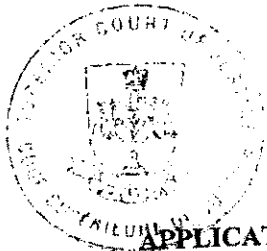


ONTARIO

SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) WEDNESDAY, THE 26TH, DAY
JUSTICE MORAWETZ) OF MARCH, 2008



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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SAPPHIRE TOWER DEVELOPMENT CORP.

APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,
C. C-36, AS AMENDED

CLAIMS ORDER

THIS MOTION, made by BDO Dunwoody Limited, the Court Appointed Interim Receiver (the "Interim Receiver") of Sapphire Tower Development Corporation (the "Applicant") appointed by the Order of Justice Cumming dated August 16, 2007 (the "Appointment Order"), for an order establishing a procedure for proving claims against the Applicant, which commenced proceedings under the Companies' Creditors Arrangement Act ("CCAA") pursuant to the Initial Order of Justice Cumming dated July 20, 2007 (the "Initial Order"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Interim Receiver dated March 20, 2008, the Seventh Report of the Interim Receiver, filed, and the Affidavit of Service reflecting service of the Motion Record of the Interim Receiver on the parties on the service list, and on hearing the submissions of counsel for the Applicant and the Interim Receiver, and upon being advised that no other person who might be interested in this proceeding was served with the Notice of Motion,

Service and Filing

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and Motion Record is abridged so that this motion is properly returnable on this day, and that any further requirement for service of the Notice of Motion and the Motion Record is dispensed with.

Approval of Claims Procedure

2. **THIS COURT ORDERS** that the claims procedure attached as Schedule "A" (the "Claims Procedure") is approved and forms part of this Order.
3. **THIS COURT ORDERS** that the Interim Receiver may, if necessary, apply to this Court for directions regarding the Claims Procedure and the Interim Receiver's duties in connection with the Claims Procedure.
4. **THIS COURT ORDERS** that any capitalized term not otherwise defined in this Order shall have the meaning ascribed to it in the Claims Procedure.

Publication of Notice to Creditors

5. **THIS COURT ORDERS** that on or before April 4, 2008, the Interim Receiver shall cause the Notice to Creditors, substantially in the form attached as Schedule "1" to the Claims Procedure, to be published once in the Globe and Mail (National Edition) and shall post the Notice to Creditors at <http://www.bdo.ca/sapphire>.

Mailings of Claims Materials to Creditors and Special Investors

6. **THIS COURT ORDERS** that the Applicant shall provide to the Interim Receiver a list (the "Special Investor List") of all Persons who are shown on the books and records of the Applicant as having allegedly made investments with the Applicant or allegedly purchased an interest in real property from the Applicant and their respective addresses (a "Special Investor"), and that the Interim Receiver shall add each Special Investor on the Special Investor List to the list of Known Creditors.

7. **THIS COURT ORDERS** that the Interim Receiver shall mail the Claims Materials:
- (a) on or before April 1, 2008 to each Known Creditor shown on the books and records of the Applicant at such Known Creditor's address shown on the Applicant's books and records; and
 - (b) to each Unknown Creditor promptly after such Unknown Creditor provides to the Interim Receiver a request for any such materials.
8. **THIS COURT ORDERS** that any Person which acts directly or indirectly as agent for a Special Investor and which receives Claims Materials from the Interim Receiver or otherwise shall promptly deliver such Claims Materials to such Special Investor (if known).

Notice Sufficient

9. **THIS COURT ORDERS** that the publication of the Notice to Creditors, the mailing to Creditors and Special Investors referred to in paragraphs 6-9 of this Order of the Claims Materials, in accordance with the requirements of this Order, shall constitute good and sufficient service and delivery of this Order and the other documents referred to in this Order on all persons who may be entitled to receive notice and such other documents and who may wish to file a Proof of Claim and that no other notice or service need be given or made and no other document or material need be served.

Forms of Documents

10. **THIS COURT ORDERS** that the forms of Notice to Creditors, Proof of Claim, Instructions to Creditors, Notice of Revision or Disallowance, substantially in the forms respectively attached as Schedules "1", "2", "3", "4" and "5" to the Claims Procedure, are hereby approved. Despite the foregoing, the Interim Receiver may, from time to time, make minor changes to such forms.

Repudiation of Certain Obligations of the Applicant

11. **THIS COURT ORDERS** that all rights, leases, contracts, executory contracts or agreements of any kind, between the Applicant and any Person or Persons, including any

agreement with any of the Special Investors to purchase any interest in real property from the Applicant, (the "**Repudiated Agreements**"), are repudiated and terminated as at the Repudiation Date, other than the following:

- (a) the Sale Agreement with Skyline International Development Corporation;
- (b) all agreements, contracts or policies of insurance executed by the Applicant, including any directors and officers liability insurance policies obtained by the Applicant; and
- (c) all agreements with counsel for the Applicants;

unless, prior to the Repudiation Date, the Applicant provides a Confirmation Notice, in the form attached at Schedule "6" to the Claims Procedure, to a Person who is a party to any of the Repudiated Agreements with the Applicant, that the agreement between that Person and the Applicant is not being repudiated and terminated.

12. **THIS COURT ORDERS** that the Claims, if any, arising from the repudiation and termination by the Applicant, on or before the Repudiation Date of any of the Repudiated Agreements in existence on the Filing Date, either by the operation of this Order, or by written notice by the Applicant, to the applicable Person or Persons, of such repudiation or termination mailed on or before the Repudiation Date shall be determined in accordance with the Claims Procedure, unless a Confirmation Notice is provided by the Interim Receiver in Form "6", that such Repudiated Agreements, as the case may be, are not repudiated and terminated.

13. **THIS COURT ORDERS** that the ability of a Person to assert a claim in respect of the repudiation of the Repudiated Agreements in accordance with this Order, shall not constitute an acknowledgement by the Applicant that any such claim constitutes a Creditor Claim against the Applicant.

Claims Officer

14. **THIS COURT ORDERS** that the Interim Receiver is authorized, but not obligated, to appoint one or more Claims Officers to determine such Disputed Creditor Claims or such

Disputed Special Investor Claims as the Applicant, with consent of the Interim Receiver, deems necessary or desirable.

Barring of Creditor Claims

15. **THIS COURT ORDERS** that, subject to further Order of the Court, where a Creditor, other than creditors with Specified Unaffected Claims, fails to file a Proof of Claim in respect of any Creditor Claim with the Interim Receiver on or before the Claims Bar Date of April 30, 2008, except where such Creditor has filed a Prior Proof of Claim with the Interim Receiver, such Creditor Claim shall be forever barred and extinguished.

General

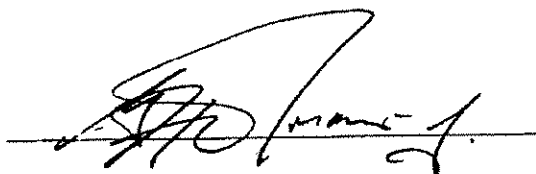
16. **THIS COURT ORDERS** that the terms of the Initial Order, including without limitation, the "Stay Period" as described in paragraph 11 to the Initial Order, be extended to June 30, 2008 subject to the terms of this Order.

17. **THIS COURT ORDERS** that in carrying out the Interim Receiver's duties and responsibilities under this Order and the Claims Procedure, the provisions of the Initial Order and the Appointment Order herein dealing with the Monitor and the Interim Receiver, apply to this Order, *mutatis mutandis*.

18. **THIS COURT ORDERS** that ~~the Interim Receiver's activities, as disclosed in the Seventh Report of the Interim Receiver dated March 24th, 2008 including the payment of the~~ *the payment is OK* \$25,000 settlement amount to Dr. McNeely described at paragraph 26 of the Seventh Report, ~~are~~ hereby approved. *OK*

19. **THIS COURT ORDERS** that the fees and disbursements of the Monitor/Interim Receiver, the fees and disbursements of Fraser Milner Casgrain LLP, counsel for the Monitor/Interim Receiver, and the fees and disbursements Page Martin LLP in its capacity as representative counsel, as set out in the Seventh Report, are hereby authorized and approved.

20. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Interim Receiver is authorized and permitted to disclose Proofs of Claim, the Prior Proofs of Claim, and supporting documentation on <http://www.bdo.ca/sapphire>, in accordance with the provisions of the Claims Procedure at Schedule "A" to this Order.

A handwritten signature in black ink, appearing to be "S. J. [unclear]", written over a horizontal line.

[Faint handwritten text]
CL