

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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 RICHTER ADVISORY GROUP INC., IN ITS CAPACITY AS
THE COURT-APPOINTED RECEIVER**

**(RE: SALE AND AUCTION APPROVAL AND VESTING, INTERIM DISTRIBUTION)
(Returnable October 6, 2016)**

September 29, 2016

FASKEN MARTINEAU DUMOULIN LLP

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Lawyers for Richter Advisory Group Inc., in its
capacity as the Court-appointed Receiver

TO: THE ATTACHED SERVICE LIST

SERVICE LIST AS OF SEPTEMBER 29, 2016

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- AND TO: STIKEMAN ELLIOTT LLP**
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AND TO: SIMPLEX DIAM, INC. AND SPARKLE JEWELRY, INC.

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Lawyers to Joseph Shilon and related companies

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**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

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Oshawa, ON L1H 8E9

Attention: Kevin J. O'Hara

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Fax: (905) 436-4510

Email: kevin.ohara@ontario.ca

AND TO: PACE SAVINGS & CREDIT UNION LIMITED
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Vaughan, ON L4K 4L7

Attention: Lorraine Hensberger

Tel: (905) 738-8900

Fax: (905) 738-8283

AND TO: NATIONAL LEASING GROUP INC.
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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

**AND TO: HER MAJESTY THE QUEEN IN RIGHT OF CANADA
REPRESENTED BY THE MINISTER OF NATIONAL
REVENUE**

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AND TO: INFINITY ASSET SOLUTIONS INC.

63 Maplecrete Road
Concord, ON L4K 1A5

Attention: Jason Hayne

Email: jhayne@infinityassets.com

With a Courtesy copy to:

AND TO: TORKIN MANES LLP

Barristers and Solicitors
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Attention: Jeffrey J. Simpson

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Email: jsimpson@torkinmanes.com

Lawyers to Utopia Jewellery Ltd. and Sharon Stone Inc.

INDEX

**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**

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TAB 1

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

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.

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COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

NOTICE OF MOTION
(returnable October 6, 2016)
(Sale and Auction Approval and Vesting, Interim Distribution)

RICHTER ADVISORY GROUP INC. ("Richter"), in its capacity as the Court-appointed receiver (the "**Receiver**") of all of the assets, undertakings and properties 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. (collectively, the "**Debtor**"), acquired for or used in relation to a business carried on by the Debtor, will make a motion to a judge of the Commercial List on Thursday, October 6, 2016 at 10:00 a.m., or as soon after that time as the motion can be heard, at the Court House at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

- (a) an order substantially in the form attached hereto as Schedule “A” (the “**Simplex Sale Approval and Vesting Order**”), *inter alia*:
 - (i) abridging the time for service of the Notice of Motion and the Motion Record herein, if necessary, and validating service thereof;
 - (ii) approving the transaction contemplated by an offer to purchase made by Simplex Diam, Inc. and Sparkling Jewelry, Inc. (together, the “**Simplex Purchaser**”) on September 8, 2016 and accepted by the Receiver on September 9, 2016 (the “**Simplex Sale Agreement**”) and appended to the Report of the Receiver dated September 29, 2016 (the “**Report**”), and vesting in the Simplex Purchaser the Debtor’s right, title and interest in and to the assets described in the Simplex Sale Agreement, free and clear of and from all Claims and Encumbrances (each as defined in the Simplex Sale Approval and Vesting Order), except for those permitted encumbrances, easements and restrictive covenants listed on Schedule “D” to the Simplex Sale Approval and Vesting Order; and

- (b) an order substantially in the form attached hereto as Schedule “B” (the “**Sparkle Sale Approval and Vesting Order**”), *inter alia*:
 - (i) approving the transaction contemplated by an offer to purchase made by Sparkle Gems Inc. (the “**Sparkle Purchaser**”) on September 9, 2016 and accepted by the Receiver on September 9, 2016 (the “**Sparkle Sale Agreement**”) and appended to the Report, and vesting in the Sparkle

Purchaser the Debtor's right, title and interest in and to the assets described in the Sparkle Sale Agreement, free and clear of and from all Claims and Encumbrances (each as defined in the Sparkle Sale Approval and Vesting Order), except for those permitted encumbrances, easements and restrictive covenants listed on Schedule "D" to the Sparkle Sale Approval and Vesting Order; and

- (c) an order substantially in the form attached hereto as Schedule "C" (the "**Auction Approval and Distribution Order**"), *inter alia*:
- (i) authorizing and directing the Receiver to engage Infinity Asset Solutions Inc. (the "**Auctioneer**") as its agent to conduct an auction of certain Canadian furniture, fixtures and equipment of the Debtor (the "**Auction**") and, for that purpose, to enter into and carry out the terms of the Auction Agreement between the Receiver and the Auctioneer (the "**Auction Agreement**") in substantially the form appended to the Report, and vesting the assets of the Debtor sold in the Auction in the purchasers thereof free of all claims and encumbrances;
- (ii) authorizing and directing the Receiver to make interim distributions from the net proceeds of realization to the Applicant in the aggregate amount of C\$7,100,000; and
- (iii) approving the Report, and the actions and activities of the Receiver as set out therein; and
- (d) such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) those grounds set out in the Report, and the appendices thereto;
- (b) the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
- (c) the provisions of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
- (d) the inherent and equitable jurisdiction of this Court;
- (e) Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (f) such further other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) the Report and the appendices thereto; and
- (b) such further and other material as counsel may advise and this Honourable Court may permit.

August 9, 2016

FASKEN MARTINEAU DUMOULIN LLP
Barristers and Solicitors
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Toronto, ON M5H 2T6

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dchochla@fasken.com

Lawyers for Richter Advisory Group Inc. in its capacity as Court-appointed 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.

TO: THE SERVICE LIST

EXHIBIT "A"

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	THURSDAY, THE 6 TH
)	
JUSTICE)	DAY OF OCTOBER, 2016

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

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COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

SIMPLEX APPROVAL AND VESTING ORDER

THIS MOTION, made by Richter Advisory Group Inc., in its capacity as the Court-appointed receiver (the "Receiver") of all of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corporation, 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "Debtor"), acquired for or used in relation to a business carried on by the Debtor (the "Property"), for an order approving the sale transaction (the "Transaction") contemplated by an offer to purchase made by Simplex Diam, Inc. and Sparkling Jewelry, Inc. (the "Purchaser") on September 8, 2016 and

accepted by the Receiver on September 9, 2016 (the "Sale Agreement") and appended to the Report of the Receiver dated September 29, 2016 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement and listed in Schedule B hereto (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and the schedules thereto, and on hearing the submissions of counsel for the Receiver, counsel for the Purchaser, and such other counsel who were present, no one else appearing for any other person on the service list, although duly served as appears from the affidavit of <@> sworn <@>, 2016, filed:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and the service thereof validated so that the Motion is properly returnable today.

SALE APPROVAL

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the acceptance and execution of the Sale Agreement by the Receiver be and is hereby authorized, ratified and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all claims, liens and encumbrances of any kind whatsoever including, without limitation, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or

otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated August 16, 2016; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. THIS COURT ORDERS that in executing the Sale Agreement and completing the Transaction and otherwise carrying out the terms of this Order the Receiver shall be acting for and on behalf of the Debtor and shall not, solely as a result of the foregoing, be or be deemed to be in possession or control of any Property or any part of the business of the Debtor.

7. THIS COURT ORDERS that, notwithstanding:

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

- (c) any assignment in bankruptcy made in respect of the Debtor;

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

8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

GENERAL

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

Schedule A – Form of Receiver’s Certificate

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

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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

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COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated August 16, 2016, Richter Advisory Group Inc. was appointed as the receiver (the "Receiver") of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corporation, 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the “Debtor”).

B. Pursuant to an Order of the Court dated <@>, 2016, the Court approved an offer to purchase made by Simplex Diam, Inc. and Sparkling Jewelry, Inc. (the “Purchaser”) on September 8, 2016 and accepted by the Receiver on September 9, 2016 (the “Sale Agreement”)

and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement including, without limitation, the Terms and Conditions of Sale, have been satisfied or waived by the Receiver and the Purchaser; and (iii) the sale transaction contemplated by the Sale Agreement (the "Transaction") has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;
2. The conditions to closing as set out in the Sale Agreement including, without limitation, the Terms and Conditions of Sale, have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

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

Per: _____
Name:
Title:

Schedule B – Purchased Assets

Lot	Description
2	417 carats of Canadian loose diamonds and 3,214 carats of various colored stones, principally Rubies, Sapphires and Emeralds
4	JSN Canada finished jewelry, principally diamond rings, earrings, pendants and semi mounts
5	JSN US finished jewelry, principally Canadian Ice® branded diamond jewelry
6	JSN UK finished jewelry principally diamond jewelry including Canadian Ice® branded diamond jewelry
7	Forever Jewelry finished jewelry, principally rings, earrings and pendants
8	Estate jewelry, loose sapphires, rubies, emeralds and diamonds
9	Basket of semi-precious stones
10	Mountings, assorted loose diamonds and coloured stones
11	JSN US finished jewelry

Schedule C – Claims to be deleted and expunged

Nil

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
(unaffected by the Vesting Order)**

Nil

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

**ORDER
(Re: SIMPLEX APPROVAL
AND VESTING ORDER)**

FASKEN MARTINEAU DUMOULIN LLP

Barristers and Solicitors
333 Bay Street, Suite 2400
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Toronto, ON M5H 2T6

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Lawyers for Richter Advisory Group Inc., in its
capacity as the Court-appointed Receiver

EXHIBIT "B"

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	THURSDAY, THE 6 TH
)	
JUSTICE)	DAY OF OCTOBER, 2016

SALUS CAPITAL PARTNERS, LLC

Applicant

and

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
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COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

SPARKLE APPROVAL AND VESTING ORDER

THIS MOTION, made by Richter Advisory Group Inc., in its capacity as the Court-appointed receiver (the "Receiver") of all of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corporation, 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "Debtor"), acquired for or used in relation to a business carried on by the Debtor ("Property"), for an order approving the sale transaction (the "Transaction") contemplated by an offer to purchase made by Sparkle Gems Inc. (the "Purchaser") on September 9, 2016 and accepted by the Receiver on

September 9, 2016 (the "Sale Agreement") and appended to the Report of the Receiver dated September 29, 2016 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement and listed in Schedule B hereto (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and the schedules thereto, and on hearing the submissions of counsel for the Receiver, counsel for the Purchaser, and such other counsel who were present, no one else appearing for any other person on the service list, although duly served as appears from the affidavit of <@> sworn <@>, 2016, filed:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and the service thereof validated so that the Motion is properly returnable today.

SALE APPROVAL

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the acceptance and execution of the Sale Agreement by the Receiver be and is hereby authorized, ratified and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice

Newbould dated August 16, 2016; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. THIS COURT ORDERS that in executing the Sale Agreement and completing the Transaction and otherwise carrying out the terms of this Order the Receiver shall be acting for and on behalf of the Debtor and shall not, solely as a result of the foregoing, be or be deemed to be in possession or control of any Property or any part of the business of the Debtor.

7. THIS COURT ORDERS that, notwithstanding:

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

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

8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

GENERAL

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

Schedule A – Form of Receiver’s Certificate

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

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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**

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated August 16, 2016, Richter Advisory Group Inc. was appointed as the receiver (the "Receiver") of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corporation, 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the “Debtor”).

B. Pursuant to an Order of the Court dated <@>, 2016, the Court approved an offer to purchase made by Sparkle Gems Inc. (the “Purchaser”) on September 9, 2016 and accepted by the Receiver on September 9, 2016 (the “Sale Agreement”) and provided for the vesting in the

Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement including, without limitation, the Terms and Conditions of Sale, have been satisfied or waived by the Receiver and the Purchaser; and (iii) the sale transaction contemplated by the Sale Agreement (the “Transaction”) has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;
2. The conditions to closing as set out in the Sale Agreement including, without limitation, the Terms and Conditions of Sale, have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

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

Per: _____
 Name:
 Title:

Schedule B – Purchased Assets

Lot	Description
1	Two diamond tennis bracelets (one 24 carats total weight and the other 12.75 carats total weight), four loose diamonds (one 5 carat RBC F VS2 diamond, one 4.3 carat RBC J SI1 diamond and matched pair of 1.2 carat heart shaped E VS2 diamonds), and one 12 carat cushion cut beryl-natural emerald ring
3	9,914 carats of loose diamonds, in various parcels

Schedule C – Claims to be deleted and expunged

Nil.

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
(unaffected by the Vesting Order)**

024

Nil.

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

**ORDER
(Re: SPARKLE APPROVAL
AND VESTING ORDER)**

FASKEN MARTINEAU DUMOULIN LLP

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Lawyers for Richter Advisory Group Inc., in its
capacity as the Court-appointed Receiver

EXHIBIT "C"

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
JUSTICE

)
)
)

THURSDAY, THE 6TH
DAY OF OCTOBER, 2016

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**

**ORDER
(AUCTION AGREEMENT AND INTERIM DISTRIBUTION)**

THIS MOTION, made by Richter Advisory Group Inc., in its capacity as the Court-appointed receiver (the "Receiver") of all of the assets, undertakings and properties 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. (collectively, the "Debtor"), acquired for or used in relation to a business carried on by the Debtor, for an order, *inter alia*, authorizing and directing the Receiver to engage Infinity Asset Solutions Inc. (the "Auctioneer") as its agent to conduct an auction of certain Canadian furniture, fixtures and equipment of the Debtor (the "Auction") and, for that purpose, to enter into and carry out the terms of the Auction Agreement between the Receiver and the Auctioneer dated as of September 27, 2016 (the "Auction Agreement") and appended to the Report of the Receiver dated September 29, 2016 (the "Report"), and authorizing and directing the Receiver to make an interim distribution from the net proceeds of realization to the Applicant was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and the schedules thereto, and on hearing the submissions of counsel for the Receiver, counsel for the Applicant, and such other counsel who were present, no

one else appearing for any other person on the service list, although duly served as appears from the affidavit of <@> sworn <@>, 2016, filed:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and the service thereof validated so that the Motion is properly returnable today.

AUCTION APPROVAL

2. THIS COURT ORDERS AND DECLARES that the Auction is hereby approved, and the execution of the Agency Agreement by the Receiver be and is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps (including payment to the Auctioneer of the Expense Amount and Commission) and execute such additional documents as may be necessary or desirable for the completion of the Auction and for the conveyance of the Assets to one or more Purchasers. Capitalized terms used in paragraphs 2 through 6 of this Order but not defined herein shall have the meanings given to them in the Auction Agreement.

3. THIS COURT ORDERS AND DECLARES that upon the completion of each sale of Assets to a Purchaser pursuant to the Auction Agreement, all of the Debtor's right, title and interest in such Assets shall vest absolutely in such Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated August 16, 2016; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) any ownership or other interest that has or may be asserted by Utopia Jewellery Ltd. or any related entity (all of which are collectively referred to as the "Encumbrances") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of Assets pursuant to the Auction Agreement shall stand in the place and stead of such Assets, and that from and after any sale of Assets in the Auction all Claims and Encumbrances shall attach to the net proceeds from the sale of such Assets with the same priority as they had with respect to such Assets immediately prior to the sale, as if such Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS that, notwithstanding:

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

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

6. THIS COURT ORDERS AND DECLARES that the Auction is exempt from the application of the *Bulk Sales Act* (Ontario).

INTERIM DISTRIBUTION

7. THIS COURT ORDERS that the Receiver be and is hereby authorized and directed to make interim distributions of the net proceeds of realization to the Applicant in the aggregate amount of C\$7,100,000, in partial satisfaction of the indebtedness owing by the Debtor to the Applicant, as follows:

- (a) following the making of this Order, C\$2,800,000; and
- (b) upon and subject to closing of the Sundry Asset Sale Transactions, C\$4,300,000.

SEALING ORDER

8. THIS COURT ORDERS that Confidential Appendices “1”, “2” and “3” of the Report, filed separately with the Court, shall be sealed in the Court file pending closing of the transactions (the “Sundry Asset Sale Transactions”) contemplated in the Sundry Assets Sale Agreements (as defined in the Report), or further order of this Court.

GENERAL

9. THIS COURT ORDERS that the Report and the activities of the Receiver referred to therein be and are hereby approved.

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

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

**ORDER
(Re: AUCTION AGREEMENT, INTERIM
DISTRIBUTION)**

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Court-appointed Receiver

SALUS CAPITAL PARTNERS, LLC

- and -

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

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced in Toronto

**NOTICE OF MOTION OF RICHTER
ADVISORY GROUP INC., IN ITS CAPACITY
AS THE COURT-APPOINTED RECEIVER**

**(Re: Sale and Auction Approval and Vesting,
Interim Distribution)
(returnable October 6, 2016)**

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Lawyers for Richter Advisory Group Inc., in its
capacity as the Court-appointed Receiver

TAB 2

**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.**

**SECOND REPORT OF RICHTER ADVISORY GROUP INC.,
IN ITS CAPACITY AS 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.**

September 29, 2016

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

**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 section 243 of the *Bankruptcy and Insolvency Act*,
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**

**SECOND REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS COURT APPOINTED 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.**

September 29, 2016

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APPENDIX "A" – ORDER OF THE ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) DATED AUGUST 16, 2016

APPENDIX "B" – REPORT OF RICHTER ADVISORY GROUP INC. IN ITS CAPACITY AS PROPOSED RECEIVER DATED AUGUST 8, 2016

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APPENDIX "E" – AUCTION AGREEMENT WITH INFINITY ASSET SOLUTIONS INC.

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APPENDIX "2" – UNREDACTED COPY OF THE SALE AGREEMENT WITH SGI

APPENDIX "3" – UNREDACTED COPY OF THE SALE AGREEMENT WITH SIMPLEX

I. INTRODUCTION

1. Richter Advisory Group Inc. ("**Richter**"), was appointed as receiver (the "**Receiver**"), without security, of all of the assets, properties and undertakings (the "**Property**") of J.S.N. Jewellery Inc. ("**JSN Jewellery**"), 2373138 Ontario Inc. ("**2373138**"), Always & Forever Family Collection Inc. ("**A&F**" or "**Always and Forever**"), and P.M.R. Inc. ("**PMR**"), (collectively, the "**Canadian Debtors**"), GMJ Corp. ("**GMJ**", "**JSN US**" or "**U.S. Debtor**"), and J.S.N. Jewellery UK Limited ("**JSN UK**" or the "**UK Debtor**", and together with the Canadian Debtors and the U.S. Debtor, "**JSN**", the "**Company**" or the "**Debtor Companies**") pursuant to an order (the "**Receivership Order**") of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated August 16, 2016 (the "**Date of Appointment**"). A copy of the Receivership Order is attached hereto as **Appendix "A"**.

2. Pursuant to an Approval and Vesting Order issued by the Honourable Justice Newbould, also dated August 16, 2016 (the "**AVO**"), the Receiver was authorized and directed to execute the Sale Agreement¹ and the Purchased Assets² were ordered to be vested in the purchaser, Unique Designs, Inc. ("**Unique**" or the "**Purchaser**"), free and clear of all claims but subject to the determination of the Sharon Stone Claim³ (the "**Unique Transaction**"): A copy of the report of Richter, in its capacity as proposed receiver of JSN ("**Proposed Receiver's Report**"), that addresses the Unique Transaction is attached hereto as **Appendix "B"**.

3. Pursuant to a Notice of Motion dated August 22, 2016, Utopia Jewellery Ltd. ("**Utopia**") and Sharon Stone Inc. ("**Sharon Stone**")⁴ commenced a motion in the receivership proceedings seeking, inter alia, a declaration that the assets defined as "Molds" in the affidavits of Shmuel (Samuel) Cohen ("**Cohen**") and Caria Eisnor ("**Eisnor**"), each dated August 15, 2016, are the property of Sharon Stone and do not form any part of the assets purchased by Unique pursuant to the Sale Agreement. The first report of Richter, in its capacity as Receiver (the "**First Report**"), addresses the Share Stone Claim.

¹ As defined in the Approval and Vesting Order.

² As defined in the Sale Agreement.

³ As defined in the Approval and Vesting Order.

⁴ The Notice of Motion describes the Sharon Stone corporate entity as "Sharon Stone Inc." The affidavit of Shmuel Cohen describes the entity as "Sharon Stone Co. Ltd." As hereinafter set out the Receiver believes that the description in the affidavit is accurate.

4. Certain sensitive pricing information has been omitted from this, the Receiver's second report (the "**Second Report**") and redacted from certain appendices hereto. In the event that the proposed Sundry Assets Transactions (hereinafter defined) do not close, it is the Receiver's view that release of such information would impair the Receiver's ability to maximize value and re-market those assets and be prejudicial to the interests of the creditors. A confidential supplementary report to this Second Report (the "**Confidential Supplementary Report**"), which includes the omitted pricing information and certain unredacted appendices, will be filed with this Court on a sealed and confidential basis, subject to a request that they be ordered sealed in the Court file to prevent this information from becoming publicly available until after closing of the Sundry Assets Transactions.

II. PURPOSE OF REPORT

5. The purpose of this Second Report is to:
- a) Provide this Court with certain information pertaining to:
 - (i) The activities of the Receiver since the Date of Appointment;
 - (ii) The completion of the Unique Transaction, as per the terms of the Sale Agreement and the AVO;
 - (iii) The Sharon Stone Claim since the date of the First Report;
 - (iv) The results of the Realization Process⁵ undertaken by the Receiver and, ultimately, the sale by the Receiver of the Sundry Jewellery Assets⁶ to Sparkle Gems Inc. ("**SGI**"), and Simplex Diam, Inc. and Sparkling Jewelry, Inc., jointly ("**Simplex**", together with SGI, the "**Sundry Purchasers**"), subject to the Court's approval ("**Sundry Assets Transactions**").
 - (v) The terms of the Sundry Assets Offers to Purchase (hereinafter defined) made by SGI and Simplex and accepted by the Receiver (the "**Sundry Assets Sale Agreements**") dated September 9th and 8th, respectively;
 - (vi) The Receiver's limited informal process to liquidate the Company's furniture, fixtures and equipment ("**FF&E**"), which includes owned specialized jewellery equipment; and
 - (vii) The Receiver's plan to monetize any remaining Property (the "**Monetization Plan**").
 - b) Recommend that this Court make an order(s):

⁵ As defined in the Proposed Receiver's Report

⁶ As defined in the Proposed Receiver's Report

- (i) Approving the Sundry Assets Transactions and authorizing and directing the Receiver to complete same in accordance with the terms and conditions of the Sundry Assets Sale Agreements and the Sundry Assets Approval and Vesting Orders (hereinafter defined) ;
- (ii) Vesting, upon the closing of the Sundry Assets Transactions, the Company's right, title and interest in and to the Sundry Jewellery Assets to SGI and Simplex, respectively, free and clear of all liens, charges, security interests and other encumbrances;
- (iii) Sealing the Offer Summary (hereinafter defined) and the unredacted versions of the Sundry Assets Sale Agreements until the closing of the Sundry Assets Transactions or upon further order of the Court;
- (iv) Approving the auction proposal and authorizing and directing the Receiver to execute the auction agreement with Infinity Asset Solutions Inc. (the "**Auction Agreement**") to monetize the Company's FF&E;
- (v) Approving an interim distribution of proceeds to Saius Capital Partners, LLC as lender and agent for other lenders ("**Salus**" or the "**Lender**"), received in relation to those assets against which independent security reviews have been completed; and
- (vi) Approving this Second Report, and the actions, activities and conduct of the Receiver set out herein.

III. QUALIFICATIONS

6. In preparing this Second 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 CRO⁷), 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 Second Report is based on management's assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.

⁷ As defined in the Receivership Order

7. Unless otherwise noted, all monetary amounts contained in this Second Report are expressed in Canadian dollars ("CAD").

IV. BACKGROUND AND EVENTS LEADING TO THE APPOINTMENT OF THE RECEIVER

8. While this Second Report summarizes some of the information set out in the Proposed Receiver's Report, for context, readers are directed to the Proposed Receiver's Report (attached as **Appendix "B"**) and to the affidavit of Kyle Shonak sworn August 3, 2016 (the "**Shonak Affidavit**") in support of the appointment of the Receiver for a more detailed explanation of the Company's background and events leading to the appointment of the Receiver. A copy of the Shonak Affidavit is posted on the Receiver's website at <http://www.richter.ca/en/folder/insolvency-cases/j/jsn-jewellery-inc>.

Company Overview & Corporate Structure

9. Prior to the appointment of the Receiver, JSN primarily operated as a jewellery wholesaling and manufacturing business with global operations. JSN's product was largely manufactured in Thailand by Utopia, with JSN's facility in Toronto, Ontario, manufacturing certain high margin and special orders, and completing in-house repairs.
10. JSN exclusively designed and manufactured collections including 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.
11. In Canada, JSN's primary customer was jewellery retailer Ben Moss Western Canada Ltd. ("**Ben Moss**"), an indirect subsidiary acquired in 2013, which is in the process of liquidating its 65 stores across Canada as part of its restructuring efforts pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**"). JSN also sold its products through ancillary sales channels Always and Forever, and Forever Jewellery inc. ("**FJI**"). In separate proceedings Richter was appointed by the Court as receiver of FJI on June 30, 2016 (in such capacity, the "**FJI Receiver**"). JSN's product was sold to retail customers in the United States ("**US**") by GMJ and in the United Kingdom ("**UK**") by JSN UK.

Causes of insolvency

12. 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. Primarily as a result of significant foreign exchange losses and Ben Moss's financial troubles (culminating in the CCAA filing), JSN experienced a liquidity crisis and defaulted on various financial and other covenants with their primary secured lender, Salus.

13. As a result of Ben Moss's 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 Agreement⁸. Thereafter, cash flow continued to worsen at JSN, as significant funding was provided to Utopia (to fund operations and purchase raw material inventory) and was required for Ben Moss's CCAA proceedings.
14. Absent continued support from the Lender, JSN and Ben Moss would have been unable to continue to carry on their businesses, due to the following:
- a) Due to a breakdown in the Utopia relationship, JSN was unable to service the majority of its customer base and operations had been effectively shut down since the beginning of July 2016;
 - b) Ben Moss's CCAA proceedings did not result in a going concern transaction and an outright liquidation of its assets is underway, thus eliminating JSN's largest customer; and
 - c) Three separate sale and/or investment solicitation processes in respect of JSN, including that of Ben Moss within the CCAA proceedings, run by two different advisors, failed to result in a going concern sale of the Company.
15. In August 2016, Salus sought and obtained the Receivership Order and the Approval and Vesting Order pursuant to which, among other things, Richer was appointed as Receiver, and directed to execute the Offer to Purchase⁹ with Unique and complete the Unique Transaction, and to carry out the Realization Process.

V. UNIQUE TRANSACTION

16. On the Date of Appointment, In accordance with the directions of the Court, the Receiver executed the Purchaser's Offer to Purchase certain assets of JSN Jewellery, JSN UK, GMJ and A&F (collectively the "**Vendors**"), including but not limited to:
- a) Intellectual property;
 - b) Inventory on consignment, as reconciled and verified with customers;
 - c) Finished goods inventory subject to customer 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.

⁸ As defined in the Proposed Receiver's Report

⁹ As defined in the Proposed Receiver's Report

17. A \$1 million USD deposit in connection with the Unique Transaction was paid prior to the Receiver's appointment, which amount was held in escrow by Richter until closing on August 18, 2016 and subsequently released from escrow and transferred into the Receiver's bank accounts on August 19, 2016.
18. The bulk of the purchase price payable in the Unique Transaction was to be paid upon completion of a reconciliation of JSN's inventory on consignment with customers. The deadline for completion of the consignment inventory reconciliation was initially contemplated to be September 13, 2016. That deadline was mutually extended by the Receiver and the Purchaser, first until September 16, 2016, and then until September 23, 2016. The reconciliation was completed for the majority of customer accounts on September 15, 2016 and on September 23, 2016 for the remaining customer accounts.
19. The balance of the purchase price was paid to the Receiver in the amount of \$2.4 million USD on September 22, 2016, \$22,900 USD on September 27, 2016, and \$300,000 USD on September 28, 2016, respectively, which amounts include amounts to be held in escrow by the Receiver in accordance with the terms of the Unique Sale Transaction, pending the outcome of the Sharon Stone Claim.

VI. CLAIMS OF SHARON STONE CO. LTD.

20. As mentioned in the previous section in this Second Report, Utopia and Sharon Stone have brought a motion in the receivership proceedings disputing the ownership of certain intellectual property assets that were subject to the Unique Transaction. On September 22, 2016, the Receiver delivered a Responding Motion Record, containing the Receiver's First Report, responding to this motion. On September 28, 2016, the Receiver delivered a Supplementary Motion Record containing a supplement to the Receiver's First Report. The respondents to the motion have not yet delivered material responding to the Receiver's Responding Motion Record and Supplementary Motion Record. A 9:30 a.m. scheduling appointment has been scheduled for October 17, 2016 in order to obtain directions with respect to cross examinations (if required) and to set a date for the hearing of the motion.

VII. RECEIVER'S ACTIVITIES SINCE THE DATE OF APPOINTMENT

21. Since the Date of Appointment, the Receiver's activities have included:
 - a) Taking possession of and securing the premises of the Canadian Debtors (the "**Premises**");
 - b) Freezing the Canadian Debtors' bank accounts, and opening new bank accounts in the name of the Receiver;
 - c) Contacting the Canadian Debtors' alarm service provider to both delete existing alarm codes and set up new alarm codes for the Receiver;
 - d) Securing the inventory at the Premises, including changing safe codes and establishing protocols for inventory handling and supervision thereof;

- e) Reviewing JSN's existing insurance coverage and arranging for the Receiver be listed as named insured and loss payee on the Canadian Debtors' insurance policies;
- f) Arranging for payment of rent for the Premises;
- g) Arranging for the continuation of all essential services, including utilities for the Premises;
- h) Contacting Canada Revenue Agency ("**CRA**") to set up new accounts (HST) in the name of the Receiver;
- i) Taking possession of and reviewing the Company's books and records to obtain a further understanding of the Company's financial position and the Property;
- j) Undertaking a review and physical count of the Company's inventory and equipment;
- k) Meeting with JSN Jewellery's former employees ("**Former Employees**") to advise them of, among other things, the Receiver's appointment and the Company's termination of their employment. The Receiver also informed the Former Employees of their rights and potential entitlements under the provisions of the *Wage Earner Protection Program Act* ("**WEPPA**") and the limited priority granted to employee claims for compensation in accordance with section 81.4 of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). It should be noted that following its appointment, the Receiver (with the Lender's approval) paid all outstanding wages and vacation pay to which the Former Employees were entitled as at the Date of Appointment. Accordingly, the Receiver is not aware of any amounts owing to the Former Employees that would have priority over the Lender, in respect of statutory charges pursuant to section 81.4 of the BIA. Additionally, JSN Jewellery is the only Canadian entity that was an employer. There were no employees in JSN US and the JSN UK operations will be discussed below;
- l) Determining, according to the Company's books and records, the amounts owed under WEPPA, submitting prescribed information to Service Canada, and sending notice of WEPPA to the Former Employees;
- m) Communicating with the Company's IT service provider to terminate systems access for the Former Employees;
- n) Retaining certain Former Employees as independent contractors, on a temporary basis, to assist in completing various receivership activities, including but not limited to: *Income Tax Act* compliance, requirements under WEPPA, final payroll of the Former Employees, post-closing deliverables of the Unique Transaction, assisting the Receiver in the Realization Process, and the collection of accounts receivable;
- o) Assisting CRA with its audit of JSN Jewellery's payroll remittances, and an audit of HST for the Canadian Debtors, and facilitating information requests;
- p) Compiling the Company's books and records, based on information obtained subject to the Receiver's best efforts, for the purposes of filing delinquent income tax returns for the Canadian Debtors' and releasing HST refunds owing from CRA;

- q) Notifying customers of JSN's receivership, and advising these parties of the Unique Transaction as required;
- r) Executing and closing the Unique Transaction and completing the Receiver's post-closing deliverables (including attending to the consignment inventory reconciliation) as previously discussed;
- s) Facilitating due diligence by interested parties in the Realization Process;
- t) Engaging Consensus¹⁰ and the Jewellery Consultant¹¹ to assist the Receiver in the Realization Process;
- u) Planning and execution, with Consensus and the Jewellery Consultant, of the Realization Process, including drafting and review of the teaser/bid package, supervising inventory viewings, selecting the winning bids and taking steps to finalize the Sundry Assets Transactions (subject to the approval of this Court, as discussed below);
- v) Transferring the holdback amounts per the Receivership Order to the CRO's counsel;
- w) Monetizing the Company's scrap jewellery inventory (having a value of less than \$250,000) through a third party metal recycler, which pays the Company market rate for the base metal/gemstone materials less a commission;
- x) Selling packaging materials in the normal course to Ben Moss in connection with their liquidation process;
- y) Collecting the Company's accounts receivable;
- z) Mailing, on August 26, 2016, a copy of the notice and statement of the Receiver pursuant to sections 245(1) and 246(1) of the BIA to the Office of the Superintendent of Bankruptcy and the Company's known creditors;
- aa) Responding to calls and enquiries from the Company's creditors, including Former Employees, suppliers, customers, and other stakeholders regarding the receivership proceedings;
- bb) Communicating with Salus and its counsel in connection with the Unique Transaction, the Sundry Assets Transactions, the Realization Process, and various aspects of the receivership proceedings;
- cc) Establishing a website at www.richter.ca/en/insolvency-cases//jsn-jewellery-inc, where all materials filed with the Official Receiver and the Court in connection with the receivership proceedings are available in electronic format;

GMJ

- dd) Communicating with the former sales agent (Suncor¹²) of GMJ, to secure GMJ's books and records and the return of certain Property belonging to JSN;

¹⁰ As defined in the Proposed Receiver's Report

¹¹ As defined in the Proposed Receiver's Report

¹² As defined in the Proposed Receiver's Report

- ee) Engaging a member of Suncor on an independent consultancy basis to assist in, among other things, the return of certain Property, storage of GMJ's books and records, the reconciliation of consignment inventory, and the collection of accounts receivable;
- ff) Compiling GMJ's books and records, based on information obtained subject to the Receiver's best efforts, for the purposes of filing income tax returns in the US;

JSN UK

- gg) Communicating with the CRO regarding JSN UK operations, including plans for the wind-up of operations, employee matters, completion of the annual external audit, statutory UK filings including tax returns, consignment inventory reconciliation per the Unique Transaction and realization of the remaining assets of JSN UK ("**UK Wind-down**");
- hh) The Receiver understands from the CRO that all JSN UK employees (6) have been terminated by the CRO on behalf of JSN UK with the exception of two (2) who continue to assist the CRO with the collection of accounts receivable and the loan receivable from a UK customer; and
- ii) The CRO remains in control of the JSN UK bank accounts and will transfer funds to the Receiver when it has determined that there are surplus funds in the account. It should be noted that the Receiver has not taken possession of JSN UK's assets.

VIII. CREDITORS

- 22. The Company is party to a credit agreement dated as of July 18, 2013 between, among others, the Company and Salus, in its capacity as administrative agent, collateral agent and lender (as amended, the "**Credit Agreement**"). The Company is also party to a DIP credit agreement dated as of May 16, 2016 between, among others, the Company and Salus (as amended, the "**DIP Credit Agreement**"). As security for its obligations under the Credit Agreement, the DiP Credit Agreement and the other loan documents, each of the Debtor Companies have granted a security interest in all of its present and future personal property, the particulars of which are more fully set out in the Shonak Affidavit. According to the Company's books and records, as at August 16, 2016, the amount owed by the Debtor Companies to Salus is approximately \$63.9 million (principal and accrued interest), exclusive of any amounts that have been or may have been distributed to Salus in connection with the Ben Moss CCAA proceedings.
- 23. The Receiver has obtained independent, written legal opinions from each of Fasken Martineau DuMoulin LLP ("**Fasken**"), Fasken Martineau LLP ("**Fasken UK**") and Hahn & Hessen LLP ("**H+H**") with respect to the validity and enforceability of the security granted by the Debtor Companies in favour of Salus under the laws of the Province of Ontario ("**Ontario Law**"), the laws of England and Wales ("**UK Law**") and the laws of the State of New

York ("**US Law**"), respectively. Each of Fasken, Fasken UK and H+H has reviewed certain security documents and, subject to customary qualifications, assumptions and limitations included therein, each is of the opinion that the security granted by the Debtor Companies in favour of the Lender under Ontario Law, UK Law and US Law, respectively, is valid and enforceable in accordance with its terms.

24. The Receiver has, through its counsel in Ontario, the US and the UK, obtained relevant personal property search results in each of those jurisdictions. Those searches revealed no registrations in the US or the UK other than registrations in favour of Saius. The search results in Ontario revealed registrations that were prior in time to the registrations by Salus in favour of Pace Savings & Credit Union Limited ("**Pace**"), National Leasing Group Inc. ("**National**") and Halton Autolease inc. ("**Halton**").
25. The registration in favour of Pace is against PMR only. The Receiver has not sold or otherwise realized upon any of the property of PMR at this time.
26. The registrations in favour of National and Halton are against JSN and relate to specific equipment or motor vehicles. The Receiver has not sold or otherwise realized upon any of such equipment or motor vehicles.
27. As previously mentioned in this Second Report, the Receiver paid all outstanding wages and vacation pay to which Former Employees were entitled as at the Date of Appointment. Accordingly, the Receiver is not aware of any amounts owing to the Former Employees that would have priority over the Lender, in respect of statutory charges pursuant to section 81.4 of the BIA. Based upon discussions with the CRO who is addressing potential priorities that may relate to the JSN UK employees, it is the Receiver's understanding that assets are on hand in JSN UK with sufficient realizable value to cover any such claims should they exist. The Receiver has obtained legal advice in the US and UK and is not aware of any other potential liens or charges in those jurisdictions that may rank in priority to Salus.
28. At the Date of Appointment, the Canadian Debtors were in an HST refund position that totaled approximately \$152,800. CRA is holding and will not release HST refunds owing to the Canadian Debtors until corporate tax returns are completed for the 2015 fiscal year. The Receiver is currently in the process of preparing the corporate returns for the Canadian Debtors so as to satisfy statutory requirements and to allow for the release of these refunds. CRA completed payroll and HST audits on September 23, 2016 and no material items were highlighted to the Receiver.
29. The Company owed its unsecured creditors, including affiliated/related parties and trade creditors, approximately \$59.5 million at the Date of Appointment.

IX. REALIZATION PROCESS

30. Prior to the appointment of the Receiver, Richter, in consultation with Saius, Consensus and the Jewellery Consultant, developed the Realization Process as a means of gauging market interest in the Company's Sundry Jewellery Assets not included in the Unique Transaction.
31. Upon appointment, the Receiver engaged Consensus and the Jewellery Consultant to assist with the Realization Process and certain other aspects of the receivership administration owing to their significant industry expertise and familiarity with the Prospective Purchasers (hereinafter defined), as well as the Sundry Jewellery Assets having previously advised Salus on same.
32. Consensus, in consultation with the Jewellery Consultant and the Receiver, compiled a list of 70 potential interested parties, encompassing significant players in the jewellery wholesale and precious gemstones sector, 10 parties who had already viewed the assets prior to the Date of Appointment, and liquidators, including Ben Moss's liquidation sales agent (collectively, the "**Prospective Purchasers**").
33. On or about August 19, 2016, Consensus distributed a teaser document, which had been prepared by Consensus and the Receiver, in consultation with the Jewellery Consultant, to the Prospective Purchasers detailing the opportunity to purchase the Sundry Jewellery Assets and specialized jewellery equipment (together, the "**Sundry Assets**").
34. Prospective Purchasers interested in obtaining additional information regarding the Sundry Assets were provided (i) detailed asset listings, (ii) a bid procedures document which included a breakdown of the Sundry Jewellery Assets by lot for bidding purposes and a model offer to purchase on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Receiver (collectively, the "**Sundry Assets Offer to Purchase**"), and (iii) an opportunity to view the Sundry Assets prior to the Bid Deadline (hereinafter defined). Of the 70 parties contacted, 64 requested and were provided with the detailed listings and the Sundry Assets Offer to Purchase, and 15 viewed some or all of the Sundry Assets.
35. The Receiver, with the assistance of the Jewellery Consultant, facilitated viewings by the Prospective Purchasers at the Premises and other due diligence efforts by, among other things, scheduling and supervising site visits and responding to enquiries on the Sundry Assets.
36. Prospective Purchasers were required to submit offers on some or all of the Sundry Assets (by lot, for the Sundry Jewellery Assets) in the form of a redline mark-up of the Sundry Assets Offer to Purchase, along with a 10% deposit on the offer amount on or before 5:00 p.m. (Eastern Standard Time) on September 6, 2016 (the "**Bid Deadline**").

37. Eight (8) binding, irrevocable offers to purchase (the "**Offers**") for specific Sundry Assets were received from Prospective Purchasers (the "**Bidders**") prior to the Bid Deadline, and accompanied by deposits. Of the eight (8) Offers, five (5) Offers were for most, if not all, of the Sundry Jewellery Assets. As provided for by the Realization Process approved by this Court, the Receiver was required to inform Bidders of the acceptance or rejection of their respective Offers on or before 5:00 p.m. (Eastern Standard Time) on September 12, 2016 (the "**Acceptance Deadline**").
38. Of the eight (8) Offers, the Receiver decided to move forward with the two (2) most competitive Offers (these parties ultimately became the Sundry Purchasers). While both of these Offers were made for all of the Sundry Jewellery Assets, neither contained the highest offer on all of the lots on a standalone basis. Additionally, one of the Offers included terms and conditions that resulted in a decrease in the overall value of the bid compared to the other Offer.
39. In an effort to maximize recoveries, Consensus, under the direction of the Receiver, provided Simplex and SGI with an opportunity to improve their Offers prior to the Acceptance Deadline. One party submitted a revised bid, removing the above noted terms and conditions, while the other party declined to submit a revised bid. With the revised bid, the Receiver proceeded to accept both the Simplex and SGI Offers, which, together provide for the highest value for each of the lots offered for sale pursuant to this process.
40. The Receiver is of the view that the Simplex and SGI Offers provide the best recovery for the Company's stakeholders and represent the highest and best offers received in the Realization Process. After consulting with the Lender, Simplex and SGI were advised on the Acceptance Deadline that their Offers had been accepted (forming the Sundry Assets Sale Agreements). Bidders whose Offers were not accepted were advised, and their deposits subsequently returned.
41. The Sundry Purchasers have offered to purchase the Sundry Jewellery Assets as defined in the Sundry Assets Sale Agreements on an "as is, where is" basis for a fixed cash purchase price. As the aggregate purchase price under the Sundry Assets Sale Agreements exceeds \$1 million, the Receiver will be seeking an approval and vesting order in respect of each transaction (the "**Sundry Assets Approval and Vesting Order**"), to, among other things, convey the Sundry Jewellery Assets to the Sundry Purchasers free and clear of all liens, claims and encumbrances except permitted encumbrances. Attached as **Appendices "C"** and **"D"** are the redacted Sundry Assets Sale Agreements with SGI and Simplex, respectively. Unredacted copies of the Sundry Assets Sale Agreements will be filed separately as **Confidential Appendices "2"** and **"3"**.
42. The Sundry Assets Transactions are scheduled to close one (1) business day after the Sundry Assets Approval and Vesting Order is granted. There are no outstanding conditions in either of the Sundry Assets Sale

Agreements other than the making of the Sundry Assets Approval and Vesting Orders. The Receiver will file certificates with the Court attesting that the Sundry Assets Transactions have been completed to the satisfaction of the Receiver and confirming the closing of the Sundry Assets Transactions.

43. The Receiver has prepared a schedule comparing the Offers obtained through the Realization Process (the "**Offer Summary**"). In the event that the Court approves the Sundry Assets Transactions, but one or both of the Sundry Assets Transactions does not close, the Receiver is of the view that efforts to remarket the Company's Sundry Assets may be impaired if the Offer Summary (filed separately as **Confidential Appendix "1"**) or the unredacted Sundry Assets Sale Agreements, are made public at this time. In the circumstances, the Receiver believes that it is appropriate for the Offer Summary and the unredacted Sundry Assets Sale Agreements to be filed with the Court on a confidential basis and sealed until the closing of the Sundry Assets Transactions or upon further order of this Court.

Furniture, Fixtures, and Equipment

44. Offers on the specialized jewellery equipment were limited, and the Receiver concluded to reject all Offers on said equipment and instead pursue an auction of all FF&E together through a liquidator in order to maximize exposure of the assets and potential realizable value.
45. The Receiver understands that at some point in time Utopia approached the CRO and claimed ownership of certain of the FF&E. As at the date of this Report, Utopia has not approached the Receiver with this claim and has not provided the Receiver with any evidence of ownership. Utopia will be served with the motion seeking approval, inter alia, of the Auction Agreement.
46. The Receiver canvassed seven (7) liquidators to submit an equity bid/auction proposal for the Company's FF&E with a bid deadline of September 23, 2016 (the "**Auction Bid Deadline**"). Three (3) auction proposals were received and one (1) was selected by the Receiver to monetize the FF&E. A copy of the Auction Agreement with Infinity Asset Solutions Inc. ("**Infinity**") is attached as **Appendix "E"**.
47. Key elements of the Auction Agreement include: (i) Infinity shall provide the Receiver a net minimum guarantee in the amount of \$45,000; (ii) Infinity shall be entitled to the next \$8,500 for marketing and operation expenses relating to the auction; (iii) the FF&E shall be sold by way of public auction conducted at the Premises and/or via online auction, and/or by prior private sale; (iv) the auction shall be scheduled by Infinity and it is currently anticipated to held during the week ending October 23, 2016 or such other date as may be agreed to by the Receiver and Infinity; and (v) Infinity is entitled to charge and retain a commission in the amount of 10% of the gross process in excess of \$53,500 obtained at an auction.

48. In light of the nominal realization anticipated from the liquidation of FF&E and the public nature of an auction format, the Receiver is seeking the authority and direction of the Court to sell the FF&E, by entering into, executing and delivering the Auction Agreement together with any and all amendments, agreements related thereto and take all action in connection therewith. Based on the estimated realizations for the FF&E, the Lender is the only creditor with an economic interest in the FF&E, and supports the liquidation of the FF&E and the Auction Agreement.

IX. MONETIZATION PLAN

49. The Receiver plans to continue to monetize the Company's scrap jewellery through a third party metal recycler.
50. The Receiver plans to run a limited informal process(es) to liquidate the Company's newly returned (or to be returned) jewellery inventory, packaging goods/displays and tradeshow booth(s) (the "**Remaining Assets**"), which is anticipated to have nominal realizable value (under \$200,000 in the aggregate). The Receiver will send out a listing of the Company's Remaining Assets to parties which may include, but are not limited to, liquidators, local buyers, Unique and the Prospective Purchasers contacted during the Realization Process. The Receiver will solicit offers for outright purchase of these assets. The Receiver will not be required to accept the highest, best or any bid submitted. Based on the estimated realizations for the Remaining Assets, the Lender is the only creditor with an economic interest in the Remaining Assets, and supports the Monetization Plan.

X. PROPOSED INTERIM DISTRIBUTION OF PROCEEDS FROM REALIZATION

51. The table below sets out the Receiver's proposed interim distribution of the net proceeds from realization to Salus (the "**Proposed Interim Distribution**"):

JSN		
Funds Available for Interim Distribution		
As at September 28, 2016		
	Notes	
Net Receipts (less purchase price escrow amount)	b	\$ 3,757,585
Estimated Sundry Assets Sale Transaction Funds	c	\$ 4,259,600
Estimated Remaining Operational/Administrative Costs and Professional Fees	d	\$ (900,000)
Proposed Interim Distribution		\$ 7,117,185
Proposed Interim Distribution (rounded)	a	\$ 7,100,000

- a) The Receiver proposes to make an interim distribution of the net proceeds of realization to the Lender in the amount of \$7.1 million, should the Sundry Assets Transactions be approved by the Court. Should the Sundry Assets Transactions not be approved, the interim distribution proposed will be limited to \$2.8 million;
- b) Net receipts as at September 28, 2016 of approximately \$3.8 million include funds received from the Unique Transaction (less amounts held in escrow relating to the Sharon Stone Claim), collections of accounts

receivable to date and the funds held in the Company's bank accounts at the Date of Appointment less costs of realization paid to date. This amount does not include any JSN UK amounts being held by the CRO;

- c) Estimated Sundry Assets Transactions funds to be received once the Sundry Assets Sale Agreements are approved by the Court and executed by the Receiver;
- d) Funds held back by the Receiver to fund estimated remaining operational/administrative and professional fees to complete the receivership, tax remittances relating to the transactions undertaken to date and potential claims, if any; and
- e) The Receiver does not propose to hold back any further amounts at this time, but note that additional funds are expected to be received in the remaining administration that should be sufficient to address any other potential priority claims.

XI. RECOMMENDATIONS

52. The Receiver is of the view that the Sundry Assets Transactions represent the best recovery for the Sundry Jewellery Assets in the circumstances and recommends that this Court issue the Sundry Assets Approval and Vesting Orders approving the Sundry Assets Sale Agreements and the Sundry Assets Transactions for the following reasons:

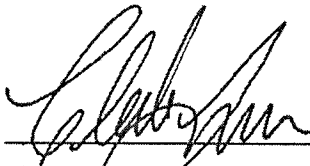
- a) The Company was not operating as a going concern at the Date of Appointment. Furthermore, the required assets to continue the business, including, but not limited to designs and customer programs, were previously sold through the Unique Transaction approved by this Court. Accordingly, liquidation was the only viable option available to the Receiver to realize on the Company's assets;
- b) The Realization Process, as previously approved by this Court, and the activities undertaken by the Receiver, with the assistance of Consensus and the Jewellery Consultant, leading to the Sundry Assets Transactions were designed to solicit interest from bona fide parties who would be familiar with the nature of the Company's assets and resulted in multiple offers;
- c) The Sundry Assets Transactions together represent the best and highest offer received for the Sundry Jewellery Assets;
- d) Based on the estimated realizations for the Property, the Lender is the only creditor with an economic interest in the Property, and supports the Sundry Assets Transactions.

53. The Receiver respectfully recommends that the Court issue an order(s):


- a) Approving the Sundry Assets Transactions and, upon closing, vesting the Company's right, title and interest in and to the Sundry Assets to the Sundry Assets Purchasers, free and clear of all liens, charges, security interests and other encumbrances;
- b) Sealing the Offer Summary and the unredacted versions of the Sundry Assets Sale Agreements until the closing of the Sundry Assets Transactions or upon further order of the Court;
- c) Approving an interim distribution of proceeds to the Lender, received in relation to those assets against which independent security reviews have been completed; and
- d) Approving this Second Report and the actions, activities and conduct of the Receiver set out herein.

All of which is respectfully submitted on the 29th day of September, 2016.

Richter Advisory Group Inc.
in its capacity as 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"

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
JUSTICE NEWBOULD

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TUESDAY, THE 16TH
DAY OF AUGUST, 2016



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**

**ORDER
(appointing Receiver)**

THIS APPLICATION made by Salus Capital Partners, LLC ("**Salus**") for an 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 "**CJA**") appointing Richter Advisory Group Inc. ("**Richter**") as receiver (in such capacity, the "**Receiver**") without security, of all of the assets, undertakings and properties 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. (collectively, the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Michael A. O'Hara sworn August 2, 2016, and the Exhibits thereto, the affidavit of Kyle Shonak sworn August 3, 2016, and the Exhibits thereto, the report of the proposed Receiver dated August 8, 2015 (the "**Report**"), and the Appendices thereto, the affidavit of Kenneth R. Rosenstein sworn August 16, 2016, and the exhibit thereto, the affidavit of Shmuel Cohen sworn August 15, 2016 and the exhibits thereto, and the affidavit of Carla Eisnor sworn August 15, 2016 and the exhibits thereto, and on hearing the submissions of counsel for Salus, the proposed Receiver, Sharon Stone Co. Ltd. ("**Sharon Stone**"), and such other counsel as were present, no one appearing for any other party although duly served as appears from the affidavit of service of Miranda Spence sworn August 5, 2016, filed, and on reading the consent of Richter to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that, pursuant to section 243(1) of the BIA and section 101 of the CJA, Richter is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property, subject to paragraphs 18 to 20 of this Order;

- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or

applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transactions, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable and including, without limitation, the Court-appointed Monitor in the *Companies' Creditors Arrangement Act* proceedings of Ben Moss Jewellers Western Canada Ltd.;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (r) ~~if the Transaction (as defined in the affidavit of Kyle Shonak, sworn on August 4, 2016) is approved by this Court and the Transaction closes, to act as agent of the Escrow Amounts and the Designs Escrow (as defined in the Purchase Agreement referred to in the said affidavit) with all protection afforded to the Receiver under this Order; and~~
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person. For certainty, the Receiver shall not, as a result of its appointment or the powers conferred upon the Receiver pursuant to this Order, be or be deemed to be in possession or control of any Property or any part of the business of the Debtor unless the Receiver has in fact taken possession or exercised control over such Property or business.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the

foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request, subject to paragraphs 18 to 20 of this Order.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR, THE CRO OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor, the CRO (as defined below) or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the CRO, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the

environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

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

CHIEF RESTRUCTURING OFFICER

13. **THIS COURT RATIFIES** the appointment of FAAN Advisors Group Inc. (“FAAN”) as Chief Restructuring Officer of the Debtor (the “CRO”).

14. **THIS COURT ORDERS** that the CRO will act in accordance with instructions from the Receiver and for the duration of time determined by the Receiver, subject to further Order of the Court.

15. **THIS COURT ORDERS** that the CRO shall not be or be deemed to be a director, officer or employee of the Debtor.

16. **THIS COURT ORDERS** that nothing in this Order nor the appointment of FAAN as CRO of the Debtor shall be construed as resulting in FAAN or the CRO being an employer, successor employer, responsible person or operator within the meaning of any statute, regulation or rule of law, or equity for any purpose whatsoever.

17. **THIS COURT ORDERS** that the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of its appointment except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CRO.

HOLDBACK AMOUNT

18. **THIS COURT ORDERS** that the Receiver is authorized and directed to pay \$191,636.05 (the "**Holdback Amount**") from the Property to the Debtor's counsel, which Holdback Amount shall be held in trust by the Debtor's counsel for the satisfaction of the obligations of the CRO from and after the date of its appointment and obligations of J.S.N. Jewellery Inc. in connection with its Asset Purchase Agreement with Ben Moss Jewellers Western Canada Ltd. dated July 28, 2016 (collectively, the "**Holdback Obligations**").

19. **THIS COURT ORDERS** that the CRO shall direct the use of the Holdback Amount for the satisfaction of the Holdback Obligations.

20. **THIS COURT ORDERS** that the Holdback Amount, less any amount used to satisfy the Holdback Obligations, shall be returned to the Receiver at such time as the CRO and the Receiver so agree or with leave of this Court.

RECEIVER TO HOLD FUNDS

21. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this

Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

22. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. For certainty, and without limitation, nothing in this Order shall require the Receiver to take any action in respect of any employees of the Debtor located outside of Canada or whose employment is or may otherwise be governed by the laws of a jurisdiction outside of Canada.

PIPEDA

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

other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

24. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

25. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

26. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to

the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

27. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

28. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

29. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

30. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

31. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule "A"** hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

32. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SALE PROCESS

33. **THIS COURT ORDERS** that the Realization Process, as defined and described in the Report, is hereby approved, and the Receiver is hereby authorized and directed to take such steps as it deems necessary or advisable to carry out the Realization Process substantially in accordance with the description thereof in the Report. The Receiver shall not be or be deemed to be in possession or control of any Property or any part of the business of the Debtor solely as a result of its marketing of any such Property or business pursuant to this paragraph 33. For clarity, nothing in this paragraph shall affect the Receiver's powers as set out in subparagraph 3(k) of this Order.

SERVICE AND NOTICE

34. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court

further orders that a Case Website shall be established in accordance with the Protocol with the following URL 'www.richter.ca/en/folder/insolvency-cases/j/jsn-jewellery-inc'.

35. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

36. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

37. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

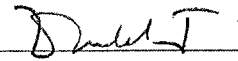
38. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or the United Kingdom to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All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

39. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within

proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

40. **THIS COURT ORDERS** that Salus shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of Salus' security or, if not so provided by Salus' security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

41. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

AUG 16 2016

PER / PAR: 

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Richter Advisory Group Inc., solely in its capacity as the receiver (the "**Receiver**") of the assets, undertakings and properties 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. (collectively, the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 16th day of August, 2016 (the "**Order**") made in an application having Court file number CV-16-011478-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 2016.

RICHTER ADVISORY GROUP INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____
Name:
Title:

SALUS CAPITAL PARTNERS, LLC

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceedings commenced at TORONTO

RECEIVERSHIP ORDER

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Lawyers for Salus Capital Partners, LLC

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APPENDIX "B"

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

**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 section 243 of the *Bankruptcy and Insolvency Act*,
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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APPENDICIES

APPENDIX "A" – JSN ORGANIZATION CHART

APPENDIX "B" – ACCOMMODATION AGREEMENT

APPENDIX "C" – BORROWING BASE CERTIFICATE AS AT JULY 28, 2016

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 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 Fisceletti (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):
- Approximately \$30,000 is owed to JSN Jewellery employees, and \$20,000 to the JSN UK employees, in respect of vacation pay; and
 - 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
PMR *	7,055,908
Total	9,302,828

** balance entirely intercompany owing to Ben Moss stores*

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 Saius 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 Saius, 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

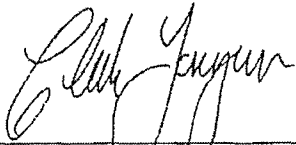
66. The Proposed Receiver plans to run a limited informal process to liquidate the Company's furniture, fixtures and equipment ("FF&E"), including owned specialized jewellery equipment, which is anticipated to have nominal realizable value. Specialized jewellery equipment may be included – as appropriate – 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

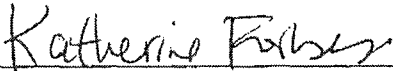
67. As detailed above, in the circumstances, the Proposed Receiver is of the view that the Proposed Transaction, together with the Realization Process, represent a reasonable and value-maximizing approach to realizing on the Property. If the Court sees fit to appoint a receiver in the circumstances,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

Acquisition Opportunity & Offer to Purchase

Sale by Receiver of the JSN Group (Loose Diamonds, Diamond Jewelry, Precious Gemstones and FF&E)

SUMMARY

On August 16, 2016, the Ontario Superior Court of Justice (Commercial List) issued an order (the “**Appointment Order**”) appointing Richter Advisory Group Inc. as receiver (the “**Receiver**” or the “**Vendor**”) of all of the assets, undertakings and properties 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. (collectively, the “**JSN Group**” or the “**Company**”). The Receiver is offering for sale, on an “*as is, where is*” basis, certain diamond, diamond jewelry, precious and other gemstone jewelry and specialized furniture, fixtures and equipment (“**FF&E**”) of the Company (collectively, the “**Sale Assets**”).

The Receiver has retained Consensus Advisory Services LLC (“**Consensus**”) and 360 Merchant Solutions, LLC (“**360 Merchants**”) to help it with the marketing and sale process for the Sale Assets. This bid package has been prepared by the Receiver, in consultation with Consensus and 360 Merchants, to assist prospective purchasers in bidding for any or all of the Sale Assets and does not purport to be all-inclusive, or to contain all of the information that a prospective purchaser may require in making such decisions; rather, it contains selective information relating to certain of the physical and financial information comprising and pertaining to the Sale Assets.

Sealed tenders will be received by the undersigned until 5:00 pm (EST) on Tuesday, September 6, 2016 (the “**Bid Deadline**”). The Receiver will not be obliged under any circumstances to accept any offer or offers and the Receiver may reject any and all offers for any reason, in its sole discretion. The Receiver reserves the right to accept offers on some or all of the lots or FF&E bid upon by any offeror and may terminate the sales process at any time. The Receiver will evaluate offers based on what is in the best interests of the Company’s estate in its entirety, such that the highest or any offer will not necessarily be accepted. Please review the terms and conditions detailed below for further information.

DISCLAIMER: ALL OF THE INFORMATION CONTAINED HEREIN WITH RESPECT TO OR IN ANY WAY RELATING TO THE ASSETS, UNDERTAKINGS, PROPERTIES AND BUSINESS OF THE COMPANY IS DERIVED FROM THE COMPANY’S RECORDS AND FINANCIAL STATEMENTS, WHETHER AUDITED OR UNAUDITED, AS PROVIDED TO OR LOCATED BY THE RECEIVER. THE RECEIVER HAS NOT CONDUCTED ANY INDEPENDENT AUDIT, REVIEW, ANALYSIS OR VERIFICATION OF SUCH RECORDS AND FINANCIAL STATEMENTS AND MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS THEREOF.



DESCRIPTION OF SALE ASSETS

I. Details of Sale Assets - Jewelry:

Inventories are being sold by lot, as described below. A detailed listing of each lot has been provided in the Excel file "JSN Inventory and FFE Package for Receivership Sale – Aug. 29.xlsx" (the "Listing"). The values ascribed to the lots therein reflect JSN Group's reported "book value cost" or best estimates for such items. The Receiver, Consensus and 360 Merchants have made no effort to validate these values and make no representations or warranties with respect to them.

Lot	Description
1	Two diamond tennis bracelets (one 24 carats total weight and the other 12.75 carats total weight), four loose diamonds (one 5 carat RBC F VS2 diamond, one 4.3 carat RBC J SII diamond and matched pair of 1.2 carat heart shaped E VS2 diamonds), and one 12 carat cushion cut beryl-natural emerald ring
2	417 carats of Canadian loose diamonds and 3,214 carats of various colored stones, principally Rubies, Sapphires and Emeralds
3	9.914 carats of loose diamonds, in various parcels
4	JSN Canada finished jewelry, principally diamond rings, earrings, pendants and semi mounts
5	JSN US finished jewelry, principally Canadian Ice® branded diamond jewelry
6	JSN UK finished jewelry principally diamond jewelry including Canadian Ice® branded diamond jewelry
7	Forever Jewelry finished jewelry, principally rings, earrings and pendants
8	Estate jewelry, loose sapphires, rubies, emeralds and diamonds
9	Basket of semi-precious stones

Additional inventory has been returned to JSN Group in the ordinary course, and has been segregated in the Listing as the following lots:

Lot	Description
10	Mountings, assorted loose diamonds and coloured stones
11	JSN US finished jewelry

The Receiver will allow limited conditions for inspection only on an offer to purchase on lots #10 and #11, for those parties who have not had an opportunity to inspect this inventory prior to the Bid Deadline. These conditions, if any, must be satisfied or waived prior to the Acceptance Deadline (hereinafter defined).

II. Details of Sale Assets - Specialized Furniture, Fixtures & Equipment:

There are certain fixed assets available for sale that are typical of jewelry wholesale and jewelry manufacturing operations, including diamond scales, jewelry work benches with tools, a laser engraving machine, certain casting room equipment, equipment for a full diamond cutting room, and large safes. All of these items are located at JSN Group's headquarters in Toronto, Ontario. These items are subject to change pending final inventory count and potential third party property claims, and are detailed in the Listing.

FORM OF OFFER

The Form of Offer and Terms and Conditions of Sale are outlined below; all interested parties are asked to review these sections carefully. Offers submitted are binding on the offeror and, if an offer or any part thereof is accepted by the Vendor, shall constitute a binding and enforceable agreement between the parties and a binding commitment with respect to the purchase of the Sale Assets identified in the offer, or any part thereof accepted by the Vendor.

To: **Richter Advisory Group Inc., in its capacity as Receiver of all of the assets, undertakings and properties 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, Attention Clark Lonergan.**

1. Sparkle Gems Inc.
(Name of Offeror)

2. 20W 47 Street Suite# 1101, New York, NY-10036 USA
(Address of Offeror)

3. +1(212)-279-1312
(Telephone Number)

4. Nitin.dhariwal@kgkmail.com
(Email Address)

5. I/We hereby submit this irrevocable offer for the purchase of some or all of the Sale Assets, as described in this Section:

Jewelry Lots:

Offers must specify the value the offeror is proposing for each individual lot, and the Receiver reserves the right to accept offers on some or all of the lots bid upon by any offeror. The offeror is not required to submit an offer on all of the lots.

Lot	Proposed Purchase Price	Currency
1		USD
2		USD
3		USD
4		USD
5		USD
6		USD
7		USD
8		USD
9		USD
10		USD
11		USD
TOTAL		USD

redacted

Furniture, Fixtures and Equipment:

Offers must specify whether the offeror is proposing to acquire all FF&E or specific pieces of FF&E. If the offeror is proposing to acquire specific pieces of FF&E offers must specify the value the offeror is proposing for each individual piece, and the Receiver reserves the right to accept offers on some or all of the pieces of FF&E bid upon by any offeror. The offeror is not required to submit an offer on all of the FF&E

Description	Offer	Currency
	\$	

6. I/we confirm that we have wired the amount of \$ redacted as a deposit to the Receiver's trust account in accordance with the enclosed wire transfer instructions, representing 10% of the total amount of our/my offer submitted herein, being \$ redacted.
7. The attached terms and conditions are incorporated herein by reference. Any revisions to the attached terms and conditions must be accompanied by a redline comparison to clearly identify any such revisions. All offers are to clearly indicate any significant conditions in favour of a prospective purchaser. The willingness of a prospective purchaser to proceed without significant conditions and, where such conditions are included in an offer, the likelihood of satisfying such conditions, will be an important factor in the evaluation and acceptance of offers.

DATED at New York, NY, USA on this 9th day of September, 2016.

Ankit

Witness

(Ankit Todi)

Nitin

(Signature)

Print Name and Title: NITIN DHARIWAL (C.O.O)

09/06/16

Terms and Conditions

1. The Vendor is requesting offers to purchase any or all of the Sale Assets pursuant to these terms and conditions of sale (the "**Terms and Conditions of Sale**").
2. The description of the Sale Assets in the accompanying bid package and the attached appendices has been prepared solely for the convenience of prospective purchasers and is not warranted to be complete or accurate and does not form part of these Terms and Conditions of Sale.
3. Offers marked "Do Not Open - Offer - JSN Group." shall be sent by e-mail, fax or courier to Richter Advisory Group Inc., 181 Bay Street, Suite 3320, Toronto, ON M5J 2T3, fax: 416.488.3765, to the attention of Clark

Lonergan (clonergan@richter.ca), so as to be received before 5:00 pm (EST) on Tuesday, September 6, 2016 (the “Offer Deadline”). The deposit related to offers is required to be received by the Offer Deadline.

4. Each offeror shall, with its offer, deposit with the Vendor by way of wire transfer ten percent (10%) of the offered purchase price, to be held by the Vendor in a non-interest bearing account. If the offer is accepted, the amount of the deposit shall be credited to the offered purchase price and the successful offeror (the “Purchaser”) shall pay the balance of the purchase price plus all applicable taxes to the Vendor, by wire transfer, on or before closing. No interest on any deposit will be paid by the Vendor to any offeror or Purchaser.
5. Deposits accompanying offers that are not accepted will be returned to the offeror not later than ten business days following the Offer Deadline unless otherwise arranged with the offeror by the Vendor.
6. Every offer submitted must be in the Form of Offer attached hereto. Offers submitted are irrevocable and binding on the offeror and, if an offer or any part thereof is accepted by the Vendor, shall constitute a binding and enforceable agreement (“Purchase Agreement”) between the parties and a binding commitment of the offeror with respect to the purchase of the Sale Assets identified in the offer, or any part thereof accepted by the Vendor (the “Purchased Assets”).
7. Every offer submitted shall be irrevocable and remain open for acceptance by the Vendor until 5:00 pm (EST) on Monday, September 12, 2016.
8. If an offer is accepted by the Vendor, then such acceptance shall be communicated to the Purchaser on or before 5:00 pm (EST) on Monday, September 12, 2016 (the “Acceptance Deadline”) by notice in writing by the Vendor to the Purchaser at the address set forth in its offer, such notice to be given by prepaid regular mail, courier, e-mail, facsimile or personal delivery and to be deemed to be given and received when deposited in the post office or when transmitted by facsimile or email or when personally delivered as the case may be.
9. If an offer is accepted, the Vendor will provide the Purchaser with a form of bill of sale to be executed by the Purchaser and the Vendor (the “Bill of Sale”) to convey the Company’s right, title and interest in the Purchased Assets to the Purchaser. Any such bill of sale shall contain only a conveyance of the Company’s right, title and interest in the Purchased Assets and shall not contain any covenants other than a covenant that the Vendor has the right to sell the Company’s interest in the Purchased Assets and a covenant that the Vendor has done no act itself to encumber the Purchased Assets.
10. If the Receiver is required to obtain Court approval of the sale of the Purchased Assets pursuant to the Appointment Order, the sale and purchase of the Purchased Assets is conditional upon (i) the Court having entered an order, substantially in the form attached hereto as Appendix “B” (the “Approval and Vesting Order”), *inter alia*, approving this Purchase Agreement and the transactions contemplated hereby, exempting the transactions contemplated in this Purchase Agreement from the provisions of the *Bulk Sales Act (Ontario)*, and conveying to the Purchaser upon closing of the transaction all of the Company’s right, title and interest in and to the Purchased Assets free and clear of all Encumbrances other than Permitted Encumbrances (each as defined in the Approval and Vesting Order) and (ii) the Approval and Vesting Order not having been appealed or stayed.
11. The closing of the transaction contemplated herein shall be effective upon the execution and delivery of the Bill of Sale and the payment of the balance of the purchase price and all applicable taxes and duties by the Purchaser, which shall take place at the office of the Vendor, 181 Bay Street, Suite 3320, Toronto, Ontario, Canada or, at the option of the Vendor, at the offices of the Vendor’s solicitors, no later than ~~three~~ ^{five} business days after the Vendor communicates to the Purchaser that it has accepted the Vendor’s offer for the Purchased Assets, or if an Approval and Vesting Order is required, no later than one business day after the date on which the Approval and Vesting Order is granted, which closing shall be effective upon the delivery of a certificate of the Vendor confirming, *inter alia*, receipt of the purchase price and satisfaction or waiver of all conditions to closing, in substantially the form contemplated in the Approval and Vesting Order, or, in each case, at such other time as may be decided by the Vendor at its sole discretion.
12. At the closing, (i) the Vendor shall deliver to the Purchaser: (a) an executed Bill of Sale; (b) if required, a copy of the Approval and Vesting Order; (c) if required, a certificate of the Vendor confirming, *inter alia*, receipt of the purchase price and satisfaction or waiver of all conditions to closing, in substantially the form contemplated in the

Approval and Vesting Order; and (ii) the Purchaser shall deliver to the Vendor: (a) an executed Bill of Sale; (b) the payment of the balance of the purchase price by wire transfer in immediately available funds, together with all applicable taxes, duties and all other amounts required to be paid by the Purchaser to the Vendor hereunder; and (c) a certificate of the Purchaser confirming, *inter alia*, satisfaction or waiver of all conditions to closing in form and substance satisfactory to the Purchaser, acting reasonably.

13. The Purchaser will be liable for and will pay at the closing all retail sales taxes (including any goods and services taxes) and all other transfer taxes, duties or other like charges payable upon or in connection with the purchase of the Purchased Assets by the Purchaser. The Purchaser shall indemnify the Vendor from and against all claims, liabilities, costs and fees, (including legal fees on a full indemnity basis) arising out of the Purchaser's failure to pay any such taxes.
14. The Purchaser shall assume, at the Purchaser's sole cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the Purchased Assets and/or the use thereof by the Purchaser.
15. The Vendor shall not be required to produce evidence as to title.
16. Prior to closing, the Purchased Assets shall remain in the possession of and at the risk of the Vendor and the Vendor will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Vendor and the Purchaser as their respective interests may appear. After closing, the Purchased Assets shall be at risk of the Purchaser. In the event of substantial damage to the Purchased Assets occurring on or before closing, the Purchaser may either have the proceeds of the insurance and complete the purchase of the Purchased Assets or may cancel the purchase of the Purchased Assets, terminate the Purchase Agreement and have the deposit returned without interest, deduction, costs or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the purchase in accordance with the terms of the Purchase Agreement and shall be entitled to the proceeds of insurance referable to such damage, but not to any other costs or compensation whatsoever. For the purposes of this section, damage to the Purchased Assets shall qualify as "substantial" if, as a result of the damage, the cost of repair is so high that the Purchaser, acting reasonably, would choose to replace the item rather than repair it.
17. After closing, the Purchaser shall be responsible for making arrangements with the Vendor to take possession of the Purchased Assets from the Vendor at JSN Group's headquarters in Toronto located at 64 Jardin Drive, Unit 4-10, Concord, Ontario, Canada.
18. If the Purchaser fails to comply with this Purchase Agreement, the Purchaser's deposit shall be forfeited to the Vendor on account of liquidated damages and the Purchased Assets may be resold by the Vendor and the Purchaser shall pay to the Vendor: (i) an amount equal to the amount, if any, by which the purchase price under this Purchase Agreement exceeds the net purchase price received by the Vendor pursuant to such resale, and (ii) an amount equal to all costs and expenses incurred by the Vendor in respect of or occasioned by the Purchaser's failure to comply with this Purchase Agreement.
19. By submitting an offer, a Purchaser acknowledges that it has inspected the Purchased Assets and that the Purchased Assets are sold on an "*as is, where is*" basis at the time of closing and that the Vendor, Consensus and 360 Merchants make no representation, warranty or condition, either expressed or implied, statutory or otherwise, as to title, description, fitness for any purpose, merchantability, quality, quantity, state, condition or location thereof or compliance with any government laws, regulations, bylaws and orders or in respect of any other matter or thing whatsoever. The Sale Assets are specifically offered as they now exist with no adjustments to be allowed to the Purchaser for changes in conditions or qualities from the date hereof to the closing date. The Purchaser acknowledges that the Vendor is not required to inspect or provide any inspection of the Purchased Assets or any part thereof and the Purchaser shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents to such transfer of the Purchased Assets and any further documents or assurances which are necessary or desirable in the circumstances.

20. Richter Advisory Group Inc. acts solely in its capacity as Receiver as aforesaid and shall have no personal or corporate liability hereunder, or as a result of any sale contemplated hereby.
21. The highest or any offer will not necessarily be accepted. The Receiver will not be obliged under any circumstances to accept any offer or offers and the Receiver may reject any and all offers for any reason, in its sole discretion. The Receiver reserves the right to accept offers on some or all of the lots or FF&E bid upon by any offeror.
22. No offeror shall be at liberty to withdraw, vary or countermand an offer once made.
23. Before or after the opening of and acceptance of offers, the Vendor may in its sole discretion negotiate with any offeror for changes in that offeror's offer. The Vendor shall not be obliged to negotiate with any offeror or to give any offeror an opportunity to resubmit an offer, whether or not the Vendor negotiates with another offeror or offerors. Upon receipt by the Vendor of an offer, the offeror submitting the offer shall not be entitled to retract, withdraw, revoke, vary or countermand the offer and such offer shall be irrevocable prior to acceptance or rejection thereof by the Vendor.
24. The Vendor, at its discretion, may waive or vary any or all of the Terms and Conditions of Sale.
25. The Terms and Conditions of Sale, as amended or varied in accordance with terms herein, shall survive the closing of the transaction contemplated herein and remain in full force and effect and be binding on the Purchaser thereafter.
26. The Purchaser undertakes and agrees (and agrees to cause its agents, employees and representatives) to keep the existence and terms of the accompanying bid package and these Terms and Conditions of Sale in strict confidence, except in the course of conveying necessary information to third parties directly involved in the transaction and except as may be required by law or otherwise mutually agreed upon in writing by the parties.
27. This Purchase Agreement shall be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein, and such agreement shall enure to the benefit of and be binding upon the parties thereto and their respective heirs, executors, administrators, successors or assigns as the case may be. The parties irrevocably submit and attorn to the non-exclusive jurisdiction of the Ontario Superior Court of Justice (Commercial List) to determine all issues, whether at law or in equity, arising from or relating to the offer or the Purchase Agreement.
28. All stipulations as to time are strictly of the essence.
29. This agreement constitutes the entire agreement of the parties relating to the subject matter hereof and may not be amended or modified except by written consent executed by all parties. No provision of this agreement shall be deemed waived by any course of conduct unless such waiver is in writing and signed by all parties, specifically stating that it is intended to modify this agreement.
30. The Purchaser shall not assign its rights and obligations hereunder and its interest herein in whole or in part without the prior written consent of the Vendor, which consent may be withheld by the Vendor in its sole and absolute discretion. The Purchaser shall provide the Vendor with all information about any proposed assignee or assignment as the Vendor may reasonably require. Such assignee shall covenant in writing in favor of the Vendor to assume, jointly and severally with the Purchaser, all obligations of the Purchaser hereunder, and the Purchaser shall not be relieved from its obligations under this Agreement.
31. Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser or their respective solicitors. Money may be tendered by wire transfer, cheque certified by a Canadian chartered bank, Canadian trust company or by bank draft.

DATED at Toronto, Ontario, this 30th day of August 2016.

Richter Advisory Group Inc., solely in its capacity as 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.

181 Bay St., Suite 3320
Toronto, Ontario M5J 2T3

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APPENDIX "B"

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	WEEKDAY, THE #
)	
JUSTICE)	DAY OF MONTH, 2016

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**

APPROVAL AND VESTING ORDER

THIS MOTION, made by Richter Advisory Group Inc., in its capacity as the Court-appointed receiver (the "Receiver") of all of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corporation, 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "Debtor"), acquired for or used in relation to a business carried on by the Debtor, for an order approving the sale transaction (the "Transaction") contemplated by an offer to purchase made by Sparkle Gems Inc. (the "Purchaser") on September 9, 2016 and accepted by the Receiver on September 9, 2016 (the

“Sale Agreement”) and appended to the Report of the Receiver dated <@>, 2016 (the "Report"), and vesting in the Purchaser the Debtor’s right, title and interest in and to the assets described in the Sale Agreement and listed in Schedule B hereto (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and the schedules thereto, and on hearing the submissions of counsel for the Receiver, counsel for the Purchaser, and such other counsel who were present, no one else appearing for any other person on the service list, although duly served as appears from the affidavit of <@> sworn <@>, 2016, filed:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and the service thereof validated so that the Motion is properly returnable today.

SALE APPROVAL

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver be and is hereby authorized, ratified and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice

Newbould dated August 16, 2016; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. THIS COURT ORDERS that in executing the Sale Agreement and completing the Transaction and otherwise carrying out the terms of this Order the Receiver shall be acting for and on behalf of the Debtor and shall not, solely as a result of the foregoing, be or be deemed to be in possession or control of any Property (as defined in the Order (Appointing Receiver) of this Court issued August 16, 2016) or any part of the business of the Debtor.

7. THIS COURT ORDERS that, notwithstanding:

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

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

8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

APPROVAL OF RECEIVER'S REPORT

9. THIS COURT ORDERS that the Report and the activities of the Receiver referred to therein be and are hereby approved.

SEALING ORDER

10. THIS COURT ORDERS that Appendix “@” of the Report, filed separately with the Court, shall be sealed in the Court File pending further Order of the Court.

GENERAL

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

Schedule A – Form of Receiver’s Certificate

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

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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**

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated August 16, 2016, Richter Advisory Group Inc. was appointed as the receiver (the "Receiver") of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corporation, 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "Debtor").

B. Pursuant to an Order of the Court dated , 2016, the Court approved an offer to purchase made by Sparkle Gems Inc. (the "Purchaser") on September 9, 2016 and accepted by the Receiver on September 9, 2016 (the "Sale Agreement") and provided for the vesting in the

Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement including, without limitation, the Terms and Conditions of Sale, have been satisfied or waived by the Receiver and the Purchaser; and (iii) the sale transaction contemplated by the Sale Agreement (the “Transaction”) has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;
2. The conditions to closing as set out in the Sale Agreement including, without limitation, the Terms and Conditions of Sale, have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

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

Per: _____
Name:
Title:

Schedule B – Purchased Assets

Lot	Description
1	Two diamond tennis bracelets (one 24 carats total weight and the other 12.75 carats total weight), four loose diamonds (one 5 carat RBC F VS2 diamond, one 4.3 carat RBC J SI1 diamond and matched pair of 1.2 carat heart shaped E VS2 diamonds), and one 12 carat cushion cut beryl-natural emerald ring
3	9,914 carats of loose diamonds, in various parcels

Schedule C – Claims to be deleted and expunged

[NTD: To be completed by Purchaser.]

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
(unaffected by the Vesting Order)**

[NTD: To be completed by Purchaser.]

APPENDIX "D"

Acquisition Opportunity & Offer to Purchase

Sale by Receiver of the JSN Group (Loose Diamonds, Diamond Jewelry, Precious Gemstones and FF&E)

SUMMARY

On August 16, 2016, the Ontario Superior Court of Justice (Commercial List) issued an order (the “**Appointment Order**”) appointing Richter Advisory Group Inc. as receiver (the “**Receiver**” or the “**Vendor**”) of all of the assets, undertakings and properties 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. (collectively, the “**JSN Group**” or the “**Company**”). The Receiver is offering for sale, on an “*as is, where is*” basis, certain diamond, diamond jewelry, precious and other gemstone jewelry and specialized furniture, fixtures and equipment (“**FF&E**”) of the Company (collectively, the “**Sale Assets**”).

The Receiver has retained Consensus Advisory Services LLC (“**Consensus**”) and 360 Merchant Solutions, LLC (“**360 Merchants**”) to help it with the marketing and sale process for the Sale Assets. This bid package has been prepared by the Receiver, in consultation with Consensus and 360 Merchants, to assist prospective purchasers in bidding for any or all of the Sale Assets and does not purport to be all-inclusive, or to contain all of the information that a prospective purchaser may require in making such decisions; rather, it contains selective information relating to certain of the physical and financial information comprising and pertaining to the Sale Assets.

Sealed tenders will be received by the undersigned until 5:00 pm (EST) on Tuesday, September 6, 2016 (the “**Bid Deadline**”). The Receiver will not be obliged under any circumstances to accept any offer or offers and the Receiver may reject any and all offers for any reason, in its sole discretion. The Receiver reserves the right to accept offers on some or all of the lots or FF&E bid upon by any offeror and may terminate the sales process at any time. The Receiver will evaluate offers based on what is in the best interests of the Company’s estate in its entirety, such that the highest or any offer will not necessarily be accepted. Please review the terms and conditions detailed below for further information.

DISCLAIMER: ALL OF THE INFORMATION CONTAINED HEREIN WITH RESPECT TO OR IN ANY WAY RELATING TO THE ASSETS, UNDERTAKINGS, PROPERTIES AND BUSINESS OF THE COMPANY IS DERIVED FROM THE COMPANY’S RECORDS AND FINANCIAL STATEMENTS, WHETHER AUDITED OR UNAUDITED, AS PROVIDED TO OR LOCATED BY THE RECEIVER. THE RECEIVER HAS NOT CONDUCTED ANY INDEPENDENT AUDIT, REVIEW, ANALYSIS OR VERIFICATION OF SUCH RECORDS AND FINANCIAL STATEMENTS AND MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS THEREOF.



DESCRIPTION OF SALE ASSETS

I. Details of Sale Assets - Jewelry:

Inventories are being sold by lot, as described below. A detailed listing of each lot has been provided in the Excel file "JSN Inventory and FFE Package for Receivership Sale – Aug. 29.xlsx" (the "Listing"). The values ascribed to the lots therein reflect JSN Group's reported "book value cost" or best estimates for such items. The Receiver, Consensus and 360 Merchants have made no effort to validate these values and make no representations or warranties with respect to them.

Lot	Description
1	Two diamond tennis bracelets (one 24 carats total weight and the other 12.75 carats total weight), four loose diamonds (one 5 carat RBC F VS2 diamond, one 4.3 carat RBC J SI1 diamond and matched pair of 1.2 carat heart shaped E VS2 diamonds), and one 12 carat cushion cut beryl-natural emerald ring
2	417 carats of Canadian loose diamonds and 3,214 carats of various colored stones, principally Rubies, Sapphires and Emeralds
3	9,914 carats of loose diamonds, in various parcels
4	JSN Canada finished jewelry, principally diamond rings, earrings, pendants and semi mounts
5	JSN US finished jewelry, principally Canadian Ice® branded diamond jewelry
6	JSN UK finished jewelry principally diamond jewelry including Canadian Ice® branded diamond jewelry
7	Forever Jewelry finished jewelry, principally rings, earrings and pendants
8	Estate jewelry, loose sapphires, rubies, emeralds and diamonds
9	Basket of semi-precious stones

Additional inventory has been returned to JSN Group in the ordinary course, and has been segregated in the Listing as the following lots:

Lot	Description
10	Mountings, assorted loose diamonds and coloured stones
11	JSN US finished jewelry

The Receiver will allow limited conditions for inspection only on an offer to purchase on lots #10 and #11, for those parties who have not had an opportunity to inspect this inventory prior to the Bid Deadline. These conditions, if any, must be satisfied or waived prior to the Acceptance Deadline (hereinafter defined).

II. Details of Sale Assets - Specialized Furniture, Fixtures & Equipment:

There are certain fixed assets available for sale that are typical of jewelry wholesale and jewelry manufacturing operations, including diamond scales, jewelry work benches with tools, a laser engraving machine, certain casting room equipment, equipment for a full diamond cutting room, and large safes. All of these items are located at JSN Group's headquarters in Toronto, Ontario. These items are subject to change pending final inventory count and potential third party property claims, and are detailed in the Listing.

FORM OF OFFER

The Form of Offer and Terms and Conditions of Sale are outlined below; all interested parties are asked to review these sections carefully. Offers submitted are binding on the offeror and, if an offer or any part thereof is accepted by the Vendor, shall constitute a binding and enforceable agreement between the parties and a binding commitment with respect to the purchase of the Sale Assets identified in the offer, or any part thereof accepted by the Vendor.

To: **Richter Advisory Group Inc., in its capacity as Receiver of all of the assets, undertakings and properties 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, Attention Clark Lonergan.**

1. Simplex Diam, Inc. and Sparkling Jewelry, Inc., jointly
(Name of Offeror)

2. c/o Simplex Diam, Inc.
The International Gem Tower
50 West 47th Street,
New York, New York 10036
(Address of Offeror)

3. (212) 883-0888
(Telephone Number)

4. yogesh@simplexdiam.com; shail@simplexdiam.com
(Email Address)

5. I/We hereby submit this revised irrevocable offer for the purchase of all of the Sale Assets, as described in this Section:

Jewelry Lots:

Offers must specify the value the offeror is proposing for each individual lot, and the Receiver reserves the right to accept offers on some or all of the lots bid upon by any offeror. The offeror is not required to submit an offer on all of the lots.

Lot	Proposed Purchase Price	Currency
1		\$ USD
2		\$ USD
3		\$ USD
4		\$ USD
5		\$ USD
6		\$ USD
7		\$ USD
8		\$ USD
9		\$ USD
10		\$ USD
11		\$ USD
TOTAL		\$ USD

Furniture, Fixtures and Equipment:

Offers must specify whether the offeror is proposing to acquire all FF&E or specific pieces of FF&E. If the offeror is proposing to acquire specific pieces of FF&E offers must specify the value the offeror is proposing for each individual piece, and the Receiver reserves the right to accept offers on some or all of the pieces of FF&E bid upon by any offeror. The offeror is not required to submit an offer on all of the FF&E

Description	Offer	Currency
	\$	

6. I/we confirm that we have wired the amount of \$ redacted as a deposit to the Receiver's trust account in accordance with the enclosed wire transfer instructions, representing 10% of the total amount of our/my offer submitted herein, being \$ redacted.
7. The attached terms and conditions are incorporated herein by reference. Any revisions to the attached terms and conditions must be accompanied by a redline comparison to clearly identify any such revisions. All offers are to clearly indicate any significant conditions in favour of a prospective purchaser. The willingness of a prospective purchaser to proceed without significant conditions and, where such conditions are included in an offer, the likelihood of satisfying such conditions, will be an important factor in the evaluation and acceptance of offers.

DATED at Thursday this 8 day of September, 2016.

Alsheth

Witness

Yogesh K Madhvani

(Signature)

Print Name: Alpa Sheth

Print Name and Title: Yogesh K Madhvani

Terms and Conditions

1. The Vendor is requesting offers to purchase any or all of the Sale Assets pursuant to these terms and conditions of sale (the "**Terms and Conditions of Sale**").
2. The description of the Sale Assets in the accompanying bid package and the attached appendices has been prepared solely for the convenience of prospective purchasers and is not warranted to be complete or accurate and does not form part of these Terms and Conditions of Sale.
3. Offers marked "Do Not Open - Offer – JSN Group." shall be sent by e-mail, fax or courier to Richter Advisory Group Inc., 181 Bay Street, Suite 3320, Toronto, ON M5J 2T3, fax: 416.488.3765, to the attention of Clark

Loneragan (cloneragan@richter.ca), so as to be received before 5:00 pm (EST) on Tuesday, September 6, 2016 (the "**Offer Deadline**"). The deposit related to offers is required to be received by the Offer Deadline.

4. Each offeror shall, with its offer, deposit with the Vendor by way of wire transfer ten percent (10%) of the offered purchase price, to be held by the Vendor in a non-interest bearing account. If the offer is accepted, the amount of the deposit shall be credited to the offered purchase price and the successful offeror (the "**Purchaser**") shall pay the balance of the purchase price plus all applicable taxes to the Vendor, if any, by wire transfer, on or before closing. No interest on any deposit will be paid by the Vendor to any offeror or Purchaser.
5. Deposits accompanying offers that are not accepted will be returned to the offeror not later than 5 days following the Offer Deadline unless otherwise arranged with the offeror by the Vendor.
6. Every offer submitted must be in the Form of Offer attached hereto. Offers submitted are irrevocable and binding on the offeror and, if an offer or any part thereof is accepted by the Vendor, shall constitute a binding and enforceable agreement ("**Purchase Agreement**") between the parties and a binding commitment of the offeror with respect to the purchase of the Sale Assets identified in the offer, or any part thereof accepted by the Vendor (the "**Purchased Assets**").
7. Every offer submitted shall be irrevocable and remain open for acceptance by the Vendor until 5:00 pm (EST) on Monday, September 12, 2016.
8. If an offer is accepted by the Vendor, then such acceptance shall be communicated to the Purchaser on or before 5:00 pm (EST) on Monday, September 12, 2016 (the "**Acceptance Deadline**") by notice in writing by the Vendor to the Purchaser at the email address set forth in its offer, such email delivery to be deemed when given, and such notice shall also be given by prepaid regular mail, courier, facsimile or personal delivery and to be deemed to be given and received when deposited in the post office or when transmitted by facsimile or when personally delivered as the case may be.
9. If an offer is accepted, the Vendor will provide the Purchaser with a form of bill of sale to be executed by the Purchaser and the Vendor (the "**Bill of Sale**") to convey the Company's right, title and interest in the Purchased Assets to the Purchaser. Any such bill of sale shall contain only a conveyance of the Company's right, title and interest in the Purchased Assets and shall not contain any covenants other than a covenant that the Vendor has the right to sell the Company's interest in the Purchased Assets and a covenant that the Vendor has done no act itself to encumber the Purchased Assets and has obtained any necessary approval of the sale to Purchaser from the Court.
10. The sale and purchase of the Purchased Assets by Purchaser is conditional upon (i) the Court having entered an order, substantially in the form attached hereto as Appendix "B" (the "**Approval and Vesting Order**"), *inter alia*, approving this Purchase Agreement and the transactions contemplated hereby, exempting the transactions contemplated in this Purchase Agreement from the provisions of the *Bulk Sales Act* (Ontario), and conveying to the Purchaser upon closing of the transaction all of the Company's right, title and interest in and to the Purchased Assets free and clear of all Encumbrances other than Permitted Encumbrances (each as defined in the Approval and Vesting Order) and (ii) the Approval and Vesting Order not having been appealed or stayed.
11. The closing of the transaction contemplated herein shall be effective upon the execution and delivery of the Bill of Sale and the payment of the balance of the purchase price and all applicable taxes and duties, if any, by the Purchaser, which shall take place at the office of the Vendor, 181 Bay Street, Suite 3320, Toronto, Ontario, Canada or, at the option of the Vendor, at the offices of the Vendor's solicitors, no later than three business days after the date on which the Approval and Vesting Order is granted, which closing shall be effective upon the delivery of a certificate of the Vendor confirming, *inter alia*, receipt of the purchase price and satisfaction or waiver of all conditions to closing, in substantially the form contemplated in the Approval and Vesting Order, or, in each case, at such other time as may be decided by the Vendor at its sole discretion.
12. At the closing, (i) the Vendor shall deliver to the Purchaser: (a) an executed Bill of Sale; (b) a copy of the Approval and Vesting Order; (c) if required by the Approval and Vesting Order, a certificate of the Vendor confirming, *inter alia*, receipt of the purchase price and satisfaction or waiver of all conditions to closing, in substantially the form contemplated in the Approval and Vesting Order; and (ii) the Purchaser shall deliver to the

Vendor: (a) an executed Bill of Sale; (b) the payment of the balance of the purchase price by wire transfer in immediately available funds, together with all applicable taxes, duties, if any, and all other amounts required to be paid by the Purchaser to the Vendor hereunder; and (c) a certificate of the Purchaser confirming, *inter alia*, satisfaction or waiver of all conditions to closing in form and substance satisfactory to the Purchaser, acting reasonably.

13. The Purchaser will be liable for and will pay at the closing all retail sales taxes (including any goods and services taxes) and all other transfer taxes, duties or other like charges payable upon or in connection with the purchase of the Purchased Assets by the Purchaser. The Purchaser shall indemnify the Vendor from and against all claims, liabilities, costs and fees, (including legal fees on a full indemnity basis) arising out of the Purchaser's failure to pay any such taxes. Notwithstanding the foregoing, Vendor is unaware of any taxes that would be payable with the balance of purchase price by Purchaser.
14. Commencing upon the closing of the Purchased Assets, the Purchaser shall assume, at the Purchaser's sole cost, complete responsibility for compliance with all municipal, provincial and federal laws insofar as the same apply to the Purchased Assets and/or the use thereof by the Purchaser.
15. The Vendor shall not be required to produce evidence as to title.
16. Prior to actual delivery to, and receipt by, the Purchaser of the Purchased Assets, the Purchased Assets shall remain in the possession of and at the risk of the Vendor and the Vendor will hold all policies of insurance effected thereon and the proceeds thereof in trust for the Vendor and the Purchaser as their respective interests may appear. After actual delivery to, and receipt by, the Purchaser of the Purchased Assets (which shall occur on or prior to September 27, 2016), the Purchased Assets shall be at risk of the Purchaser. In the event of substantial damage to the Purchased Assets occurring on or before closing, the Purchaser may either have the proceeds of the insurance and complete the purchase of the Purchased Assets or may cancel the purchase of the Purchased Assets, terminate the Purchase Agreement and have the deposit returned without interest, deduction, costs or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the purchase in accordance with the terms of the Purchase Agreement and shall be entitled to the proceeds of insurance referable to such damage, but not to any other costs or compensation whatsoever. For the purposes of this section, damage to the Purchased Assets shall qualify as "substantial" if, as a result of the damage, the cost of repair is so high that the Purchaser, acting reasonably, would choose to replace the item rather than repair it.
17. After closing, the Purchaser shall be responsible for making arrangements with the Vendor to take possession of the Purchased Assets from the Vendor at JSN Group's headquarters in Toronto located at 64 Jardin Drive, Unit 4-10, Concord, Ontario, Canada, which shall occur on or prior to September 27, 2016 but to be scheduled by Purchaser at the mutual convenience of Purchaser and Vendor.
18. If the Purchaser fails to comply with this Purchase Agreement, the Purchaser's deposit shall be forfeited to the Vendor on account of liquidated damages and the Purchased Assets may be resold by the Vendor to the party or parties making the next highest bid(s) for the Purchased assets.
19. By submitting an offer, a Purchaser acknowledges that it has inspected the Purchased Assets and that the Purchased Assets are sold on an "*as is, where is*" basis at the time of closing and that the Vendor, Consensus and 360 Merchants make no representation, warranty or condition, either expressed or implied, statutory or otherwise, as to title, description, fitness for any purpose, merchantability, quality, quantity, state, condition or location thereof or compliance with any government laws, regulations, bylaws and orders or in respect of any other matter or thing whatsoever. The Sale Assets are specifically offered as they now exist with no adjustments to be allowed to the Purchaser for changes in conditions or qualities from the date hereof to the closing date. The Purchaser acknowledges that the Vendor is not required to inspect or provide any inspection of the Purchased Assets or any part thereof and the Purchaser shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation. It shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents to such transfer of the Purchased Assets and any further documents or assurances which are necessary or desirable in the circumstances.

20. Richter Advisory Group Inc. acts solely in its capacity as Receiver as aforesaid and shall have no personal or corporate liability hereunder, or as a result of any sale contemplated hereby.
21. The highest offer will not necessarily be accepted. The Receiver will not be obliged under any circumstances to accept any offer or offers and the Receiver may reject any and all offers for any reason, in its sole discretion. The Receiver reserves the right to accept offers on some or all of the lots or FF&E bid upon by any offeror.
22. No offeror shall be at liberty to withdraw, vary or countermand an offer once made.
23. Before or after the opening of and acceptance of offers, the Vendor may in its sole discretion negotiate with any offeror for changes in that offeror's offer. The Vendor shall not be obliged to negotiate with any offeror or to give any offeror an opportunity to resubmit an offer, whether or not the Vendor negotiates with another offeror or offerors. Upon receipt by the Vendor of an offer, the offeror submitting the offer shall not be entitled to retract, withdraw, revoke, vary or countermand the offer and such offer shall be irrevocable prior to acceptance or rejection thereof by the Vendor.
24. The Vendor, at its discretion, may waive any or all of the Terms and Conditions of Sale benefitting Vendor solely, but shall not vary, alter, amend or modify any of the Terms and Conditions of Sale benefitting Purchaser without the express written consent of Purchaser.
25. The Terms and Conditions of Sale, as amended or varied in accordance with terms herein, shall survive the closing of the transaction contemplated herein and remain in full force and effect and be binding on the Purchaser and Vendor thereafter.
26. The Purchaser undertakes and agrees (and agrees to cause its agents, employees and representatives) to keep the existence and terms of the accompanying bid package and these Terms and Conditions of Sale in strict confidence, except in the course of conveying necessary information to third parties directly involved in the transaction and except as may be required by law or otherwise mutually agreed upon in writing by the parties.
27. This Purchase Agreement shall be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein, and such agreement shall inure to the benefit of and be binding upon the parties thereto and their respective heirs, executors, administrators, successors or assigns as the case may be. The parties irrevocably submit and attorn to the non-exclusive jurisdiction of the Ontario Superior Court of Justice (Commercial List) to determine all issues, whether at law or in equity, arising from or relating to the offer or the Purchase Agreement.
28. All stipulations as to time are strictly of the essence.
29. This agreement constitutes the entire agreement of the parties relating to the subject matter hereof and may not be amended or modified except by written consent executed by all parties. No provision of this agreement shall be deemed waived by any course of conduct unless such waiver is in writing and signed by all parties, specifically stating that it is intended to modify this agreement.
30. The Purchaser shall not assign its rights and obligations hereunder and its interest herein in whole or in part without the prior written consent of the Vendor, which consent may be withheld by the Vendor in its sole and absolute discretion. The Purchaser shall provide the Vendor with all information about any proposed assignee or assignment as the Vendor may reasonably require. Such assignee shall covenant in writing in favor of the Vendor to assume, jointly and severally with the Purchaser, all obligations of the Purchaser hereunder, and the Purchaser shall not be relieved from its obligations under this Agreement. Vendor acknowledges and agrees that Simplex Diam, Inc. and Sparkling Jewelry, Inc. has submitted their offer jointly and shall collectively be deemed the Purchaser under this Agreement, provided, however, that Simplex Diam, Inc., acting individually is authorized to act on behalf of Purchaser in respect of their joint offer.
31. Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser or their respective solicitors. Money may be tendered by wire transfer, cheque certified by a Canadian chartered bank, Canadian trust company or by bank draft.

DATED at Toronto, Ontario, this 30th day of August 2016.

Richter Advisory Group Inc., solely in its capacity as 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.

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APPENDIX "B"

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	WEEKDAY, THE #
)	
JUSTICE)	DAY OF MONTH, 2016

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**

APPROVAL AND VESTING ORDER

THIS MOTION, made by Richter Advisory Group Inc., in its capacity as the Court-appointed receiver (the "Receiver") of all of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corporation, 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "Debtor"), acquired for or used in relation to a business carried on by the Debtor, for an order approving the sale transaction (the "Transaction") contemplated by an offer to purchase made by Simplex Diam, Inc. and Sparkling Jewelry, Inc. (the "Purchaser") on September 8, 2016 and accepted by the

Receiver on September 9, 2016 (the "Sale Agreement") and appended to the Report of the Receiver dated <@>, 2016 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement and listed in Schedule B hereto (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and the schedules thereto, and on hearing the submissions of counsel for the Receiver, counsel for the Purchaser, and such other counsel who were present, no one else appearing for any other person on the service list, although duly served as appears from the affidavit of <@> sworn <@>, 2016, filed:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and the service thereof validated so that the Motion is properly returnable today.

SALE APPROVAL

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver be and is hereby authorized, ratified and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all claims, liens and encumbrances of any kind whatsoever including, without limitation, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing:

(i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated August 16, 2016; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. THIS COURT ORDERS that in executing the Sale Agreement and completing the Transaction and otherwise carrying out the terms of this Order the Receiver shall be acting for and on behalf of the Debtor and shall not, solely as a result of the foregoing, be or be deemed to be in possession or control of any Property (as defined in the Order (Appointing Receiver) of this Court issued August 16, 2016) or any part of the business of the Debtor.

7. THIS COURT ORDERS that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and

- (c) any assignment in bankruptcy made in respect of the Debtor;

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

8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

APPROVAL OF RECEIVER'S REPORT

9. THIS COURT ORDERS that the Report and the activities of the Receiver referred to therein be and are hereby approved.

SEALING ORDER

10. THIS COURT ORDERS that Appendix “@” of the Report, filed separately with the Court, shall be sealed in the Court File pending further Order of the Court.

GENERAL

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

Schedule A – Form of Receiver’s Certificate

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

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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**

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated August 16, 2016, Richter Advisory Group Inc. was appointed as the receiver (the "Receiver") of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corporation, 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "Debtor").

B. Pursuant to an Order of the Court dated , 2016, the Court approved an offer to purchase made by Simplex Diam, Inc. and Sparkling Jewelry, Inc. (the "Purchaser") on September 8, 2016 and accepted by the Receiver on September 9, 2016 (the "Sale Agreement")

and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement including, without limitation, the Terms and Conditions of Sale, have been satisfied or waived by the Receiver and the Purchaser; and (iii) the sale transaction contemplated by the Sale Agreement (the "Transaction") has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;
2. The conditions to closing as set out in the Sale Agreement including, without limitation, the Terms and Conditions of Sale, have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

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

Per: _____

Name:

Title:

Schedule B – Purchased Assets

Lot	Description
2	417 carats of Canadian loose diamonds and 3,214 carats of various colored stones, principally Rubies, Sapphires and Emeralds
4	JSN Canada finished jewelry, principally diamond rings, earrings, pendants and semi mounts
5	JSN US finished jewelry, principally Canadian Ice® branded diamond jewelry
6	JSN UK finished jewelry principally diamond jewelry including Canadian Ice® branded diamond jewelry
7	Forever Jewelry finished jewelry, principally rings, earrings and pendants
8	Estate jewelry, loose sapphires, rubies, emeralds and diamonds
9	Basket of semi-precious stones
10	Mountings, assorted loose diamonds and coloured stones
11	JSN US finished jewelry

Schedule C – Claims to be deleted and expunged

Nil

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
(unaffected by the Vesting Order)**

Nil

APPENDIX "E"

AUCTION SERVICES AGREEMENT

THIS AGREEMENT made as of the 27th day of September, 2016.

BETWEEN:

RICHTER ADVISORY GROUP INC., solely in its capacity as Court-Appointed Receiver of the assets, undertakings and properties 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. (collectively the “**JSN Group**” or the “**Company**”) and not in its personal capacity and without personal or corporate liability

(the “**Receiver**”)

- and -

INFINITY ASSET SOLUTIONS INC.

(the “**Auctioneer**”)

RECITALS:

- A. As you have previously been advised, on August 16, 2016, Richter Advisory Group Inc. (“**Richter**”) was appointed as receiver (the “**Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) 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. (collectively the “**JSN Group**” or the “**Company**”) pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “**Receivership Order**”). The terms of the appointment are set out in the Receivership Order, which can be obtained from the Receiver’s website at www.richter.ca/en/folder/insolvency-cases/i/isn-iewellery-inc.

In accordance with the Receivership Order, the Receiver has agreed to retain the Auctioneer as its exclusive agent to sell and the Auctioneer has agreed to sell on the Receiver’s behalf, the Assets (as hereinafter defined) in accordance with the terms of this Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to the terms and conditions set forth below.

**ARTICLE 1
INTERPRETATION**

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

“**Additional Excluded Assets**” shall have the meaning ascribed thereto in Section 2.01(2);

“**Agreement**” means this agreement, including its recitals and schedules, as amended from time to time.

“**Applicable Law**” means (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, and (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Authority having the force of law.

“**Assets**” means all of the Company’s fixtures, furniture, equipment and computers, on a “floor to ceiling, wall to wall” basis at the Premises as inspected by the Auctioneer on the Inspection Date, including, without limitation, those items described in **Schedule “A”** hereto.

“**Auction**” shall have the meaning ascribed thereto in Section 2.01(3).

“**Auction Date**” shall have the meaning ascribed thereto in Section 2.04(1).

“**Auction Statement**” shall have the meaning ascribed thereto in Section 2.04(1).

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in Ontario.

“**Buyers’ Premium**” shall have the meaning ascribed thereto in Section 2.03.

“**Claims**” means all losses, damages, expenses, liabilities (whether accrued, actual, contingent, latent or otherwise), interest, penalties, costs, claims, complaints, injuries and demands of whatever nature or kind, including all legal fees and costs on a substantial indemnity basis.

“**Commission**” shall have the meaning ascribed thereto in Section 2.03.

“**Condition Date**” shall mean the date that is 2 Business Days before the Auction Date.

“**Excluded Assets**” means:

- (a) the books and records of the Company which do not relate to the Assets;

- (b) Inventories (finished goods, semi-finished and displays/packaging/supplies);
- (c) Accounts Receivable; and
- (d) Intellectual Property.

“**Expense Amount**” means valid expense (receipts to be provided) up to a maximum of \$8,500, incurred to market, promote and run (operational costs) the Auction.

“**Governmental Authority**” means any domestic or foreign legislative, executive, judicial or administrative body or person having or purporting to have jurisdiction in the relevant circumstances.

“**Gross Proceeds**” means all proceeds of sale of the Assets collected from Sales, including Transfer Taxes;

“**Inspection Date**” means a mutually agreed upon time during the week-ended October 21st, 2016 being the date on which the Auctioneer inspected the Assets;

“**Intellectual Property**” means all Software, patents, trademarks, copyrights, designs, specifications and drawing or similar rights enjoyed by the Company.

“**Net Minimum Guarantee**” has the meaning ascribed thereto in Section 2.02(1).

“**Net Proceeds**” means the Gross Proceeds excluding any Commission, Expense Amount and excluding all Transfer Taxes.

“**Occupancy Costs**” has the meaning ascribed thereto in Section 3.02(2).

“**Occupancy Period**” has the meaning ascribed thereto in Section 3.02(1).

“**Premises**” means the premises leased by the Company located at 64 Jardin Drive Concord, Ontario Canada, L4K 3P3.

“**Purchasers**” means the entities which purchase the Assets from the Auctioneer.

“**Removal Deadline**” means no later than November 15, 2016.

“**Sales**” has the meaning ascribed to it in section 2.01(3).

“**Software**” means all software used by the Company to operate the machinery and equipment forming part of the Assets, including such software as may be located in such machinery and equipment, personal computers or USB keys which are currently used by the Company for the purpose of operating such machinery and equipment.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Transfer Taxes**” has the meaning set out in Section 2.04(2).

“**Turnover Date**” means October 26th, 2016 (or mutually agreed upon date), being the date upon which the Receiver shall materially cease to use the Assets.

1.02 Headings

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.03 Extended Meanings

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities. The term “including” means “including without limiting the generality of the foregoing”.

1.04 Statutory References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.05 Currency

All references to currency herein are to lawful money of Canada.

1.06 Schedules

The following are the Schedules to this Agreement:

Schedule “A” - Assets Located at the Premises

ARTICLE 2 SALE OF ASSETS

2.01 Appointment of Auctioneer

- (1) Upon and subject to the terms and conditions hereof, the Auctioneer agrees to sell on behalf of the Receiver, and the Receiver appoints the Auctioneer as its

exclusive agent to sell to Purchasers all of the Company's right, title, benefit and interest in and to all of the Assets.

- (2) If the Receiver and/or the Auctioneer is not entitled to sell any of the Assets by reason of a claim to or proceeding in respect of any such Asset(s), the Receiver will advise the Auctioneer in writing and such items will be excluded (hereinafter an "**Additional Excluded Assets**") from the Assets to be sold by the Auctioneer on and subject to the terms set forth herein.
- (3) The Auctioneer will sell the Assets to Purchasers in accordance with the Auctioneer's standard auction procedures subject to the terms of this Agreement. The sale of the Assets by the Auctioneer to Purchasers shall be by way of a public auction ("**Auction**") conducted at the Premises (including on-line bids) and/or by prior private sale (referred to together with the Auction as "**Sales**").
- (4) The Auctioneer will not, and will have no authority to, incur any liability or obligation on behalf of the Receiver. The sole authority of the Auctioneer, as agent of the Receiver, is to convey to Purchasers the Company's right, title, interest and benefit in and to the Asset(s) sold to each Purchaser.

2.02 Net Minimum Guarantee

The Auctioneer guarantees in favour of the Receiver that Net Proceeds shall not be less than \$45,000 (plus GST) (the "**Net Minimum Guarantee**").

2.03 Commission

The Auctioneer shall be entitled to charge and retain, free of any claim of the Receiver, a commission in the amount of 10% of Gross Proceeds (excluding excise taxes) in excess on \$53,500 obtained at an Auction (or private sale) for any Assets sold for by the Auctioneer ("**Commission**"). The Commission shall form part of the Net Proceeds. The Auctioneer shall be entitled to charge and retain, free of any claim of the Receiver, a buyer's premium in the amount of **15% for onsite bidders and 18% for online bidders** of the selling price of any Asset in addition to the price obtained at an Auction (or private sale) for any Assets sold by the Auctioneer ("**Buyer's Premium**"). The Buyer's Premium shall not form part of the Net Proceeds.

2.04 Proceeds of Sale and Payment of Taxes

- (1) The Auctioneer will be responsible for the collection of the Gross Proceeds. The Auctioneer will prepare and provide an Auction statement setting out the Gross Proceeds of the Auction and the amounts payable under section 2.04(3) (the "**Auction Statement**") to the Receiver within twenty-one days after the Auction scheduled by the Auctioneer ("**Auction Date**"). The Receiver shall have the right to audit the Auction Statement at its own expense.
- (2) The Auctioneer will collect from the Purchasers and will remit, or cause to be remitted or paid, any applicable federal and provincial sales taxes, goods and

services taxes, harmonized sales taxes, excise taxes, all transfer, value added, *ad-valorem*, use, consumption, retail sales, social services, or other similar taxes or duties (other than income taxes of the Company/Receiver) payable under any Applicable Law on or with respect to any Sale of any Assets (collectively, “**Transfer Taxes**”). The Auctioneer will pay the Transfer Taxes in accordance with the relevant taxing legislation when due and deliver to the Receiver evidence confirming the Auctioneer’s payment of, or exemption from payment of, the Transfer Taxes in form and substance reasonably acceptable to the Receiver. The Auctioneer will indemnify and hold the Receiver harmless in respect of any Transfer Taxes, penalties, interest and other amounts that may be assessed against the Receiver under any Applicable Law as a result of the failure to collect and/or remit all such Transfer Taxes.

- (3) Without limiting the Auctioneer’s liability to pay the Net Minimum Guarantee, the Net Proceeds will be distributed by the Auctioneer in the following order of priority within 15 days of delivery of the Auction Statement, unless otherwise agreed in writing between the Auctioneer and the Receiver:
 - (a) firstly, to the Auctioneer, the Expense Amount;
 - (b) secondly, to the Auctioneer, the Commission amount;
 - (c) finally, all remaining Net Proceeds shall be paid to the Receiver.

2.05 All Sales to be “As Is, Where Is”

- (1) Notwithstanding any other provision of this Agreement, the Auctioneer acknowledges that it has inspected the Assets and except as otherwise expressly provided in this Agreement, no representation, warranty or condition whether statutory, expressed or implied, oral or written, legal, equitable, conventional, collateral or otherwise will be given by the Receiver as to description, fitness for purpose, merchantability, quantity, condition, quality, suitability, durability, assignability, or marketability thereof or any other matter or thing whatsoever, and all of the same are expressly excluded. The Auctioneer acknowledges and agrees that it has inspected the Assets on the Inspection Date and has relied on its own investigations as to the matters set out above and in determining to enter this Agreement.
- (2) The Auctioneer agrees that all Sales of the Assets to the Purchasers will be on an “as is, where is” basis and shall be final and consistent with the terms above. The Auctioneer will ensure that all advertising signs and promotional materials in connection with the Assets advise Purchasers that all sales are made on an “as is, where is” basis and are final, and the Auctioneer agrees that all receipts or bills of sale will contain similar language.
- (3) Notwithstanding the foregoing or anything to the contrary, on the Turnover Date, the Assets shall be in the same location, form and condition as same existed on the Inspection Date.

2.06 Obligations and Liabilities Not Assumed

Except as provided in this Agreement or by Applicable Law, the Auctioneer does not assume and shall not be liable for any obligations or liabilities of the Company/Receiver whatsoever, including, without limitation, any and all environmental obligations or liabilities of the Company/Receiver relating to the Assets or the Premises, unless it was caused or created due to the Auctioneer's actions and/or its negligence, any taxes or duties which may be or become payable by the Company/Receiver including any income taxes, corporate taxes, realty taxes, source deductions or customs duties which may be or become payable by the Company resulting from or arising as a consequence of the sale of the Assets to the Purchasers (excluding for the avoidance of doubt, any Transfer Taxes as provided in Section 2.032.04(2) hereof).

2.07 Title to the Assets and Risk of Loss

- (1) Until sold to Purchasers, title to the Assets will remain with the Company, and the Assets will remain at the Receiver's risk. In the event of any loss of or damage to some or all of the Assets prior to the sale of such Assets to Purchasers:
 - (a) where all or substantially all of the Assets are lost or damaged, for the purposes of this Agreement, the Auctioneer shall have the option to (i) accept the insurance proceeds - which shall be considered Gross Proceeds from the sale of Assets and complete the transaction contemplated herein; or (ii) terminate this Agreement, in which case both parties shall be released from all obligations hereunder, other than the obligation of the Auctioneer to make any payment required by Section 6.03 hereof and the Receiver shall reimburse (i) the Auctioneer's actual and reasonable out of pocket expenses incurred between the date of this Agreement and the date of such termination, up to a maximum of the Expense Amount; and
 - (b) in the event of the loss of or damage to some items of the Assets, the fair market value of such item, determined in same manner in accordance with Section 2.01(2) hereof as if such item were an Additional Excluded Asset and such items of Assets shall become Excluded Assets (and for greater certainty the insurance proceeds of such Excluded Assets shall accrue to the benefit of the Receiver).
- (2) The Receiver will maintain first party all risk property insurance and boiler and machinery insurance in accordance with the form and extent of coverage that the Company had in place from time to time in their usual business activities in respect of loss or damage in respect of the Assets. In the event of any loss, damage or claim in respect of any risk for which insurance is carried as aforesaid arising before the Condition Date, the Auctioneer, as an additional condition hereunder, will be entitled to be satisfied that the Receiver has put the applicable insurers on written notice of the loss.

2.08 Auctioneer Dealing with Assets

The Auctioneer will deal with the Assets in accordance with proper liquidation industry practices using qualified personnel during the Occupancy Period. The Auctioneer covenants and agrees that it will provide evidence to the Receiver of liability insurance in favour of the Auctioneer in the amount of no less than CAD \$5 million.

ARTICLE 3 POSSESSION, DELIVERY AND REMOVAL OF ASSETS

3.01 Delivery of the Assets

- (1) The Receiver represents and warrants that the Assets are all located at the Premises and agrees that following the Auction the Assets sold by the Auctioneer shall be surrendered to the Purchasers at the Premises.
- (2) The Auctioneer acknowledges that the Receiver shall continue to use the Assets located at the Premises until the Turnover Date.

3.02 Access to the Premises and Occupancy Costs

- (1) Immediately following the execution of this Agreement by the Auctioneer until the Removal Deadline (the "**Occupancy Period**"), the Receiver shall provide the Auctioneer with reasonable access to the Premises, unless otherwise agreed to by the Auctioneer and the Receiver. During this period, the Auctioneer shall not interfere with the Company/Receiver's ongoing operations.
- (2) The Receiver agrees to pay all rent and garbage disposal costs and shall be responsible for the continued supply of all utilities to the Premises, including, without limitation, gas, water, heat, hydro and telephone, and for the maintenance of fire and third-party liability insurance on the Premises all at the Receiver's sole cost (the "**Occupancy Costs**").
- (3) The Receiver shall be solely responsible for all of the acts or omissions of its contractors, agents, invitees, representatives and others who have access to the Premises except, for greater certainty, the acts or omissions of the Auctioneer's contractors, agents, invitees, representatives and others who have access to the Premises during the Occupancy Period.
- (4) Following the Auction Sale, the Receiver and the Auctioneer shall cooperate with the other so that the Auctioneer can efficiently facilitate the removal of the Assets and the Receiver can complete its remediation obligations with respect to the Premises.

3.03 Conduct of Sales and Auctions

The Receiver acknowledges that the Auctioneer intends to sell the Assets by one or more Sales. The Receiver hereby consents to the use by the Auctioneer of the phrase "Receivership Auction Sale, Fixed Assets of JSN Jewellery," and the use of any other

trade names or trade-marks owned by the Company in advertisements for the Auction during the period up to and including the Auction Date.

3.04 Removal of Assets

The Auctioneer shall be responsible for removing the Assets from the Premises by the Removal Deadline and shall leave the Premises in an orderly and workmanlike condition following such removal by no later than the Removal Deadline. The Receiver shall, at its expense, segregate or remove from the Premises the Excluded Assets (save and except for any Excluded Assets that might be owned by the Company's landlord) prior to the Auction Date. Any Asset requiring disassembling and moving will be done at the expense of the Purchaser. The Auctioneer shall have no obligation to remove or disassemble Excluded Assets or remove from the Premises or dispose of any debris, paper, materials, books, records or other similar items which are not included in the Assets. After completion of the Auction by the Auctioneer at the Premises, the Auctioneer shall supervise the removal of all of the Assets from the Premises, which removal shall be at no cost to the Receiver and shall be done in a workmanlike manner, consistent with good industrial practice, and completed by the Removal Deadline. The Auctioneer shall be responsible for leaving the Premises used by it in an orderly manner and workmanlike and "broom swept" condition. The Auctioneer shall remedy or repair any condition resulting from the removal of Assets, including without limitation, having all electrical wires and air/water/other lines removed and/or capped to the buss bar/nearest wall, and all bolts "blown off". For greater certainty, the Auctioneer shall not be responsible for filling in holes in the floor, walls or roof, unless it was caused or created due to the Auctioneer's actions and/or its negligence. Furthermore, the cost of the removal and disposal of any oils, lubricants or fluids contained in any of the machines comprising the Assets together with all garbage and debris located at the Premises shall be for the Receiver's account.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS

4.01 Receiver's Representations and Warranties

The Receiver represents and warrants to the Auctioneer, as per the Receivership Order, that the Receiver has, the good and sufficient power, authority and right to enter into and deliver this Agreement and to complete the transactions hereunder;

- (a) The Receiver is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 137164018RT0002.

4.02 Survival of Receiver's Representations, Warranties and Covenants

The representations and warranties of the Receiver set forth in Section 4.01 will survive the completion of the transactions contemplated hereunder.

4.03 Auctioneer's Representations, Warranties and Acknowledgement(s)

The Auctioneer represents, warrants and acknowledges to the Receiver that:

- (a) the Auctioneer is a corporation duly incorporated, organized and subsisting under the laws of Ontario and has all the necessary corporate power and authority to enter into this Agreement and to carry out its obligations hereunder;
- (b) the Auctioneer has good and sufficient power, authority and right to enter into and deliver this Agreement and to complete the transactions to be completed by the Auctioneer contemplated hereunder;
- (c) this Agreement constitutes a valid and legally binding obligation of the Auctioneer, enforceable against the Auctioneer in accordance with its terms;
- (d) neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Auctioneer will result in a violation of: (i) any of the provisions of the constating documents or by-laws of the Auctioneer; (ii) any agreement or other instrument to which the Auctioneer is a party or by which the Auctioneer is bound; or (iii) any Applicable Law; (e) no authorizations, consents or approvals of, or filing with or notice to, any Governmental Authority is required in connection with the execution, delivery or performance of this Agreement; and (f) the Auctioneer is registered under Part IX of the *Excise Tax Act* (Canada) with registration number **864299052**.

4.04 Survival of Auctioneer's Representations, Warranties and Covenants

The representations and warranties of the Auctioneer set forth in Section 4.03 will survive the completion of the transactions contemplated hereunder.

ARTICLE 5 OTHER COVENANTS OF AUCTIONEER AND RECEIVER

5.01 Representations and Warranties

Each of the Receiver and the Auctioneer will ensure that its representations and warranties set out in herein are true and correct at the time of each sale of any of the Assets to a Purchaser.

5.02 Indemnities

- (1) The Auctioneer agrees to indemnify and save harmless the Receiver, and its representatives and advisors from and against all Claims, suffered or incurred by any of them from and after the date hereof as a result of or arising directly or indirectly out of or in connection with any negligence, wilful acts, omissions or misconduct of the Auctioneer or its officers, employees, contractors, licencees,

agents or invitees during the Occupancy Period, or the breach of any provision hereof by the Auctioneer.

- (2) In addition to any other provision for indemnification by the Auctioneer contained in this Agreement, the Auctioneer will indemnify and save harmless the Receiver from and against: all Claims incurred by the Receiver directly or indirectly resulting from and arising out of or relating to any breach of any covenant of the Auctioneer contained in this Agreement or from any inaccuracy or misrepresentation in any representation or warranty set forth in this Agreement by the Auctioneer including all Claims incurred by the Receiver Indemnified Parties directly or indirectly as a result of the Auctioneer not collecting or remitting the Transfer Taxes. The provisions of this Section 5.02(2) will inure to the benefit of the Receiver and its respective successors and assigns.

5.03 Cooperation on Tax Matters

- (1) The Auctioneer and the Receiver agree to make, execute and file with the appropriate taxing authorities all elections or purchase exemption certificates as the parties hereto agree are mutually desirable, if any and if applicable, in prescribed form and within the prescribed time.
- (2) The Receiver and the Auctioneer will furnish or cause to be furnished to each other, at the expense of the requesting party, as promptly as practicable, such information and assistance, and provide additional information and explanations of any material provided, relating to the Assets as is reasonably necessary for the filing of any tax returns, for the preparation of any audit, and for the prosecution or defence of any claim, suit or proceeding relating to any adjustment or proposed adjustment with respect to Transfer Taxes.

ARTICLE 6 CONDITIONS

6.01 Conditions for the Benefit of the Auctioneer

- (1) The transactions contemplated hereunder are subject to the following conditions, which are for the exclusive benefit of the Auctioneer and which are to be performed or complied with at or prior to the Condition Date:
 - (a) the representations and warranties of the Receiver set forth in Section 4.01 will be true and correct with the same force and effect as if made at and as of such time;
 - (b) the Receiver will have performed or complied with all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Receiver;
 - (c) no order will have been made to restrain, enjoin or prohibit the purchase and sale of all or substantially all of the Assets; and

- (d) no material damage by fire or other hazard to all or substantially all of the Assets will have occurred from the date hereof.
- (2) In case any material term or covenant of the Receiver or condition to be performed or complied with for the benefit of the Auctioneer at or prior to the Condition Date has not been performed or complied with at or prior to the Condition Date, the Auctioneer, without limiting any other right that the Auctioneer has, may at its sole option acting reasonably, either:
- (a) rescind this Agreement by notice to the Receiver, and in such event the Auctioneer will be released from all obligations hereunder; or
 - (b) waive compliance with any such term, covenant or condition in whole or in part with respect to any such non-compliance on such terms as may be agreed upon without prejudice to any of its rights of rescission or to claim damages in the event of the non-performance of such term, covenant or condition in whole or in part or of any other term, covenant or condition in whole or in part; and, if the Auctioneer rescinds this Agreement pursuant to Section 6.01(2)(a) the Receiver will be released from all obligations hereunder unless the term, covenant or condition for which the Auctioneer has rescinded this Agreement was one that the Receiver had covenanted hereunder, to ensure had been performed or complied with, in which event the Receiver will be liable to the Auctioneer for any Claims incurred by the Auctioneer directly or indirectly as a result of such breach. The liability of the Receiver for any reason whatsoever under this Section or this Agreement shall be limited to and shall not exceed the amount of the Auctioneer's actual and reasonable out of pocket expenses incurred between the date of this Agreement and the date of such termination, to a maximum of the Expense Amount.

6.02 Conditions for the Benefit of the Receiver

- (1) The transactions contemplated hereunder are subject to the following conditions, which are for the exclusive benefit of the Receiver and which are to be performed or complied with at or prior to the Condition Date:
- (a) the representations and warranties of the Auctioneer set forth in Section 4.03 will be true and correct with the same force and effect as if made at and as of such time;
 - (b) the Auctioneer will have performed or complied with all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Auctioneer at such time;
 - (c) no order will have been made to restrain, enjoin or prohibit the purchase and sale of all or substantially all of the Assets; and

- (d) no material damage by fire or other hazard to all or substantially all of the Assets will have occurred from the date hereof.
- (2) In case any material term or covenant of the Auctioneer or condition to be performed or complied with for the benefit of the Receiver at or prior to the Condition Date has not been performed or complied with at or prior to the Condition Date, the Receiver, without limiting any other right that the Receiver has, may at its sole option acting reasonably, either:
- (a) rescind this Agreement by notice to the Auctioneer, and in such event the Receiver will be released from all obligations hereunder, or
 - (b) waive compliance with any such term, covenant or condition in whole or in part on such terms as may be agreed upon without prejudice to any of its rights of rescission in the event of non-performance of any other term, covenant or condition in whole or in part, and, if the Receiver rescinds this Agreement pursuant to Section 6.01(2)(a), the Auctioneer will also be released from all obligations hereunder unless the term, covenant or condition for which the Receiver has rescinded this Agreement was one that the Auctioneer had covenanted hereunder, to ensure had been performed or complied with, in which event the Auctioneer will be liable to the Receiver for any Claims incurred by the Receiver directly or indirectly as a result of such breach. In that event, the Assets may be resold by the Receiver and all money paid by the Auctioneer under this Agreement, will be forfeited on account of liquidated damages, but such forfeiture will not be deemed to constitute the full extent of liquidated damages payable by the Auctioneer as a result of the Receiver's rescission pursuant to Section 6.01(2)(a).

6.03 Proceeds of Sales Made Prior to Termination

If this Agreement is terminated by either party pursuant to Article 6, and notwithstanding such termination, the Net Proceeds of any Sales made by the Auctioneer prior to the date of such termination shall be immediately paid by the Auctioneer to the Receiver, and the Auctioneer shall be responsible for, and remit all Transfer Taxes in respect of such Sales.

ARTICLE 7 FORCE MAJEURE

7.01 Force Majeure

A failure by either party to perform any obligation under this Agreement as a result (in whole or in part) of *force majeure* will not constitute a default under this Agreement, and neither party will have any liability to the other as a result of any such failure to perform. A party who contends that its performance is excused by reason of *force majeure* must give prompt written notice to the other party specifying the condition constituting the same and use all commercially reasonable efforts to rectify such condition as soon as possible. For the purposes hereof, *force majeure* means any of the following: lightning,

storms, earthquakes, floods, droughts, fires, explosions, failure or reduction of power supplies, failure to perform by (or damage to) plant, machinery, equipment or other property, shortages of labour, strikes, protests, lock-outs or other labour disturbances (whether or not under a party's control) or any other action taken by any person in connection therewith, expropriation, action of any government or governmental body or court, acts of God or any other cause, whether similar to or dissimilar from the foregoing, beyond the reasonable control of the party seeking to take advantage of *force majeure* and affecting performance by such party.

7.02 Assistance

The Auctioneer and the Receiver will co-operate with each other in a commercially reasonable manner in the event of any labour disruption or *force majeure* that interferes with the sale of the Assets or the ability of the Auctioneer to perform its obligations hereunder with a view to alleviating such interference.

ARTICLE 8 GENERAL

8.01 Further Assurances

Each of the Receiver and the Auctioneer shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other party may, at such requesting party's cost, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

8.02 Time of the Essence

Time shall be of the essence of this Agreement.

8.03 Benefit of the Agreement

This Agreement shall inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.

8.04 Fees and Commissions

Except as expressly provided herein, each of the Receiver and the Auctioneer will pay its respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs and expenses whatsoever and howsoever incurred and will indemnify and save harmless the other from and against any Claim for any broker's, finder's or placement fee or commission alleged to have been incurred as a result of any action by it in connection with the transactions under this Agreement.

8.05 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

8.06 Amendments and Waiver

No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by both of the parties hereto and no waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

8.07 Assignment

This Agreement may not be assigned by the Auctioneer without the prior written consent of the Receiver.

8.08 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

To the Receiver:

Richter Advisory Group Inc.
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.
181 Bay St., Suite 3320
Bay Wellington Tower
Toronto, Ontario, M5J 2T3

Attention : Clark Lonergan
email: clonergan@richter.ca

To the Auctioneer:

Infinity Asset Solutions Inc.
63 Maplecrete Road
Concord, Ontario, L4K 1A5

Attention: Jason Hayne
email: jhayne@infinityassets.com

8.09 Counterparts

This Agreement may be executed in several counterparts and all counterparts when taken together shall comprise one and the same instrument, and facsimile copies of signatures shall be treated as originals for all purposes.

8.10 Execution by Email

This Agreement may be executed in two counterparts, each of which shall be considered an original agreement, and both of which constitute the same agreement. The delivery by either party of a signed copy of this Agreement by email shall constitute acceptance of this agreement by the party, but each party shall thereafter deliver to the other an original executed copy of the Agreement.

8.11 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

8.12 Attornment

For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. The Receiver and the Auctioneer each attorns to the jurisdiction of the courts of the Province of Ontario.

8.13 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision will not affect the validity or enforceability of any other provision of this Agreement, all of which will be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction will not affect such provision validity or enforceability in any other jurisdiction.

8.14 Confidentiality

The Auctioneer and the Receiver shall keep confidential all information and documents which may have been or may hereafter be exchanged between them or their representatives or may have been retained by the Auctioneer or the Receiver, except for such information and documents as are available to the public, required to be disclosed by applicable law, court order or in connection with the receivership proceedings of the JSN Group.

8.15 Status of the Receiver

The Auctioneer acknowledges and agrees that, in carrying out and completing the transactions set out herein or exercising any rights, entitlement or benefits under this

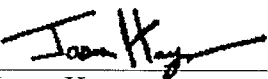
Agreement, Richter will be acting solely in its capacity as Receiver and not in its personal or corporate capacity and shall have no personal or corporate liability to the Auctioneer or any permitted assigns.

The parties have executed this agreement.

RICHTER ADVISORY GROUP INC., solely in its capacity as Court Appointed Receiver of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Ltd., GMJ Corp., 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively the "**JSN GROUP**") and not in its personal capacity and without personal or corporate liability.

By: _____
Name: Clark Lonergan
Title: Senior Vice-President

INFINITY ASSET SOLUTIONS INC.

By:  _____
Name: Jason Hayne
Title: Executive Vice-President

SCHEDULE "A"

Jewelry Equipment and Related Assets

LOCATION	QUANTITY	EQUIPMENT	AGE	MANUFACTURER	
SPECIALIZED	1	INDUCTION MELTING FURNACE	3 YEARS	AB	
SPECIALIZED	1	VACUUM PRESSURE CASTING MACHINE W/ PUMP	10 YEARS	YASUI	
SPECIALIZED	1	ELECTRIC VULCANIZER OVEN	5 YEARS	SILICON	
SPECIALIZED	1	AUTOMATIC VOLTAGE STABILIZER	5 YEARS	UNKNOWN	
SPECIALIZED	1	MANUAL VULCANIZER	20 YEARS	UNKNOWN	
SPECIALIZED	1	INVESTMENT VACUUM MACHING	3 YEARS	OMA	
SPECIALIZED	1	GRINDING SUCTION FILTER MACHINE	15 YEARS	Whirlwind	
SPECIALIZED	2	POLISHING MOTORS	10 YEARS	Magnetec	
SPECIALIZED	1	ULTRASONIC CLEANING MACHINE W/ WASTE CATCH TANKS	5 YEARS	BRANSON	
SPECIALIZED	1	ULTRASONIC CLEANING MACHINE W/ WASTE CATCH TANKS	5 YEARS	ELMA	
SPECIALIZED	1	ELECTRONIC STEAM BOILER	10 YEARS	REIMERS	
SPECIALIZED	1	RHODIUM PLATING MACHINE	10+ YEARS	HARAEUS	
SPECIALIZED	5	BENCH W/ JEWELLER'S MOTORIZED GRINDING TOOL	10 YEARS	FOREDOM TOOLS	
SPECIALIZED	1	EXTENSION PRESS	10 YEARS	UNKNOWN	
SPECIALIZED	1	LASER WELDER MACHINE - XXS EVO W/ MANUAL	2 YEARS	OROTIG	
SPECIALIZED	4	BENCH W/ JEWELLER'S MOTORIZED GRINDING TOOL	10 YEARS	FOREDOM	
SPECIALIZED	1	BENCH GRINDER (W/ BENCH)	10 YEARS	UNKNOWN	
SPECIALIZED	1	LASER ENGRAVER 27" deep, 26" high, 17.5 wide	2 YEARS	WRITER	
SPECIALIZED	1	LAPTOP	2 YEARS	GATEWAY	
SPECIALIZED	2	DIAMOND SCALE	7 YEARS	MONOBLOC	
SPECIALIZED	1	STANDARD GOLD SCALE	7 YEARS	A&D COMPANY	
SPECIALIZED	1	ELITE PRECISION MICROSCOPE	3 YEARS	UNKNOWN	
SPECIALIZED	2	DUPLEX II REFRACTOMETER	3 YEARS	GIA GEM INSTRUMENTS	
OTHER	2	WOODEN POLISHING BENCHES	10 YEARS	UNKNOWN	
OTHER	1	DIGITAL SCALE	10 YEARS	METTLER TOLEDO	
OTHER	2	POLISHING BENCH	10 YEARS	UNKNOWN	
OTHER	1	SAFE - MODEL #MSS-700 (SERIAL 9711127)	8 YEARS	EMPIRE	Delivery TBD
OTHER	1	SAFE (SERIAL 9711127)	8 YEARS	EMPIRE	Delivery TBD
OTHER	1	SAFE (SERIAL 9711127)	8 YEARS	EMPIRE	Delivery TBD
OTHER	1	SAFE - MODEL #6536 (SERIAL #TRX5524CC-RH) - DATE 10-13	3 YEARS	TRX	Delivery TBD
OTHER	1	SAFE - MODEL #6560 (SERIAL #TRX6831CC-LH) - DATE 12-13	3 YEARS	TRX	Delivery TBD
OTHER	1	SAFE - MODEL #6494 (SERIAL #TRX6831XCC-LH) - DATE 07-13	3 YEARS	TRX	Delivery TBD
OTHER	1	SAFE - MODEL #6480 (SERIAL #TRX6831XCC) - DATE 06-13	3 YEARS	TRX	Delivery TBD
OTHER	1	CANADIAN ICE DISPLAY UNIT	5 YEARS	UNKNOWN	Delivery TBD
OTHER	1	TRADESHOW BOOTH (1 pallet of red stools, Rotolock booth, crate showcases, crate of vitrines, Rotolock boxes, platforms & plexi, 1 skid for red platform	UNKNOWN	UNKNOWN	

Description	Age	Cost
MOTORS TO RUN DIAMOND CUTTING MACHINE	4 YEARS	\$ 8,144.80
POLISHING MACHINE & TRIMMING MACHINE	4 YEARS	\$ 36,006.89
MISCELLANEOUS POLISHING EQUIPMENT	4 YEARS	\$ 7,910.23
DIAMONDS SCAIFFS(SPECIAL CUTTING TOOLS)	4 YEARS	\$ 3,564.59
PRESSPORTS(SPECIALIZED CUTTING TOOL)	4 YEARS	\$ 11,845.07
MEGASCOPE MACHINE	4 YEARS	\$ 8,804.58
SAWING/CUTTING TOOLS	4 YEARS	\$ 1,980.43
POLISHING TABLE	4 YEARS	\$ 19,103.34
BRUITING MACHINES (V.J. TECH)	4 YEARS	\$ 3,319.77
BRUITING MACHINES (V.J. TECH)	4 YEARS	\$ 4,979.66
BRUITING MACHINES (V.J. TECH)	4 YEARS	\$ 4,937.61
BRUITING MACHINES (V.J. TECH)	4 YEARS	\$ 6,224.57
BRUITING MACHINES (V.J. TECH)	4 YEARS	\$ 5,353.13
GEMOLOGICAL MICROSCOPE	4 YEARS	\$ 2,444.07
OPTIDRIVE (SPEED CONTROLLER FOR POLISHING)	4 YEARS	\$ 1,324.57
BOILING DEVICE TO CLEAN DIAMONDS	4 YEARS	\$ 4,553.02
ELECTRICAL SUPPLIES TO ACTIVATE EQUIPMENT	4 YEARS	\$ 1,068.70
SPECIALTY WORK STOOLS	4 YEARS	\$ 2,949.30
GEMSCRIBE USB MACHINE	4 YEARS	\$ 25,432.52
OGLMARKER 3CH OLD TYPE	4 YEARS	\$ 15,000.00
BRUTER MACHINE	4 YEARS	\$ 7,200.00
SAWING MACHINE/POLISHING TABLE	4 YEARS	\$ 10,500.00
SHELVING/BRACKETS	4 YEARS	\$ 656.00
STAINLESS STEEL PLATES/COMPUTER SOFTWARE	4 YEARS	\$ 1,655.00
USED POLISHING MACHINE/POWER SUPPLY	4 YEARS	\$ 4,050.00

FIXED ASSET LISTING

LOCATION	QUANTITY	EQUIPMENT	AGE	MANUFACTURER
NON-SPECIALIZED	2	STAINLESS STEEL WASHING BENCH W/ SINK	3 YEARS	UNKNOWN
NON-SPECIALIZED	1	MICROWAVE	3 YEARS	PANASONIC
NON-SPECIALIZED	2	WOODEN POLISHING BENCHES	10 YEARS	UNKNOWN
NON-SPECIALIZED	1	SAFE	15 YEARS	EMPIRE
NON-SPECIALIZED	1	INDUSTRIAL FILING CABINET	10 YEARS	UNKNOWN
NON-SPECIALIZED	1	DIGITAL SCALE	10 YEARS	METTLER TOLEDO
NON-SPECIALIZED	1	COMPUTER	4 YEARS	HP
NON-SPECIALIZED	1	MONITOR	4 YEARS	VIEWSONIC
NON-SPECIALIZED	1	BARCODE SCANNER	3 YEARS	SYMBOL TECHNOLOGIES
NON-SPECIALIZED	1	PRINTER	4 YEARS	BROTHER
NON-SPECIALIZED	1	COMPUTER CHAIR (ON WHEELS)	3 YEARS	UNKNOWN
NON-SPECIALIZED	1	OFFICE CHAIR (NO WHEELS)	3 YEARS	UNKNOWN
NON-SPECIALIZED	1	DESK	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	SECURTY MONITOR	4 YEARS	UNKNOWN
NON-SPECIALIZED	2	POLISHING BENCH	10 YEARS	UNKNOWN
NON-SPECIALIZED	7	OFFICE CHAIRS	5 YEARS	UNKNOWN
NON-SPECIALIZED	2	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP
NON-SPECIALIZED	2	BARCODE SCANNER	3 YEARS	SYMBOL TECHNOLOGIES
NON-SPECIALIZED	1	PRINTER	4 YEARS	BROTHER
NON-SPECIALIZED	1	SAFE	10 YEARS	EMPIRE
NON-SPECIALIZED	2	COMPUTER CHAIR	5 YEARS	UNKNOWN
NON-SPECIALIZED	2	DESK	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER CAMERA	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP/VIEWSONIC MONITOR
NON-SPECIALIZED	1	IMPULSE FOOT SEALER	7 YEARS	ARCTIC
NON-SPECIALIZED	2	FOLDING TABLE	10 YEARS	UNKNOWN
NON-SPECIALIZED	4	STORAGE CABINET	10 YEARS	UNKNOWN
NON-SPECIALIZED	3	ROLLING CHAIRS	10 YEARS	UNKNOWN
NON-SPECIALIZED	3	SHELVING UNIT	10 YEARS	UNKNOWN
NON-SPECIALIZED	1	LARGE CUSTOM BUILT WORK TABLE	5 YEARS	UNKNOWN
NON-SPECIALIZED	4	DESK	10 YEARS	UNKNOWN
NON-SPECIALIZED	2	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP
NON-SPECIALIZED	2	PRINTER	4 YEARS	BROTHER
NON-SPECIALIZED	3	SMALL FILING CABINET	10 YEARS	UNKNOWN
NON-SPECIALIZED	1	BARCODE SCANNER	3 YEARS	SYMBOL TECHNOLOGIES
NON-SPECIALIZED	2	FILING CABINET	5 YEARS	UNKNOWN
NON-SPECIALIZED	2	LUNCH TABLES	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	FRIDGE	5 YEARS	FRIGIDAIRE
NON-SPECIALIZED	1	DISHWASHER	5 YEARS	KENMORE
NON-SPECIALIZED	1	MICROWAVE	3 YEARS	PANASONIC
NON-SPECIALIZED	1	TOASTER OVEN	3 YEARS	KITCHENAID
NON-SPECIALIZED	1	COFFEE MAKER	3 YEARS	BLACK + DECKER
NON-SPECIALIZED	6	FOLDING CHAIRS	3 YEARS	UNKNOWN
NON-SPECIALIZED	1	DESK	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP/VIEWSONIC MONITOR
NON-SPECIALIZED	1	PRINTER	4 YEARS	HP

NON-SPECIALIZED	1	SHREDDER	4 YEARS	FELLOWES
NON-SPECIALIZED	2	CHAIRS	4 YEARS	
NON-SPECIALIZED	3	FAX MACHINE - SUPER G HIGH SPEED FACEMAIL SUPERCL	4 YEARS	CANNON
NON-SPECIALIZED	1	PRINTER	4 YEARS	HP
NON-SPECIALIZED	1	COMPUTER CHAIR	4 YEARS	ACER
NON-SPECIALIZED	1	MONITOR	4 YEARS	SAMSUNG
NON-SPECIALIZED	1	FILING CABINET	4 YEARS	
NON-SPECIALIZED	1	DESK	4 YEARS	
NON-SPECIALIZED	1	COMPUTER CHAIR	4 YEARS	
NON-SPECIALIZED	1	MONITOR	2 YEARS	INSIGNIA
NON-SPECIALIZED	1	PHOTOCOPIER - IMAGE RUNNER 2018	10 YEARS	CANNON
NON-SPECIALIZED	1	SAFE (1 DOOR)	15 YEARS	EMPIRE
NON-SPECIALIZED	2	DESKS	2 YEARS	
NON-SPECIALIZED	1	FILING CABINET	2 YEARS	
NON-SPECIALIZED	1	COMPUTER	4 YEARS	HP
NON-SPECIALIZED	1	MONITOR	4 YEARS	SAMSUNG
NON-SPECIALIZED	1	WORKBENCH	7 YEARS	
NON-SPECIALIZED	1	SHREDDER	3 YEARS	FELLOWES
NON-SPECIALIZED	1	XEROX PRINTER	7 YEARS	XEROX
NON-SPECIALIZED	2	TABLES	5 YEARS	UNKNOWN
NON-SPECIALIZED	2	SCANNER	5 YEARS	UNKNOWN
NON-SPECIALIZED	3	CHAIRS	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	SAFE - MODEL #MSS-700 (SERIAL 9711127)	8 YEARS	EMPIRE
NON-SPECIALIZED	1	SAFE (SERIAL 9711127)	8 YEARS	EMPIRE
NON-SPECIALIZED	1	SAFE (SERIAL 9711127)	8 YEARS	EMPIRE
NON-SPECIALIZED	1	SAFE - MODEL #6536 (SERIAL #TRX5524CC-RH) - DATE 10-13	3 YEARS	TRX
NON-SPECIALIZED	1	SAFE - MODEL #6560 (SERIAL #TRX6831CC-LH) - DATE 12-13	3 YEARS	TRX
NON-SPECIALIZED	1	TV (USED AS SECURITY MONITOR)	5 YEARS	VIEWSONIC
NON-SPECIALIZED	1	SAFE - MODEL #6533 (SERIAL #AM-TRX6831X) - DATE 10-13	3 YEARS	TRX
NON-SPECIALIZED	1	DESK	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	DESK WITH UPPER STORAGE ATTACHMENT	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	FILING CABINET (WOOD)	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	SMALL FILING CABINET	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	MONITOR	4 YEARS	HP
NON-SPECIALIZED	1	TV (USED AS SECURITY MONITOR)	5 YEARS	AMERICAN DYNAMICS
NON-SPECIALIZED	2	OFFICE CHAIRS	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	PRINTER	6 YEARS	BROTHER
NON-SPECIALIZED	1	COMPUTER	4 YEARS	HP
NON-SPECIALIZED	1	COMPUTER	4 YEARS	ACER
NON-SPECIALIZED	1	MONITOR	4 YEARS	SONY
NON-SPECIALIZED	1	MONITOR	4 YEARS	SAMSUNG
NON-SPECIALIZED	2	MONITOR	4 YEARS	HP
NON-SPECIALIZED	3	PRINTER	4 YEARS	HP
NON-SPECIALIZED	2	BARCODE SCANNER	3 YEARS	SYMBOL TECHNOLOGIES
NON-SPECIALIZED	1	SHREDDER	4 YEARS	FELLOWES
NON-SPECIALIZED	3	OFFICE CHAIRS	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	SECURITY MONITOR	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	SAFE - MODEL #6494 (SERIAL #TRX6831XCC-LH) - DATE 07-1	3 YEARS	TRX
NON-SPECIALIZED	1	SAFE - MODEL #6480 (SERIAL #TRX6831XCC) - DATE 06-13	3 YEARS	TRX

NON-SPECIALIZED	2	STANDING DESK	2 YEARS	UNKNOWN
NON-SPECIALIZED	4	DESK	5 YEARS	UNKNOWN
NON-SPECIALIZED	4	SMALL FILING CABINET	5 YEARS	UNKNOWN
NON-SPECIALIZED	2	PRINTER	4 YEARS	HP
NON-SPECIALIZED	1	PRINTER	4 YEARS	BROTHER
NON-SPECIALIZED	5	COMPUTER	4 YEARS	HP
NON-SPECIALIZED	4	MONITOR	4 YEARS	HP
NON-SPECIALIZED	1	MONITOR	4 YEARS	VIEWSONIC
NON-SPECIALIZED	2	WEB CAMERA	3 YEARS	UNKNOWN
NON-SPECIALIZED	1	PRINTER	4 YEARS	EPSON
NON-SPECIALIZED	2	DESK WITH SMALL FILING CANBINETS	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER	4 YEARS	HP
NON-SPECIALIZED	1	MONITOR	4 YEARS	VIEWSONIC
NON-SPECIALIZED	1	FILING CABINET	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	FAN		
NON-SPECIALIZED	1	USHAPED OFFICE DESK	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	LARGE FILING CABINET (WOOD)	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	SHREDDER	4 YEARS	FELLOWES
NON-SPECIALIZED	1	OFFICE CHAIR	5YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP
NON-SPECIALIZED	1	PRINTER	4 YEARS	EPSON
NON-SPECIALIZED	1	TV (USED AS SECURITY MONITOR)	4 YEARS	SHARP
NON-SPECIALIZED	1	LEGAL DOCUMENTS FILING CABINET	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	DESK	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	5 YEARS	HP/SAMSUNG MONITOR
NON-SPECIALIZED	1	PRINTER	4 YEARS	BROTHER
NON-SPECIALIZED	1	COMPUTER CHAIR	6 YEARS	UNKNOWN
NON-SPECIALIZED	5	BOARDROOM OFFICE CHAIRS	3 YEARS	UNKNOWN
NON-SPECIALIZED	1	LARGE WOODEN MEETING TABLE	3 YEARS	UNKNOWN
NON-SPECIALIZED	1	PROJECTOR	4 YEARS	BENQ
NON-SPECIALIZED	1	PROJECTOR SCREEN	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	WOOD FILING CABINET	4 YEARS	UNKNOWN
NON-SPECIALIZED	2	LARGE METAL LEGAL DOCUMENT FILING CABINETS	4 YEARS	GLOBAL
NON-SPECIALIZED	1	OFFICE L-SHAPED DESK	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP/SAMSUNG MONITOR
NON-SPECIALIZED	1	PRINTER	6 YEARS	BROTHER
NON-SPECIALIZED	1	COMPUTER CHAIR	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER CHAIR	6 YEARS	UNKNOWN
NON-SPECIALIZED	1	OFFICE CHAIR	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	SHREDDER	4 YEARS	FELLOWES
NON-SPECIALIZED	1	WORK DESK	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	DESK	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	LOW RISE FILING CABINET	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	DESK	4 YEARS	UNKNOWN
NON-SPECIALIZED	2	SMALL FILING CABINET	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	MEDIUM FILING CABINET	4 YEARS	UNKNOWN
NON-SPECIALIZED	3	COMPUTER CHAIRS	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	STOOL	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	OFFICE CHAIR	5 YEARS	UNKNOWN

NON-SPECIALIZED	3	PRINTERS	4 YEARS	HP
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP/SAMSUNG MONITOR
NON-SPECIALIZED	1	SHREDDER	3 YEARS	FELLOWES
NON-SPECIALIZED	4	LARGE METAL LEGAL DOCUMENT FILING CABINETS	5 YEARS	GLOBAL
NON-SPECIALIZED	1	DESK	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP/VIEWSONIC MONITOR
NON-SPECIALIZED	1	COMPUTER CHAIR	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	OFFICE CHAIR	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	PRINTER	6 YEARS	HP
NON-SPECIALIZED	1	L-SHAPED OFFICE DESK	3 YEARS	UNKNOWN
NON-SPECIALIZED	1	PRINTER	3 YEARS	HP
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	3 YEARS	HP/VIEWSONIC MONITOR
NON-SPECIALIZED	1	LAPTOP	3 YEARS	HP
NON-SPECIALIZED	1	SHREDDER	3 YEARS	FELLOWES
NON-SPECIALIZED	2	COMPUTER CHAIRS	3 YEARS	UNKNOWN
NON-SPECIALIZED	1	DESK	5 YEARS	UNKNOWN
NON-SPECIALIZED	2	LARGE METAL LEGAL DOCUMENT FILING CABINETS	4 YEARS	GLOBAL
NON-SPECIALIZED	1	MEDIUM FILING CABINET	6 YEARS	UNKNOWN
NON-SPECIALIZED	1	SHREDDER	4 YEARS	FELLOWES
NON-SPECIALIZED	1	PRINTER	4 YEARS	HP
NON-SPECIALIZED	1	PRINTER	5 YEARS	BROTHER
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP
NON-SPECIALIZED	1	SAFE	8 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER CHAIR	5 YEARS	UNKNOWN
NON-SPECIALIZED	2	OFFICE CHAIR	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	WOODEN DISPLAY AND FILING CABINET	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	DESK	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	SMALL METAL LEGAL DOCUMENTS FILING CABINET	5 YEARS	GLOBAL
NON-SPECIALIZED	2	OFFICE CHAIRS	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER CHAIR	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP
NON-SPECIALIZED	1	PRINTER	4 YEARS	HP
NON-SPECIALIZED	1	SMALL METAL DOCUMENTS FILING CABINET	4 YEARS	GLOBAL
NON-SPECIALIZED	1	RECEPTINS DESK	7 YEARS	UNKNOWN
NON-SPECIALIZED	2	WAITING ROOM CHARIS	8 YEARS	UNKNOWN
NON-SPECIALIZED	1	SECURITY MONITOR	8 YEARS	SAMSUNG
NON-SPECIALIZED	1	PRINTER	5 YEARS	HP
NON-SPECIALIZED	3	COMPUTER CHAIRS	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP
NON-SPECIALIZED	1	LARGE METAL LEGAL DOCUMENT FILING CABINETS	5 YEARS	GLOBAL
NON-SPECIALIZED	1	PRINTER	4 YEARS	BROTHER
NON-SPECIALIZED	1	COMPUTER DESKTOP, KEYBOARD & MOUSE	4 YEARS	HP/SAMSUNG MONITOR
NON-SPECIALIZED	1	DESK	5 YEARS	UNKNOWN
NON-SPECIALIZED	2	COMPUTER CHAIRS	4 YEARS	UNKNOWN
NON-SPECIALIZED	1	MEDIUM FILING CABINET (METAL)	5 YEARS	GLOBAL
NON-SPECIALIZED	1	MEDIUM FILING CABINET (WOOD)	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	SMALL WOODEN FILING CABINET	5 YEARS	UNKNOWN
NON-SPECIALIZED	1	SHREDDER	4 YEARS	FELLOWES
NON-SPECIALIZED	1	PRINTER	4 YEARS	HP

NON-SPECIALIZED	1	PHOTOCOPIER - IMAGE RUNNER 3300	5 YEARS	CANNON
NON-SPECIALIZED	1	PHOTOCOPIER - ILASER CLASS 710	5 YEARS	CANNON
NON-SPECIALIZED	1	FILING CABINET	7 YEARS	UNKNOWN
NON-SPECIALIZED	1	SUPPLY CABINET (ONE DOOR MISSING)	8 YEARS	UNKNOWN
NON-SPECIALIZED	1	CANADIAN ICE DISPLAY UNIT	5 YEARS	UNKNOWN

SALUS CAPITAL PARTNERS, LLC

- and -

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

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced in Toronto

**MOTION RECORD OF RICHTER ADVISORY
GROUP INC., IN ITS CAPACITY AS THE
COURT-APPOINTED RECEIVER**

**(Re: Sale and Auction Approval and Vesting,
Interim Distribution)
(returnable October 6, 2016)**

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Lawyers for Richter Advisory Group Inc., in its
capacity as the Court-appointed Receiver