SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY
NOV 0 9 2026
ENTERED

No. S-267306
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 1035638 B.C. LTD. and KAINOS BUILDING GROUP LTD.

AND

NATIONAL BANK OF CANADA

Petitioner

ORDER MADE AFTER APPLICATION

INITIAL ORDER

BEFORE THE HONOURABLE JUSTICE BLAKE	)))	09/NOV/2026

THE APPLICATION of the petitioner coming on for hearing at Vancouver, British Columbia, on November 9, 2026 (the "**Order Date**"); AND ON HEARING Scott H. Stephens and Lily Y. Zhang, counsel for the petitioner and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed herein, including the affidavit #1 of Cory Stark made September 29, 2026 and the consent of FTI Consulting Canada Inc. to act as Monitor; AND UPON BEING ADVISED that the secured creditors who are likely to be affected by the charges created herein were given notice; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), the *British Columbia 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 petition and supporting materials is hereby abridged such that service is deemed to be timely and sufficient and the matter is properly returnable today.

JURISDICTION

2. 1035638 B.C. Ltd. and Kainos Building Group Ltd. (together, the "**Debtors**") are companies to which the CCAA applies.

SUBSEQUENT HEARING DATE

3. The hearing of the petitioner's application for an extension of the Stay Period (as defined in paragraph 22 of this Order) and for any ancillary relief shall be held at Vancouver Law Courts at 800 Smithe Street, Vancouver, British Columbia at 10:00 a.m. on November 19, 2026 or such other date as this Court may order.

APPOINTMENT OF MONITOR

4. FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the "**Monitor**", an officer of this Court, to monitor the business and financial affairs of the Debtors with the powers and obligations set out in the CCAA or set forth herein, and that the Debtors and their shareholders, officers, directors, and Assistants (as defined below) shall advise the Monitor of all material steps taken by the Debtors pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary or requested by the Monitor to enable the Monitor to carry out the Monitor's functions. The Debtors and their shareholders, officers, directors and Assistants shall not be liable for any actions taken by them in accordance with a direction of the Monitor.

5. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

   (a) monitor the Debtors' receipts and disbursements;

   (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Debtors' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), the Debtors' business (the "**Business**"), and such other matters as may be relevant to the proceedings herein;

   (c) assist the Debtors in their dissemination to the petitioner and its counsel of the financial and other information as agreed to between the Debtors and the petitioner, which may be used in these proceedings including reporting on a basis to be agreed with the petitioner;

   (d) advise the Debtors in the preparation of their cash flow statements and reporting required by the petitioner, which information shall be reviewed with the Monitor and delivered to the petitioner and its counsel as agreed to with the petitioner;

(e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Debtors, to the extent that is necessary to adequately assess the Debtors' business and financial affairs or to perform its duties arising under this Order;

(f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(g) in the name of and on behalf of the Debtors, as the Monitor, in its sole discretion, deems necessary or appropriate:

(i) terminate the services of any officer, employee, consultant representative, advisor, or other persons; and

(ii) in accordance with the CCAA and this Order, disclaim any contracts to which either of the Debtors is a party; and

(h) perform such other duties as are required by this Order or by this Court from time to time.

6. In addition to the powers set out in paragraph 5 above, the Monitor is granted further powers and authorized, but not obligated, to exercise any powers the Monitor deems appropriate which may be properly exercised by a board of directors or any officers of the Debtors, on behalf of and in the name of the Debtors, including without limitation the power to:

(a) cause the Debtors to take any action permitted to be taken by the Debtors generally and pursuant to the CCAA, this Order or any other order made in these proceedings, including, but not limited to, continuing or winding down the Business related to the Property, liquidating the Property, and such other activities as may, in the Monitor's sole discretion, be necessary or appropriate;

(b) take possession of and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property;

(c) receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, changing locks and security codes, relocation of the Property, engaging independent security personnel, taking physical inventories, and placing insurance coverage;

(d) manage, operate, and carry on the Business and the Property, including the power to execute all agreements, documents and writings, on behalf of, and in the name of, the Debtors, including execution of the Term Sheet (as defined below) and any ancillary documents, as well as the powers to incur any obligations in the ordinary course of business, cease to carry on all or any part of the Business, or cease to perform any contracts of the Debtors relating thereto;

(e) engage, retain or terminate the services of, or cause the Debtors to engage, retain or terminate the services of, any officer, employee, consultant, representative, advisor or other persons, all under the supervision and direction of the Monitor, as the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of its powers and duties under this paragraph 6;

(f) prepare or assist in the preparation of the Debtors' statutory tax and financial requirements, including employee related remittances, T4 statements, and records of employment, in each case based solely upon the information available from the Debtors' books and records on the basis that the Monitor shall incur no liability or obligation to any person with respect of such reporting remittances, statements and records;

(g) deal with any regulatory authority, including to execute any appointment or authorization form on behalf of the Debtors that any regulatory authority may require to confirm the Monitor's appointment as an authorized representative of the Debtors for such purposes;

(h) purchase or lease such machinery, equipment, inventories, supplies, premises, or other assets to continue the Business of the Debtors and the Property or any part or parts thereof;

(i) receive and collect all monies and accounts now owed or hereafter owing to the Debtors in respect of the Property and to exercise all remedies of the Debtors in collecting these amounts, including, without limitation enforcement of any security held by the Debtors;

(j) settle, extend, or compromise any indebtedness owing to the Debtors in relation to the Property;

(k) execute, assign, issue, and endorse documents of whatever nature in respect of any of the Property for any purpose pursuant to the CCAA, this Order and any other order made in these proceedings;

(l) undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors relating thereto;

(m) initiate, manage, and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Debtors, the Business or the Property, including initiating, prosecuting, continuing, defending, settling, or compromising the proceedings;

(n) market any or all of the Property, including advertising and soliciting offers and negotiating such terms and conditions of sale as the Monitor considers appropriate;

(o) sell, convey, transfer, lease, or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court, including to

execute any conveyance or other closing documents in relation to such a transaction;

(p) apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers, free and clear of any liens or encumbrances;

(q) apply for any permits, licences, approvals, or permissions as may be required by any governmental authority relating to the Property, and any renewals thereof;

(r) enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtors; and

(s) exercise any shareholder, partnership, joint venture, or other rights which the Debtors may have in relation to the Property.

7. For greater certainty, where the Monitor takes actions or steps authorized by paragraph 6, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors and their past or present directors, officers and shareholders, and without interference from any other Person. The power and authority granted to the Monitor in paragraph 6 shall be paramount to the power and authority of the Debtors or any other Person.

8. The Monitor is authorized, but not required, to open one or more new accounts in its own name (the "**Monitor's Accounts**") and receive third party funds into the Monitor's Accounts or transfer into the Monitor's Accounts such funds of the Debtors arising from the Property as the Monitor, in its sole discretion, considers necessary or appropriate to assist with the exercise of the Monitor's powers and duties under the CCAA and this Order. Monies standing to the credit of the Monitor's Accounts from time to time shall be held by the Monitor to be dealt with as permitted by this Order or further order of this Court, including to make disbursements and pay obligations of the Debtors in the ordinary course of business and as permitted by orders of this Court.

9. Except as expressly provided in this Order, the Monitor shall not otherwise take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

10. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection,

conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the British Columbia *Environmental Management Act*, the British Columbia *Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

MONITOR'S PROTECTIONS

11. The Monitor shall provide any creditor of the Debtors, including the petitioner, with information provided by the Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Debtors is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Debtors may agree.

12. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

13. The Monitor is not, and shall not be deemed to be, a director, officer or employee of the Debtors.

14. All employees of the Debtors shall remain as employees of the Debtors. Nothing in this Order, including the enhancement of the Monitor's powers pursuant to paragraph 6, the exercise by the Monitor of any of its powers, the performance by the Monitor of any of its duties, or the use or employment by the Debtors of any person under the direction of the Monitor, in connection with the Monitor's appointment and the exercise and performance of its powers and duties, shall be construed as resulting in the Monitor being an employer, successor employer or related employer of the Debtors' employees, within the meaning of any provincial, federal, municipal legislation or common law governing employment or labour standards or any other statute, regulation or rule of law or equity for any purpose whatsoever or expose the Monitor to liability to any individuals arising from or relating to their employment by the Debtors. The Monitor shall not be liable for any employee-related liabilities of the Debtors, including any successor liabilities as provided for in Section 14.06(1.2) of the *Bankruptcy and Insolvency Act* (Canada), other than amounts the Monitor may specifically agree in writing to pay. Nothing in this Order shall, in and of itself, cause the Monitor to be liable for any employee related liabilities of

the Debtors, including wages, severance pay, termination pay, vacation pay and pension or benefit amounts.

15. Nothing in this Order or any other Order granted in these proceedings shall constitute or be deemed to constitute the Monitor as a receiver, assignee, liquidator, administrator, receiver manager, agent of the creditors or legal representative of the Debtors within the meaning of any relevant legislation, including subsection 159(2) of the *Income Tax Act* (Canada), as amended (the "**ITA**"), and any distributions to creditors of the Debtors by the Monitor will be deemed to have been made by the Debtors themselves. Nothing in this Order shall constitute or be deemed to constitute the Monitor as a person subject to subsection 150(3) of the ITA.

POSSESSION OF PROPERTY AND OPERATIONS

16. Subject to this Order, including the powers of the Monitor in paragraph 6 above, the Debtors shall remain in possession and control of their Business in the ordinary course and in a manner consistent with the preservation of the Business and the Property. Subject to this Order, the Debtors shall, with the approval of the Monitor, be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.

17. The Debtors shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:

    (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "**Wages**"); and

    (b) the fees and disbursements of any Assistants retained or employed by the Debtors which are related to the Debtors' restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the Debtors, whenever and wherever incurred, in respect of:

        (i) these proceedings or any other similar proceedings in other jurisdictions in which the Debtors or any subsidiaries or affiliated companies of the Debtors are domiciled;

        (ii) any litigation in which the Debtors are named as a party or is otherwise involved, whether commenced before or after the Order Date; and

        (iii) any related corporate matters.

18. Except as otherwise provided herein, the Debtors shall be entitled to pay all expenses reasonably incurred by the Debtors in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

    (a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure are approved by the Monitor;

    (b) all obligations incurred by the Debtors after the Order Date, including without limitation, with respect to goods and services actually supplied to the Debtors following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Debtors' obligations incurred prior to the Order Date); and

    (c) fees and disbursements of the kind referred to in paragraph 17(b) which may be incurred after the Order Date.

19. The Debtors are authorized to remit, in accordance with legal requirements, or pay:

    (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to section 6(3) of the CCAA;

    (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Debtors in connection with the sale of goods and services by the Debtors, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior to the Order Date but not required to be remitted until on or after the Order Date; and

    (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.

20. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Debtors shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between the Debtors and the landlord from time to time ("**Rent**"), for the period commencing

from and including the Order Date, twice-monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.

21. Except as specifically permitted herein, the Debtors are hereby directed, until further Order of this Court:

(a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Debtors to any of their creditors as of the Order Date except as authorized by this Order;

(b) to make no payments in respect of any financing leases which create security interests;

(c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;

(d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by the Debtors to such customers as of the Order Date; and

(e) to not incur liabilities except in the ordinary course of Business.

STAY OF PROCEEDINGS, RIGHTS AND REMEDIES

22. Until and including November 19, 2026, or such later date as this Court may order (the "**Stay Period**"), no action, suit or proceeding in any court or tribunal (each, a "**Proceeding**") against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

23. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Debtors and the Monitor or leave of this Court.

24. Nothing in this Order, including paragraphs 22 and 23 shall: (i) empower the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or

perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Debtors.

NO INTERFERENCE WITH RIGHTS

25. During the Stay Period, 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 Debtors, except with the written consent of the Monitor or leave of this Court.

CONTINUATION OF SERVICES

26. During the Stay Period, all Persons having oral or written agreements with the Debtors or mandates under an enactment 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 Business or the Debtors, 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 Debtors, and that the Debtors shall be entitled to the continued use of their current premises, 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 Order Date are paid by the Debtors in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Debtors and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

27. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to the Debtors on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

ADMINISTRATION CHARGE

28. The Monitor, counsel to the Monitor, and counsel to the petitioner, in its capacity as Interim Lender, shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Debtors as part of the cost of these proceedings. The Debtors are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, and counsel to the petitioner on a periodic basis.

29. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.

30. The Monitor, counsel to the Monitor, and counsel to the petitioner, shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $300,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the Debtors' restructuring. The Administration Charge shall have the priority set out in paragraphs 38 and 40 hereof.

INTERIM FINANCING

31. The Debtors are hereby authorized and empowered to obtain and borrow under a credit facility from the petitioner, National Bank of Canada (in such capacity, the "**Interim Lender**"), in order to finance the continuation of the Business and preservation of the Property, provided that borrowings under such credit facility shall not exceed $1,200,000 unless permitted by further Order of this Court.

32. Such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Debtors and the Interim Lender dated September 29, 2026 (the "**Term Sheet**").

33. The Debtors 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 Term Sheet or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Debtors are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

34. Without limiting the provisions of the Term Sheet, all advances under the Term Sheet shall be made to and distributed by the Monitor.

35. The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property. The Interim Lender's Charge shall not secure an obligation that exists before this Order is made. The Interim Lender's Charge shall have the priority set out in paragraphs 38 and 40 hereof.

36. Notwithstanding any other provision of this Order:

    (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;

(b) upon the occurrence of an event of default under any of the Definitive Documents or the Interim Lender's Charge, the Interim Lender, upon three (3) days' notice to the Debtors and the Monitor, may exercise any and all of its rights and remedies against the Debtors or the Property under or pursuant to the Term Sheet, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Debtors and set off and/or consolidate any amounts owing by the Interim Lender to the Debtors against the obligations of the Debtors to the Interim Lender under the Term Sheet, the Definitive Documents 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 Debtors and for the appointment of a trustee in bankruptcy of the Debtors; and

(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 Debtors or the Property.

37. The Interim Lender, in such capacity, shall be treated as unaffected in any plan of arrangement or compromise filed by the Debtors under the CCAA, or any proposal filed by the Debtors under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. The priorities of the Administration Charge and the Interim Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $300,000); and

Second – Interim Lender's Charge.

39. Any security documentation evidencing, or the filing, registration or perfection of, the Charges shall not be required, and that the Charges shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

40. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA.

41. Except as otherwise expressly provided herein, or as may be approved by this Court, the Debtors shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Debtors obtain the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Administration Charge.

42. The Administration Charge, the Term Sheet, the Definitive Documents and the Interim Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Interim Lender 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 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 or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Debtors; and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Debtors of any Agreement to which they are a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Debtors entering into the Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Debtors pursuant to this Order, the Term Sheet 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.

43. Any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Debtors' interest in such real property leases.

SERVICE AND NOTICE

44. The Monitor shall (i) without delay, publish in the Vancouver Sun a notice containing the information prescribed under the CCAA, (ii) within five days after Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Debtors of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

45. The Debtors and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true

copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

46. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: https://cfcanada.fticonsulting.com/kainos/.

47. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: https://cfcanada.fticonsulting.com/kainos/.

48. Notwithstanding paragraphs 45 and 47 of this Order, service of the petition, the notice of hearing, any affidavits filed in support of the petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

GENERAL

49. The Debtors or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.

50. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Debtors, the Business or the Property.

51. Each of the Debtors and the Monitor be at liberty and are 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 and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the Debtors to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended.

52. The Monitor on behalf of the Debtors may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when it is determined that such a filing is appropriate.

53. The Debtors, the Monitor, and the petitioner are hereby at liberty to apply for such further interim or interlocutory relief as deemed advisable within the time limited for Persons to file and serve responses to the petition.

54. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such notice of application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

55. ~~Any interested party (including the Debtors, the Monitor, and the petitioner) may apply to~~ this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and 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.~~

56. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Debtors and the Monitor and their respective agents in carrying out the terms of this Order.

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

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of ~~lawyer for the petitioner~~
Scott H. Stephens

BY THE COURT

REGISTRAR

CHECKED

Schedule A – Appearance List

Party	Counsel
Bancorp Balanced Mortgage Fund II Ltd., Bancorp Growth Mortgage Fund II Ltd. and Bancorp Financial Services Inc.	Lisa Hiebert
FTI Consulting Canada Inc.	~~Lance Williams~~ Ashley Rowron