

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE *hr.*

JUSTICE PENNY

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FRIDAY, THE 15th

DAY OF JULY, 2016

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IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF SHOP.CA NETWORK INC., a
corporation incorporated pursuant to the laws of the Canada,
with a head office in the City of Toronto, in the Province of
Ontario

Applicant

APPROVAL AND VESTING ORDER

THIS MOTION, made by SHOP.CA Network Inc. (the "**SHOP.CA**") for an order approving the sale transaction (the "**Sale Transaction**") contemplated by an asset purchase agreement (the "**APA**") between the SFHOP.CA and Transformational Capital Corporation (the "**Purchaser**") dated July 8, 2016 and appended as Exhibit "B" to the affidavit of Anthony Chvala sworn July 12, 2016 (the "**Chvala Affidavit**"), and vesting in the Purchaser all of SHOP.CA's right, title and interest in and to the Purchased Assets (as defined in the APA), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Chvala Affidavit and the exhibits thereto and the Second Report of Richter Advisory Group Inc. in its capacity as proposal trustee (the "**Proposal Trustee**") dated July 13, 2016 and the exhibits thereto (the "**Second Report**") and on hearing the submissions of counsel for SHOP.CA, the Proposal Trustee, the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Lee Nicholson sworn July 12, 2016, filed:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used herein but not otherwise defined shall have the meaning attributed to them in the APA.

APPROVAL OF THE ACTIVITIES OF THE PROPOSAL TRUSTEE

3. **THIS COURT ORDERS** the Proposal Trustee's First Report and Second Report and the activities of the Proposal Trustee described therein are hereby approved provided, however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

STAY EXTENSION

4. **THIS COURT ORDERS** that the time for SHOP.CA's filing a proposal, and the stay of proceedings herein (the "**Stay Period**"), is hereby extended in accordance with subsection 50.4(9) of the *Bankruptcy and Insolvency Act* R.S.C. 1985 c. B-3, as amended (the "**BIA**"), to and including July 20, 2016.

APPROVAL OF SALE TRANSACTION

5. **THIS COURT ORDERS AND DECLARES** that the Sale Transaction is hereby approved, and the execution of the APA by SHOP.CA is hereby authorized and approved *nunc pro tunc*, with such minor amendments as SHOP.CA and the Purchaser, with the approval of the Proposal Trustee, may agree. SHOP.CA and the Proposal Trustee are 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 Sale Transaction and for the conveyance of the Purchased Assets to the Purchaser.

VESTING OF THE PURCHASED ASSETS

6. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a certificate by the Proposal Trustee to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Proposal Trustee's Certificate**"), all of SHOP.CA's right, title and interest in and to the

Purchased Assets 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 charges that may be granted by this Court in these proceedings, including the Administration Charge (as that term is defined in the Bid Process and Administration Order of this Court dated June 9, 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 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.

7. **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 Proposal Trustee’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. Upon the expiry of the Stay Period, the net proceeds from the sale of the Purchased Assets shall be transferred to the Proposal Trustee in its capacity as trustee in bankruptcy of SHOP.CA.

8. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee’s Certificate, forthwith after delivery thereof.

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, SHOP.CA and the Proposal Trustee is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company’s records pertaining to SHOP.CA’s past and current employees, including personal information of those employees listed on Schedule “5.1(a)” to the APA. The Purchaser shall maintain and protect the privacy of such information and shall be

entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by SHOP.CA.

10. **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 BIA in respect of SHOP.CA and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of SHOP.CA;

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 SHOP.CA and shall not be void or voidable by creditors of the SHOP.CA, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA 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.

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

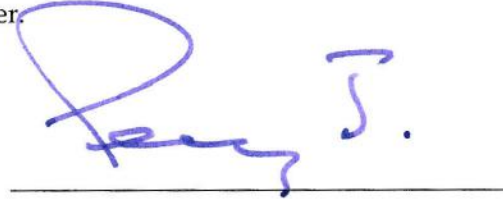
12. **THIS COURT ORDERS** that SHOP.CA is authorized, following the completion of the Sale Transaction, to execute, deliver and file any document, including without limitation, any articles of reorganization, required in order to effect a change of its corporate name, and this Court waives any third party requirement or required consent pursuant to any Canadian federal or provincial legislation relating to same.

SEALING

13. **THIS COURT ORDERS** that the unredacted APA attached to the Chvala Affidavit and the Second Report are hereby sealed and shall not form part of the public record until filing of the Proposal Trustee's Certificate with the Court or further order of the Court.

GENERAL

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the 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.



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

JUL 15 2016

PER / PAR:



Schedule A – Proposal Trustee’s Certificate

Estate/Court File No. 31-2131992

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF SHOP.CA NETWORK INC.,** a
corporation incorporated pursuant to the laws of the Canada,
with a head office in the City of Toronto, in the Province of
Ontario

PROPOAL TRUSTEE’S CERTIFICATE

RECITALS

- A. On June 8, 2016 SHOP.CA Network Inc. (“SHOP.CA”) filed a Notice of Intention to Make a Proposal pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended. Richter Advisory Group Inc. was appointed as SHOP.CA’s proposal trustee (the “**Proposal Trustee**”).
- B. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the asset purchase agreement (the “**APA**”) between the SHOP.CA and Transformational Capital Corporation (the “**Purchaser**”) dated July 8, 2016
- C. Pursuant to an Order of the Court dated [DATE], the Court approved the APA between and provided for the vesting in the Purchaser of the SHOP.CA’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 Proposal Trustee 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 Article 8 of the APA have been satisfied or waived by SHOP.CA and/or

the Purchaser, as applicable; and (iii) the Sale Transaction has been completed to the satisfaction of the Proposal Trustee.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and SHOP.CA has received the Purchase Price for the Purchased Assets payable on the Closing pursuant to the APA;
2. The conditions to Closing as set out in Article 8 of the APA have been satisfied or waived by SHOP.CA and/or the Purchaser, as applicable; and
3. The Sale Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at _____ [TIME] on _____ [DATE].

**Richter Advisory Group Inc., in its capacity as
Proposal Trustee of SHOP.CA, and not in its
personal capacity**

Per: _____

Name:

Title:

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
SHOP.CA NETWORK INC., a corporation incorporated pursuant to the laws of the
Canada, with a head office in the City of Toronto, in the Province of Ontario

Estate/Court File No. 31-2131992

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER

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

Elizabeth Pillon LSUC# 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com

Lee Nicholson LSUC# 66412I
Tel: (416) 869-5604
Fax: (416) 947-0866
Email: leenicholson@stikeman.com

Lawyers for the Applicant