

I hereby certify this to be a true copy of  
the original order

Dated this 5 day of May

for Clerk of the Court

Clerk's stamp:



COURT FILE NUMBER

1701-05884

COURT

COURT OF QUEENS BENCH OF  
ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

**IN THE MATTER OF *THE*  
*BANKRUPTCY AND INSOLVENCY*  
*ACT, R.S.C. 1985, c. B-3, as amended*  
**AND**  
**IN THE MATTER OF THE JOINT  
PROPOSAL OF SEAIR INC. AND  
SEAIR DIFFUSION SYSTEMS INC.****

DOCUMENT

**ORDER**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF PARTY  
FILING THIS DOCUMENT

**FASKEN MARTINEAU DUMOULIN  
LLP**

Barristers and Solicitors  
3400 First Canadian Centre  
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Calgary, Alberta T2P 3N9

Lawyer: Kibben Jackson  
Phone Number: 604-631-4786  
File Number: 309921.00001

**DATE ON WHICH ORDER WAS  
PRONOUNCED:**

**Friday, May 5, 2017**

**LOCATION WHERE ORDER WAS  
PRONOUNCED:**

**Calgary, Alberta**

**NAME OF JUDGE WHO MADE THIS  
ORDER:**

**The Honourable Madam Justice Dario**

**UPON** the application of Sear Inc. and Sear Diffusion Systems Inc. (together, the “Applicants”); **AND UPON** having read the Originating Application and the report of the proposal trustee, FTI Consulting Canada Inc. (the “Trustee”), all filed; **AND UPON** noting that the secured creditors who are likely to be affected by the charge created herein have been provided notice of this application; **AND UPON** hearing counsel for the Applicants; **IT IS HEREBY ORDERED AND DECLARED THAT:**


1. The time for service of the notice of application for this Order is hereby abridged and deemed good and sufficient and this application is properly returnable today.
2. The Applicants are hereby authorized and empowered to obtain and borrow funds under a credit facility (the "**Credit Facility**") from 1979927 Alberta Ltd. (the "**Interim Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, including the costs associated with these proceedings, provided that borrowings under such credit facility shall not exceed \$650,000 unless permitted by further order of this Court.
3. The Credit Facility shall be on the terms and subject to the conditions set forth in the interim loan agreement between the Applicants and the Interim Lender dated as of April 28, 2017 (the "**Interim Financing Agreement**"), a copy of which is attached as Appendix A to the Report of the Trustee dated April 28, 2017, filed.
4. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Interim Financing Agreement or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Interim Financing Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
5. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the "**Interim Lender's Charge**") on the assets, property and undertakings of the Applicants (the "**Property**") to secure all obligations under the Interim Financing Agreement and Definitive Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the Interim Financing Agreement and the Definitive Documents plus any interest thereon and fees payable under the Definitive Documents.
6. The Interim Lender's Charge shall be a first-ranking charge on the Property, and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any person. ~~For~~
7. The filing, registration or perfection of the Interim Lender's Charge shall ~~not~~ be required, and the Interim Lender's Charge shall be valid and enforceable for all purposes, including as against any right, title and interest filed, registered, recorded or perfected subsequent to the Interim Lender's Charge coming into existence, ~~notwithstanding any such failure to file, register, record or perfect.~~
8. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Interim Lender's Charge, unless the Applicants also obtain the prior written consent of the Trustee and the Interim Lender, or further order of this Court.

9. The Interim Lender's Charge, the Interim Financing Agreement and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:
- (a) the pendency of these proceedings and the filing of a joint proposal pursuant to Part III, Division I of the BIA by the Applicants on April 10, 2017;
  - (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order(s) made pursuant to such applications;
  - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
  - (d) the provisions of any federal or provincial statutes; or
  - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt and the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
    - (i) neither the creation of the Interim Lender's Charge nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Interim Financing Agreement or the Definitive Documents, shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which it is a party;
    - (ii) the Interim Lender shall not have any liability to any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Interim Lender's Charge, or the Applicants entering into the Interim Financing Agreement, or execution, delivery or performance of the Definitive Documents; and
  - (f) the payments made by the Applicants pursuant to this Order, including pursuant to the Interim Financing Agreement or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.
10. Notwithstanding any other provision of this Order ~~or the stay pursuant to section 69.1 of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "BIA"):~~
- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents; *and*

(b) upon the occurrence of an event of default under the Interim Financing Agreement, the Definitive Documents or the Interim Lender's Charge, the Interim Lender, immediately upon providing written notice to the Applicants and the Trustee, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Interim Financing Agreement, the Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Interim Financing Agreement, the Definitive Agreements or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and *TCO*

(c) ~~the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.~~ *Q*

11. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Interim Lender's Charge amongst the various assets comprising the Property.
12. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada to give effect to this Order and to assist the Applicants and the Trustee, and their respective 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 Applicants and to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to assist the Applicants and the Trustee and their respective agents in carrying out the terms of this Order.
13. Any interested party (including the Applicants and the Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
14. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Daylight Time on the date of this Order.

  
Justice of the Court of Queen's Bench of Alberta