

Form 27
Rules 6.3 and 10.52(1)

COURT FILE NUMBER 1504-00570

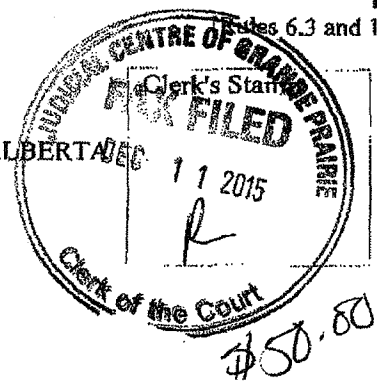
COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE GRANDE PRAIRIE

PLAINTIFF HARLAN VENTURES LTD.

DEFENDANT THE RURAL LINK INC.

DOCUMENT APPLICATION
-APPROVAL AND VESTING ORDER



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Burnet, Duckworth & Palmer LLP
2400, 525 - 8 Avenue SW
Calgary, Alberta T2P 1G1

Lawyer: Carole J. Hunter
Phone Number: (403) 260-0368
Fax Number: (403) 260-0332
Email Address: chunter@bdplaw.com
File No. 63936-5

NOTICE TO RESPONDENTS:

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

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

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

Date December 17, 2015
Time 10:00 a.m.
Where Calgary Courts Centre, 601-5th Street S.W., Calgary Alberta
Before Whom The Honourable Mr. 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:

1. Hardie & Kelly Inc., in its capacity as the court-appointed receiver (the "Receiver"), of all the property, assets and undertakings of The Rural Link Inc. (the "Debtor"), seeks
 - (a) an Order in substantially the form attached hereto as Schedule "A", for the following relief:

- (i) Deeming service of this Application together with all supporting materials to be good and sufficient, and abridging the time for service of said documents, if necessary; and
 - (ii) approving an agreement of purchase and sale between the Receiver and Crossover Networks Inc. (the "**Purchaser**") dated December 11, 2015 (the "**Purchase Agreement**") and vesting title to the Purchased Assets (as defined in the Purchase Agreement) into the name of the Purchaser, free and clear of all liens, charges, security interests and other encumbrances, except permitted encumbrances, all as referenced in the Agreement.
- (b) An Order substantially in the form attached hereto as Schedule "B", sealing the Confidential Report of the Receiver dated December 11, 2015 (the "**Confidential Report**"); and
- (c) Such further and other relief as counsel may advise and this Honourable Court deem just.

Grounds for making this application:

Background

2. The Receiver was appointed as receiver and manager of the Debtor pursuant to an Order of this Honourable Court dated September 16, 2015 (the "**Receivership Order**").
3. On November 5, 2015, the Receiver began a sales process to market the Debtor's assets and book of business. The deadline for the submission of offers pursuant to the sales process was December 4, 2015 (the "**Bid Deadline**").
4. Through the sales process, the Receiver received six bids by the Bid Deadline. The most favourable bid was a credit bid submitted by Harlan Ventures Ltd. ("**Harlan**") for all of the assets of the Debtor.
5. The Purchase Agreement was executed by the Purchaser, the nominee of Harlan on December 11, 2015 and is conditional on the Receiver obtaining an approval and vesting order from this Honourable Court.
6. The Receiver believes that the transactions contemplated by the Purchase Agreement are in the best interests of the Debtor's creditors and other stakeholders.

Creditor Position

7. The Debtor is indebted to Harlan in the approximate amount of \$1,162,500 and has security over all of the personal property of the Debtor. The Receiver has received an independent legal opinion confirming the validity and enforceability of Harlan's security interest.

Sealing Order

8. The Confidential Report contains and discusses matters of a highly sensitive commercial nature, and their publication before the pending Approval and Vesting Order could prejudice any future sales process, in the event that the Transaction does not close, to the detriment of the Debtors' stakeholders.
9. The Sealing Order is the least restrictive and prejudicial alternative to prevent the dissemination of commercially sensitive information about the Transaction, the Purchaser, the Debtor and its respective stakeholders.
10. It is fair and just in the circumstances to restrict public access to the Confidential Report.
11. Such further and other basis as Counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

12. The Receiver's First Report dated December 11, 2015.
13. The Confidential Report dated December 11, 2015.
14. The pleadings in these proceedings.

Applicable rules:

15. *Alberta Rules of Court*, AR 124/2010, and in particular Rules 1.3, 3.75, 6.3, 6.4, 11.27, 11.29 and 13.5.
16. *Bankruptcy and Insolvency General Rules*, and in particular Rules 3, 6 and 11.
17. Such further and other rules as Counsel may advise and this Honourable Court permit.

Applicable Acts and regulations:

18. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and in particular Part XI thereof.
19. Such further and other acts and regulations as Counsel may advise and this Honourable Court permit.

Any irregularity complained of or objection relied on:

20. None.

How the application is proposed to be heard or considered:

21. In person, before the Honourable Mr. Justice C.M. Jones.

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 give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

COURT FILE NUMBER	1504-00570	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	GRANDE PRAIRIE	
PLAINTIFF	HARLAN VENTURES LTD.	
DEFENDANT	THE RURAL LINK INC.	
DOCUMENT	APPROVAL AND VESTING ORDER	

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Burnet, Duckworth & Palmer LLP 2400, 525 – 8 Avenue SW Calgary, Alberta T2P 1G1 Lawyer: Carole J. Hunter Phone Number: (403) 260-0368 Fax Number: (403) 260-0332 Email Address: chunter@bdplaw.com File No. 63936-5
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DATE ON WHICH ORDER WAS PRONOUNCED:	December 17, 2015
NAME OF JUDGE WHO MADE THIS ORDER:	The Honourable Mr. Justice Jones
LOCATION OF HEARING:	Calgary, Alberta

UPON THE APPLICATION by Hardie & Kelly Inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of The Rural Link Inc. (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and Crossover Networks Inc., as nominee of Harlan Ventures Ltd. (collectively, the "Purchaser") dated December 11, 2015 and appended to the Confidential Report of the Receiver dated December 11, 2015 (the "Confidential Report"), and vesting in the Purchaser (or its nominee) the Debtor's right, title and interest in and to the assets described in Schedule "A" to the Sale Agreement (the "Purchased Assets");

AND UPON HAVING READ the Receivership Order dated September 16, 2015 (the "Receivership Order"), the First Report of the Receiver dated December 11, 2015, the Confidential Report and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the

Receiver, counsel for the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

- [1] Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTIONS

- [2] The Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets to the Purchaser (or its nominee).

VESTING OF PROPERTY

- [3] Upon the delivery of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule "A"** hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing:
- (a) any encumbrances or charges created by the Receivership Order; and
 - (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
 - (all of which are collectively referred to as the "Encumbrances"); and,

for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

- [4] For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets, if any, are to be held in an interest bearing trust account by the Receiver and shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets, if any, with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
- [5] The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtor.
- [6] The Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Purchased Assets and, to the extent that any such persons remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
- [7] The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.
- [8] The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).
- [9] Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser (i) all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees and (ii) all account information in the Debtor's records pertaining to the Debtor's past and current residential customers. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information

provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

[10] Notwithstanding:

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

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

[11] The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

MISCELLANEOUS MATTERS

[12] This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

[13] This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

[14] Service of this Order on any party not attending this application is hereby dispensed with.

J.C. C.Q.B.A.

Schedule "A"**Form of Receiver's Certificate**

COURT FILE NUMBER	1504 00570
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	GRANDE PRAIRIE
PLAINTIFF	HARLAN VENTURES LTD.
DEFENDANT	THE RURAL LINK INC.
DOCUMENT	RECEIVER'S CERTIFICATE

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Burnet, Duckworth & Palmer LLP 2400, 525 – 8 Avenue SW Calgary, Alberta T2P 1G1
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Lawyer: Carole J. Hunter
Phone Number: (403) 260-0368
Fax Number: (403) 260-0332
Email Address: chunter@bdplaw.com
File No. 63936-5

RECITALS

- A. Pursuant to an Order of the Honourable Justice R.P. Belzil of the Court of Queen's Bench of Alberta, Judicial District of Grande Prairie (the "Court") dated September 16, 2015, Hardie & Kelly Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of The Rural Link Inc. (the "Debtor").
- B. Pursuant to an Order of the Court dated December 17, 2015, the Court approved the agreement of purchase and sale made as of December 17, 2015 (the "Sale Agreement") between the Receiver and Crossover Networks Inc., as the nominee of Harlan Ventures Ltd. (collectively, the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 4 of the Sale Agreement have been satisfied or waived by the

Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [Time] on [Date].

HARDIE & KELLY INC., in its capacity as Receiver of the undertaking, property and assets of The Rural Link Inc., and not in its personal capacity.

Per; _____
Name: Marc Kelly
Title: Senior Vice President

SCHEDULE "B"

COURT FILE NUMBER	1504-00570	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	GRANDE PRAIRIE	
PLAINTIFF	HARLAN VENTURES LTD.	
DEFENDANT	THE RURAL LINK INC.	
DOCUMENT	APPROVAL AND VESTING ORDER	

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Burnet, Duckworth & Palmer LLP 2400, 525 – 8 Avenue SW Calgary, Alberta T2P 1G1
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Lawyer: Carole J. Hunter
Phone Number: (403) 260-0368
Fax Number: (403) 260-0332
Email Address: chunter@bdplaw.com
File No. 63936-5

DATE ON WHICH ORDER WAS PRONOUNCED:	December 17, 2015
NAME OF JUDGE WHO MADE THIS ORDER:	The Honourable Mr. Justice Jones
LOCATION OF HEARING:	Calgary, Alberta

UPON THE APPLICATION by Hardie & Kelly Inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of The Rural Link Inc. (the "Debtor"); AND UPON reading the Notice of Application of the Receiver filed December 11, 2015, the First Report of the Receiver dated December 11, 2015 (the "First Report") and the Confidential Report of the Receiver dated December 11, 2015 (the "Confidential Report");

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the Notice of Application for this Order is hereby validated and deemed good and sufficient, this application is properly returnable today, and no person other than those persons served is entitled to service of the Notice of Application.

2. The Confidential Report shall be sealed on the Court file and shall not form part of the public record, notwithstanding Division 4, Part 6 of the *Alberta Rules of Court*.
3. The Clerk of this Honourable Court shall file the Confidential Report in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that;

THIS ENVELOPE CONTAINS THE CONFIDENTIAL REPORT OF RECEIVER DATED DECEMBER 11, 2015. THE CONFIDENTIAL REPORT OF THE RECEIVER IS SEALED PURSUANT TO AN ORDER ISSUED BY THE HONOURABLE MR. JUSTICE JONES DATED DECEMBER 17, 2015 AND IS NOT TO BE PLACED ON THE PUBLIC RECORD OR MADE PUBLICALLY ACCESSIBLE.

4. Any person may apply, on reasonable notice to the Debtor, the Receiver, and any other persons likely to be affected, to vary or amend the terms of paragraph 3 of this Order.
5. The Receiver shall serve by courier, fax transmission, email transmission or ordinary post, a copy of this Order on all parties present at this Application and on all parties who received notice of this Application or who are presently on the service list established in these proceedings and such service shall be deemed good and sufficient for all purposes.

J.C.Q.B.A.