Court No. 31-1781563

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

Master Dan

) **Tuesday, the 29th day**
)
) **of October, 2013**

IN THE MATTER OF THE PROPOSAL OF
MORDEN CONSTRUCTION INC.
OF THE TOWN OF MIDLAND, PROVINCE OF ONTARIO

ORDER APPROVING PROPOSAL

UPON THE APPLICATION OF SF Partners Inc., Trustee (the "Trustee") in re: the Proposal of Morden Construction Inc., filed on August 23, 2013 (the "Proposal"), upon reading the Report of Trustee on Proposal, dated October 16, 2013 and upon hearing counsel for the Trustee; and the Court being satisfied that the required majority of creditors duly accepted the Proposal on October 8, 2013, and the terms contained in the paper writing marked Exhibit "A" annexed hereto, and being satisfied that the said terms are reasonable and calculated to benefit the general body of creditors and that no offences or facts have been proved to justify the Court in withholding its approval;

THIS COURT HEREBY ORDERS that the Proposal is approved.

Master Dan

Exhibit "A"

IN THE MATTER OF THE PROPOSAL OF
MORDEN CONSTRUCTION INC.
OF THE TOWN OF MIDLAND, PROVINCE OF ONTARIO

PROPOSAL

Morden Construction Inc. (the "Corporation" or "Morden"), the above-named debtor, hereby submits the following Proposal under the *Bankruptcy and Insolvency Act* (Canada):

PART I
INTERPRETATION

1. In this Proposal, capitalized terms have the following meanings:

   (a) "Act" means the *Bankruptcy and Insolvency Act* (Canada), as it may be amended from time to time;

   (b) "Business Day" means any day other than a Saturday or a Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein;

   (c) "Claim" means any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of the Corporation to any person whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, secured, unsecured, present, future, known or unknown, and whether by guarantee, surety or otherwise, incurred or arising or relating to the period prior to the Filing Date;

   (d) "Court" means Superior Court of Justice, in Bankruptcy and Insolvency;

   (e) "Creditor" means any person who holds one or more Claims;

   (f) "Effective Date" means the date on which all conditions contained in Part VIII hereof have been satisfied;

   (g) "Filing Date" means the date on which the Corporation filed its Proposal under the Act, being August 20, 2013;

   (h) "Final Order" means an order of the Court approving this Proposal to be granted pursuant to the provisions of the Act, the appeal period having expired and no appeal having been filed, or any appeal therefrom having been dismissed and such dismissal having become final;

(i) "Maturity Date" means the date on which all payments to the Proposal Trustee have been made, provided that no event of default has occurred that has not been cured or waived;

(j) "Preferred Creditor" means any Creditor entitled to receive payment of any amount owed to it in priority to other Creditors as provided in section 136 of the Act;

(k) "Proposal" means this Proposal made pursuant to the Act, as further amended or supplemented from time to time;

(l) "Proposal Period" means the period between the Final Order and the Maturity Date;

(m) "Proposal Trustee" means SF Partners Inc., the trustee acting in this Proposal;

(n) "Secured Creditor" means any Creditor who has valid security against any assets of the Corporation with respect to its Claim;

(o) "Unsecured Creditor" means those persons with Claims, except for those Claims;

(i) that have been finally and conclusively disallowed;

(ii) that may be contingent or unliquidated and found by the Trustee or the Court (as may be applicable), not to be provable;

(iii) that are the secured portion of claims by Secured Creditors;

(iv) that are claims by Preferred Creditors.

Headings

2. The divisions of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein, is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Number, etc.

3. In this Proposal, where the context requires, a word importing the singular includes the plural and vice versa and a word importing gender includes the masculine, feminine and neuter genders.

Date for Action

4. In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

Successors and Assigns

5. This Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, personal representatives, successors and assigns of all persons named or referred to herein including, without limitation, all Creditors.

Accounting Principles

6. Accounting terms not otherwise defined have the meanings assigned to them in accordance with Canadian generally accepted accounting principles.

PART II
PURPOSE AND EFFECT OF THIS PROPOSAL

Purpose of Proposal

7. The purpose of this Proposal is to provide the Unsecured Creditors with a greater dividend than would result from a forced liquidation of the Property and amends the terms of any and all agreements between the Corporation and the Unsecured Creditors existing at the Filing Date.

Persons Affected

8. This Proposal will, as of the Effective Date, be binding on the Corporation and all Preferred Creditors and all Unsecured Creditors of the Corporation. This Proposal does not affect the secured portion of the claims of Secured and Preferred Creditors.

PART III
SECURED AND PREFERRED CREDITOR CLAIMS

9. The secured claims of the Secured Creditors of the Corporation shall be dealt with in accordance with the arrangements made between the Corporation and its Secured Creditors.

Preferred Creditors

10. The Claims of Preferred Creditors, without interest, will be paid in full in Priority to the Claims of Unsecured Creditors.

PART IV
UNSECURED CREDITOR CLAIMS

Payment of Unsecured Claims

11. Morden shall pay the Proposal Trustee the sum of $125,000 (the "Proceeds") thirty (30) days after the Final Order.

Proceeds received by the Proposal Trustee shall be paid in the following priority:

a) The fees and expenses of the Proposal Trustee including legal fees;

b) To pay the claims, if any, in Part V of this Proposal, and

c) The balance of the Proceeds shall be paid to Unsecured Creditors, without interest, and without penalty, on a pro rata basis.

The Corporation may prepay the Proceeds at any time.

Effect of Payment

13. Unsecured Creditors will accept the payments provided for in this Part in complete satisfaction of all their Claims and all liens, certificates of pending litigation, executions or any other similar charges or actions or proceedings in respect of such Claims will have no effect in law or in equity against the property, assets and undertaking of the Corporation. Upon the making of all payments provided for in this Part, any and all such claims, certificates of pending litigation, executions or other similar charges or actions will be discharged, dismissed or vacated without costs to the Corporation.

PART V
PREFERRED CLAIMS AND MANDATORY PAYMENTS

Crown Claims

14. During the Proposal Period, the Corporation will pay to Her Majesty in right of Canada

and in right of Ontario all amounts of a kind that could be subject to a demand under:

(a) subsection 224(1.2) of the *Income Tax Act*;

(b) any provision of the Canada Pension Plan or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or

(ii) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection 224(1.2) of the *Income Tax Act* or any substantially similar provision of Ontario legislation.

Any such claims outstanding under the provisions of subsection 224(1.2) of the *Income Tax Act* or similar act and legislation at the Filing Date will be paid within six months after the Assessment Date.

Set Off

15. The Corporation acknowledges that Her Majesty the Queen will have the right to exercise its right of set off with respect to any income tax or GST refunds pertaining to the period prior to the Proposal.

Preferred Claims

16. Preferred Claims, without interest, are to be paid in full in priority to all Claims of Unsecured Creditors including, without limitation, any entitlement of Unsecured Creditors to the payments to be made under Part IV of this Proposal.

Payment of Fees

17. All proper fees and expenses of the Proposal Trustee and reasonable legal and other professional fees of and incidental to the proceedings and transactions arising out of this Proposal and in connection with the preparation of this Proposal, and in the administration of this Proposal, including advice to the Corporation in connection therewith, will be paid from the Proceeds in priority to all Claims of Creditors. The Proposal Trustee will be able to withdraw and pay such fees from time to time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal.

Employees' Claims

18. All amounts payable to former or current employees of the Corporation, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA if the Corporation became bankrupt on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the Corporation's business during the same period shall be paid immediately after Court approval of the Proposal.

PART VI
TRUSTEE

Confirmation of Appointment

19. The Proposal Trustee shall be the trustee under this Proposal and all monies payable under this Proposal, unless otherwise provided herein, shall be paid over to the Proposal Trustee who shall make the payment of all dividends in accordance with the terms of this Proposal.

20. The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Corporation.

21. Any payments made by the Proposal Trustee to Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the Act.

PART VII
INSPECTORS

Appointment of Inspectors

22. At the Creditors' Meeting, the Unsecured Creditors will be entitled to appoint one or more, but not exceeding five (5) inspectors in total. The inspectors will have the following powers, but will have no personal liability to the Corporation or other Creditors:

    (a) the power to extend the dates of payments provided under this Proposal;

    (b) the power to waive any default in the performance of any provision of this Proposal;

    (c) the power to advise the Proposal Trustee in respect of such matters as may be referred to the inspectors by the Proposal Trustee; and

    (d) the power to advise the Proposal Trustee concerning any dispute that may arise to the validity of Claims of Creditors under this Proposal.

PART VIII
CONDITIONS PRECEDENT

23. The performance of this Proposal by the Corporation shall be conditional upon the Corporation obtaining all approvals and consents to the Proposal that may be required.

PART IX
RELEASE

24. Upon the Effective Date, each and every present and former director of the Corporation (collectively, the "Released Parties"), shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action that arose before the commencement of the proceedings under the Act, in respect of the potential statutory liabilities of the former, present and future directors, and provided nothing herein shall release or discharge any of the Released parties from claims that:

    (a) relate to contractual rights of one or more creditors arising from contracts with one or more directors;

(b) are based on allegations or misrepresentations made by directors to creditors or of wrongful or oppressive conduct by directors.

25. Sections 95-101 of the Act shall not apply to any dealings by the Corporation having taken place during the period prior to the Filing Date.

PART X
MISCELLANEOUS

Further Actions

26. The Corporation and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

Binding Effect

27. The provisions of this Proposal will be binding on the Creditors and the Corporation, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Final Order after all appeal periods have expired.

PART XI
ANNULMENT OF PROPOSAL

Annulment

28. If this Proposal is annulled by an order of the Court, all payments on account of Claims made pursuant to the terms of this Proposal will reduce the Claims of Creditors.

PART XII
MODIFICATION

29. The Corporation may propose amendments to the Proposal at any time prior to the conclusion of the Creditors' Meeting provided that any such amendment does not reduce the rights and benefits given to the Unsecured Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

Dated at Midland, Ontario, this 20th day of August, 2013.

Morden Construction Inc.

Per: Charles Morden

Name: Charles Morden
Title: PRESIDENT