

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF DIVISION 4 OF THE *COMPANIES ACT*,
R.S.A. 2000, c. C-21, AS AMENDED

AND IN THE MATTER OF INTERFAITH THRIFT STORES ASSOCIATION

BEFORE THE HONOURABLE) At the Calgary Courts Center, in the City of
MADAM JUSTICE C. A. KENT)
IN CHAMBERS) Calgary, in the Province of Alberta, on Friday,
the 5th day of October, 2007.
)

WINDING-UP ORDER

UPON the application of Interfaith Thrift Stores Association (the "Applicant" or the "Company"); AND UPON having read the Petition of the Applicant and the Affidavit of Carole Gray, filed; AND UPON noting that the Applicant has passed a Special Resolution for its winding-up; AND UPON noting the consent of Hardie & Kelly Inc. to act as Liquidator of the Company; AND UPON hearing counsel for the Company; AND HAVING DETERMINED that it is just and equitable that the Company be liquidated in accordance with the terms of this Order; IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of the application for this Order is hereby deemed good and sufficient.

LIQUIDATION AND DISSOLUTION OF THE COMPANY

2. The Company shall be wound-up and dissolved in accordance with the *Companies Act*, R.S.A. 2000, c. C-21, as amended (the "Act"), and on the terms and conditions set out herein.
3. Hardie & Kelly Inc. is hereby appointed as the Liquidator of the Company (the "Liquidator"), without security, and of all the Company's current and future assets,

undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property"), with all the powers and duties granted herein and set out in the Act.

4. All current officers and directors of the Company are hereby removed, and all their powers with respect to the Company vest immediately in the Liquidator.

LIQUIDATOR'S POWERS

5. The Liquidator is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Liquidator is hereby expressly empowered and authorized to do any of the following where the Liquidator considers it necessary or desirable:
 - (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Company, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Company;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Company or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Company and to exercise all remedies of the Company in collecting such monies, including, without limitation, to enforce any security held by the Company;
- (g) to settle or compromise any claims by or against the Company;
- (h) to do all acts and execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Liquidator's name or in the name and on behalf of the Company, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Company;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Company, the Property or the Liquidator, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Liquidator to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Liquidator in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

- (i) without the approval of this Court in respect of any transaction not exceeding \$50,000.00; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Liquidator deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Liquidator deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Liquidator, in the name of the Company;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Company may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers;

and in each case where the Liquidator takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Company, its Directors and Officers, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE LIQUIDATOR

6. (i) The Company, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Liquidator of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Liquidator, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Liquidator upon the Liquidator's requests.
7. All Persons shall forthwith advise the Liquidator of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Liquidator or permit the Liquidator to make, retain and take away copies thereof and grant to the Liquidator unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 7 or in paragraph 8 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Liquidator due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
8. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Liquidator for the purpose of allowing the Liquidator to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or

making copies of computer disks or such other manner of retrieving and copying the information as the Liquidator in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Liquidator. Further, for the purposes of this paragraph, all Persons shall provide the Liquidator with all such assistance in gaining immediate access to the information in the Records as the Liquidator may in its discretion require including providing the Liquidator with instructions on the use of any computer or other system and providing the Liquidator with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE LIQUIDATOR

9. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Liquidator except with the written consent of the Liquidator or with leave of this Court.

NO PROCEEDINGS AGAINST THE COMPANY OR THE PROPERTY

10. No Proceeding against or in respect of the Company or the Property shall be commenced or continued except with the written consent of the Liquidator or with leave of this Court and any and all Proceedings currently under way against or in respect of the Company or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement, if such proceeding is not commenced before the expiration of the stay provided by this paragraph 10.

NO EXERCISE OF RIGHTS OR REMEDIES

11. All rights and remedies (including, without limitation, set-off rights) against the Company, the Liquidator, or affecting the Property, are hereby stayed and suspended except with the written consent of the Liquidator or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Liquidator or the Company

to carry on any business which the Company is not lawfully entitled to carry on, (ii) exempt the Liquidator or the Company from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE LIQUIDATOR

12. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Company, without written consent of the Liquidator or leave of this Court.

CONTINUATION OF SERVICES

13. All Persons having oral or written agreements with the Company or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Company are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Liquidator, and that the Liquidator shall be entitled to the continued use of the Company' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Liquidator in accordance with normal payment practices of the Company or such other practices as may be agreed upon by the supplier or service provider and the Liquidator, or as may be ordered by this Court.

LIQUIDATOR TO HOLD FUNDS

14. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Liquidator from and after the making of this Order from any source

whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Liquidator (the "Post Liquidation Accounts") and the monies standing to the credit of such Post Liquidation Accounts from time to time, net of any disbursements provided for herein, shall be held by the Liquidator to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

15. All current employees of the Company shall remain the employees of the Company until such time as the Liquidator, on the Company' behalf, may terminate the employment of such employees. The Liquidator shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Liquidator may specifically agree in writing to pay, or such amounts as may be determined in Proceeding before a court or tribunal of competent jurisdiction.

16. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Liquidator shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Liquidator, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Company, and shall return all other personal information to the Liquidator, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. (a) Notwithstanding anything in any federal or provincial law, the Liquidator is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Liquidator's appointment; or
 - (ii) after the Liquidator's appointment unless it is established that the condition arose or the damage occurred as a result of the Liquidator's gross negligence or wilful misconduct.
- (b) Nothing in sub-section (a) exempts a Liquidator from any duty to report or make disclosure imposed by a law referred to in that sub-section.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-section (a) hereof, where an order is made which has the effect of requiring the Liquidator to remedy any environmental condition or environmental damage affecting the Property, the Liquidator is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within ten days after the order is made if no time is so specified, within ten days after the appointment of the Liquidator, if the order is in effect when the Liquidator is appointed, or during the period of the stay referred to in paragraph (i), the Liquidator:
 - A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in paragraph (i), within ten days after the order is made or within ten days after the appointment of the Liquidator, if the order is in effect when the Liquidator is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Liquidator to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Liquidator had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIQUIDATOR'S ACCOUNTS

- 18. Any expenditure or liability which shall properly be made or incurred by the Liquidator, including the fees of the Liquidator and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Liquidator and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Liquidator's Charge").
- 19. The Liquidator and its legal counsel shall pass their accounts from time to time.
- 20. The Liquidator may retain Bennett Jones LLP as its counsel.
- 21. Prior to the passing of its accounts, the Liquidator shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates

and charges of the Liquidator or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

THE LIQUIDATOR'S DUTIES

22. The Liquidator shall:

- (a) Within 15 days after the Liquidator's appointment, file an office copy of this Order with the Registrar of Corporations;
- (b) take into the Liquidator's custody and control the Property;
- (c) keep accounts of the money of the Company received and paid out by the Liquidator;
- (d) if at any time the Liquidator determines that the Company is unable to pay or adequately provide for the discharge of its obligations, apply to the Court for directions;
- (e) determine the claims of the Company's creditors in the following manner:
 - (i) on or before October 12, 2007, the Liquidator shall send a notice by registered mail, by courier service or by facsimile to each of the Company's known creditors, indicating the amount of such creditor's claim against the Company as of October 5, 2007 (the "Notice to Creditor"). The Liquidator shall also send a Notice to Creditor to all other parties who have filed claims against the Company and to any other parties believed by the Company to have claims or possible claims against it. Where the Company's records show no amount due, the Notice to Creditors will show a nil balance. In the case of the claims of creditors whose claims are disputed, a Notice to Creditor will be sent containing the amount which the Liquidator is prepared to allow as a claim by such creditor. The Notice to Creditor shall state whether a creditor's claim is secured or unsecured;

- (ii) The Liquidator shall also send, together with the Notice to Creditor, a Proof of Claim to each creditor or possible creditor described above. If a creditor wishes to dispute the Liquidator's assessment of its claim in the Notice to Creditor, it must complete and forward to the Liquidator on or before November 9, 2007, a completed Proof of Claim advancing a claim in a different amount, and/or claiming secured status if applicable, supported by appropriate documentation. In the event that a Proof of Claim is not received by the Liquidator by November 9, 2007 (the "Claims Bar Date"), the amount of such creditor's claim and its status as secured or unsecured will, unless otherwise ordered by this Court, be conclusively deemed to be as shown in the Notice to Creditor sent by the Liquidator;
- (iii) Any party who does not receive a Notice to Creditor and who wishes to advance a claim against the Company must complete and forward to the Liquidator a completed Proof of Claim supported by appropriate documentation advancing its claim and claiming secured status if applicable, on or before November 9, 2007;
- (iv) On or before October 12, 2007, the Liquidator shall place an advertisement for one day in the Calgary Herald providing notice of these proceedings and inviting any Parties who wish to advance a claim against the Company, to submit a Proof of Claim to the Liquidator by November 9, 2007;
- (v) Any party who does not receive a Notice to Creditor and who does not complete and forward to the Liquidator a completed Proof of Claim on or before November 9, 2007, all claims of such party against the Company will be forever extinguished, barred and will not participate in any distributions in these proceedings, unless otherwise ordered by the Court of Queen's Bench of Alberta;

- (vi) Where a Proof of Claim is sent to the Liquidator by a creditor, either as a result of disagreement with the Notice to Creditor or otherwise, the Liquidator shall review the Proof of Claim and, by November 23, 2007, provide to the creditor a notice in writing by registered mail, by courier service or by facsimile as to whether the claim set out in the Proof of Claim is accepted, disputed in whole, or disputed in part. Where the claim is disputed in whole or in part, the Liquidator shall issue a Notice of Dispute indicating the reasons for the dispute;
 - (vii) Where a creditor wishes to challenge the Liquidator's Notice of Dispute, the creditor must notify the Liquidator of its objection in writing by registered mail, courier service or facsimile within fifteen days after the issuance date of the Notice of Dispute. The creditor shall thereafter serve on the Liquidator, a Notice of Motion in these proceedings returnable within fifteen days after it gave its notice of objection, for the determination of the claim in dispute. Creditors not filing objections to Notices of Dispute issued by the Liquidator, or failing to file a motion in accordance within the time period set out above shall, unless otherwise ordered by this Court, be conclusively deemed to have accepted the assessment of their claims set out in such Notice of Dispute;
 - (viii) Claims not proven in accordance with the procedures set out above shall, unless otherwise ordered by this Court, be deemed to be forever barred and may not thereafter be advanced against the Company, unless permitted by the Court of Queen's Bench of Alberta; and
- (f) after the Liquidator's final accounts are approved by the Court, distribute any remaining Property of the Company among the contributions according to the respective rights, with approval of the Court.

GENERAL

23. Any requirement to settle a list of contributories of the Company, pursuant to s. 227(2) of the Act or otherwise, is hereby dispensed with. It is hereby declared that the contributories of the Company have satisfied all their liabilities or obligations to the Company and have no further liabilities or obligations to the Company.
24. The Liquidator may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
25. Nothing in this Order shall prevent the Liquidator from acting as the Trustee in Bankruptcy of the Company.
26. 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 Liquidator 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 and to provide such assistance to the Liquidator, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Liquidator and its agents in carrying out the terms of this Order.
27. The Liquidator shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

28. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Liquidator and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

" C. A. Kent. "

J.C.Q.B.A.

ENTERED this 5th day of October,
2007.

V.A. BRANDT 

CLERK OF THE COURT

Action No: 0701-10230

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STORES ASSOCIATION

WINDING-UP ORDER

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