



February 21, 2017

SERVICE LIST

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Dear Sirs/Mesdames:

**Re: JCF Capital ULC (“JCF”) v Talon International Inc. et al.,
Court File No. CV-16-11573-00CL (the “Receivership Proceedings”)**

We are counsel to FTI Consulting Canada Inc. in its capacity as court-appointed receiver of certain assets of the respondents in the above noted Receivership Proceedings. We write to provide an update to the Service List in respect of the Sale Procedure¹ as defined in and approved by the Court by the Sale Procedure Order made on January 4, 2017.

The Phase I Bid Deadline was 10:00 am on February 15, 2017. No Qualified Phase I Bid other than the Stalking Horse Agreement was received by the Phase I Bid Deadline. As a result, the Receiver has determined that the Stalking Horse Bidder is the Successful Bidder.

In accordance with the Sale Procedure, a Sale Hearing is to be conducted by the Court as soon as practicable after the determination by the Receiver of the Successful Bidder. As such, although we apologize for the late notice, **the Receiver has scheduled a 9:30 appointment with the Court on February 22, 2017 to schedule the Sale Hearing.** At that time, the Receiver will request, subject to Court availability, that the Sale Hearing be scheduled for the week of March 27, 2017. We will advise the Service List of the date set by the Court.

At the Sale Hearing, the Receiver will be seeking vesting orders substantially in the form attached to the Stalking Horse Agreement and provided to this Service List in the Receiver's Motion Record to obtain the Sale Procedure Order, which is available on the Receiver's website at <http://cfcanada.fticonsulting.com/talon>.

The vesting orders sought, if granted, will convey the Property free and clear of 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, encumbrances, title retention agreements, excluded contracts (as defined in the Stalking Horse Agreement), judgments, adverse claims or interests, exceptions, reservations, easements, encroachments, servitudes, restrictions on use,

¹ Terms not otherwise defined herein have the meaning given to them in the Sale Procedure.



any right of occupancy, any right of the Crown, any right or claim of specific performance, any matter capable of registration against title, options, rights of first refusal or similar rights, rights of pre-emption or privilege or any contract creating any of the foregoing.

Yours truly,

A handwritten signature in black ink, appearing to read "Jane Dietrich", with a long, sweeping horizontal line extending to the right.

Jane Dietrich
Partner

JOD/sw
Legal*39430945.1