

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

BETWEEN:

ROYAL BANK OF CANADA

I hereby certify this to be a true copy of
the original order
Dated this 18 day of June
[Signature]
for Clerk of the Court
Plaintiff

and

**HANNACO (2008) LTD. (FORMERLY 1261722 ALBERTA LTD., 341314
ALBERTA LTD. AND HANNACO LTD.) O/A CANADA GREY MOTOR
INN, NAHEED ZIA and NASREEN ZIA**

Defendants

BEFORE THE PRESIDING MASTER
MASON
IN CHAMBERS

) At the Court House, in the City of Calgary, in the
) Province of Alberta, on the 18th day of June, 2010.
)

RECEIVERSHIP ORDER

UPON THE APPLICATION of the Plaintiff; AND UPON hearing read the Statement of Claim herein and the Affidavit of Ralph Jaeb filed; AND UPON hearing counsel for the Plaintiff and other parties present at the application; AND UPON noting the consent of Alger & Associates Inc. to be appointed Receiver and Manager of certain Lands and the business carried out thereon of the Defendant Hannaco (2008) Ltd. (formerly 1261722 Alberta Ltd., 341314 Alberta Ltd. and Hannaco Ltd.) o/a Canada Grey Motor Inn (the "Corporate Defendant");

and upon being advised that the Defendants and subsequent circumstances have reviewed the form of order and did not appear to object.
IT IS HEREBY ORDERED THAT:

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.
2. Alger & Associates Inc. (the "Receiver") be and is hereby appointed Receiver and Manager of the lands and all of the rentals and other income due and accruing due now or hereafter from the business, property and lands over which the Plaintiff has a registered mortgage and security, such lands being legally described as:

J.M.

Parcel 1:

Plan 4049GU
 that portion of Lot F
 lying to the West of the Easterly 271 feet
 excepting thereout all mines and minerals

Parcel 2:

Plan 4049GU
 that portion of Lot G
 lying to the West of the Easterly 271 feet
 excepting thereout all mines and minerals

and municipally described as 616 2nd Avenue West, Hanna Alberta , (collectively, the "**Lands**") and each and every person or entity served with a copy of this Order shall forthwith pay all rents, or any other monies, due or to become due in relation to the Lands to the Receiver.

3. The Receiver shall pay the proceeds of any rents, profits and other monies collected or received by it as follows:
 - (a) first, toward any fees and disbursements which may be allowed (as provided in paragraph 4 below) to the Receiver as and by way of remuneration for its services as Receiver and Manager;
 - (b) second, in payment of normal operating expenses including insurance, and utilities; arrears thereof and such costs and expenses (including legal costs on the basis of solicitor as rendered to his own client) as may be allowed by this Court;
 - (c) third, in payment of taxes, local improvement charges and other municipal assessments accruing due or owing in respect of the Lands;
 - (d) fourth, in reduction of the claims of the Plaintiff for the outstanding balance owing pursuant to the Plaintiff's security, and such costs and expenses (including legal costs on the basis of solicitor as rendered to his own client) as may be allowed by this Court; and
 - (e) fifth, the balance (if any) remaining shall be paid into Court subject to the further Order of this Court upon application by an interested party.

4. Prior to payment of the fees and disbursements for the services of the Receiver or distribution as provided in paragraph 3(a) hereof, the Receiver shall provide to the solicitors for the Plaintiff

statements of the fees and disbursements which it proposes to charge by way of account or interim account for remuneration in its capacity as Receiver and Manager and such statements are to be approved by this Honourable Court prior to discharge of the Receiver. The Receiver shall be at liberty, before passing its accounts and disbursements and fixing its remuneration, to pay itself a reasonable amount either monthly or at such longer intervals as it deems appropriate, which amount shall constitute an advance against its remuneration when fixed.

5. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Lands and business thereon 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 and control of the Lands and any and all proceeds, receipts and disbursements arising out of or from the Lands;
 - (b) to receive, preserve, protect and maintain control of the Lands, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Lands 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 Corporate Defendant with respect to the Lands, including the power to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Corporate Defendant;
 - (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 powers and duties conferred by this Order;
 - (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Corporate Defendant or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Corporate Defendant with respect to the Lands and to exercise all remedies of the

Corporate Defendant in collecting such monies including, without limitation, to enforce any security held by the Corporate Defendant;

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- (g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Lands, whether in the Receiver's name or in the name and on behalf of the Corporate Defendant, for any purpose pursuant to this Order;
 - (h) to undertake environmental or workers' health and safety assessments of the Lands;
 - (i) to report to, meet with and discuss with affected persons (as defined below) as the Receiver deems appropriate all matters relating to the Lands and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
 - (j) to register a copy of this Order and any other Orders in respect of the Lands against title to any of the Lands;
 - (k) to apply for any permits, licenses, 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 Corporate Defendant;
 - (l) to enter into agreements with any trustee in bankruptcy appointed in respect of the Corporate Defendant, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Corporate Defendant; and
 - (m) to take any steps reasonably incidental to the exercise of these powers;

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 Corporate Defendant, and without interference from any other person

- 6. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
 - (i) before the Receiver's appointment; or

- (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
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(b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.

(c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,

(i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to herein, the Receiver:

(A) complies with the order, or

(B) on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

(ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,

(A) the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or

(B) the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or

- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the *Bankruptcy and Insolvency Act* or any other applicable legislation.

7. Subject to employees' rights to terminate their employment, all employees of the Corporate Defendant shall remain the employees of the Corporate Defendant until such time as the Receiver, on the Corporate Defendant's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.
8. The Receiver be at liberty to employ or retain such assistants, agents, employees, auditors, and advisors, including the appointment of solicitors and property management companies, and as it may from time to time consider necessary or desirable for the purpose of preserving the Lands and that any expenditure which shall be made or incurred by the Receiver in so doing shall be allowed to it in the passing of its accounts and shall for all purposes be deemed to be a disbursement referred to in paragraph 3(a) hereof.
9. Any expenditure which shall be properly made or incurred of the Receiver shall be allowed in passing its accounts and together with its remuneration, shall form a charge on the Lands, in priority to all security on the Lands held by the Plaintiff and all encumbrances subsequent thereto.
10. 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 Borrowing 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.

11. 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.

12. In the event that any tenant shall be served with a copy of this Order and neglects or refuses to pay rents due or to become due hereunder, the Receiver may distrain for rent in arrears in the same manner and with the same right of recovery as a landlord.
13. (i) The Corporate Defendant, (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 relating to the Lands or business in such Person's possession or control, shall grant immediate and continued access to such property to the Receiver, and shall deliver all such property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
14. 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 Corporate Defendant relating to the Lands, 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 12 or in paragraph 13 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 documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
15. 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.

16. The Receiver shall not be required to furnish any security or bond for due performance of its duties.
17. The Receiver shall incur no liability or obligation as a result of its appointment or 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 section 81.4(5) or 81.6(3) of the BIA or under WEPPA.
18. All rights and remedies (including, without limitation, set-off rights) against the Corporate Defendant relating to the Lands, 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 nothing in this paragraph shall (i) empower the Receiver or the Corporate Defendant to carry on any business which the Corporate Defendant is not lawfully entitled to carry on, (ii) exempt the Receiver or the Corporate Defendant 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, (iv) prevent the registration of a claim for lien, or (v) prevent Agriculture Financial Services Corporation from taking steps to enforce the security it holds against the Corporate Defendant.
19. 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 Corporate Defendant relating to the Lands including contracts, licenses or permits to possess and operate video lottery terminals, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined in section 11.1(1) of the *Companies' Creditors Arrangement Act* or *Bankruptcy and Insolvency Act*) with the Corporate Defendant from terminating such contract or exercising any rights of set-off, in accordance with its terms.

20. A true copy of this Order shall be served upon the tenants presently occupying or in possession of the Lands or any part thereof, which service may be sufficiently effected by placing a true copy of this Order in the mail receptacle at each of the buildings comprising the Lands.

21. Forthwith upon service of a true copy of this Order upon the tenants as aforesaid, any and all rental payments which may then be due or may thereafter fall due from time to time relating to the Lands or any part thereof shall be paid to the Receiver as aforesaid and shall be deemed to be an effective payment of such rental to the landlord.
22. The Corporate Defendant or any agent or employee of the Corporate Defendant shall forthwith deliver to the Receiver all prepaid rent, post-dated cheques, damage or security deposits, and any and all other payments which may hereafter fall due from the tenants as aforesaid.
23. The Receiver or its duly appointed agent shall have the right to institute and carry out any and all repairs to the Lands as it in its sole discretion shall consider necessary to preserve such premises.
24. Without limiting the generality of any other provision in this Order, all persons, firms and corporations be and they are hereby restrained and enjoined from disturbing or interfering with supplies, utilities or services, including without limitation, the furnishing of gas, heat, electricity, water, telephone or any other utilities of like kind, and including the supply and use of video lottery terminals relating to the Lands and the business thereon furnished up to the present date to the Corporate Defendant and such parties are hereby restrained and enjoined from cutting off, disconnecting or altering any such supplies, utilities or services to the Receiver except upon further Order of this Honourable Court.
25. The Plaintiff is hereby deemed not to be a mortgagee in possession or trespasser.
26. 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.
27. No Proceeding against or in respect of the Corporate Defendant relating to the Lands 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 Corporate Defendant relating to the Lands are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any person from commencing a

proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 27 and provided further that Agriculture Financial Services Corporation is permitted to take steps to enforce the security it holds against the Corporate Defendant on notice to the Receiver and the Plaintiff.

28. Notwithstanding the within Court proceedings shall not be stayed but shall be allowed to proceed until all arrears of the mortgage and assessments and costs are paid.
29. The Receiver may, from time to time, apply to this Honourable Court for directions and guidance in the discharge of its duties as Receiver and Manager.
30. Any party interested shall have liberty to apply from time to time to modify or vary this order on 10 days notice to the Receiver Manager.
31. The Plaintiff is granted solicitor and client costs of this application.


M.C.C.O.B.A.

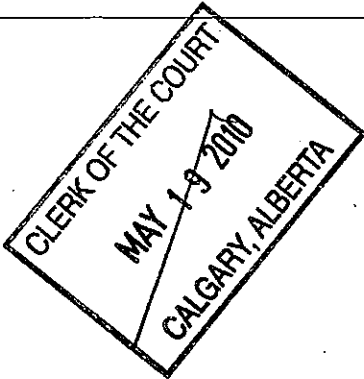
ENTERED this 18 day of June,
2010.

CLERK OF THE COURT

Action No.

0901-17420



IN THE COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN:

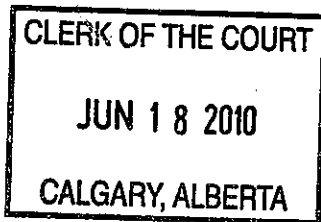
ROYAL BANK OF CANADA

Plaintiff

and

**HANNACO (2008) LTD. (FORMERLY 1261722
ALBERTA LTD, 341314 ALBERTA LTD. AND
HANNACO LTD.) O/A CANADA GREY MOTOR
INN, NAHEED ZIA and NASREEN ZIA**

Defendants



**ORDER FOR APPOINTMENT OF RECEIVER AND
MANAGER**

BURNET, DUCKWORTH & PALMER LLP
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