

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

THE HONOURABLE MR.) WEDNESDAY, THE 27TH DAY
)
JUSTICE C.L. CAMPBELL) OF APRIL, 2005

ONTARIO SECURITIES COMMISSION

Applicant

- and -

**PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC. and BANCNOTE CORP.**

Respondents

ORDER

THIS MOTION made by KPMG Inc. in its capacity as the Receiver (the "Receiver"), without security, of all of the assets, undertakings and properties of Portus Alternative Asset Management Inc., Portus Asset Management Inc., BancNote Corp. and certain other entities and assets including without limitation those listed at Schedule "A" hereto (collectively the "Debtors") was heard this day at 393 University Avenue, Toronto, Ontario.

UPON READING the Fourth Report of the Receiver dated April 25, 2005 (the "Fourth Report"), and on hearing the submissions of counsel for the Receiver, counsel for the Applicant the Ontario Securities Commission, and Representative Counsel:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and it is hereby abridged such that this motion is properly returnable today and hereby dispenses with further service thereof.

HARDSHIP COMMITTEE

2. **THIS COURT ORDERS** that the establishment of the Hardship Committee (as defined in the Fourth Report) be and it is hereby approved.

3. **THIS COURT ORDERS** that the Hardship Committee Terms of Reference attached hereto as Schedule "B" be and they are hereby approved.

4. **THIS COURT ORDERS** that the Receiver be and it is hereby authorized to make interim distributions to persons demonstrating hardship, as recommended by the Hardship Committee, provided that the aggregate amount of such interim distributions shall not exceed \$10 million, and further provided that none of the Receiver, Royal Bank of Canada or RBC Dominion Securities Inc. shall have any liability in respect of such interim distributions or any transfers to facilitate such interim distributions.

5. **THIS COURT ORDERS AND DECLARES** that any interim distributions recommended by the Hardship Committee and made by the Receiver in accordance with paragraph 4 hereof to persons demonstrating hardship (the "Recipient Investors") are without prejudice to any ownership, beneficial ownership or other proprietary rights in or claims to the funds, or any part of the funds (the "Proprietary Entitlements") from which such interim distributions (the "Distributed Funds") are made as investors or particular investors may have or be accorded. In the event that this Court is satisfied that investors or particular investors (the "Affected Investors") have or ought to be accorded proprietary entitlements to the Distributed Funds, or any part thereof, the burden of such interim distributions shall be re-allocated against other funds or assets in such manner and to such degree as this Court determines to be appropriate to preserve for the Affected Investors the ultimate benefit, in economic terms, of their Proprietary Entitlements, or, to the extent that it is not possible to effect a reallocation, or to fully achieve such preservation by a reallocation, the Affected Investors shall be subrogated to

any and all rights and claims that the Recipient Investors may have or be accorded (or could have had or been accorded but for having received interim distributions by reason of hardship) with respect to or involving any other funds or assets, including, without limitation, any Proprietary Entitlements. For certainty in avoiding duplication, to the extent that any investor is a Recipient Investor that investor shall not be an Affected Investor.

SOUTHVIEW

6. **THIS COURT ORDERS** that KPMG Inc. be and it is hereby appointed as Receiver, without security, of the assets, undertakings and properties of Southview Capital Corp. ("SCC"), in accordance with the provisions of the Amended and Restated Order of the Honourable Mr. Justice C.L. Campbell of the Ontario Superior Court of Justice (Commercial List) dated April 8, 2005 (the "Amended & Restated Order") and the name of SCC shall be added to Schedule "A" thereto.

7. **THIS COURT ORDERS AND DIRECTS** that the Amended & Restated Order shall be and it is hereby amended such the last line of paragraph 2 thereof shall read, "...BancNote Corp., and as of March 29, 2005 (or subsequent thereto) with respect to all other Debtors."

MALACHITE

8. **THIS COURT ORDERS AND DIRECTS** that the name of Malachite Aggressive Preferred Fund (the "Malachite Fund") be and it is hereby deleted from Schedule "A" to the Amended & Restated Order, and solely in respect of the receivership of the Malachite Fund it is Ordered that:

- (i) the conduct of the Receiver is hereby ratified, confirmed and approved;
- (ii) the Receiver is hereby discharged; and
- (iii) any and all claims against the Receiver be and they are hereby stayed, barred and forever extinguished.

9. **THIS COURT ORDERS AND DIRECTS** that PAAM be and it is hereby removed as Trustee of the Malachite Fund, and Hymas Investment Management Inc. be and it is hereby appointed as such.

CONSULTANT

10. **THIS COURT ORDERS** that the Receiver be and it is hereby authorized to engage a consultant for the purpose of conducting a cost benefit analysis for the purpose of recommending, among other things, an investment firm to replace PAAM as investment advisor to the Portus Alternative Investment Master Fund and the Portus Alternative Investment Fund, subject to such terms as the Receiver deems appropriate and as may be agreed to between such parties.

11. **THIS COURT ORDERS** that paragraph 18 of the Amended & Restated Order be and it is hereby amended such that the following words are added: "... provided that for the purpose of this paragraph, the term "Receiver" shall include any agents, consultants, solicitors or other persons engaged or retained by the Receiver for the purpose of the administration of the receivership."

COMMUNICATIONS PROTOCOL

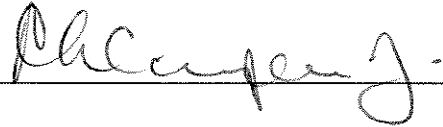
12. **THIS COURT ORDERS** that the Regulator Communications Protocol in the form attached hereto as Schedule "C" be and it is hereby approved.

EXAMINATIONS

13. **THIS COURT ORDERS** that the Receiver be and it is hereby authorized to examine, under oath, Paul Ho ("Ho"), respecting his knowledge of the affairs of the Respondents and that a notice for examination shall be given in the form set forth in Rules of Civil Procedure for examinations for discovery and service shall be effective by facsimile sent on two days notice to Ho (or the solicitors appearing for Ho in this proceeding), and Ho is ordered and directed to attend such examination.

GENERAL

14. **THIS COURT ORDERS** that the conduct of the Receiver and its counsel, as described in the Fourth Report, be and it is hereby approved.



SCHEDULE "A"

Other Entities

Southview Asset Management Inc.
Market Neutral Preservation Fund
MNB Trust
BancNote Trust Series II
BancNote Trust Series III
BancNote Trust Series IV
BancNote Trust Series V
BancNote Trust Series VI
BancNote Trust Series VI(a)
BancNote Trust Series VIII
BancNote Trust Series VIII(a)
BancNote Trust Series X
BancNote Trust Series X(a)
Preservation Fund Series II
Preservation Fund Series III
BancLife Trust Series I
BancLife Trust Series II
Malachite Aggressive Preferred Fund

Assets

Assets located in Canada of:
Premiers Derives Paris Inc.
BNote Management Inc.

ONTARIO SECURITIES COMMISSION
Applicant

and

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Respondents

Court File No. 05-CL-5792

**ONTARIO
SUPERIOR COURT OF JUSTICE**
Proceeding commenced in Toronto

ORDER

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Solicitors for KPMG Inc., in its capacity as
Receiver of Portus Alternative Asset
Management Inc., Portus Asset Management
Inc., BancNote Corp. and related entities