

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

SALUS CAPITAL PARTNERS, LLC

Applicant

- and -

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND P.M.R. INC.**

Respondents

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**MOTION RECORD OF THE PROPOSED RECEIVER,
RICHTER ADVISORY GROUP INC.,
(Returnable August 11 , 2016)
(Re Appointing Receiver and Related Relief)**

August 8, 2016

FASKEN MARTINEAU DUMOULIN LLP
Barristers and Solicitors
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto, ON M5H 2T6

Stuart Brotman (LSUC# 43430D)
Tel: 416 865 5419
Fax: 416 364 7813
sbrotman@fasken.com

Aubrey E. Kauffman (LSUC# 18829N)
Tel: 416 868 3538
Fax: 416 364 7813
akauffman@fasken.com

Lawyers for the Proposed Receiver, Richter
Advisory Group Inc.

TO: THE ATTACHED SERVICE LIST

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RICHTER

Richter Advisory Group Inc.
181 Bay Street, 33rd Floor
Toronto, ON M5J 2T3
www.richter.ca

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ CORP.,
2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY COLLECTION
INCORPORATED, AND P.M.R. INC.**

REPORT OF THE PROPOSED RECEIVER

August 8, 2016

Court File No. CV-16-011478-00CL

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R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43**

**REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS PROPOSED RECEIVER OF
J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ CORP., 2373138 ONTARIO INC., ALWAYS
& FOREVER FAMILY COLLECTION INCORPORATED, AND P.M.R. INC.**

August 8, 2016

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I. INTRODUCTION

1. Richter Advisory Group Inc. ("**Richter**") understands that an application will be made before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") by Salus Capital Partners, LLC as lender and agent for other lenders ("**Salus**" or the "**Lender**") for an order (the "**Receivership Order**"), among other things: (a) appointing Richter as a receiver to exercise the powers and duties set out in the Receivership Order, pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended (the "**Receiver**"), without security, of all the assets, properties and undertakings (the "**Property**") of J.S.N. Jewellery Inc. ("**JSN Jewellery**"), 2373138 Ontario Inc., Always & Forever Family Collection Inc. ("**A&F**" or "**Always and Forever**"), and P.M.R. Inc. ("**PMR**"), (collectively, the "**Canadian Debtors**"), GMJ Corp. ("**GMJ**" or the "**U.S. Debtor**"), and J.S.N. Jewellery UK Ltd. ("**JSN UK**" or the "**UK Debtor**"), and together with the Canadian Debtors and the U.S. Debtor, "**JSN**" or the "**Company**"; and (b) approving the Realization Process (hereinafter defined). The Lender is also seeking an order (the "**Approval and Vesting Order**") approving a proposed sale of certain Property of the Company on the terms of an offer to purchase (the "**Offer to Purchase**") from Unique Designs, Inc. (the "**Purchaser**") and directing the Receiver to accept the Offer to Purchase and complete the transaction contemplated therein (the "**Proposed Transaction**").
2. Richter is a licensed trustee within the meaning of section 2 of the BIA and has consented to act as Receiver in these proceedings in the event that this Court grants the relief sought by the Lender. We are writing this report as Proposed Receiver of JSN (the "**Proposed Receiver**").
3. Richter was previously retained by the Lender to assist in providing strategic advice on the Proposed Transaction, including to review the refinancing and sale efforts undertaken by or on behalf of the Company, and the sale or investment solicitation process undertaken in respect of Ben Moss Jewellers Western Canada Ltd. ("**Ben Moss**"), as part of its restructuring proceedings pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**"), and which process was run by the Court appointed monitor of Ben Moss, Alvarez and Marsal Canada Inc. and A&M Canada Securities ULC (together "**A&M**"). Richter understands that each of these processes was administered in consultation with the Lender's sales agent, Consensus Advisors LLC and Consensus Securities LLC (together "**Consensus**"). Richter has not been involved in the any of the above-referenced sale or investment solicitation efforts. Richter has consulted with the Lender's legal counsel, Aird & Berlis LLP ("**A&B**") and chief restructuring officer for the Company and Ben Moss, Faan Advisors Group Inc. ("**CRO**") with regard to the Proposed Transaction, as discussed below.

II. PURPOSE OF REPORT

4. The purpose of this report (the "**Report**") is to:
 - a) Provide this Court with certain background information concerning JSN, including the Company's financial performance, debt structure and financial position;
 - b) Outline certain information relevant to the Proposed Transaction, including:
 - (i) Information regarding the marketing and sales processes undertaken by A&M and Consensus to refinance the Company or effect a sale of the Company's assets prior the Proposed Receivership;
 - (ii) Information regarding the Proposed Transaction and the Offer to Purchase; and
 - (i) The Proposed Receiver's views with respect to the Proposed Transaction.
 - c) Detail the post-filing realization strategy that Richter proposes to undertake, if the Court grants the Receivership Order, including an outline of the proposed process for: (i) the marketing and sale of the Company's remaining loose gemstone (primarily diamonds) and finished goods inventories (the "**Sundry Jewellery Assets**") not subject to the Proposed Transaction; and (ii) the liquidation of the Company's fixed assets (collectively, the "**Realization Process**").

III. QUALIFICATIONS

5. In preparing this Report, Richter has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management (including the CRO), A&M and Consensus (collectively, the "**Information**"). Richter has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. Richter has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("GAAS") pursuant to the Canadian Institute of Chartered Accountants Handbook and, as such, Richter expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Company's financial forecasts in accordance with the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information reported on or relied upon in this Report is based on management's assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.
6. Unless otherwise noted, all monetary amounts contained in this Report are expressed in Canadian dollars ("**CAD**").

IV. BACKGROUND

7. Reference is made to the Affidavit of Kyle Shonak, sworn August 3, 2016 (the "**Salus Affidavit**") and the Affidavit of Michael A. O'Hara, sworn August 2, 2016 (the "**Consensus Affidavit**") filed in support of the Lender's application for the Receivership Order and the Approval and Vesting Order, appended as **Exhibits "6"** and **"7"** to the Applicant's Motion Record dated August 4, 2016. While this Report summarizes some of the information set out in the Salus Affidavit and Consensus Affidavit for context, readers are directed to the Salus Affidavit and Consensus Affidavit for a more detailed explanation of the grounds for the Lender's application.

Company Overview & Corporate Structure

8. Joseph Shilon ("**Mr. Shilon**" or the "**Owner**"), a jewellery design specialist, diamond expert and cutter by trade, founded JSN in Toronto in 1985 (an Ontario corporation which is 100% owned by Mr. Shilon). The Company is comprised of two primary businesses; (i) a jewellery wholesaling and manufacturing business with global operations; and (ii) Ben Moss, a jewellery retail business, headquartered in Winnipeg and presently in the process of liquidating its 65 stores across Canada as part of its restructuring efforts pursuant to the CCAA.
9. JSN's product is largely manufactured in Thailand by JSN's affiliates, Utopia Jewellery Co. and Utopia Diamond Inc. (collectively "**Utopia**"), Thai corporations. Utopia is 100% indirectly owned by Mr. Shilon; however who controls Utopia's assets and operations is uncertain. JSN also has a manufacturing facility in Toronto, Ontario, which allows it to manufacture high margin and special orders, and complete in-house repairs.
10. JSN's primary customer in Canada, Ben Moss, is an indirect subsidiary. Ben Moss is a Manitoba corporation owned by the non-operating holding company 2373138 Ontario Inc. As previously noted, Ben Moss obtained protection under the CCAA by Order of the Court made May 18, 2016.
11. In 2013, JSN acquired Ben Moss to facilitate the growth of its wholesale business through an additional sales channel and to maximize profit. The acquisition was financed by the Owner's equity and senior credit facilities provided by Salus.
12. JSN also sells its products through the following ancillary sales channels in Canada:
- a) Always and Forever, an Ontario corporation owned by Mr. Shilon, is a wholesale and internet retail jewellery business with a family-focused product offering. A&F operates out of the JSN head office and uses staff employed by JSN. The entity holds no inventory as all sales are special orders shipped directly from the supplier to customers; and
 - b) Forever Jewellery Inc. ("**FJI**"), an Ontario corporation owned by Mr. Shilon's daughter, operates a separate wholesale jewellery business. JSN is not affiliated with FJI, however, the companies cooperate with respect to advertising and sales activities. On the application of Salus, Richter was Court-appointed

on an ex-parte basis on June 27, 2016 as interim receiver of FJI and then as full receiver of FJI on June 30, 2016 (in such capacity, the "FJI Receiver").

13. JSN's product is sold to retail customers in the United States ("US") by GMJ and in the United Kingdom ("UK") by JSN UK.
 - a) GMJ, a Delaware registered corporation, is a wholesale business operating out of Scottsdale, AZ through a sales service agreement with a third party. Owing to the third party agreement, GMJ does not have any employees or physical location. Inventory is located at JSN Jewellery and on consignment at U.S. retailers, as the sales agent processes any return of goods and then ships these goods to JSN Jewellery.
 - b) JSN UK is a wholesale business operating out of London, UK, employing a staff of 8 who operate JSN UK from a leased London, UK office. The Proposed Receiver understands that all JSN UK inventory is located at JSN Jewellery or on consignment at UK retailers.
14. PMR, an Ontario corporation indirectly owned by Mr. Shilon, is a precious metal, jewellery and gemstone recovery business operating at Ben Moss stores and purchasing and recycling or refurbishing jewellery from the stores' customers, and has been operated by JSN head office employees. PMR has ceased operations as a result of the Ben Moss CCAA proceedings.
15. A copy of the organization chart for these companies (other than FJI) and certain of their other affiliates is attached as **Appendix "A"**.

Company Operations

16. JSN has grown to become one of Canada's largest jewellery manufacturers and wholesalers and has established international operations and product distribution worldwide.
17. The Company offers thousands of SKU's, including a wide selection of products ranging from entry-level priced diamond designs to fully-certified, top-quality diamond jewellery available in 9-kt. to 18-kt. gold and platinum castings.
18. Exclusively designed and manufactured collections include trademarked Canadian Ice Diamonds, Blossom Diamonds, Always and Forever, Colour Couture and Passionate Heart Canadian Diamonds, as well as a number of private labels produced for major retail customers.
19. JSN sales originate in Canada, the United States, and the United Kingdom. The Company's fiscal 2016 revenue by geography was the following:

JSN		
<i>Revenue by Geography</i>		
<i>For the twelve month period ending</i>		
<i>March 31, 2016</i>		
<i>('000's)</i>		
Canada	\$	44,796
US	\$	16,822
UK	\$	22,318
Total	\$	83,936

20. The JSN head office is located at 64 Jardin Drive in Vaughan, Ontario (the "Head Office"). In addition to JSN Jewellery employees located at the Head Office (51), JSN UK employs staff located in the London, UK office (8). As previously outlined, GMJ is serviced through a third party agency, and PMR and A&F are serviced by JSN Jewellery employees.
21. The Company's key management ("**Management**") included Mr. Shilon (President), Carla Eisnor (interim CFO), Laura Fiscaletti (Director of Operations), Rishi Taki (Production Manager), JoAnne White (Assistant Controller) and Moses Saurymper (UK Managing Director). On May 12, 2016, JSN Jewellery, Ben Moss and certain other companies (including PMR, GMJ, and JSN UK), appointed a CRO and delegated the authority to direct operations and management to the CRO in place of Mr. Shilon and other members of Management. Subsequent to the appointment of the CRO, the employment of both Mr. Shilon and Ms. Eisnor was terminated by the Company. The Receiver understands the remaining Management is located at and operates from the Head Office and the UK office.
22. The Proposed Receiver understands that none of JSN's employees are represented by a union and that the Company does not sponsor a pension plan for any of its employees.

Causes of Financial Difficulties

23. As described in the Salus Affidavit, primarily as a result of Ben Moss' financial troubles (culminating in the CCAA filing), JSN is experiencing a liquidity crisis and has defaulted on various financial and other covenants with their primary secured lender, Salus.
24. The causes of the Company's insolvency are detailed extensively in the Salus Affidavit and are, therefore, not repeated herein.

V. FINANCIAL POSITION

Historical Operating Results

25. The Company's most recent year-end financial statements are presented for the twelve month period ended March 31, 2016.

Set out below is a summary of the Company's consolidated income statement for: (i) the fiscal period ended March 31, 2015 (unaudited); and (ii) the fiscal period ended March 31, 2016 (unaudited):

JSN (excluding PMR and A&F)		
Income Statement		
('000's)		
	<i>For the 12 month period ended March 31, 2016</i>	<i>For the 12 month period ended March 31, 2015</i>
Net Sales	83,936	80,210
Cost of Sales	(69,035)	(64,409)
Gross Profit	14,901	15,801
Wages & Benefits	(2,597)	(2,373)
Operating Expenses	(3,860)	(4,577)
Management Fee Expense	(1,355)	(1,345)
Total Expenses	(7,812)	(8,295)
Operating Profit	7,089	7,506
Gain (loss) on foreign currency	(2,946)	1,536
Interest expense	(5,204)	(5,532)
Amortization of deferred costs	(1,316)	(1,316)
Taxes	(0)	(3)
Net Profit (Loss)	(2,378)	2,191

26. As noted above, JSN's financial results have deteriorated year over year. JSN experienced a net profit of approximately \$2.2 million in 2015 followed by a net loss of approximately \$2.4 million in 2016, due to a number of factors including significant foreign exchange losses. Results since March have been further negatively impacted when JSN's largest customer and affiliate Ben Moss filed for creditor protection under CCAA proceedings in May 2016.

Cash Flow and Cash Position

27. As a result of Ben Moss' financial troubles, JSN began to request a series of overadvances on its credit facilities with the Lender, which were granted by Salus in late March 2016. In support of the overadvances, Salus and the Company entered into an accommodation agreement (the "**Accommodation Agreement**"). The Accommodation Agreement is attached as **Appendix "B"**.

28. Cash flow continued to worsen at JSN, as significant funding was provided to Utopia (to fund operations and purchase raw material inventory) and required for the Ben Moss's CCAA proceedings. In July 2016 the total overadvance reached approximately \$9 million in excess of what was projected in the approved budget. A copy of a recent Company's borrowing base certificate shows a total overadvance of \$19 million and is attached as **Appendix "C"**.
29. In the absence of continued support from the Lender, JSN and Ben Moss would be unable to continue to carry on their businesses, and Salus was unwilling to provide funding for the additional losses.

Ability to Continue as a Going Concern

30. The Proposed Receiver understands that the Company's financial results year to date and current business conditions continue to be a concern. The Proposed Receiver is of the view that JSN will continue to experience challenges in operating as a going concern due to the following:
- a) Due to a breakdown in the Utopia relationship, JSN has been shut off from continued supply and has been unable to service the majority of its customer base. As a result, JSN's operations have effectively been shut down since the beginning of July;
 - b) Ben Moss's CCAA proceedings have not resulted in a going concern transaction and, as such, Ben Moss is moving to an outright liquidation of its assets, which will eliminate JSN's largest customer representing 38% of fiscal 2016 sales; and
 - c) Salus is no longer willing to support the Company through continued funding of overadvances and has moved for the appointment of a receiver to preserve and protect the Company's assets.

VI. CREDITORS

Secured Claims

31. The Salus Affidavit provides details with respect to the identity of the secured creditors of the Company and attaches copies of Salus' relevant loan and security documents. The following is the Proposed Receiver's understanding of the indebtedness under those loans and their status.

Salus

32. The Proposed Receiver understands the Company's secured debt facilities consist of revolving and term loans made available by the Lender (the "**Facilities**") to JSN Jewellery, JSN UK, GMJ and Ben Moss as borrowers (the "**Borrowers**") and 2373138 Ontario Inc., Forever Jewellery Inc., A&F, PMR, and Mr. Shilon, as guarantors (the "**Guarantors**"), pursuant to the original credit agreement dated July 18, 2013, and the First Amending Agreement made September 25, 2014 (the "**Credit Agreement**"). Pursuant to the Credit Agreement, the Facilities are:

JSN Facilities		
Revolving Loan	\$	50,000,000
Term Loan A (CAD)	\$	7,000,000
Term Loan B (CAD)	\$	13,000,000
Term Loan C (USD)	\$	3,500,000

33. Pursuant to the terms of the Accommodation Agreement, the Lender amended the terms of the Credit Agreement. The outstanding balances owing to the Lenders as at July 2016 are:

JSN			
Summary of Outstanding Loan Balances			
As at July, 2016			
	Principal	Interest	Total
CDN Revolving Loan (CAD)	\$ 21,379,649	\$ 71,038	\$ 21,450,688
USD Revolving Loan (USD)	\$ 22,348,642	\$ 87,960	\$ 22,436,602
Term Loan A (CAD)	\$ 4,750,000	\$ 23,070	\$ 4,773,070
Term Loan B (CAD)	\$ 4,871,987	\$ 27,182	\$ 4,899,169
Term Loan C (USD)	\$ 3,500,000	\$ 21,170	\$ 3,521,170

34. The Proposed Receiver understands that the Facilities are secured by general security agreements (and secured debentures in the UK) representing a charge over all assets of the Company. The Proposed Receiver has not, at this time, obtained an independent legal opinion with respect to Salus' loans and security.

Other Secured Creditors

35. Information on other secured creditors is set out in the Salus Affidavit and is, therefore, not repeated herein. The Proposed Receiver does not at this time possess information on the nature of these claims.

Potential Priority Claims

36. Based upon discussions with the CRO, it appears to the Proposed Receiver that the Company has the following liabilities that rank, or may rank, in priority to the secured claims of Saius (as of July 31, 2016):
- a) Approximately \$30,000 is owed to JSN Jewellery employees, and \$20,000 to the JSN UK employees, in respect of vacation pay; and
 - b) Wages and source deduction payments are current, with the possible exception at any point in time of one payroll cycle being approximately \$100,000 (for all employees including JSN UK). As previously outlined, as GMJ is serviced through a third party sales agency, there are no GMJ employees.
37. Given the nature of the business and state of operations, HST is generally in a receivable position. As at June 30, 2016, HST refunds claimed across JSN, A&F, and PMR totaled \$384,030. CRA has held refunds owing, as corporate tax returns have not been filed for the 2015 fiscal year.

38. The Proposed Transaction does not contemplate that any of the JSN employees will be offered employment by the Purchaser, and provides that the Company will remain responsible for any outstanding employee wages, statutory deductions, remittances, assessments, bonuses, vacation pay, sick leave, severance pay, termination pay, amounts paid in lieu of notice, and any other remuneration, benefits and deductions for the employees (the "Employee Amounts") that become due and payable prior to the Proposed Receivership.
39. The Proposed Receiver understands that Canadian wages, source deductions and vacation pay will be paid in priority to Salus, and intends to enquire into the priority of foreign employee claims and report back to the Court, as appropriate, prior to any repayment of the obligations owed to Salus.
40. It is contemplated that, if the Receivership Order is made, any distribution of proceeds from the Proposed Transaction or any other realizations from the Property (excluding payment of the expenses of the Proposed Receivership) will be made upon further direction from the Court.

Unsecured Trade Creditors

41. The Proposed Receiver understands that the Company had unsecured trade payables owing of approximately \$9.3 million as at July 15, 2016 detailed as follows:

JSN	
<i>Trade Payables</i>	
<i>Presented in CAD</i>	
<i>As at July 15, 2016</i>	
JSN Jewellery	1,980,277
JSN UK	228,884
GMJ	15,501
A&F	22,258
PVR *	7,055,908
Total	9,302,828
<i>* balance entirely intercompany owing to Ben Moss stores</i>	

42. The Offer to Purchase does not contemplate the assumption by the Purchaser of any outstanding trade payables or other liabilities of the Company.
43. As mentioned above, if appointed, the Proposed Receiver would propose to distribute proceeds of realization only in accordance with further express direction from the Court. In seeking that direction the Proposed Receiver will have regard to potential priority claims to the assets realized upon, and applicable rights of unpaid suppliers, if any.

VII. PRE-FILING SALE PROCESS

44. As described in the Salus Affidavit and the Consensus Affidavit, three separate sale and investment solicitation processes (one subject to court approval under the Ben Moss CCAA) have been run by two different advisors, A&M and Consensus, respectively (collectively, the "Prior Sale Processes").
45. The Proposed Receiver has reviewed the Salus Affidavit and the Consensus Affidavit and discussed the Prior Sale Processes, particularly as they relate to JSN, with senior management personnel of Salus, Consensus, A&M and the CRO. On the basis of those discussions and the activities detailed in both the Salus Affidavit and the Consensus Affidavit, the Proposed Receiver is of the view that the Prior Sale Process, including the timelines and extent of marketing therein, constituted a robust and reasonable process in the circumstances.
46. The deteriorating financial position of JSN and Ben Moss, the supply interruption with Utopia and liquidity constraints (significant overadvance, lack of continued funding) referenced in the Salus Affidavit rendered time of the essence in respect of a value-maximizing sale transaction. The Proposed Transaction will preserve the Company's customer programs which, in turn, will protect JSN asset value for the benefit of Salus and the Company's other stakeholders.
47. The continuation of customer programs is at risk without continued supply and, as a result, customers may start returning consignment goods on hand. Without customer programs in place, there is no channel through which to sell these goods at the retail level, and realizations may be significantly reduced; furthermore, JSN's significant accounts receivable outstanding is likely to be diluted by increased disputes and offsetting claims when attempting to collect from disrupted customers.
48. As detailed in the Salus Affidavit, Salus has reviewed and is supportive of the Proposed Transaction as it represents the highest and best offer received through the Prior Sale Processes and preserves customer programs, including a key program with Fred Meyers Jewellery ("**Fred Meyers**") with whom the Purchaser has an existing relationship. Additionally, the preservation of customer programs should maximize recovery on the assets excluded from the Proposed Transaction, including the accounts receivable balances outstanding with those customers.

VIII. PROPOSED TRANSACTION

49. As described in the Salus Affidavit, the APA of the Proposed Transaction contemplates the purchase of certain assets of JSN Jewellery, JSN UK, GMJ and A&F (collectively the "**Vendors**") by the Purchaser. These assets include, but are not limited to:
 - a) intellectual property;
 - b) inventory on consignment with customers (excluding Ben Moss);

- c) finished goods inventory subject to customer orders and certain finished goods inventory not subject to open orders;
 - d) open customer orders, including memo (also known as consignment) orders, and any corresponding open orders with suppliers for goods required to fill such customer orders;
 - e) certain assigned contracts/memos; and
 - f) documents and records with respect to transactions between the Vendors and customers.
50. The Salus Affidavit contains a copy of the Offer to Purchase, which has been irrevocably submitted by the Purchaser for acceptance by the Receiver, if appointed. The Offer to Purchase contemplates closing the Proposed Transaction by no later than August 15, 2016.
51. The Proposed Transaction contemplates the sale of certain Property belonging to GMJ and JSN UK, both foreign entities, and all such property is presently situated in Canada with the exception of certain intellectual property registered in the UK and the US. The Offer to Purchase contemplates that GMJ and JSN UK will execute intellectual property assignment agreements with respect to that intellectual property. It is contemplated that those assignment agreements will be executed by GMJ and JSN UK and delivered in escrow prior to the hearing for the granting of the Receivership Order pending closing of the Proposed Transaction.
52. As previously detailed in this Report, fulfillment of customer orders by Utopia has ceased. The continuation of customer programs is at risk without continued supply, and as a result customers may start returning consignment goods on hand. Without customer programs in place, there is no channel through which to sell these goods at the retail level, and realizations may be significantly reduced; furthermore, JSN's significant accounts receivable outstanding is likely to be diluted by increased disputes and offsetting claims when attempting to collect from disrupted customers.
53. The Company continues to operate in a significant overadvance position, as outlined in the Company's BBC and as detailed in the Salus Affidavit. The Proposed Receiver does not expect a significant reversal of the current overadvance position in the foreseeable future, given that Salus is not willing to support an incremental overadvance to restore supply, and has made application to the Court for the appointment of a receiver. Additionally, the Proposed Receiver has reviewed a realization analysis prepared by Salus (the "**Realization Analysis**"), and based upon the information included therein, Salus is expected to experience a significant shortfall on its security in a liquidation scenario. Although the Proposed Receiver has not obtained liquidation offers on the Property, based on our limited review, it is the Proposed Receiver's view that the underlying assumptions upon which the Realization Analysis is based appear reasonable.

54. Without the certainty resulting from the Proposed Transaction, it appears likely that value will quickly deteriorate for assets both subject to – and outside of – the Proposed Transaction, for the reasons previously noted in this Report and in the Salus Affidavit.
55. The Proposed Receiver was provided with the form of the Proposed Transaction before it was finalized, and any concerns raised were addressed to our satisfaction. In the circumstances, the Proposed Receiver is of the view that the Proposed Transaction appears to be the best option to maximize value to Salus and other stakeholders.

IX. REALIZATION PROCESS

Sundry Jewellery Assets

56. The Proposed Receiver, in consultation with Salus, Consensus and 360 Merchant Solutions (the “**Jewellery Consultant**”), has developed the Realization Process described in this section as a means of gauging market interest in the Company’s Sundry Jewellery Assets not included in the Proposed Transaction. The Proposed Receiver understands that Consensus and the Jewellery Consultant have recently marketed these assets on an informal basis to various contacts and that approximately ten (10) interested parties have viewed or have scheduled site visits to view the Sundry Jewellery Assets; however, solicitation of offers to purchase the Sundry Jewellery Assets was delayed pending a formal process to be run by or under the supervision of the Receiver, if appointed.
57. Should the Receivership Order be granted, it is the intention of the Proposed Receiver to engage the CRO, Jewellery Consultant, and Consensus to assist with the Realization Process and certain other aspects of the receivership administration. Consensus and the Jewellery Consultant possess significant industry expertise and familiarity with the Prospective Purchasers (as herein after defined) on the Contact List (as herein after defined), and are familiar with the Sundry Jewellery Assets having previously advised Salus on same. Additionally, the CRO has in-depth knowledge of JSN operations.
58. As soon as reasonably practical upon the Proposed Receiver's appointment as Receiver and approval of the Realization Process by the Court, marketing materials in the form of an interest solicitation letter (the “**Teaser**”) will be circulated to a list of prospective purchasers (the “**Contact List**” or “**Prospective Purchasers**”). The Contact List, developed by Consensus, the Jewellery Consultant and the CRO, and reviewed by the Proposed Receiver, includes over 60 Prospective Purchasers and encompasses significant players in the jewellery wholesale and precious gemstones sector, those parties who have already viewed the assets, liquidators, and Ben Moss’ liquidation sales agent.
59. The Receiver will, through Consensus, the Jewellery Consultant, or the CRO, follow up with the Prospective Purchasers to discuss the Sundry Jewellery Assets and determine interest in same. Interested parties will have

the opportunity to view the Sundry Jewellery Assets, and will be provided with supporting Sundry Jewellery Assets schedules (the “**Sundry Schedules**”) prepared by the Receiver in consultation with the CRO and the Jewellery Consultant, to perform their diligence. The requirement that interested parties execute a non-disclosure agreement (“**NDA**”) will be at the discretion of the Proposed Receiver, in consultation with Consensus.

60. The Realization Process contemplates a 3-week marketing and diligence period, including the opportunity to view the Sundry Jewellery Assets, as follows:

- | | |
|----------------------------------------------------|-----------------------------------------------|
| a) Realization Process commencement date | August 12, 2016 |
| b) Bid deadline | on or before September 2, 2016 5:00 pm (EST) |
| c) Successful bidder(s) to be informed | on or before September 9, 2016 12:00 pm (EST) |
| d) Complete transaction, subject to Court approval | on or before September 16, 2016 5:00 pm (EST) |

The Realization Process also contemplates that the Proposed Receiver will have the ability to extend deadlines by up to one week at its discretion, without Court approval.

61. All offers received from Interested Parties by the aforementioned September 2, 2016 bid deadline (the “**Bid Deadline**”) will be required to be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Receiver.

62. The Proposed Receiver will not be required to accept the highest, best or any bid submitted, and may terminate the Realization Process at any time. Additionally, the Proposed Receiver shall have the discretion to consult and negotiate with any participating bidder, either directly or through Consensus or the Jewellery Consultant.

63. Depending on the value of the bids received at the Bid Deadline, or at any time, the Proposed Receiver, at its sole discretion, may examine available alternatives including – or in any combination of – the following:

- a) Complete one or more transaction(s) from bids received by the Bid Deadline;
- b) Convert loose gemstone inventory to finished goods for sale in fulfillment of a purchase order or consignment order placed by a customer such as Ben Moss. It is not contemplated, if the Proposed Receiver determines to take this avenue in the Realization Process, that a new or separate sale process would be run in respect on any new finished goods inventory; and
- c) Enter into an agency agreement with a third party (potentially one of the Prospective Purchasers) to market the loose gemstone inventory and finished goods on behalf of the Receiver.

64. The Realization Process contemplates that once offers are accepted, a period of approximately two weeks would likely be required to complete asset purchase/agency agreement(s), and seek Court approval of said

agreement(s), as required. At this time, the time that could be required to complete any production is unknown, as it depends on a number of factors, including the type and complexity of finished goods produced. All incremental costs associated with production time will be considered in the Proposed Receiver's evaluation of the alternatives previously detailed.

65. As detailed above, the proposed Realization Process contemplates a 21-day period to market the Sundry Jewellery Assets to Prospective Purchasers. In the Proposed Receiver's view, this timeline is sufficient to allow Interested Parties to perform due diligence and submit offers, especially in light of the circumstances detailed in this Report.

Furniture, Fixtures and Equipment

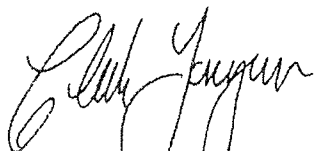
66. The Proposed Receiver plans to run a limited informal process to liquidate the Company's furniture, fixtures and equipment ("FF&E"), including owned specialized jewellery equipment, which is anticipated to have nominal realizable value. Specialized jewellery equipment may be included – as appropriate – in the Realization Process for the Sundry Jewellery Assets described above, should the market for the equipment be highly specialized, or as otherwise deemed appropriate. The Proposed Receiver will send out a listing of the Company's FF&E to liquidators and resellers with relevant experience. The Proposed Receiver will solicit offers for outright purchase of these assets, or alternatively a fee proposal to sell these assets at an auction to be held at a time and location yet to be determined. As previously stated, the Proposed Receiver will not be required to accept the highest, best or any bid submitted.

X. RECOMMENDATION

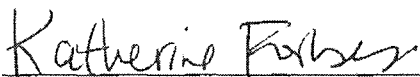
67. As detailed above, in the circumstances, the Proposed Receiver is of the view that the Proposed Transaction, together with the Realization Process, represent a reasonable and value-maximizing approach to realizing on the Property. If the Court sees fit to appoint a receiver in the circumstances, the Proposed Receiver recommends proceeding in this manner.

All of which is respectfully submitted on the 8th day of August, 2016.

Richter Advisory Group Inc.
as the Proposed Receiver of
J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp.,
2373138 Ontario Inc., Always & Forever Family Collection Incorporated,
and P.M.R. Inc. and not in its personal capacity



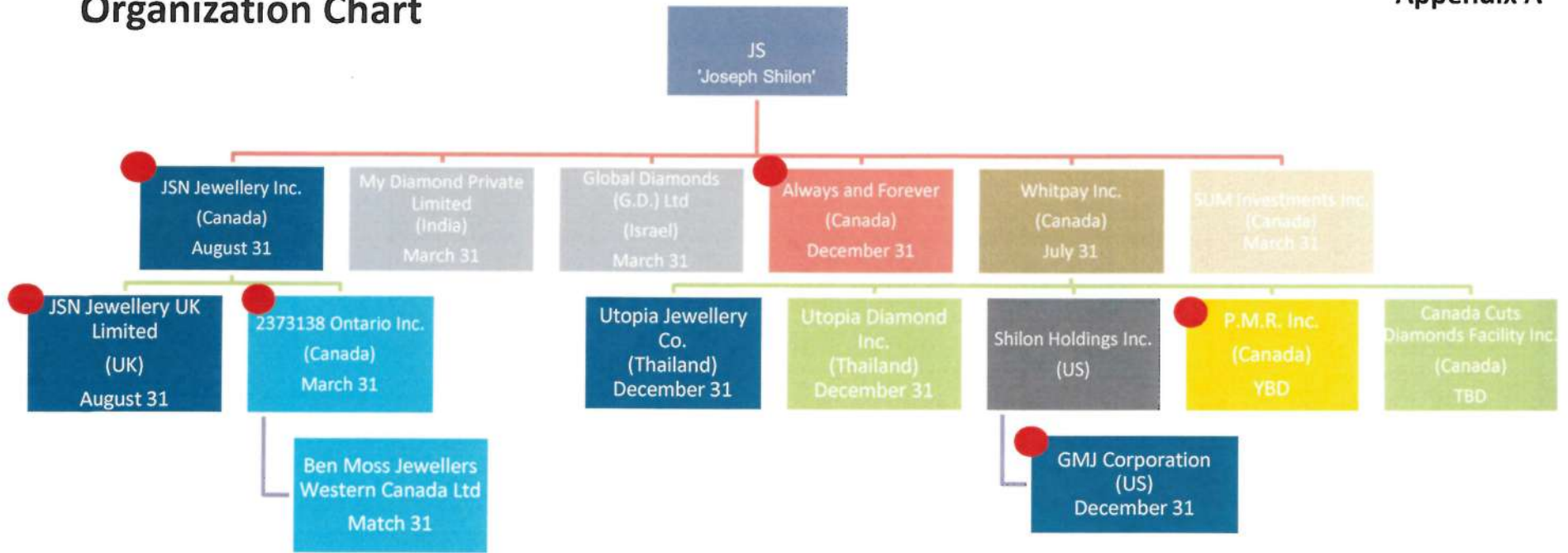
Clark Lonergan, CPA, CA, CIRP
Senior Vice-President



Katherine Forbes, CPA, CA
Vice-President

Appendix “A”

Organization Chart



● Entity party to the Receivership Order

Appendix “B”

ACCOMMODATION AGREEMENT

THIS ACCOMMODATION AGREEMENT (this “**Accommodation Agreement**”) is made with effect as of the 16th day of May, 2016 and is entered into by and among:

SALUS CAPITAL PARTNERS, LLC, as Administrative Agent,
Collateral Agent and Lender

- and -

SALUS CLO 2012-1, LTD., as Lender

- and -

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED,
GMJ CORP.**, and **BEN MOSS JEWELLERS WESTERN CANADA
LTD.**, as Borrowers

- and -

**2373138 ONTARIO INC., FOREVER JEWELLERY INC.,
ALWAYS & FOREVER FAMILY COLLECTION
INCORPORATED, P.M.R. INC.** and **JOSEPH SHILON**, as
Guarantors

RECITALS:

- A. J.S.N. Jewellery Inc. (the “**Lead Borrower**”), J.S.N. Jewellery UK Limited (“**JSN UK**”), GMJ Corp. (“**GMJ**”) and Ben Moss Jewellers Western Canada Ltd. (“**Ben Moss**” and, together with the Lead Borrower, JSN UK, and GMJ, the “**Borrowers**”) are indebted to Salus Capital Partners, LLC (“**Salus**”) and the other lender under the Credit Agreement (as defined below) with respect to certain credit facilities (the “**Credit Facilities**”) granted by Salus to the Borrowers pursuant to and under the terms of a Credit Agreement dated July 18, 2013 between the Borrowers, 2373138 Ontario Inc. (“**2373**”), Forever Jewellery Inc. (“**FJI**”) and Joseph Shilon, as guarantors (collectively, the “**Guarantors**” and, each, a “**Guarantor**” and, together with the Borrowers, the “**Obligors**”) and Salus, in its capacity as administrative and collateral agent (the “**Agent**”) and lender, and the other lenders party thereto from time to time (collectively, with Salus, the “**Lenders**”), as amended by a First Amending Agreement made as of September 25, 2014 between the Borrowers, the Guarantors, the Agent and the Lenders (as further amended, supplemented, restated, replaced or renewed from time to time, the “**Credit Agreement**”).
- B. As security for the payment of all advances made to the Borrowers under the Credit Facilities and all other present and future indebtedness, fees, expenses and other liabilities due by the Borrowers to the Agent and the Lenders (collectively, the “**Obligations**”), the Agent holds the security made by the Borrowers detailed in **Schedule “A”** to this

Accommodation Agreement (as amended, supplemented, restated, replaced or renewed from time to time, the “**Borrowers’ Security**”).

- C. The Guarantors have made the guarantees of the Obligations in favour of the Agent and the Lenders detailed on **Schedule “A”** to this Accommodation Agreement (the “**Guarantees**”) and have granted security to the Agent detailed on **Schedule “A”** to this Accommodation Agreement for their respective obligations under the Guarantees (amended, supplemented, restated, replaced or renewed from time to time, collectively, the “**Guarantors’ Security**” and, together with the Borrowers’ Security, the “**Security**”).
- D. The Borrowers are in breach of their obligations under the Credit Agreement as a result of their inability to pay an excess amount (over and above the Borrowing Base provided for in the Credit Agreement) drawn down under the Credit Agreement which constitutes an Overadvance under the Credit Agreement and as a result of being in breach of their Collateral Coverage Ratio covenant (collectively, the “**Specified Events of Default**”).
- E. Ben Moss informed the Agent of its intention to seek an order pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granting it protection from its creditors, and seeking the appointment of Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor, which also constitutes a further Event of Default (together with the Specified Events of Default and any and all other Events of Default existing as of the date of this Accommodation Agreement, the “**Existing Defaults**”).
- F. As a result of the Existing Defaults, the Agent, by its counsel, issued demands for repayment of the Obligations to each of the Obligors (collectively, the “**Demands**” and, each, a “**Demand**”), which Demands, in the case of each Loan Party, were accompanied by a Notice of Intention to Enforce Security (collectively, the “**BIA Notices**”) pursuant subsection 244(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”), all dated May 16, 2016.
- G. The Demands to the Borrowers terminated the Borrowers’ rights to receive any further extensions or accommodations of credit pursuant to the Credit Agreement or otherwise.
- H. The notice period set out in the BIA Notices has been waived by each of the Obligors and the Obligors have failed to repay the outstanding Obligations and the Agent is entitled to pursue any and all remedies to enforce its rights pursuant to the Credit Agreement, the Security and the other Loan Documents, as such term is defined in the Credit Agreement (hereinafter, the “**CA Loan Documents**”), as well as under applicable Laws, including, without limitation, the right to appoint, or seek the court-appointment of, a receiver over the Loan Parties.
- I. The Obligors have requested that the Agent forbear from exercising and enforcing any rights and remedies available under applicable Laws or under the CA Loan Documents arising as a result of the Existing Defaults to allow Ben Moss to commence its proceedings under the CCAA (the “**CCAA Proceedings**”) and, among other things, conduct a Court-

supervised refinancing sale and/or investment solicitation process (“**RISP**”), in connection with the Obligations and Ben Moss’ obligations under the DIP Facility (as defined below).

- J. The Obligors have also requested that Salus provide (i) continued funding to the Borrowers under the Credit Facilities, on the terms and conditions and subject to the limitations as specified in the Credit Agreement as amended by this Accommodation Agreement, and (ii) additional funding to Ben Moss through a debtor-in-possession credit facility in the CCAA Proceeding (the “**DIP Facility**”).
- K. In consideration for the Agent’s commitments herein to forbear and for the Lenders to continue funding the Borrowers and for Salus CLO 2012-1 , Ltd., in its capacity as lender under the DIP Facility (in such capacity, the “**DIP Lender**”), to provide the DIP Facility:
- (1) Ben Moss as borrower and each of the other Obligors and their Affiliates, Always & Forever Family Collection Incorporated (“**AFFC**”) and P.M.R. Inc. (“**PMR**”), as guarantors, have agreed to enter into a credit agreement governing the DIP Facility with Salus as administrative agent, collateral agent and the Lenders party thereto (the “**DIP Credit Agreement**”);
 - (2) AFFC and PMR have each agreed to provide an unlimited, secured guarantee of all obligations to the Agent under the Credit Facilities and to the Salus as administrative and collateral agent under the DIP Facility (in such capacity, the “**DIP Agent**”);
 - (3) Joseph Shilon has agreed to amend his personal Guarantee to also guarantee all obligations to the DIP Agent and increase the guaranteed principal amount thereunder to \$11,000,000;
 - (4) all the other Borrowers and the corporate Guarantors have agreed to provide a secured guarantee of Ben Moss’s obligations under the DIP Facility, provided however that nothing contained herein shall increase the amount of the guarantee of the Credit Facilities that was provided by FJI, which guarantee shall also guarantee obligations to the DIP Agent; and
 - (5) JSN U.K. has agreed to provide such additional guarantee and/or debenture documents as are required by Salus.

NOW THEREFORE, in consideration of the premises above, the respective covenants of the parties hereto as herein contained, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Accommodation Agreement, unless the context otherwise requires, all capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the

Credit Agreement and the DIP Credit Agreement, as applicable. All monetary amounts referred to in this Agreement shall refer to Canadian currency save and except where the initials “U.S.” appear in reference to any sum, in which event such reference shall be to currency of the United States of America.

1.2 Gender and Number

Words importing the singular include the plural and vice versa and words importing gender include all genders.

1.3 Severability

Each of the provisions contained in this Accommodation Agreement is distinct and severable, and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Accommodation Agreement.

1.4 Headings

The division of this Accommodation Agreement into articles, sections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Accommodation Agreement.

1.5 Attornment

The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario for all matters arising out of or in connection with this Accommodation Agreement.

1.6 Conflicts

If there is any inconsistency or conflict between the terms of this Accommodation Agreement and the terms of the Credit Agreement, the DIP Credit Agreement, the Guarantees, the Security or any other CA Loan Document or Loan Document under the DIP Credit Agreement (hereinafter, a “**DIP Loan Document**” and, together with all CA Loan Documents, the “**Loan Documents**” and, each, a “**Loan Document**”), the provisions of this Accommodation Agreement shall prevail to the extent of the inconsistency or conflict, but the foregoing shall not apply to limit or restrict in any way the rights and remedies of the Lender under the Credit Agreement, the DIP Credit Agreement, the Guarantees, the Security, any other Loan Document or this Accommodation Agreement other than as may be specifically contemplated herein.

ARTICLE 2 ACKNOWLEDGEMENTS AND CONFIRMATIONS

2.1 Acknowledgements and Confirmations

The Obligors, AFFC and PMR hereby irrevocably and unconditionally acknowledge, agree, represent, warrant, confirm and agree as follows:

- (a) the statements contained in the Recitals of this Accommodation Agreement are true and accurate in every respect;
- (b) the Security is fully enforceable by the Agent against the Obligors and the Agent is entitled to exercise all of its rights and remedies under the Security;
- (c) the Obligations under the Credit Agreement as of the date of this Accommodation Agreement set out on **Schedule "B"** hereto are owing by the Obligors, jointly and severally, to the Agent and Lenders unconditionally, without offset, defence or counterclaim of any kind, nature or description whatsoever;
- (d) the Existing Defaults have occurred and are continuing and each constitutes a Default and an Event of Default under the Credit Agreement for all purposes and the Obligors will not assert or exercise any right of defence, dispute, counterclaim or other right, claim, demand, challenge, objection or appeal of any kind in respect of such Existing Defaults;
- (e) each of the Demands and the BIA Notices has been validly and effectively given to the Obligor to which it was addressed in full compliance with the CA Loan Documents and applicable Laws and will remain in full force and effect at all times until the Obligations are paid to the Agent in full, subject only to the provisions of this Accommodation Agreement;
- (f) the notice period set out in the BIA Notices is hereby waived and the Obligors hereby consent to immediate enforcement of the Security;
- (g) the Agent has not waived and shall not be deemed to have waived any of the Existing Defaults and the Agent has validly and effectively accelerated all Indebtedness and, subject only to the provisions of this Accommodation Agreement, the Agent is immediately entitled, in respect of the Existing Defaults, without limitation or restriction of any kind and as it may determine in its sole discretion, to take and exercise all rights, remedies, actions, proceedings and claims available to the Agent as secured creditor under or in respect of the Credit Agreement, the Obligations, the CA Loan Documents or otherwise under applicable Laws, including, without limitation, the appointment of a receiver, an interim receiver or trustee in bankruptcy under the BIA (such rights, remedies, action, proceedings and claims, collectively, "**Lender Enforcement Actions**");
- (h) nothing in this Accommodation Agreement constitutes a withdrawal or revocation of any of the Demands or the BIA Notices, or a waiver by or on behalf of the Agent of any Existing Defaults, a waiver of any other existing or future defaults or Events of Defaults under the Credit Agreement, the DIP Credit Agreement, the Security or the other CA Loan Documents or a waiver of any Lender Enforcement Actions relating to any existing or future defaults or Events of Default under the Credit Agreement, the DIP Credit Agreement, the Security, the other CA Loan Documents or applicable Laws (including the Existing Defaults), or a waiver of the obligation

of the Obligors to pay the entirety of the Obligations and the DIP Facility to the Agent and the DIP Agent, as applicable, when due;

- (i) the Credit Agreement, the DIP Credit Agreement, the Security and the other Loan Documents including without limitation the obligations and liabilities of the Obligors under each Loan Document, are in full force and effect, constitute legal, valid and binding obligations of the Obligors enforceable against the Obligors in accordance with their terms, and each Obligor hereby waives and agrees not to assert or cause to be asserted on its behalf, and is hereby estopped from asserting or causing to be asserted on its behalf, any rights of defense, dispute, counterclaim, set-off, deduction or other rights, claims, demands, challenges, objections or appeals of any kind whatsoever arising from or relating to any matter, cause or thing whatsoever existing as of the date of this Accommodation Agreement, whether in respect to the legal effect of any of the Loan Documents or the legality, validity or binding effect of the obligations of the Obligors thereunder or the enforceability of same;
- (j) all financial and other information provided by the Obligors, AFFC and PMR to the Agent (or its advisors) with respect to the Collateral under both the Credit Agreement and the DIP Credit Agreement (hereinafter, the “**Collateral**”) is true, accurate and complete in all material respects as of the date of preparation, and any projections provided to the Agent are based upon assumptions believed to be reasonable as of the date of preparation and there has been no material change in any such assumptions (or in their reasonableness) or in actual results in operations to date which has not been disclosed in writing to the Agent or its advisors;
- (k) this Accommodation Agreement has been duly executed and delivered by a duly authorized officer on behalf of each Obligor, AFFC and PMR, and constitutes a legal, valid and binding obligation of the Obligors, AFFC and PMR enforceable in accordance with its terms;
- (l) this Agreement has been fairly and freely negotiated between sophisticated commercial parties having received the benefit of legal advice of experienced legal counsel, and the Obligors, AFFC and PMR are entering into this Agreement voluntarily and without duress, bad faith, unreasonable or oppressive conduct, undue influence or other unfair advantage of any kind by or on behalf of the Agent or any other Person;
- (m) nothing herein shall require or constitute an agreement on the part of the Agent (i) to forbear from taking or exercising any Lender Enforcement Actions at any time in respect of any future Event of Default; or (ii) to forbear in the exercise of any Lender Enforcement Actions at any time upon or following the occurrence of any Forbearance Termination Event (as defined in section 7.1 below);
- (n) as of the date hereof, the Agent has acted in a commercially reasonable manner and the Obligors, AFFC and PMR are estopped from disputing same;

- (o) as of the date hereof, the Borrowers have remained in possession and control of their businesses and assets at all times except where such possession and control of Inventory is given up in the ordinary course of business;
- (p) as of the date hereof, the representations and warranties of the Obligors, AFFC and PMR set forth in the DIP Credit Agreement are true and correct on and as of the date hereof, except where any such representation or warranty expressly relates to a different date, and except to the extent such representation and warranties may be rendered untrue or incorrect by the existence of the Existing Defaults;
- (q) in entering into this Accommodation Agreement, the Agent is relying on the covenants, acknowledgements, agreements, representations and warranties of the Obligors, AFFC and PMR being true and correct at all times and that all such covenants, acknowledgements, agreements, representations and warranties are and will continue to be in full force and effect at all times, both before, during and after any Forbearance Period (as defined in section 4.1 below), notwithstanding (i) that any of the forbearance conditions in section 4.2 below (the “**Forbearance Conditions**”) may not be satisfied or waived, or (ii) any expiry of the Forbearance Period;
- (r) all terms and conditions of the CA Loan Documents shall continue in full force and effect save and except as amended by this Accommodation Agreement, and to the extent that any provision thereof is inconsistent with this Accommodation Agreement, this Accommodation Agreement shall prevail;
- (s) the DIP Credit Agreement is being entered into, in part, to provide further extensions of credit to Ben Moss to allow Ben Moss to continue to operate during the CCAA Proceedings;
- (t) both the existing cash management arrangements under the Credit Agreement and the cash management arrangements to be established in accordance with section 6.13 of the DIP Credit Agreement (the “**Ben Moss Cash Management**”) are being maintained or established, as the case may be, to allow Salus to maintain the collateral monitoring and protection that it currently has over all of Ben Moss’ proceeds of Collateral under the terms of the Credit Agreement and the Blocked Account Agreement;
- (u) all parties to this Agreement agree and acknowledge that the Forbearance Fee (as defined in subsection 5.2 below) is in consideration for the forbearance of the Agent’s rights against the Obligors (other than Ben Moss) as contemplated in this Accommodation Agreement;
- (v) proceeds of Ben Moss Collateral shall be applied toward repayment of the Permitted Overadvance under the Credit Agreement, the DIP Facility and the Credit Facilities in accordance with the DIP Loan Agreement and the terms of the Ben Moss Cash Management;

- (w) all the Obligors, AFFC and PMR will continue to be liable, during the Forbearance Period (as defined in subsection 4.1(a) below) and the CCAA Proceedings, for all the present and future Obligations of each Obligor, AFFC and PMR under the Credit Agreement and the DIP Credit Agreement.
- (x) all parties to this Accommodation Agreement acknowledge that Chaitons LLP is acting as sole counsel to Joseph Shilon in connection with this Accommodation Agreement, the CCAA Proceedings and related matters; and
- (y) all parties to this Accommodation Agreement acknowledge that Osler, Hoskin & Harcourt LLP (“**Osler**”) is acting as counsel to the Borrowers, 2373, AFFC and PMR in connection with this Accommodation Agreement, the CCAA Proceedings and related matters, and that Osler will only take instructions from the Chief Restructuring Officer (as defined below) as part of such mandate.

ARTICLE 3
AMENDMENTS TO CREDIT AGREEMENT

- 3.1 The cash management provisions of section 6.13 of the Credit Agreement and any cash management CA Loan Documents are amended, as required, to accommodate the inception and operation of the Ben Moss Cash Management.
- 3.2 Upon the date of repayment in full (the “**Repayment Date**”) of any Borrowings made under the Credit Agreement or the DIP Credit Agreement in Canadian Dollars, the Obligors, shall be liable for and pay such additional amount as may be necessary to ensure that the amount actually received in Canadian Dollars in repayment of such Borrowings, when converted into U.S. Dollars at the Spot Rate prevailing on the Repayment Date, will produce the amount of U.S. Dollars equal to the Borrowings.
- 3.3 The definition of “Borrowing Base” in section 1.01 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Borrowing Base**” means, at any time of calculation, an amount equal to (without duplication):

(a) 90% of the face amount of Eligible Trade Receivables of the Borrowers other than Ben Moss;

plus

(b) with respect to finished goods jewellery inventory which is Eligible Inventory, 95% of the Appraised Value of such Eligible Inventory;

plus

(c) with respect to Approved Precious Metals/Stones Inventory of the Lead Borrower, which is Eligible Inventory, 90% of the Cost of such Eligible Inventory;

minus

(d) the amount of all Availability Reserves at such time; and

minus

(e) the Availability Block.

For the purpose of valuing any of the foregoing denominated in U.S. Dollars, the amount in U.S. Dollars shall be converted into the Equivalent Amount thereof in Canadian Dollars; provided that Agent reserves the right to adjust such conversion rate to take into account currency rate exchange fluctuations since the last valuation thereof.”

- 3.4 The definition of “Collateral Coverage Ratio” in section 1.01 of the Credit Agreement is hereby deleted in its entirety.
- 3.5 The definition of “Permitted Consignment Inventory” in section 1.01 of the Credit Agreement is hereby deleted in its entirety (without replacement).
- 3.6 The assets of the Guarantors, AFFC and PMR shall not be Eligible Inventory.
- 3.7 Any Change of Control under the DIP Credit Agreement shall constitute a Change in Control under the Credit Agreement and vice versa.
- 3.8 An Event of Default under the DIP Credit Agreement shall be an Event of Default under the Credit Agreement and vice versa.
- 3.9 Every Request for Borrowing under the Credit Agreement shall include a breakdown regarding the intended use of the funds to be borrowed, in the same fashion as Requests for Borrowings under the DIP Credit Agreement and the Request for Borrowing in respect of the Permitted Overadvance.

ARTICLE 4 FORBEARANCE

4.1 Forbearance

- (a) In reliance upon the representations, warranties and covenants of the Obligors contained in this Accommodation Agreement, the Agent agrees to forbear from exercising its rights and remedies under the Security, the Guarantees and under applicable Laws in accordance with the terms and conditions of this Accommodation Agreement, and any document(s) executed in connection herewith, for the period (the “**Forbearance Period**”) commencing on the date the conditions precedent in subsections 4.2(a), and (d) are confirmed satisfied or waived by the Agent in writing and ending on the earliest of:
 - (i) July 29, 2016; and

- (ii) the occurrence of any Forbearance Termination Event (as defined in section 7.1 below),

or such later date as agreed to in writing by the Monitor, the Agent and the Obligors (the “**Forbearance Termination Date**”).

- (b) Subject to the satisfaction of the conditions in subsections 4.2(a) and (d), the Agent agrees that it shall take no further action or proceedings in furtherance of the Demands or the BIA Notices during the currency of the Forbearance Period.
- (c) Upon the expiration or termination of the Forbearance Period, the agreement of the Agent to forbear shall automatically and without further action terminate and be of no further force and effect, it being expressly agreed that the effect of such termination will be to permit the Agent, at its option, to take all Lender Enforcement Actions on not less than one (1) Business Days’ notice to the Obligors, including, without limitation, but subject to the terms of any Court order as may be granted requiring the Agent to obtain prior approval of the Court on two Business Days’ notice to affected parties or such other notice as may be required by the Court, and which Order the Obligors shall consent to.

4.2 Conditions

Conditions Precedent

- (a) As conditions precedent to the Agent’s forbearance and funding obligations under this Accommodation Agreement:
 - (i) each of the Obligors, AFFC and PMR shall have executed and delivered this Accommodation Agreement;
 - (ii) Ben Moss, as borrower and each of the other Obligors, AFFC and PMR, as guarantors, shall have executed and delivered the DIP Credit Agreement;
 - (iii) JSN U.K. shall have executed and delivered such additional guarantee and/or debenture documents requested by Salus, in forms satisfactory to Salus;
 - (iv) JSN U.K. shall obtain appropriate board and shareholder resolutions in connection with the guarantee and/or debenture documents within 10 days following the execution of the DIP Credit Agreement;
 - (v) in connection with the establishment of the Ben Moss Cash Management, Ben Moss, and within 10 days following the execution of the DIP Credit Agreement, AFFC and PMR, shall have delivered to Salus the following:
 - (A) copies of all Credit Card Notifications;
 - (B) an executed Blocked Account Agreement; and

- (C) copies of all DDA Notifications,
as each of such terms is defined in the DIP Credit Agreement;
- (vi) AFFC shall have also executed and delivered:
 - (A) an unlimited guarantee, in form satisfactory to Salus, of all obligations of Ben Moss to Salus, including under the Credit Agreement and the DIP Credit Agreement (the “**AFFC Guarantee**”);
 - (B) a general security agreement, in form satisfactory to Salus, securing all obligations under the AFFC Guarantee (the “**AFFC Obligations**”); and
 - (C) such other security for the AFFC Obligations as Salus may reasonably require;
- (vii) PMR shall have also executed and delivered:
 - (A) an unlimited guarantee, in form satisfactory to Salus, of all obligations of Ben Moss to Salus, including under the Credit Agreement and the DIP Credit Agreement (the “**PMR Guarantee**”);
 - (B) a general security agreement, in form satisfactory to Salus, securing all obligations under the PMR Guarantee (the “**PMR Obligations**”); and
 - (C) such other security for the PMR Obligations as Salus may reasonably require;
- (viii) Joseph Shilon shall have also executed and delivered an amended personal guarantee of all obligations of the Borrowers under the Credit Agreement and the DIP Credit Agreement, to a new maximum principal amount of \$11,000,000;
- (ix) the Agent shall have received a copy of written confirmation of a repayment plan from Aurum Group Limited and Aurum Holdings Limited in respect of their obligations owing to JSN U.K., on terms and conditions acceptable to the Agent, which the Agent acknowledges has been received and satisfies this condition precedent for purposes of this Accommodation Agreement at this time;
- (x) each of the Borrowers, 2373, AFFC and PMR shall have appointed a chief restructuring officer (the “**Chief Restructuring Officer**”) acceptable to both A&M, in its capacity as intended Monitor in the CCAA Proceedings, and the Agent;

- (xi) Joseph Shilon shall have unconditionally and irrevocably delegated his signing authority and all authority to direct the operations and management as a director and officer to the Chief Restructuring Officer for each entity over which the Chief Restructuring Officer is to be appointed;
- (xii) all other conditions precedent to the initial Borrowing under Section 4.01 of the DIP Credit Agreement shall have been satisfied or waived in writing, with the exception of the conditions relating to commencement of the CCAA Proceedings in Subsections 4.01(p) and (q) of the DIP Credit Agreement.

Restructuring Plan

- (b) The Borrowers will comply with and generally operate their businesses in a manner consistent with the:
 - (i) the 13-week cash flow projections/ budget under the DIP Credit Agreement set out on **Schedule “C”** to this Accommodation Agreement, as such projections may only be modified from time to time by A&M in consultation with the Chief Restructuring Officer and with the written consent of the Agent (the “**Cash Flows**”);
 - (ii) the RISP; and
 - (iii) in all material respects, as determined by the Agent in its Permitted Discretion, the detailed restructuring plan that has been provided to the Agent and any revisions to such forecast in form and substance satisfactory to the Agent in its Permitted Discretion (the “**Restructuring Plan**”).
- (c) Without limiting the forgoing, the Obligors, AFFC and PMR shall implement the Restructuring Plan without a negative variance of sales, cash receipts, expenditures, loan balances, Borrowing Base calculations, Inventory receipts/purchases, inventory levels and cash flow by more than 10% initially on a rolling 2 week basis and on a cumulative basis and on a negative variance of Availability by more than 10%, which shall all be tested each time a Request for Borrowing is made under the Credit Facilities and each week pursuant to a Variance Report (as defined in subsection 4.2(bb) below) and Borrowing Base Certificates delivered by the Borrowers to the Agent.

Forever Jewellery

FJI shall have returned to the Lead Borrower all of the Lead Borrower’s inventory in its possession by no later than May 17, 2016, excluding inventory related to known or recurring orders and a minimal safety stock of certain inventory styles.

Any purchases by FJI from the Lead Borrower shall be made on a cash on delivery basis.

Whitpay Inc. and SUM Investments Inc.

No payments or distributions or loans or guarantees or other transactions shall be made by the Obligors, AFFC or PMR to or with Whitpay Inc. or SUM Investments Inc. without the Agent's prior written consent.

Utopia & Global

- (d) *As a further condition precedent* to the Agent's forbearance, the Obligors' Thai Affiliates, Utopia Jewellery Co. and Utopia Diamond Inc. (collectively, "**Utopia**"), and the Obligors' Israeli Affiliate, Global Diamonds (G.D.) Ltd. ("**Global Diamonds**") shall have all executed and delivered the Assignment, Postponement, Waiver and Estoppel, in the form attached hereto as **Schedule "D"**.
- (e) Any supplier payments to be made to and by Utopia or Global Diamonds shall be monitored by A&M.
- (f) Starting no later than the date that is 30 days after the date hereof, Utopia shall be, or be treated as being, an arm's length supplier and no payment shall be made to Utopia other than on account of legitimate invoices for product received by the Lead Borrower, JSN UK or GMJ.
- (g) All amounts paid to Utopia and Global Diamonds shall be in accordance with the Cash Flows.
- (h) The Obligors shall use commercially reasonable efforts to provide cash flows for Utopia and Global Diamonds within 15 days of the date hereof.

Consultant

- (i) The Lead Borrower shall have engaged either Gordon Brothers Group or other similar retail and merchandising consultant acceptable to Ben Moss, A&M and the Agent (the "**Consultant**"), on terms and scope satisfactory to the Agent (including, without limitation, authorizing direct communication between the Consultant and the Agent concerning the subject matter of the engagement).
- (j) The findings in the Consultant shall be satisfactory to the Agent and the Obligors, acting reasonably, and the Obligors agree to implement the recommendations of the Consultant which are acceptable to the Chief Restructuring Officer and the Monitor, acting reasonably.

CCAA Proceedings

- (k) By not later than 1 Business Day after the date of this Accommodation Agreement, Ben Moss will obtain an order from the Court commencing the CCAA Proceedings

(the “**Initial Order**”), in form satisfactory to the Agent, providing, inter alia, for the following:

- (i) a declaration that Ben Moss is a company to which the CCAA applies;
- (ii) appropriate stay of proceedings and continuation of services clauses;
- (iii) the appointment of A&M as monitor in the CCAA Proceedings (the “**Monitor**”);
- (iv) approval of the appointment of the Chief Restructuring Officer in respect of Ben Moss;
- (v) the approval of Ben Moss’ borrowing under the DIP Facility;
- (vi) a charge in favour of the DIP Agent to secure the obligations under the DIP Credit Agreement (the “**DIP Obligations**”) in the maximum principal amount of the U.S. dollar equivalent to CDN\$8,000,000, subordinate only to a charge in favour of the Monitor, the Monitor’s counsel, Ben Moss’ counsel, the Chief Restructuring Officer and Joseph Shilon’s counsel (in the case of Joseph Shilon’s counsel, however, such charge will only secure those costs incurred up to the date of the Initial Order) in a maximum amount of \$600,000;
- (vii) approving and providing for the continuation of the Ben Moss Cash Management under the Credit Agreement and the DIP Credit Agreement;
- (viii) approving the RISP, substantially in the form attached hereto as **Schedule “E”**, and as may be modified by mutual agreement of the Chief Restructuring Officer, the Monitor and the DIP Agent;
- (ix) that the Agent, the Lenders, the DIP Agent and the DIP Lender be treated as unaffected in any plan of arrangement or compromise filed in the CCAA Proceedings, with respect to all Obligations under the DIP Facility and the Credit Facilities,

and such Court Order shall remain in full force and effect and continue with any necessary modification during the Forbearance Period.

- (l) If deemed prudent by the Monitor, Ben Moss shall initiate foreign non-main proceedings to recognize the CCAA Proceedings and orders of the Court made therein;
- (m) If, within 30 days of the date of this Accommodation Agreement, no Qualified LOI (as defined in the RISP) has been received, unless otherwise agreed to by the Agent, the Lead Borrower shall, and the Chief Restructuring Officer shall authorize the Lead Borrower to, within 2 days, seek an order of the Court in the CCAA Proceedings, in a form satisfactory to the Agent, acting reasonably, among other

things, declaring the Lead Borrower and certain of the other Obligors, AFFC and PMR to be companies to which the CCAA applies and imposing a stay of proceedings.

Refinancing and/or Investment Solicitation Process

- (n) Upon commencement of the CCAA Proceedings, the Borrowers, with the assistance of Joseph Shilon and with the assistance and supervision of the Monitor and the Chief Restructuring Officer, shall implement the RISP and achieve the milestones set out therein, provided that, notwithstanding the terms of the RISP, the Phase 1 Bid Deadline, as defined therein, shall be not later than the date that is 30 days subsequent to the date of the Initial Order, and the Phase 2 Bid Deadline, as defined in the RISP, shall be not later than the date that is 60 days subsequent to the date of the Initial Order, subject to a possible 15 day extension in accordance with the RISP, all subject to extension on written consent of the Agent.
- (o) The Borrowers and/or A&M shall provide the Agent or its advisors weekly progress reporting on the Restructuring Plan and the RISP as required pursuant to the DIP Credit Agreement.

Credit Facilities, Cash Management and Interim Repayment

- (p) The Borrowers shall continue to pay interest on all amounts outstanding under the CA Loan Documents in accordance with section 5.1 hereof.
- (q) The Borrowers shall at any and all times maintain the Ben Moss Cash Management.
- (r) The Borrowers, including Ben Moss, shall first repay the Permitted Overadvance owing under and as defined in the Credit Agreement and reflected in the Cash Flows, in permanent reduction thereof in accordance with the Cash Flows, and then Ben Moss shall repay any Borrowings under the DIP Credit Agreement including an amount equal to 100% of the Net Cash Proceeds received by Ben Moss on account of a Prepayment Event (as such terms are defined in the DIP Credit Agreement) and, thereafter, the Borrowers, including Ben Moss, shall repay all other Pre-Petition Liabilities with any surplus proceeds pursuant to the Ben Moss Cash Management, all in accordance with the DIP Credit Agreement.

Co-operation

- (s) Upon commencement of the CCAA proceedings, the Monitor shall be authorized to continue to monitor all the Obligors, as well as AFFC and PMR, and to provide periodic reports to the Agent including with respect to supplier payments to be made by Utopia and Global Diamonds.
- (t) The Obligors, AFFC and PMR shall cooperate with the Agent in reviewing the Cash Flows and any documents associated with valuations or assessments on any of the property of the Obligors, AFFC and PMR that forms Collateral.

- (u) The Obligors, AFFC and PMR shall permit the Agent to discuss their affairs, finances and condition with the Chief Restructuring Officer and the financial and legal advisors of the Obligors, AFFC and PMR, any sale, investment or refinancing advisors, and employees provided that the Monitor and/or the legal and/or financial advisors to the Obligors, AFFC and PMR are present or are advised of any such discussions with employees in advance of such discussions taking place.
- (v) The Obligors, AFFC and PMR shall provide promptly all information requested by the Agent or its advisors, including any legal counsel, financial advisors, or appraisers engaged on behalf of the Agent, and shall provide full access to the books, records, property and assets of the Obligors, AFFC and PMR wherever they may be situated, which right of access shall include the right to inspect and appraise such property and assets.
- (w) The Obligors, AFFC and PMR shall cooperate and grant full access to the Agent's appraiser, 360 Merchant Solutions LLC, as it appraises and grades the Borrowers' diamond and other gemstone inventory.
- (x) The Obligors, AFFC and PMR shall cooperate and grant full access to the Agent's security contractors.
- (y) Joseph Shilon shall cooperate with the Chief Restructuring Officer, A&M and the Monitor in the implementation of the RISP, collection of Accounts Receivable and customer relationship in accordance with their instructions and directions.
- (z) Joseph Shilon shall not interfere with or exert any authority or control over the conduct of the business of the Obligors, AFFC or PMR, or the RISP; however, nothing in this provision shall restrict Joseph Shilon from taking any action that he is so instructed to take by the Chief Restructuring Officer, subject to approval of the Agent.

Financial Performance and Reporting

- (aa) the Obligors, AFFC and PMR shall continue to honour all reporting requirements as are presently provided for in the Credit Agreement and as are provided for in the DIP Credit Agreement, including any rights of the Agent/DIP Agent for additional reporting as it may be entitled to pursuant to the Credit Agreement, this Accommodation Agreement or the DIP Credit Agreement;
- (bb) without limiting the foregoing, each Committed Loan Notice from the Borrowers shall be accompanied by a report, in form and substance acceptable to the Agent, prepared by the Chief Restructuring Officer and reviewed by A&M, reflecting on a line-item basis (including, without limitation, sales, cash receipts, expenditures, loan balances, Borrowing Base calculations, Inventory receipts/purchases, Inventory levels and cash flow) each of Ben Moss' (on an individual basis) and the combined Borrowers' actual performance compared to the Cash Flows in respect of the Obligations (under the Credit Agreement and/or the DIP Credit Agreement, as applicable) for the applicable date and time period and on a cumulative basis for

the Forbearance Period and the percentage variance of actual results for sales, cash receipts, categorical expenditures, loan balances, Borrowing Base calculations, Inventory receipts/purchases, Inventory levels and cash flow from those reflected in the Cash Flows, along with the Chief Restructuring Officer's and A&M's explanation of such variance (a "**Variance Report**");

- (cc) the Borrowers shall not permit any negative variance from the Cash Flows of sales, cash receipts, expenditures, loan balances, Borrowing Base calculations, Inventory receipts/purchases, Inventory levels and cash flow by more than 10% initially on a rolling 2 week basis and on a cumulative basis and on a negative variance of Availability by more than 10%, tested weekly.
- (dd) the Cash Flows shall be updated at the end of their 13 week span in conjunction with any extension of the initial stay in the CCAA Proceedings and, for greater certainty, the updated Cash Flows will include the same line items as the current Cash Flow and the Borrowers shall continue to be subject to the same variance restrictions as in 4.2(cc); and
- (ee) the Obligors, AFFC or PMR shall immediately notify the Agent in writing of any material adverse change after the date hereof in the business or financial condition of the Obligors, AFFC, PMR, Utopia or Global Diamonds, or the occurrence of any Default, Event of Default or Forbearance Termination Event (other than the Existing Defaults), or any event which with notice or lapse of time or both would constitute an Event of Default or Forbearance Termination Event.

ARTICLE 5 FEES AND INTEREST RATES

The Borrowers, AFFC, PMR and the Agent agree that the provisions in this Article 5 shall remain in effect during the Forbearance Period, and thereafter until such time as the Obligations of the Obligors, AFFC and PMR under both the Credit Agreement and the DIP Credit Agreement have been indefeasibly satisfied in full.

5.1 Interest Rates

The Loans under the Credit Agreement, other than the Permitted Overadvance, and all other Obligations arising from or related to such Loans (including all Obligations outstanding as at the date hereof), until a Forbearance Termination Event as hereinafter defined, shall continue to bear interest at the Default Rate of interest provided under the Credit Agreement during the Forbearance Period. The Permitted Overadvance shall continue to bear interest at the rate of 3% per month. Loans under the DIP Facility will bear interest at the rate set out in the DIP Credit Agreement.

5.2 Forbearance Fee

The Borrowers will pay a forbearance fee (the "**Forbearance Fee**"), payable by the Borrowers to the Agent, for its own account, upon the Forbearance Termination Date, or upon any other date that any amount of the Obligations under the DIP Facility and Credit Facilities (other than scheduled installments on the term loans under the Credit Agreement) are permanently repaid or

reduced prior to the Forbearance Termination Date, in whole or in part, pursuant to the provisions hereof or thereof, equal to 3% of the aggregate Commitments under the Credit Agreement.

**ARTICLE 6
OBLIGATIONS OF THE LENDER DURING FORBEARANCE PERIOD**

6.1 Loan Availability

Subject to a Forbearance Termination Event, the Lenders shall continue to provide the Credit Facilities during the Forbearance Period: (a) in accordance with the Cash Flows until the Permitted Overadvance has been repaid, provided there is no negative variance in the projected Borrowing Base; and (b) thereafter, subject to the terms of the Credit Agreement (as amended hereby).

**ARTICLE 7
FORBEARANCE TERMINATION EVENTS**

7.1 Forbearance Termination Events

This Accommodation Agreement shall forthwith terminate upon the happening of anyone of the following events (each called an “**Forbearance Termination Event**”)

- (a) if at any time any Obligor or AFCC or PMR consents to or makes a general assignment for the benefit of creditors or takes advantage of, any insolvency, restructuring, reorganization or similar legislation, or take any corporate step in furtherance of the foregoing, or is declared bankrupt, or if a liquidator, trustee in bankruptcy, custodian, interim receiver, receiver or receiver and manager or other officer with similar powers is appointed with respect to any Obligor or AFCC or PMR or a related or affiliated company or any of its respective property, or any step in furtherance of any of the foregoing is taken by any Obligor or AFCC or PMR or a related or affiliated company, its respective directors or officers, affiliates or any third party (excluding the CCAA Proceedings, any order made therein or any actions taken in accordance with the Restructuring Plan);
- (b) if at any time any of the Borrowers seeks interim financing, outside the RISP, from a third party without prior approval from the Agent;
- (c) if the Obligors or AFCC or PMR fail to achieve any milestone in the RISP, including as specified in subsection 4.2(n) hereof;
- (d) if the Lead Borrower fails to make an application under the CCAA if and when required pursuant to subsection 4.2(l) hereof;

- (e) the occurrence of any Default or Event of Default under the Credit Agreement, the DIP Credit Agreement or any other Loan Document other than the Existing Defaults or any Default or Event of Default caused by:
 - (i) the commencement of the CCAA Proceedings as set out in the Restructuring Plan;
 - (ii) non-satisfaction of any pre-filing claims against Ben Moss (other than claims of the Agent that are to be paid in accordance with the terms of this Accommodation Agreement) where such claims are stayed in the CCAA Proceedings;
 - (iii) any actions taken in accordance with the Restructuring Plan;
 - (iv) disclaimers of contracts by Ben Moss in the CCAA Proceedings in accordance with the Restructuring Plan;
 - (v) the RISP;
 - (vi) any payments by Ben Moss on account of pre-filing critical supplier claims, where such payments have been set out in the Cash Flows and approved by the Monitor;
 - (vii) any failure to deliver Fiscal Year 2015 financial statements: (A) without a “going concern” or like qualification or exception as required under subsection 6.01(a) of the Credit Agreement; and (B) accompanied by the certificate of an Accounting Firm required under subsection 6.02(a) of the Credit Agreement;
 - (viii) any present or future breach of any representation, warranty, covenant or negative covenant in the Credit Agreement relating to Ben Moss, or any present or future Default or Event of Default (under the Credit Agreement) relating to Ben Moss, except, for greater certainty, where such a breach, Default or Event of Default is also a breach, default or event of default under the DIP Credit Agreement or this Accommodation Agreement.
- (f) the Obligors, AFFC or PMR default in the performance or observance of any covenant, term, agreement or condition of this Accommodation Agreement;
- (g) the Borrowers experience a negative aggregate variance from the Cash Flows of sales, cash receipts, expenditures, loan balances, Borrowing Base calculations, Inventory receipts/purchases, Inventory levels and cash flow by more than 10% initially on a rolling 2 week basis or on a cumulative basis or on a negative variance of Availability by more than 10%, tested weekly;
- (h) the Obligors, AFFC or PMR breach or default under the Restructuring Plan;

- (i) the Obligors, AFFC or PMR fail to maintain and keep current payments to any governmental authority holding any statutory deemed trust on their assets, which may result in any claim ranking in priority or *pari passu* to the claim of the Lenders or the DIP Lender, including remissions for deductions at source for employees, retail sales tax, goods and services tax and vacation pay;
- (j) any stay of proceedings provided in favour of Ben Moss by the Court or by operation of law shall have been terminated or lifted;
- (k) if any confirmation, representation or warranty given by the Obligors herein is untrue or incorrect, other than if rendered untrue or incorrect by the existence of the Existing Defaults, the commencement of the CCAA Proceedings, the RISP or actions taken pursuant to the Restructuring Plan;
- (l) if the Obligors, AFFC or PMR challenge in any manner the legality, validity, or enforceability this Accommodation Agreement, the Credit Agreement, the DIP Credit Agreement, any Security or any other Loan Documents or challenges any of the liabilities or obligations owing to the Lenders or the DIP Lender;
- (m) any failure by the Obligors, AFFC or PMR, on or before the last day of the Forbearance Period to pay the total then-outstanding Obligations to the Agent in full and without any claim, counterclaim, set-off, deduction or dispute of any kind;
- (n) the occurrence of any other event which, in the opinion of the Agent, acting reasonably and in good faith, may materially and adversely impact the priority or enforceability of the Lenders' or the DIP Lender's security held from the Obligors, AFFC and PMR or the realizable value of the collateral subject to such security; or
- (o) the expiry of the Forbearance Period.

Each Forbearance Termination Event shall be deemed an Event of Default pursuant to the Credit Agreement, the DIP Credit Agreement and the other Loan Documents. Upon the occurrence of a Forbearance Termination Event, the Agent shall be entitled to exercise in respect of the Existing Defaults or any other Event of Default all rights and remedies under this Accommodation Agreement, the Credit Agreement, the DIP Credit Agreement, the other Loan Documents or otherwise provided, however, that any exercise of remedies under or in connection with the DIP Credit Agreement or as against Ben Moss taken on or after the date of the Initial Order shall be subject to approval in the CCAA Proceedings and shall be requested upon two (2) Business Days' prior written notice to the Obligors and the Monitor (unless an event of default occurred under Subsections 8.01(a), (f), (g), (k) or (s) of the DIP Credit Agreement, in which case the remedies under Section 8.02 of the DIP Credit Agreement require one (1) Business Day's notice or no notice if the CCAA Proceedings are converted to any other form of liquidation or restructuring proceeding).

Without limiting the foregoing and effective upon the occurrence of a Forbearance Termination Event, the Obligors, AFFC and PMR hereby agree not to contest the appointment of A&M as receiver or interim receiver or the appointment of any other receiver/interim receiver selected by the Agent and the DIP Lender, pursuant to the BIA, over the Collateral of the corporate Obligors,

AFFC and PMR, by way of application by the Agent before the Court. Also upon the occurrence of a Forbearance Termination Event and upon the request of the Agent, the Lead Borrower agrees, and the Chief Restructuring Officer shall authorize the Lead Borrower to, within 2 days, seek an order of the Court in the CCAA Proceedings, in a form satisfactory to the Agent, acting reasonably, among other things, declaring the Lead Borrower to be a company to which the CCAA applies and imposing a stay of proceedings.

ARTICLE 8 GENERAL PROVISIONS

8.1 Release

Each of the Obligors, AFFC and PMR (collectively, the “**Releasors**”) hereby releases, remises, acquits and forever discharges the Agent, the Lenders, the DIP Agent, the DIP Lender, A&M and the Chief Restructuring Officer and each of their respective employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, Affiliates, subsidiary corporations, parent corporations, related corporate divisions, shareholders, participants and assigns (all of the foregoing hereinafter called the “**Released Parties**”), from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, setoffs, recoupments, counterclaims, defences, damages and expenses of any and every character, known or unknown, suspected or unsuspected, direct and or indirect, at law or in equity, of whatsoever kind or nature, whether heretofore or hereafter arising, for or because of any matter or things done, omitted or suffered to be done by any of the Released Parties prior to and after the date hereof, and in any way directly or indirectly arising out of or in any way connected to this Accommodation Agreement, the Credit Agreement, the Security (and any enforcement relating thereto) or any of the other Loan Documents (all of the foregoing hereinafter called the “**Released Matters**”). Each Releasor acknowledges that the agreements in this Section are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters and constitute a complete waiver of any right of setoff or recoupment, counterclaim or any defence of any nature whatsoever with respect to the Released Matters or which might limit or restrict the effectiveness or scope of its agreements in this Section. Each Releasor represents and warrants that it has no knowledge of any claim by it against the Released Parties or of any facts, or acts or omissions of the Released Parties which on the date hereof would be the basis of a claim by the Releasors against the Released Parties which is not released hereby. Each Releasor represents and warrants that it has not purported to transfer, assign, pledge or otherwise convey any of its right, title or interest in any Released Matter to any other person or entity and that the foregoing constitutes a full and complete release of all Released Matters. The Releasors have granted this release freely, and voluntarily and without duress.

8.2 Effect of this Agreement

Except as modified pursuant hereto, no other changes or modifications to the terms of the Indebtedness, the Loan Agreements or the other financing agreements are intended or implied and in all other respects the terms of the Indebtedness, the Loan Agreements and the other financing agreements are confirmed.

8.3 Cost and Expenses

The Obligors, AFFC and PMR hereby agree to pay to the Agent at any time and as often as the Agent may require acting reasonably, whether or not all or any of the transactions contemplated by this Accommodation Agreement are consummated, all reasonable fees and disbursements of the Agent chargeable pursuant to the Credit Agreement, this Accommodation Agreement or the DIP Credit Agreement, and its legal and financial advisors (or any supplemental legal or financial advisors retained by the Agent) engaged by it in connection with the preparation, negotiation, execution, delivery, administration, interpretation or enforcement of this Accommodation Agreement, the Credit Agreement, the other Loan Documents, the DIP Credit Agreement and any agreements delivered in connection with the transactions contemplated hereby or thereby, and monitoring of the CCAA Proceedings, including the RISP. Such fees and expenses shall be paid by the Agent and, following notice to the Lead Borrower, the Agent is hereby authorized and directed to debit the account of the Borrowers for the amount of such fees and expenses, subject to the Borrowers' right to have such fees and expenses, taxed, assessed or reviewed. Without limiting the generality of the foregoing, the Obligors, AFFC and PMR acknowledge and agree that the Agent shall have the right, at any time after the date hereof, to retain, within its sole discretion, upon reasonable terms and conditions, supplemental legal advisors and financial advisors of its sole choosing, and the reasonable costs and expenses thereof shall be paid by the Obligors, AFFC and PMR as provided herein.

8.4 Further Assurances

The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purposes of this Accommodation Agreement all at the expense of the Borrowers.

8.5 Binding Effect

This Accommodation Agreement shall be binding upon and enure to the benefit of each of the parties hereto and its heirs, executors, administrators, estate trustees, successors and permitted assigns.

8.6 Survival of Representations and Warranties

All representations and warranties made in this Accommodation Agreement or any other document furnished in connection herewith shall survive the execution and delivery of this Accommodation Agreement and such other document, and no investigation by the Agent or any closing shall affect the representations and warranties or the rights of the Agent to rely upon such representations and warranties.

8.7 No Novation

This Accommodation Agreement will not discharge or constitute novation of any debt, obligation, covenant or agreement contained in the Credit Agreement or any of the other Loan Documents but same shall remain in full force and effect save to the extent same are amended by the provisions of this Accommodation Agreement.

8.8 Notice

Any notice, demand or other communication required or permitted to be given to any party hereunder shall be given in writing and addressed as follows:

in the case of Salus:

Salus Capital Partners, LLC
197 First Avenue, Suite 250
Needham, Massachusetts 02494
USA

Attention: Kyle Shonak
Email: kshonak@saluscapital.com

In the case of the Obligors, AFFC or PMR:

c/o J.S.N. Jewellery Inc.
64 Jardin Drive, Unit 7
Concord, Ontario L4K 3P3

Attention: Naveed Manzoor
Email: naveed@faanadvisors.com

with a copy to the proposed Monitor:

Alvarez & Marsal Canada Inc.
200 Bay Street
Toronto, Ontario M5J 2J1

Attention: Adam Zalev and Alan Hutchens
Email: azalev@alvarezandmarsal.com and ahutchens@alvarezandmarsal.com

Any such notice shall be deemed to be sufficiently given if personally delivered or sent by facsimile transmission, and in each case shall be deemed to have been received by the other party on the same day on which it was delivered or sent by facsimile transmission, if such day is a business day, and, if not, on the next following business day.

8.9 Execution in Counterparts


This Agreement may be executed and delivered by facsimile and in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

8.10 Governing Law

This Agreement shall be exclusively (without regard to any rules or principals relating to conflict of laws) governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.


IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.

SALUS CAPITAL PARTNERS, LLC, as
Administrative Agent, Collateral Agent and
Lender

By: 

Name: Kyle C. Shonak
Title: President

SALUS CLO 2012-1, LTD.

By: 

Name: Kyle C. Shonak
Title: President
Authorized Signing Officer

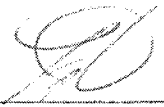
J.S.N. JEWELLERY INC.

By: _____
Name:
Title:
Authorized Signing Officer


J.S.N. JEWELLERY UK LIMITED

By: _____
Name:
Title:
Authorized Signing Officer


J.S.N. JEWELLERY INC.

By: 
Name: *Joseph Shilton*
Title:
Authorized Signing Officer


J.S.N. JEWELLERY UK LIMITED

By: 
Name: *Joseph Shilton*
Title:
Authorized Signing Officer


GMJ CORP.

By: 
Name: *Joseph Shilton*
Title:
Authorized Signing Officer

**BEN MOSS JEWELLERS WESTERN
CANADA LTD.**

By: 
Name: *Joseph Shilton*

2373138 ONTARIO INC.

By: 
Name: *Joseph Shilton*

FOREVER JEWELLERY INC.

By: [Signature]
Name:

ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED

By: [Signature]
Name: Joseph Shilon

P.M.R. INC.

By: _____
Name:

Witness

)
)
)
)
)
)
)

JOSEPH SHILON

FOREVER JEWELLERY INC.

By: _____
Name:

ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED

By: _____
Name:

P.M.R. INC.

By: _____
Name: *Joseph Shilon*

James Kantor

Witness

)
)
)
)
)
)
)

JOSEPH SHILON

**SCHEDULE “A”
SECURITY AND GUARANTEES**

Canadian General Security Agreement dated as of July 18, 2013 and made by J.S.N. Jewellery Inc., 2373138 Ontario Inc., 6721657 Manitoba Ltd., Forever Jewellery Inc. and (pursuant to a Joinder to Canadian General Security Agreement entered into as of July 18, 2013) Ben Moss Jewellers Western Canada Ltd. in favour of Salus Capital Partners, LLC, as collateral agent.

(U.S.) Security Agreement dated as of July 18, 2013 between J.S.N. Jewellery Inc. and GMJ Corporation, a grantors, and Salus Capital Partners, LLC, as collateral agent.

(U.S.) Trademark Security Agreement dated as of July 18, 2013 and made by J.S.N. Jewellery Inc. in favour of Salus Capital Partners, LLC, as agent.

Collateral Assignment of Acquisition Documents entered into as of July 18, 2013 by J.S.N. Jewellery Inc. in favour of Salus Capital Partners, LLC.

Guarantee Agreement dated as of July 18, 2013 made by 2373138 Ontario Inc. and 6721657 Manitoba Ltd. in favour of Salus Capital Partners, LLC, as administrative agent and collateral agent and the other Credit Parties.

Debenture dated July 18, 2013 between by J.S.N. Jewellery UK Limited and Salus Capital Partners, LLC, as administrative agent and collateral agent.

Guarantee and Indemnity dated July 18, 20i3 between J.S.N. Jewellery UK Limited and Salus Capital Partners, LLC, as administrative agent and collateral agent.

Charge Over Bank Account dated July 18, 2013 between J.S.N. Jewellery UK Limited and Salus Capital Partners, LLC, as administrative agent and collateral agent.

Guarantee Agreement dated as of July 18, 2013 and made by Forever Jewellery Inc. in favour of Salus Capital Partners, LLC, as administrative agent and collateral agent and the other Credit Parties, limited to an amount not exceeding the sum of all amounts due and payable by Forever Jewellery Inc. to J.S.N. Jewellery Inc.

Guarantee Agreement dated as of July 18, 2013 and made by Joseph Shilon in favour of Salus Capital Partners, LLC, as administrative agent and collateral agent and the other Credit Parties, limited in amount to \$3,000,000.

Intercreditor Agreement dated as of July 18, 2013 and made by Joseph Shilon in favour of Salus Capital Partners, LLC, as administrative agent.

Blocked Account Agreement made as of June 18, 2013 between Bank of Montreal, GMJ Corporation and Salus Capital Partners, LLC.

Blocked Account Agreement made as of June 18, 2013 between Bank of Montreal, J.S.N. Jewellery Inc. and Salus Capital Partners, LLC.

Blocked Account Agreement made as of June 18, 2013 between Bank of Montreal, Ben Moss Jewellers Western Canada Ltd. and Salus Capital Partners, LLC.

Blocked Account Agreement dated July 2, 2013 between Canadian Imperial Bank of Commerce, Ben Moss Jewellers Western Canada Ltd. and Salus Capital Partners, LLC.

Blocked Account Agreement dated as of June 17, 2013 between The Bank of Nova Scotia, Ben Moss Jewellers Western Canada Ltd. and Salus Capital Partners, LLC.

Accounts Agreement dated as of July 18, 2013 between Royal Bank of Canada, J.S.N. Jewellery Inc. and Salus Capital Partners, LLC.

Accounts Agreement (re Blocked Accounts) dated as of July 15, 2013 between Royal Bank of Canada, Ben Moss Jewellers Western Canada Ltd. and Salus Capital Partners, LLC.

Accounts Agreement (re Disbursement Accounts) dated as of July 15, 2013 between Royal Bank of Canada, Ben Moss Jewellers Western Canada Ltd. and Salus Capital Partners, LLC.

Deposit Account Control Agreement made as of June 26, 2013 by and among the Toronto Dominion Bank, Ben Moss Jewellers Western Canada Ltd. and Salus Capital Partners, LLC.

SCHEDULE "B"
EXISTING OBLIGATIONS

**SCHEDULE "C"
CASH FLOWS**

[A&M to provide]

SCHEDULE "D"
FORM OF ASSIGNMENT, POSTPONEMENT, WAIVER AND ESTOPPEL

SCHEDULE "E"
RISP

25909663.3

Appendix “C”



JSN - Borrowing Base

Date: 07/28/2016
Certificate #: 633

Pursuant to the Credit and Security Agreement dated as of July 18, 2013 as amended, supplemented, restated or replaced from time to time (the "Loan Agreement") between JSN as lead Borrower ("Borrower") and Salus Capital Partners, LLC as an affiliate or designee, as agent ("Lender"), and the Super Priority DIP Credit Agreement entered on July 18, 2013 between Ben Moss Jewelry Wholesale Canada Ltd as Borrower ("Borrower") and the Lender as agent (together, the "DIP Agreement"), the undersigned hereby certifies that the signer is authorized to execute this certificate. By certifying that the signer has personal knowledge of the facts set forth herein, it certifies that the contents of this Borrowing Base Certificate are true, correct and complete (inclusive of all subsidiaries including all Bank Products under both the Loan Agreement and the DIP Agreement) and have been prepared in a manner consistent with the terms and conditions of the Loan Agreement and the DIP Agreement, and (b) represents and warrants that: (i) there is not in existence any Default or Event of Default under either loan agreement; (ii) all representations and warranties contained in the Loan Agreement, the DIP Agreement and other loan documents relating thereto are true and correct in all material respects as of the date hereof; and (iii) in addition to, and not in lieu of, the foregoing, (A) all taxes, payroll and withholding taxes payable to the IRS have been paid when due subject to any applicable grace periods; (B) Borrower and Ben Moss are in compliance with all material terms of all leases or other agreements pursuant to which it occupies real estate and has not been notified that it is in default of any such lease or agreement; and (C) none of the insurance policies which Borrower or Ben Moss is required to maintain under the Loan Agreement or DIP Agreement are set to expire earlier than ninety (90) days after the date hereof. The Borrower and Ben Moss understand and agree that the Lender will rely upon the representations and warranties set forth herein and upon the truth and accuracy of information contained herein in making any advance or other financial accommodation under the Loan Agreement and the DIP Agreement.

I.	Accounts Receivable		balance as of:	07/23/2016	\$	1,724,438	A	
	Wholesale Accounts Receivables				\$	4,202,710	B	
	Less: Impairments				\$	3,521,728	C	
	Eligible A/R (A - B)				\$	3,169,555	D	
	Available A/R (C * advance rate)		advance rate:	90.00%	\$	2,852,600	E	
TOTAL Accounts Receivable Availability (D)						\$	3,169,555	F
II.	Inventory		balance as of:	07/23/2016	\$	11,418,609	G	
	JSN CAD Inventory Available for Sale (per Perpetual reports)				\$	756,952	H	
	Less: Impairments				\$	18,152,252	I	
	Total Eligible JSN CAD Inventory (J - G)				\$	1,744,700	J	
	Inventory Advance Rate	NO.V	1TV	95.00%			K	
	Total Inventory Availability - (H x J)				\$	1,657,065	L	
	JSN UK Inventory Available for Sale (per Perpetual reports)		balance as of:	07/23/2016	\$	645,400	M	
	Less: Impairments				\$	165,262	N	
	Total Eligible JSN UK Inventory (R - L)				\$	480,138	O	
	Inventory Advance Rate	NO.V	1TV	95.00%			P	
	Total Inventory Availability - (M x P)				\$	456,131	Q	
	Ben Moss Inventory Available for Sale (per Perpetual reports)		balance as of:	07/23/2016	\$	37,106,576	R	
	Less: Impairments				\$	1,473,122	S	
	Total Eligible Ben Moss Inventory (P - Q)				\$	35,633,454	T	
	Inventory Advance Rate	NO.V	1TV	89.00%			U	
	Total Inventory Availability - (R x U)				\$	31,703,471	V	
	Previous Metals Inventory Available for Sale (per Perpetual reports)		balance as of:	07/23/2016	\$		W	
	Less: Impairments				\$		X	
	Total Eligible JSN CAD Inventory (P - V)				\$		Y	
	Inventory Advance Rate	NO.V	1TV	90.00%			Z	
	Total Inventory Availability - (W x Z)				\$		AA	
TOTAL Inventory Availability (L + Q + T + V + AA)						\$	38,239,887	AB
III.	Reserves				\$	2,000,000	AA	
	Availability Block				\$	1,315,225	BB	
	Intercompany Markup Impairments - ADRV Reserve				\$	222,895	CC	
	Customer Deposits	100%	x		\$	117,473	DD	
	Customer Credit Reserve	50%	x		\$	225,000	EE	
	Unprocessed Returns at Ben Moss	100%	x		\$	158,573	FF	
	Gift Cards	50%	x		\$	768,000	GG	
	WIP Reserve - lower of actual or \$2,000,000 per store	100%	x		\$	208,078	HH	
	GST/PST/ST/Provincial	100%	x		\$	428,868	II	
	Export Income and Pension Tax Withholdings	100%	x		\$	133,000	JJ	
	Preferred creditors (UK)	100%	x		\$	15,000	KK	
	Prescribed part (UK)	100%	x		\$	134,248	LL	
	ISS Penalties	100%	x		\$	78,051	MM	
	FX Concessions	100%	x		\$	250,000	NN	
	Total Reserves				\$	6,816,887	OO	
NET Inventory Availability for Borrowings (Z - OO)						\$	31,423,000	PP
Available Borrowing Base (E + PP)						\$	35,992,365	QQ
NET Available Borrowing Base (QQ) - NOT TO EXCEED						\$	50,000,000	RR
IV.	Availability Calculation				\$	48,484,340	SS	
	Beginning Principal Balance		balance as of:	07/28/2016	\$	48,484,340	SS	
	Advances						TT	
	Fees						UU	
	Adjustments						VV	
	Collections (Payments)						WW	
	Ben Moss Loans Collections (Payments)						XX	
	Loan Balance Prior to Today's Request				\$	48,484,340	YY	
	NET Availability Prior to Today's Request (RR - YY)				\$	(12,492,175)	ZZ	
	Funding Request		Conversion Rate (USD to CAD)			1.3175368	AAA	
	JSN Operating Account CAD #1277				\$		BBB	
	JSN Operating Account USD #6638				\$		CCC	
	Ben Moss Operating Account USD #6177				\$		DDD	
	Today's JSN Total Funding Request				\$		EEE	
V.	Outstanding Revolving Loan Balance (SS + ZZ)				\$	48,484,340	FFF	
VI.	JSN Total Outstandings (VV)				\$	48,484,340	GGG	
VII.	JSN Total Availability / (Shortfall) (line RR - WW)				\$	(12,492,175)	HHH	
VIII.	Availability Calculation				\$	6,816,887	III	
	Beginning DIP Principal Balance		balance as of:	07/28/2016	\$	6,816,887	III	
	Advances						III	
	Fees						III	
	Adjustments						III	
	Ben Moss Collections (Payments)						III	
	Loan Balance Prior to Today's Request				\$	6,816,887	III	
	DIP Funding Request				\$		III	
	Operating Accounts USD #6177				\$		III	
	Today's Total DIP Funding Request				\$		III	
VIII.	Ben Moss DIP Total Outstandings (YY+ZZ)				\$	5,410,067	AAA	
IX.	Total JSN & Ben Moss Revolver Outstandings (WW+AAA)				\$	54,894,407	BBB	
X.	Total Availability / (Shortfall) (line RR - BBB)				\$	(12,492,175)	CCC	
	Term Loan A (Not to exceed 75% EBITDA)				\$	4,750,000	DDD	
	Term Loan B (Not to exceed 5X EBITDA)				\$	4,871,987	EEE	
	Term Loan C (Not to exceed 2X EBITDA)				\$	4,611,311	FFF	
	Total Outstandings Revolver & Term Loans (BBB+DDD+EEE+FFF)				\$	69,192,705	GGG	
XI.	Maximum Total Outstandings per Loan Agreement				\$	77,233,318	HHH	

MTD SALES ACT PY: 1
MTD SALES ACT PY: 2

CURRENT MD SALES PLAN: 6

Prepared by: JAM/Advisors as CAD and in the other languages same/1310

TAB 2

SERVICE LIST

TO: AIRD & BERLIS LLP
Barristers & Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Sam Babe / Miranda Spence / Steven Graff

Tel: (416) 865-7718 / (416) 865-3414 / (416) 865-7726
Fax: (416) 863-1515
Email: sbabe@airdberlis.com / mspence@airdberlis.com / sgraff@airdberlis.com

Lawyers for Salus Capital Partners, LLC

AND TO: J.S.N. JEWELLERY INC.
64 Jardin Drive, Unit 7
Concord, ON L4K 3P3

Attention: Naveed Manzoor

Tel: (416) 258-6145
Email: naveed@faanadvisors.com

AND TO: OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Michael De Lellis / Karen Sachar

Tel: (416) 862-5997 / (416) 862-5949
Fax: (416) 862-6666
Email: mdelellis@osler.com / ksachar@osler.com

Lawyers for the Respondents

AND TO: FASKEN MARTINEAU DUMOULIN LLP
Bay Adelaide Centre, Suite 2400
333 Bay Street, Box 20
Toronto, ON M5H 2T6

Attention: Stuart Brotman / Aubrey Kauffman

Tel: (416) 865-5419 / (416) 868-3538
Fax: (416) 364-7813
Email: sbrotman@fasken.com / akauffman@fasken.com

Lawyers to the proposed receiver

AND TO: STIKEMAN ELLIOTT LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Brian Pukier / Elizabeth Pillon / Haddon Murray

Tel: (416) 869-5567 / (416) 869-5623 / (416) 869 5239
Fax: (416) 947-0866
Email: BPukier@stikeman.com / LPillon@stikeman.com
HMurray@stikeman.com

Lawyers to Unique Designs, Inc.

AND TO: CHANG ADVOCACY PROFESSIONAL CORPORATION
Suite 407, 989 Derry Road East
Mississauga, ON L5T 2J8

Attention: Charles Chang

Tel: (905) 670-8868
Fax: (905) 670-8871
Email: cchang@changadvocacy.com

Lawyers to Joseph Shilon

AND TO: DEPARTMENT OF JUSTICE
The Exchange Tower
130 King Street West, Suite 3400
Toronto, ON M5X 1K6

Attention: Diane Winters

Tel: (416) 973-3172

Fax: (416) 373-0810

Email: diane.winters@justice.gc.ca

**AND TO: HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF ONTARIO AS REPRESENTED BY THE
MINISTER OF FINANCE (Income Tax, PST)**

P.O. Box 620

33 King Street West, 6th Floor

Oshawa, ON L1H 8E9

Attention: Kevin J. O'Hara

Tel: (905) 433-6934

Fax: (905) 436-4510

Email: kevin.ohara@ontario.ca

AND TO: PACE SAVINGS & CREDIT UNION LIMITED
8111 Jane Street, Unit 1 & 2
Vaughan, ON L4K 4L7

Attention: Lorraine Hensberger

Tel: (905) 738-8900

Fax: (905) 738-8283

AND TO: NATIONAL LEASING GROUP INC.
1525 Buffalo Place
Winnipeg, MB R3T 1L9

AND TO: HALTON AUTOLEASE INC.
4100 Harvester Road
Burlington, ON L7L 0C1

AND TO: THE ARGEN CORPORATION
5855 Oberlin Drive
San Diego, CA 92121
USA

Attention: Joe Rosen

Fax: (858) 626-8652

SALUS CAPITAL PARTNERS, LLC

Applicant

- and -

J.S.N. JEWELLERY INC., *et al.*

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced in Toronto

**MOTION RECORD OF THE PROPOSED
RECEIVER,
RICHTER ADVISORY GROUP INC.,
(returnable August 11, 2016)
(Re: Appointing Receiver and Related Relief)**

FASKEN MARTINEAU DUMOULIN LLP

Barristers and Solicitors
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto, ON M5H 2T6

Stuart Brotman (LSUC# 43430D)

Tel: 416 865 5419
Fax: 416 364 7813
sbrotman@fasken.com

Aubrey E. Kauffman (LSUC# 18829N)

Tel: 416 868 3538
Fax: 416 364 7813
akauffman@fasken.com

Lawyers for the Proposed Receiver, Richter Advisory
Group Inc.