such actions or omission shall be forever waived and released provided that nothing herein shall:

- (e) release or discharge any of the Released Parties from or in respect of their obligations under the Plan;
- (f) release or discharge a Released Party from an Excluded Claim or from a Claim which cannot be compromised under the CCAA;
- (g) release or discharge present or former directors of the Petitioner with respect to matters set out in Section 5.1(2) of the CCAA;
- (h) release or discharge a Released Party if the Released Party is determined by a Court Order to have committed wilful misconduct, fraud or gross negligence,
- (i) affect the rights of any Person;
  - i. to recover indemnity from any insurance coverage under which that Person is an insured; or
  - ii. to obtain recovery on a Claim against a Released Party from any insurance coverage pursuant to which that Released Party is insured,

but, for certainty, any Claim to which an insurer is or would otherwise be subrogated is released hereunder and the recovery to which such Person shall be entitled shall be limited to the proceeds of insurance actually paid by the insurer with respect to the Claim;

and provided further, however, that notwithstanding any forgoing releases under the Plan, any Claim asserted against the Released Parties shall remain subject to any right of set-off that otherwise would be available to the Released Parties in the absence of such release.

18. Any Creditor that has not filed a Proof of Claim as provided for in the Claims Process Order made by this Court on July 23, 2015, or who did not appeal any Notice of Disallowance or Revision issued by the Monitor in accordance with that Order, shall be and is hereby forever barred from making or enforcing any Claim against the Petitioner and the Claim shall be forever extinguished.

#### **CERTIFICATE OF COMPLETION**

19. Within fourteen (14) days following Distribution to the General Creditors in accordance with the Plan, the Monitor shall issue and file a Certificate of Completion with the Court.

#### **STAY OF PROCEEDINGS**

20. The stay of proceedings granted to the Petitioner in the Initial Order, as subsequently amended, is hereby confirmed and extended to the date upon which the Monitor files the Certificate of Completion with the Court, and the Petitioner shall be released from this proceeding upon the filing of the Certificate of Completion.

#### **MONITOR**

21. ~~The activities and conduct of the Monitor in relation to the Petitioner be and are hereby ratified and approved.~~

22. Pursuant to the Plan and this Order the Monitor shall be discharged of its duties and obligations following the filing of the Certificate of Completion with the Court.

### **OTHER PROVISIONS**

23. Notwithstanding any other Order in the CCAA Proceedings, the passing of the fees and disbursements of the Monitor and its counsel as disclosed in the material filed in support of this Order, is adjourned generally.

24. Upon the filing of the Certificate of Condition Removal, the Administration Charge, the Subordinated Administration Charge, and the Directors' Charge (the "**Charges**"), shall be released and discharged from the Property (as defined in the Initial Order), with the Closing Loan proceeds, as defined in paragraph 2.4(2)(a) and (b) of the Share Purchase Agreement, thereafter standing in place and stead of the Property for the purposes of securing the Charges, and shall stand as such security until the filing of the Certificate of Completion, at which time the Charges shall be forever released, discharged and extinguished.

25. The Petitioner is authorized at any time and from time to time to vary, amend, modify or supplement the Plan without the need for obtaining a further Order of the Court or providing notice to the General Creditors if the Monitor determines that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of the General Creditors under the Plan or this Sanction Order and is necessary in order to give effect to the substance of the Plan or this Sanction Order. In the event a material variation, amendment, modification or supplement is required by the Petitioner, such shall be permitted by further court order obtained on notice. Notwithstanding the foregoing, no variation, amendment, modification or supplement to the Plan shall be made without the consent of the Purchaser.

26. This Order shall have full force and effect in all provinces and territories in Canada and abroad including, without limitation, in the United States of America, and as against all Persons against whom it may apply including, without limitation, all of the Creditors of the Petitioner. This Court hereby seeks and requests the aid and recognition of any court or administrative body in any province or territory of Canada, any Canadian Federal Court or

administrative body and any Federal or State court or administrative body in the United States of America and any court or administrative body to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

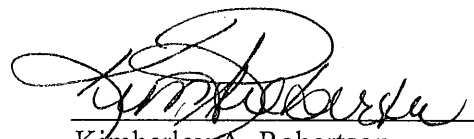
27. The Petitioner, the Monitor, and any other interested party are hereby granted leave to apply to this court for any directions or determinations required to resolve any matter or dispute relating to the Plan, this Order or the subject matter thereof and the rights and benefits thereunder, provided that no provision of this Order shall be construed to modify or impair any right, title, interest, privilege or remedy expressly provided for or reserved under the Plan.

28. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

BY THE COURT

  
  
 DISTRICT REGISTRAR

APPROVED AS TO FORM:

  
 Kimberley A. Robertson  
 COUNSEL FOR THE PETITIONER



**Schedule "A"**  
**LIST OF COUNSEL**

Magnus Verbrugge

Counsel for G-Force Group,  
The Monitor

Tevia Jeffries

Counsel for Canadian Aurora Investments Ltd.

John McLean

Counsel for Betty Anne Faulker, as Trustee of  
The Faulkner Family Trust, and 0700256 BC Ltd.

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Attention: Kimberley A. Robertson