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7 *Attorneys for Plaintiffs*

8 **DISTRICT COURT**

9 **CLARK COUNTY, NEVADA**

10 RONALD D. SLOAN; ROBIN SCHWARZ;
GARY COLLINS; JILL BROWN; LARK
11 TERRELL; NANCY HERBOLD; DANIEL
R. SLOAN; BETTY ANN SLOAN; PEARL
12 KIRK; JAMES BOAN; N O WAIT; LARRY
ORWICK; PATRICIA LA SALLE; BRIAN
13 WOLFE; STUART R. CAMERON;
ROBERT WEBSTER; HUGO BONDI;
14 JOAN BRATSETH; P A BRATSETH;
DEREK MILANI; DEAN RACHEY; SAM
15 BROUNSTEIN; SANDRA JANSEN; BRIAN
JANSEN; RHONDA KIM NICHOLS;
16 SCOTT NICHOLS; CARMEN ADAIR;
KRISTA SCHOFIELD; MARK BRATSETH;
17 ROSE TRUST 11; CLIFF OLSON; DON
COLLINS; ROYCE NORDSTROM;
18 NATALIE MAYZEL; DAVID JESSE;
THORNTON D. BARNES; JAMES HASON;
19 SANDRA HASON; EDDIE GUILLET;
RYAN GUILLET;

20 ON BEHALF OF CAN-CAL RESOURCES,
21 LTD.,

22 Plaintiffs,

23 vs.

24 CAN-CAL RESOURCES, LTD., a Nevada
corporation; WILLIAM J. HOGAN;
25 THOMPSON MACDONALD; RONALD
SCHINNOUR; MICHAEL HOGAN;
26 CANDEO LAVA PRODUCTS, INC. a
Canadian Corporation, and FUTUREWORTH
27 CAPITAL CORP., a Canadian Corporation,

28 Defendants.

Case No.: A-14-701465-B
Dept. No.: XI

**ORDER PRELIMINARILY APPROVING
SETTLEMENT AND PROVIDING FOR
NOTICE**

1 WHEREAS, the Parties to the above-captioned shareholder derivative action (the
2 “Derivative Action” or “Action”) have submitted a Stipulation and Agreement of Settlement
3 seeking the preliminary approval of the settlement, as well as the Exhibits attached thereto and
4 the arguments by counsel for the parties in favor of preliminary approval of the Settlement;

5 WHEREAS, the Parties have made an application for an order: (i) preliminarily
6 approving the Settlement of the Action, in accordance with the Stipulation and agreement of
7 Settlement dated March 15, 2018 (the “Stipulation”), which, together with the exhibits annexed
8 thereto, sets forth the terms and conditions for the proposed Settlement and dismissal of the
9 Derivative Action with prejudice; and (ii) approving the form and content of (a) the Notice to
10 Current Can-Cal Shareholder (the “Notice”) for posting on the websites of Sklar Williams PLLC,
11 Holland & Hart, and Jones Lovelock; (b) the Summary Notice to Current Can-Cal Shareholders
12 for filing by Can-Cal with the U.S. Securities and Exchange Commission (“SEC”) via a Current
13 Report on Form 8-K; and (c) the publication of a Summary Notice once in the *Calgary Herald*
14 and the *Las Vegas Review Journal*, newspapers of general circulation in the areas where the
15 majority of the shareholders in Can-Cal are believed to reside;

16 WHEREAS, the Court having: (i) read and considered the Stipulation, as well as all the
17 exhibits attached thereto and (ii) heard and considered arguments by counsel for the Parties in
18 favor of preliminary approval of the Settlement;

19 WHEREAS, the Court finds, upon a preliminary evaluation, that the proposed Settlement
20 falls within the range of possible final approval criteria, as it provides a beneficial result for Can-
21 Cal and its shareholders and appears to be the product of good-faith, informed, and non-collusive
22 negotiations between experienced and capable counsel for the parties;

23 WHEREAS, the Court also finds, upon a preliminary evaluation, that Current Can-Cal
24 shareholders should be apprised of the Settlement through the proposed form of notice, allowed
25 to file objections, if any, thereto, and to appear at the Settlement Hearing; and

26 WHEREAS, all capitalized terms contained herein shall have the same meanings as set
27 forth in the Stipulation, unless otherwise defined herein; and

28 NOW THEREFORE, IT IS HEREBY ORDERED:

1 1. This Court hereby preliminarily approves, subject to further consideration at the
2 Settlement Hearing described below, the Settlement set forth in the Stipulation, including the
3 terms and conditions for settlement and dismissal with prejudice of the Derivative Action.

4 2. The Settlement Hearing pursuant to NRCP 23.1 shall be held before the
5 Honorable Elizabeth Goff Gonzalez, in Department 11 of this Court on **JULY 9, 2018 at 8:30**
6 **A.M.** to consider: (i) whether the terms and conditions of the Settlement set forth in the
7 Stipulation are fair, reasonable, and adequate to Can-Cal and Current Can-Cal Shareholders and
8 should be finally approved by this Court; (ii) whether the Judgment approving the Settlement, as
9 provided for in paragraph 1.11 of the Stipulation and attached thereto as Exhibit F, should be
10 entered; (iii) whether Plaintiffs' Counsel's application for an award of attorneys' fees and
11 reimbursement of expenses should be approved; and (iv) such other matters as may be necessary
12 or proper.

13 3. This Court approves as to form and content the Notice, attached as Exhibit D to
14 the Stipulation, and the Summary Notice, attached as Exhibit E to the Stipulation, and finds that
15 the provisions of the Notice and Summary Notice meet the requirements of Nevada law and due
16 process, is the best notice practicable under the circumstances, and shall constitute due and
17 sufficient notice to all Persons entitled thereto. Nonmaterial changes to the form of Notice may
18 be made without further approval of the Court.

19 4. Within ten (10) business days following entry of this Order, Defendants shall
20 cause a copy of the Notice and Stipulation to be posted on their counsels' websites, Holland &
21 Hart and Jones Lovelock. Defendants shall maintain the Notice and Stipulation on their
22 counsels' websites until the date the Court enters the Judgment approving the Settlement.

23 5. Within ten (10) business days following entry of this Order, Can-Cal shall cause a
24 copy of the Summary Notice to be filed with the U.S. Securities and Exchange Commission
25 ("SEC") via a Current Report on Form 8-K.

26 6. Within ten (10) business days following entry of this Order, Can-Cal shall cause a
27 copy of the Summary Notice to be published once in the *Calgary Herald* and the *Las Vegas*
28 *Review Journal* newspapers of general circulation in the areas where a majority of the

1 shareholders of Can-Cal are believed to reside. The costs associated with publishing the
2 Summary Notice shall be paid by Defendants.

3 7. Within ten (10) business days following entry of this Order, Plaintiffs' Counsel
4 shall cause a copy of the Notice and Stipulation to be posted on the website of Sklar Williams
5 PLLC and shall maintain the Notice and Stipulation on its website until the date the Court enters
6 the Judgment approving the Settlement.

7 8. This Court hereby finds that the notice procedures described in paragraphs 4-7
8 above satisfy the requirements of due process, constitute reasonable notice under the
9 circumstances, and shall constitute due and sufficient notice to all Persons entitled to such notice
10 of the proposed Settlement and matters to be considered at the Settlement Hearing.

11 9. All papers in support of the Settlement and the Fee and Expense Amount shall be
12 filed with this Court and served at least twenty-eight (28) calendar days prior to the Settlement
13 Hearing, and any reply papers, including in response to any objections, shall be filed with this
14 Court at least seven (7) calendar days prior to the Settlement Hearing.

15 10. Any Current Can-Cal Shareholder may object and/or appear and show cause, if
16 he, she, or it has any concern why the Settlement should not be finally approved as fair,
17 reasonable, and adequate, or why the Judgment should not be entered, or why the Fee and
18 Expense Amount and the Can-Cal Share issuance should not be finally approved; provided,
19 however, unless otherwise ordered by this Court, no Current Can-Cal Shareholder shall be heard
20 or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved,
21 the Judgment to be entered thereon approving the same, or the Fee and Expense Amount, or the
22 Can-Cal Share issuance, unless that shareholder has, **at least fourteen (14) calendar days prior**
23 **to the Settlement Hearing:** (a) filed with the Clerk of this Court a signed, written objection to
24 the Settlement setting forth: (i) the nature of the objection; (ii) proof of ownership of Can-Cal
25 common stock through the date of the Settlement Hearing, including the number of shares of
26 Can-Cal common stock and the date of purchase; (iii) any documentation in support of such
27 objection; and (b) if a Current Can-Cal Shareholder intends to appear and requests to be heard at
28 the Settlement Hearing, such shareholder must have, in addition to the requirements of (a) above,

1 filed with the Clerk of this Court: (i) a written notice of such shareholder's intention to appear;
2 (ii) a statement that indicates the basis for such appearance; and (iii) the identities of any
3 witnesses the shareholder intends to call at the Settlement Hearing and a statement as to the
4 subjects of their testimony. If a Current Can-Cal Shareholder files a written objection and/or
5 written notice of intent to appear, such shareholder must also simultaneously serve copies of
6 such notice, proof, statement, and documentation, together with copies of any other papers or
7 briefs such shareholder files with this Court (either by hand delivery or by first class mail) at
8 least fourteen (14) calendar days prior to the Settlement Hearing upon each of the following:

9 Stephen R. Hackett, Esq.
10 SKLAR WILLIAMS PLLC
11 410 S. Rampart Blvd., Ste. 350
Las Vegas, NV 89145

Patrick J. Reilly, Esq.
HOLLAND & HART
9555 Hillwood Dr., 2nd Floor
Las Vegas, NV 89134

12 William R. Fishman, Esq.
13 2000 S. Colorado Blvd.
14 Tower 1, Ste. 900
15 Denver, CO 80222

Justin C. Jones, Esq.
JONES LOVELOCK
400 S. 4th St., Ste. 500
Las Vegas, NV 89101

Counsel for Plaintiffs

Counsel for Defendants

16 11. Any current Can-Cal Shareholder who does not make his, her, or its objection in
17 the manner provided herein shall be deemed to have waived such objection and shall forever be
18 foreclosed from making any objection to the fairness, reasonableness, or adequacy of the
19 Settlement, or to the Fee and Expense Amount unless otherwise ordered by this Court, but shall
20 otherwise be bound by the Final Order and Judgment to be entered and the releases to be given.

21 12. At least fourteen (14) calendar days prior to the Settlement Hearing, Defendants'
22 Counsel shall file and serve on counsel in this Action and file with the Court affidavit(s) or
23 declaration(s) stating that the Summary Notice was filed as a Current Report on Form 8-K with
24 the SEC, that the Summary Notice was published in the *Calgary Herald* and the *Las Vegas*
25 *Review Journal*, and that the Notice and Stipulation were posted and maintained on Defendants'
26 counsels' websites.

27 13. At least fourteen (14) calendar days prior to the Settlement Hearing, Plaintiffs'
28 Counsel shall file and serve on counsel in this Action affidavit(s) or declaration(s) stating that the

1 Notice and Stipulation were posted and maintained on the website of Sklar Williams PLLC.

2 14. Pending final determination of whether the Settlement should be approved, no
3 Current Can-Cal Shareholder, directly, representatively, or in any other capacity, shall institute,
4 commence or prosecute against any of the Defendants, or derivatively on behalf of Can-Cal, any
5 action or proceeding in any court or tribunal asserting any Released Claims.

6 15. All proceedings in this Derivative Action, except for those proceedings related to
7 the Settlement, shall be stayed and the current trial date vacated, until the resolution of all
8 Settlement-related proceedings.

9 16. Neither the Stipulation (including any exhibits attached thereto) nor the
10 Settlement, nor any act performed or document executed pursuant to or in furtherance of the
11 Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be
12 offered or used in any way by the Parties as a presumption, a concession or an admission of, or
13 evidence of, the validity of any Released Claims, or of any fault, wrongdoing or liability of any
14 of the Parties, Plaintiffs' Counsel, Defendants' Counsel, or Released Persons; or (b) is or may be
15 deemed to be or may be offered, attempted to be offered or used in any way by the Parties or any
16 other Person as a presumption, a concession, or an admission of, or evidence of, any fault,
17 omission, wrongdoing or liability of any of the Parties, Plaintiffs' Counsel, Defendants' Counsel,
18 or Released Persons in any civil, criminal, or administrative proceeding in any court,
19 administrative agency, or other tribunal. The Parties, Plaintiffs' Counsel, Defendants' Counsel,
20 and Released Persons may file the Stipulation and/or this Order in connection with any
21 proceeding to enforce the terms of the Stipulation or this Order, including, but not limited to, the
22 filing of the Stipulation, and/or this Order by any Released Party to prevent or terminate
23 institution, commencement, or prosecution of any action that asserts Released Claims against any
24 of the Released Parties.

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1 17. This Court reserves the right to continue or adjourn the date of the Settlement
2 Hearing or modify any other dates set forth herein without further notice to Current Can-Cal
3 Shareholders, and retains jurisdiction to consider all further applications arising out of or
4 connected with the Settlement. The Court may approve the Settlement and any of its terms, with
5 such modifications as may be agreed to by the Parties, if appropriate, without further notice to
6 Current Can-Cal Shareholders.

7 IT IS SO ORDERED.

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9 DATED: 2 Apr 18



JUDGE OF THE EIGHTH JUDICIAL DISTRICT COURT

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