

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**THE HONOURABLE MR. ) THURSDAY, THE 15<sup>th</sup> DAY  
JUSTICE CUMMING ) OF JUNE, 2006**

**IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985 c. C-36 as amended**

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR  
ARRANGEMENT WITH RESPECT TO CERVUS FINANCIAL GROUP INC.,  
AND THE OTHER APPLICANTS LISTED ON SCHEDULE "A"**

**Applicants**

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by the Applicants, was heard this day at 393 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion herein, the affidavit of Peter Williams sworn June 8, 2006, the First Report of the Monitor dated June 8, 2006, a further affidavit of Peter Williams sworn June 14, 2006 (the "Williams Affidavit") and a Supplement to the First Report of the Monitor dated June 15, 2006 and on hearing the submissions of counsel for the Applicants, the Monitor, Macquarie Bank Limited, Royal Bank of Canada, Merrill Lynch Canada Inc., Cybernorth Ventures Inc. and such other counsel as may be in attendance on this motion,

**Confirmation of Service**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this motion is properly returnable today, that all parties entitled to notice of this Motion have been duly served with notice of this Motion, that notice has been given to the holders of the common shares and unsecured creditors of Cervus

Financial Group Inc. in accordance with the Sale Approval Process Order dated June 8, 2006 and that any further service is hereby dispensed with.

**Sale of Assets**

2. **THIS COURT ORDERS** that the Purchase and Sale Agreement between Cervus Financial Group Inc. (“CFG”), Cervus Financial Corp. (“CFC”) and 6578268 Canada Inc. (the “Purchaser”) dated as of June 8, 2006 (the “Purchase Agreement”) attached as Exhibit “B” to the Williams Affidavit and the transactions contemplated therein (the “Transactions”) are hereby approved.

3. **THIS COURT ORDERS** that any capitalized term used and not otherwise defined herein shall have the meaning ascribed to such term in the Purchase Agreement, or the Initial Order, as the case may be.

4. **THIS COURT ORDERS** that the Applicants are hereby authorized, empowered and directed to implement and complete the Transactions in accordance with the Purchase Agreement and to execute, consent to and deliver any transfers, assignments, bills of sale, documents or instruments and agreements contemplated therein or as may be appropriate or necessary to complete the Transactions, subject to any modifications that the Purchaser and the Applicants may agree to and which do not materially alter the scope or value of the sale therein contemplated.

**Vesting of Assets**

5. **THIS COURT ORDERS** that effective immediately prior to the delivery of a certificate by the Monitor confirming that the Closing has been completed, such certificate substantially in the form attached as Schedule “B” hereto (the “Vesting Certificate”), all right, title, benefit and interest of CFG in the Intercompany Transferred Assets (which for greater certainty does not include the Merrill Assets as defined in the Initial Order of this Court made on June 8, 2006, as amended by order of this Court made on June 15, 2006 (the “Initial Order”) shall vest in CFC free and clear of and from any and all right, title, interest, security interests, estate, trusts or deemed trusts (whether contractual, statutory or otherwise), liens (whether

contractual, statutory or otherwise), assignments, hypothecs, executions, options, adverse claims, levies, agreements, taxes, claims, charges, encumbrances or any other rights, rights of use, disputes and debts of any kind whatsoever and whether legal or equitable, contractual, statutory, by operation of law, court order (including without limitation the Administration Charge, the Warehouse DIP Charge, the DIP Lender Charge and the D&O Charge) or otherwise (collectively referred to as the “Encumbrances”), by or of any and all parties and all persons or entities of any kind whatsoever including individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governmental and administrative bodies, agencies or tribunals and all other natural persons and corporations in their capacity as agents, trustees, trustees in bankruptcy, executors, administrators or other legal representatives (collectively “Claimants”).

6. **THIS COURT ORDERS** that effective immediately upon the delivery of the Vesting Certificate by the Monitor, all right, title, benefit and interest of CFG in the Purchased Assets shall vest in the Purchaser free and clear of and from any and all Encumbrances by or of any and all Claimants.

7. **THIS COURT ORDERS** and declares that the Transactions are exempt from the provisions of the *Bulk Sales Act* (Ontario), any applicable bulk sales legislation in any jurisdiction in which the Intercompany Transferred Assets and Purchased Assets are situated, and the sale of the Intercompany Transferred Assets and Purchased Assets is in all respects a judicial sale for the purposes of such bulk sales act legislation. Further, the sale of the Intercompany Transferred Assets and Purchased Assets may be completed without compliance with the provisions of Part V of the *Personal Property Security Act* (Ontario) and without compliance with similar statutes in any other jurisdictions in which the Intercompany Transferred Assets and Purchased Assets are located. Further, the sale of the Intercompany Transferred Assets and Purchased Assets may be completed without the requirement for any further steps under the *Business Corporations Act* (Alberta), including without limitation, shareholder approval, and the shareholders shall not be provided with any rights to dissent in respect thereof.

**Break-Up Fee**

8. **THIS COURT ORDERS** that the Break-Up Fee as defined in and the terms of payment as set out in Section 8.3 of the Purchase Agreement are hereby approved and secured by the DIP Charge.

**Proceeds**

9. **THIS COURT ORDERS** that the Monitor shall hold the proceeds of the Purchased Assets (the “ Sale Proceeds”) in trust in an interest bearing bank account which shall not be disbursed, without further order of this Court.

10. **THIS COURT ORDERS** that the vesting of the Intercompany Transferred Assets in CFC and the vesting of the Purchased Assets in the Purchaser as provided herein is without prejudice to

- (a) the claims of any secured creditors of CFG in respect of the Intercompany Transferred Assets to the Sale Proceeds in the maximum amount of the Intercompany Transferred Assets Purchase Price, and
- (b) the claims of any secured creditors of CFG in respect of the Purchased Assets to the balance of the Sale Proceeds,

and all liens, charges, encumbrances, mortgages, hypothecs, prior claims and security interests in the Intercompany Transferred Assets and Purchased Assets shall continue in the Sale Proceeds received by the Monitor pursuant to the Purchase Agreement, in the same priority as they had with respect to the Intercompany Transferred Assets and the Purchased Assets, subject to the Administration Charge, the Warehouse DIP Charge, the DIP Lender Charge and the D&O Charge (collectively, the “Charges”).

**Termination of Proceedings**

11. **THIS COURT ORDERS** that effective immediately upon the delivery of the Vesting Certificate by the Monitor, these proceedings in connection with CFC and Cervus

Funding Corp. shall terminate and the terms and provisions of the Initial Order shall no longer apply to CFC and Cervus Funding Corp. For greater certainty, immediately upon delivery of the Vesting Certificate, the Charges are discharged as against CFC and Cervus Funding Corp. except for the Warehouse DIP Charge (as defined in the Initial Order) over all the property of CFC defined as the "Inventory Mortgages" in the Warehouse DIP Loan Agreement (as defined in the Initial Order) and any other mortgages financed by Borrowings thereunder (as defined therein), which Warehouse DIP Charge shall continue in such collateral until all Borrowings under the Warehouse DIP Loan Agreement have been paid in full. The Sale Approval Process Order and this Order shall remain in full force and effect notwithstanding the termination of these proceedings in connection with CFC and Cervus Funding Corp.

### **Name Change**

12. **THIS COURT ORDERS** that CFG is hereby authorized and directed to change its corporate name to CFG Holdings Inc. as soon as practicable after the Closing, and that it shall file articles of amendment with the Alberta Registrar of Corporations to effect such name change without the requirement for any further steps, including shareholder approval, being taken.

### **Monitor's Activities**

13. **THIS COURT ORDERS** that the Monitor's activities as disclosed in the First Report of the Monitor dated June 8, 2006 and the Supplement to the First Report of the Monitor dated June 14, 2006 are hereby approved.

### **General**

14. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) the pendency of any applications for a bankruptcy order hereafter issued pursuant to the BIA in respect of the Applicants and any bankruptcy order issued pursuant to any such applications or any assignment in bankruptcy by an Applicant; and

(c) the provisions of any federal or provincial statute,

the Purchase Agreement and the Transactions shall be binding upon any trustee in bankruptcy, receiver or interim receiver that may be appointed in respect of the Applicants and shall not be void or voidable by creditors and claimants of the Applicants, nor shall they constitute nor be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances, or other reviewable transactions under the BIA or any other applicable federal or provincial legislation, nor do they constitute conduct meriting an oppression remedy.

15. **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 Applicants and the Monitor in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and the Monitor and its agents in carrying out the terms of this Order.

*June 15, 2006*

*Peter A. Cumming J.*

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

JUN 15 2006

PER/PAR



**SCHEDULE "A"**

Cervus Financial Corp.

Cervus Funding Corp.

**SCHEDULE "B"**

Court File No.: 06-CL-6482

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985 c. C-36 as amended**

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR  
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**Applicants**

**MONITOR'S VESTING CERTIFICATE**

**WHEREAS** pursuant to the Order of the Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice, made June 15, 2006 (the "Order"), the Applicants were directed to complete the transactions (the "Transactions") contemplated by the agreement of purchase and sale dated as of June 8, 2006 (the "Purchase Agreement") between Cervus Financial Group Inc. ("CFG"), Cervus Financial Corp. ("CFC") and 6578268 Canada Inc. (the "Purchaser"), in respect of certain assets of CFG and CFC defined in the Purchase Agreement as Intercompany Transferred Assets and Purchased Assets;

**AND WHEREAS**, pursuant to the Order, the Intercompany Transferred Assets are to vest in and to CFC and the Purchased Assets are to vest in and to the Purchaser on the terms and conditions of such Order, effective in respect of the Purchased Assets upon the delivery by the Monitor of a certificate confirming that the Closing, as defined in the Purchase Agreement, has been completed, and effective in respect of the Intercompany Transferred Assets, immediately prior to the delivery of such certificate;

**THE UNDERSIGNED HEREBY CERTIFIES** as follows:

1. The Purchaser has paid, and the Monitor on behalf of CFG has received, the full consideration payable on closing pursuant to the Purchase Agreement for the Purchased Assets;



2. All conditions for closing contemplated by the Purchase Agreement have either been satisfied or waived and CFG, CFC and the Purchaser have completed, complied with and satisfied all terms, conditions and obligations to be completed, complied with and satisfied by each such party under the Purchase Agreement for the purposes of closing thereunder; and
3. The Transactions have been completed and closed to the satisfaction of the Monitor.

Made in Toronto this ● day of ●, 2006.

**KPMG Inc.**, in its capacity as the  
Monitor of Cervus Financial Group Inc.,  
Cervus Financial Corp. and  
Cervus Funding Corp.

\_\_\_\_\_  
Alan Hutchens  
(I have authority to bind the Monitor)

The undersigned agree with the statements in 1 and 2 above.

**Cervus Financial Group Inc.**

Per: \_\_\_\_\_

**Cervus Financial Corp.**

Per: \_\_\_\_\_

**6578268 Canada Inc.**

Per: \_\_\_\_\_

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985 c. c-36 as amended**

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO CERVUS  
FINANCIAL GROUP INC., et. al.**

Court File No.:

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**ORDER**

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