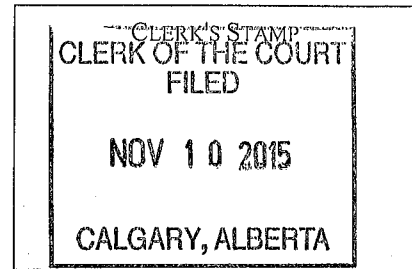


FORM 27
[RULES 6.3 AND 10.52(1)]



COURT FILE NUMBER 1501-09111
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF HALLMARK RESOURCES LTD.
DEFENDANT AQUA-PURE VENTURES INC.
DOCUMENT APPLICATION BY GRANT THORNTON LIMITED, AS RECEIVER OF AQUA-PURE VENTURES INC.

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7
Attention: Chris Simard
Telephone No.: 403-298-4485
Fax No.: 403-265-7219
Client File No.: 29736-27

NOTICE TO RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: November 17, 2015
Time: 11:00 a.m.
Where: Calgary Courts Centre
601 5th Street SW, Calgary, Alberta
Before Whom: The Honourable Mr. Justice A. D. MacLeod,
on the Commercial List

Go to the end of this document to see what else you can do and when you must do it.

All capitalized terms in this Order not otherwise defined herein shall bear the meaning ascribed to them in the Order attached hereto as Schedule "A".

Remedy claimed or sought:

1. Grant Thornton Limited, in its capacity as the Court-appointed Receiver (the "Receiver") of Aqua-Pure Ventures Inc. ("Aqua-Pure Canada" or the "Debtor"), seeks the following relief:
 - (a) An Order declaring that the within Application is properly returnable on Tuesday, November 17, 2015 and that service of this Notice of Application on the service list is validated and deemed good and sufficient.
 - (b) An Order substantially in the form attached hereto as Schedule "A":
 - (i) approving the Transaction and approving and authorizing the execution of the Transaction Documents by the Receiver;
 - (ii) approving the release and discharge of the FQ Receivable by the Receiver on behalf of the Debtor;
 - (iii) vesting in the Purchaser (or its nominee) all of the Debtor's right, title and interest in and to the Acquired Assets;
 - (iv) approving the distribution, after the closing of the Transaction, of the proceeds of the Transaction to repay in full: (A) any funds advanced to the Receiver under Receiver's Certificates, and (B) the first-priority secured creditor of the Debtor, Agriculture Financial Services Corporation; and
 - (v) granting leave to the Receiver to apply to the Court for an Order authorizing subsequent distributions of the proceeds of the Transaction.
 - (c) An Order substantially in the form attached hereto as Schedule "B", sealing the Confidential Appendices to the Report.
2. Such further and other relief as this Honourable Court may deem just in all of the circumstances.

Grounds for making this application:

The Sale Approval and Vesting Order

3. On August 18, 2015, Hallmark Resources Ltd. ("Hallmark"), Aqua-Pure Canada's largest secured creditor and majority shareholder, sought and obtained an Order appointing the Receiver as receiver and manager of all of Aqua-Pure Canada's current and future assets, undertakings and properties (the "Receivership Order").
4. The Receivership Order expressly authorized the Receiver to, among other things, evaluate the sufficiency of the sale process previously carried out with respect to the Debtor and defined below, to make a recommendation to this Honourable Court for the approval of one of the proposed sale transactions generated by the sale process if the

Receiver deems the sale process to have been adequate, to negotiate the terms and conditions of such sale, and to sell or assign the Property, as that term is defined in the Receivership Order, with the approval of this Honourable Court.

5. Aqua-Pure Canada and its wholly-owned U.S. holding company, Aqua-Pure Ventures (USA) Inc. ("Aqua-Pure US"), together hold 100% ownership of Fountain-Quail Water Management LLC ("Fountain Quail"), which carries out Aqua-Pure Canada's commercial waste-water recycling operations, and has historically been heavily financed by Aqua-Pure Canada.
6. In the spring of 2015, before the Receiver was appointed, Aqua-Pure Canada retained Canaccord Genuity Corporation and Blue Star Capital, LLC (collectively, the "Sales Advisors") to conduct a sales process to solicit offers to purchase some or all of the assets of Aqua-Pure Canada and/or Fountain Quail. The Sales Advisors publically marketed the said assets, contacted approximately 65 potentially interested parties, resulting in 16 of those parties signing non-disclosure agreements and 5 parties submitting bids for all or some of the assets of Aqua-Pure Canada or Fountain Quail. Aqua-Pure Canada signed a letter of intent with the Purchaser (the "Sales Process").
7. The Receiver has reviewed the Sales Process and is satisfied that a sufficient effort was made to get the best price and that further marketing efforts are not required; the Sales Process was similar to a typical Receiver-administered sales process in a formal insolvency liquidation scenario, and it provided sufficient exposure to the Debtor's assets to the marketplace across North America.
8. The Receiver has reviewed a summary of the Sales Process provided by the Sales Advisors, which includes copies of all of the proposals and offers received during the Sales Process, and has concluded that the offer submitted by the Purchaser was viewed as the best offer by both the Debtor and the remaining secured creditors. Aqua-Pure Canada's first-priority secured creditor will be paid out in full, and its remaining secured creditors appear to be supportive of the Transaction. The other offers included various terms and proposal structures that would be unacceptable to Aqua-Pure Canada.
9. For the foregoing reasons, the Receiver is satisfied that the Transaction is in the best interests of Aqua-Pure Canada's stakeholders.
10. The Receiver's counsel has reviewed the loan and security documentation of AFSC and has provided the Receiver with an opinion confirming that, subject to the customary qualifications and assumptions, AFSC's security is valid and enforceable.

The Sealing Order

11. The Confidential Appendices contain and discuss matters of a highly sensitive commercial nature, and their publication before the contemplated approval application could result in serious commercial damage to Aqua-Pure Canada and the Purchaser and could prejudice any future sales process, in the event that the Transaction does not close, to the detriment of Aqua-Pure Canada's stakeholders.

12. The sealing order is the least restrictive and prejudicial alternative to prevent the dissemination of commercially sensitive information about the Transaction and Transaction Documents, and commercially sensitive information about the Purchaser, Aqua-Pure Canada, Fountain Quail, and their respective stakeholders.
13. It is fair and just in the circumstances to restrict public access to the Confidential Appendices to the Report.

General

14. Such further and other grounds as this Honourable Court as counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

15. The pleadings and proceedings had and taken in this Action, including the Affidavit of Jeffery Halldorson, filed August 7, 2015;
16. Receiver's First and Second Reports to the Court; and
17. Such further or other material or evidence as counsel may advise and this Honourable Court may permit.

Applicable rules:

18. Part 6, Division 1 of the *Alberta Rules of Court*; and
19. Such further and other rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

20. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, Part XI;
21. *Business Corporations Act*, R.S.A. 2000, c. B-9, Part 8;
22. *Judicature Act*, R.S.A. 2000, c. J-2, s. 13(2); and
23. Such further and other Acts and Regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

24. None.

How the application is proposed to be heard or considered:

25. In person before the Honourable Justice A. D. MacLeod on the Commercial List.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes.

If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

COURT FILE NUMBER 1501-09111

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF HALLMARK RESOURCES LTD.

DEFENDANT AQUA-PURE VENTURES INC.

DOCUMENT **APPROVAL AND VESTING ORDER**
(Sale by Receiver)

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **BENNETT JONES LLP**
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7
Attention: Chris Simard
Telephone No.: (403) 298-4485
Facsimile No.: (403) 265-7219
Our File: 29736.27

DATE ON WHICH ORDER WAS PRONOUNCED: November 17, 2015

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Mr. Justice A.D. Macleod

UPON THE APPLICATION by Grant Thornton Limited in its capacity as the Court-appointed Receiver and Manager (the **"Receiver"**) of the undertaking, property and assets of Aqua-Pure Ventures Inc. (the **"Debtor"**) for an Order:

- (a) approving the Membership Interest and Asset Purchase Agreement (the **"Sale Agreement"**) between the Receiver and Fountain Quail Holdings, LLC (the **"Purchaser"**) dated as of November 19, 2015, attached to the Second Report of the Receiver dated November 10, 2015 (the **"Report"**) in Confidential Appendix "1" to the Report (the **"Confidential Appendix"**);

- (b) approving the First Amendment to the Aqua-Pure USA Operating Agreement (the “**First Amendment**”) between the Receiver, Aqua-Pure USA and the Purchaser dated as of November 19, 2015, included in the Confidential Appendix;
- (c) approving the shareholder approval (the “**Shareholder Approval**”) dated November 19, 2015 made by the Receiver, on behalf of the Debtor, consenting to and approving the membership interest purchase agreement (the “**US Sale Agreement**”) between Aqua-Pure Ventures (USA) Inc. (“**Aqua-Pure USA**”) and the Purchaser dated November 19, 2015 included in the Confidential Appendix, and approving the transactions contemplated in such US Sale Agreement;
- (d) approving the Escrow Agreement between, *inter alia*, the Receiver, the Purchaser and Bennett Jones LLP dated as of November 19, 2015, included in Appendix "3" attached to the Report (the “**Escrow Agreement**” and, together with the Sale Agreement, the First Amendment and the Shareholder Approval, collectively the “**Transaction Documents**”);
- (e) approving the transaction contemplated by, collectively, the Transaction Documents (the “**Transaction**”);
- (f) approving the release and discharge by the Receiver, on behalf of the Debtor, of the receivable owed by Fountain Quail Water Management LLC (“**Fountain Quail**”) in the amount of \$40,884,763.26 that is described in para. 11(e) of the Report (the “**FQ Receivable**”);
- (g) vesting in the Purchaser (or its nominee) all of the Debtor’s right, title and interest in and to the assets described in the Sale Agreement and the IP Agreement (the “**Acquired Assets**”);
- (i) approving the distribution, after the closing of the Transaction, of the proceeds of the Transaction to repay Receiver's Borrowings and repay in full the first-priority secured creditor of the Debtor, Agriculture Financial Services Corporation (“**AFSC**”); and
- (j) granting to the Receiver leave to apply to the Court for an Order authorizing subsequent distributions of the proceeds of the Transaction.

AND UPON HAVING READ the Receivership Order dated August 18, 2015 (the "**Receivership Order**"), the Report and the Affidavit of Service of • sworn on November •, 2015, all filed; **AND UPON HEARING** the submissions of counsel for the Receiver, counsel for the Purchaser and [NAMES OF OTHER PARTIES APPEARING], and no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTIONS

2. The Transaction is hereby approved, and the execution of the Transaction Documents by the Receiver 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 and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Acquired Assets to the Purchaser (or its nominee), including without limitation the Bill of Sale, Assignment and Assumption Agreement dated as of November 19, 2015 and the Intellectual Property Assignment dated as of November 19, 2015.

VESTING OF PROPERTY

3. Upon the delivery of a Receiver's Certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule "A"** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Acquired Assets shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, 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:

- (a) any encumbrances or charges created by the Receivership Order;
 - (a) (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; and
 - (c) those Claims listed on **Schedule “B”** hereto (all of which are collectively referred to as the “**Encumbrances**”); and,
- (b) for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Acquired Assets are hereby terminated, expunged and discharged in full as against the Acquired Assets.
4. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Acquired Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Acquired Assets, and 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 Acquired Assets with the same priority as they had with respect to the Acquired Assets immediately prior to the sale, as if the Acquired 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. The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtor.
 6. The Debtor and all persons who claim by, through or under the Debtor in respect of the Acquired Assets, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Acquired Assets and, to the extent

that any such persons remains in possession or control of any of the Acquired Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).

7. The Purchaser (or its nominee) shall be entitled to hold and enjoy the Acquired Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.
8. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).
9. 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 Acquired Assets in the Purchaser (or its nominee) 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 settlement, 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.

10. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

TERMINATION OF FQ RECEIVABLE

11. The Receiver is hereby authorized and directed to permanently release and discharge the FQ Receivable, such release and discharge to be effective at such time as the Receiver and the Purchaser may agree and otherwise in accordance with the terms of the Escrow Agreement.

DISTRIBUTION

12. The Receiver is hereby authorized to, after the closing of the Transaction, repay from the net proceeds of the sale of the Acquired Assets any Receiver's Borrowings and repay AFSC in full. The Receiver is also hereby granted leave to apply to the Court for an Order authorizing subsequent distributions of the net proceeds of the sale of the Acquired Assets.

MISCELLANEOUS MATTERS

13. 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 as 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.
14. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
15. Service of this Order on any party not attending this application is hereby dispensed with.

J.C. C.Q.B.A.

Schedule "A"

Form of Receiver's Certificate

COURT FILE NUMBER	1501-09111
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	HALLMARK RESOURCES LTD.
DEFENDANT	AQUA-PURE VENTURES INC.
DOCUMENT	RECEIVER'S CERTIFICATE

Clerk's Stamp

ADDRESS FOR SERVICE	BENNETT JONES LLP
AND	Barristers and Solicitors
CONTACT INFORMATION	4500, 855 – 2 nd Street S.W.
OF	Calgary, Alberta T2P 4K7
PARTY FILING THIS	Attention: Chris Simard
DOCUMENT	Telephone No.: (403) 298-4485
	Facsimile No.: (403) 265-7219
	Our File: 29736.27

RECITALS

- A. Pursuant to an Order of the Honourable Justice K. D. Yamauchi of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated August 18, 2015, Grant Thornton Limited was appointed as the Receiver and Manager (the "**Receiver**") of the undertaking, property and assets of Aqua-Pure Ventures Inc. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated November 17, 2015 (the "**Approval and Vesting Order**"), the Court approved the Transaction (as defined in the Approval and Vesting Order), including the Membership Interest and Asset Purchase Agreement (the "**Sale Agreement**") between the Receiver and Fountain Quail Holdings, LLC (the "**Purchaser**") dated as of November 19, 2015, and provided for the vesting in the

Purchaser of the Debtor's right, title and interest in and to the Acquired Assets (as defined in the Approval and Vesting Order), which vesting is to be effective with respect to the Acquired Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price (as defined in the Sale Agreement) for the Acquired Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) 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 (or its nominee) has paid and the Receiver has received the Purchase Price (as defined in the Sale Agreement) for the Acquired Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver to the Purchaser at [TIME] on [DATE].

**GRANT THORNTON LIMITED,
in its capacity as Receiver of the
undertaking, property and assets
of Aqua-Pure Ventures Inc., and
not in its personal capacity.**

Per: _____

Name:

Title:

SCHEDULE "B"

CLERK'S STAMP

COURT FILE NUMBER 1501-09111
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF HALLMARK RESOURCES LTD.
DEFENDANT AQUA-PURE VENTURES INC.
DOCUMENT **SEALING ORDER**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7
Attention: Chris Simard
Telephone No.: 403-298-4485
Fax No.: 403-265-7219
Client File No.: 29736-27

DATE ON WHICH ORDER WAS PRONOUNCED: November 17, 2015

LOCATION OF HEARING OR TRIAL: Calgary Courts Centre

NAME OF JUDGE WHO MADE THIS ORDER: Justice A.D. MacLeod

UPON THE APPLICATION of Grant Thornton Limited (the "Receiver") as Court-Appointed Receiver of Aqua-Pure Ventures Inc. ("Aqua-Pure Canada"); AND UPON reading the Notice of Application of the Receiver filed November 10, 2015, the Second Report of the Receiver dated and filed November 10, 2015 (the "Report") and the Confidential Appendices thereto (the "Confidential Appendices"); AND UPON hearing the submissions of counsel for the Receiver, counsel for Fountain Quail Holdings, LLC, and any other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the Notice of Application for this Order is hereby validated and deemed good and sufficient, this application is properly returnable today, and no person other than those persons served is entitled to service of the Notice of Application.

2. The Confidential Appendices to the Report shall be sealed on the Court file and shall not form part of the public record, notwithstanding Division 4, Part 6 of the *Alberta Rules of Court*.
3. The Clerk of this Honourable Court shall file the Confidential Appendices in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY GRANT THORNTON LIMITED, IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER OF AQUA-PURE VENTURES INC. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE SEALING ORDER ISSUED BY MR. JUSTICE A. D. MACLEOD ON NOVEMBER 17, 2015.

4. The Receiver shall serve by courier, fax transmission, email transmission or ordinary post, a copy of this Order on all parties present at this Application and on all parties who received notice of this Application or who are presently on the service list established in these proceedings and such service shall be deemed good and sufficient for all purposes.

M./J.C.Q.B.A. or Clerk of the Court