

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) THURSDAY, THE 29th DAY
)
MR. JUSTICE MORAWETZ) 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

ORDER APPROVING SETTLEMENT

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 Grant MacKenzie sworn June 28, 2006 (the "MacKenzie Affidavit"), the Second Report of the Monitor dated June 28, 2006, and on hearing the submissions of counsel for the Applicants, the Monitor, Macquarie Bank Limited, 6578268 Canada Inc, Gary Bartholomew, 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, and that any further service is hereby dispensed with.

Approval of Settlement

2. **THIS COURT ORDERS** that the settlement agreement between Cervus Financial Group Inc. (the “**Company**”), Cervus Financial Corp. (“**CFC**”), Cervus Funding Corp. (“**Funding**”), CyberNorth Ventures Inc. (“**CyberNorth**”) and Gary Bartholomew (“**Bartholomew**”) dated as of June 28, 2006 (the “**Settlement Agreement**”) and attached at Exhibit “D” of the MacKenzie Affidavit, as well as the terms of the settlement, and other documentation required thereunder (the “**Settlement**”), 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 between the Company, CFC, Cervus Funding Corp. and 6578268 Canada Inc. (the “**Purchaser**”) dated as of the June 8, 2006, (the “**Purchase Agreement**”) as approved by this Court pursuant to an approval and vesting order made on June 15, 2006 (the “**Approval and Vesting Order**”).

4. **THIS COURT ORDERS** that the Applicants are hereby authorized, empowered and directed to execute the Settlement Agreement, subject to any modifications that the Company, CFC, Funding, Bartholomew and Cybernorth may agree to, and which the Purchaser may approve, and which do not materially alter the scope, or value of the Settlement.

5. **THIS COURT AUTHORIZES AND DIRECTS** the Company to use its best efforts to renew the existing directors and officers insurance policy (the “**Policy**”) or purchase tail insurance on the expiry of the Policy on September 19, 2006, unless (a) the Company has obtained an order from this Court barring all claims against directors and officers of the Company and setting a bar date prior to September 19, 2006 for the submission of claims against directors and officers, and (b) notice has been given to the insurer before September 19, 2006 in accordance with the Policy of any claims filed in such claims bar process.

6. **THIS COURT ORDERS** that if the renewal or purchase of tail insurance is required under paragraph 5 of this Order, the Monitor shall pay for any renewal insurance or purchase of any tail insurance in accordance with the terms of the Policy from the proceeds of the Purchased Assets (the “**Sale Proceeds**”) without further order of this Court.

Implementation of Settlement

7. **THIS COURT ORDERS** that effective immediately upon the delivery of a certificate by the Monitor (the “**Vesting Certificate**”), substantially in the form attached as Schedule “B” to the Approval and Vesting Order, the Applicants are hereby authorized, empowered and directed to implement and complete the Settlement in accordance with the Settlement Agreement, including to execute, consent to and deliver any releases, documents or instruments and agreements contemplated therein, or as may be appropriate, or necessary, to complete the Settlement.

8. **THIS COURT ORDERS** that, upon the delivery of the Vesting Certificate by the Monitor, the Monitor shall pay the Settlement Amount as defined in and payable under the Settlement Agreement to CyberNorth out of the Sale Proceeds received by the Monitor as directed by the Approval and Vesting Order.

Monitor’s Activities

9. **THIS COURT ORDERS** that the Monitor’s activities as disclosed in the Second Report of the Monitor dated June 28, 2006 are hereby approved.

General

10. **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 *Bankruptcy and Insolvency Act* (“**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 Settlement Agreement and the Settlement 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.

11. **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.



JOSEPH P VAN TASSEL
REGISTRAR

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

JUN 29 2006

PER/PAR 

SCHEDULE "A"

Cervus Financial Corp.

Cervus Funding Corp.

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

Court File No.:06-CL-6482

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

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

Proceeding Commenced at Toronto

ORDER

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