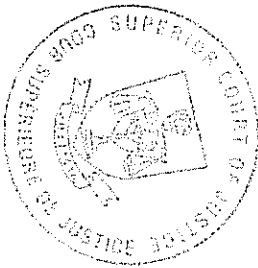


ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MADAM) WEDNESDAY, THE 24th
JUSTICE SACHS) DAY OF SEPTEMBER, 2003



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 AJAX PRECISION MANUFACTURING LIMITED

Applicant

ORDER

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

ON READING the Notice of Motion, the Affidavit of Robert M.C. Holmes of Prowis Inc., in its capacity as Chief Restructuring Officer of the Applicant, sworn September 22, 2003 (the "Holmes Affidavit"), the Affidavit of Linc Rogers sworn September 23, 2003, the Second Report of BDO Dunwoody Limited in its capacity as Monitor of the Applicant dated September 22, 2003 (the "Monitor's Second Report") filed, and on hearing the submissions of counsel for the Applicant, Permian Industries Limited, the Monitor, General Motors Corporation and Royal Bank of Canada, an unaffected creditor in these proceedings:

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein is hereby abridged and that the Motion is properly returnable today, and that all parties entitled to notice of this Motion have been duly served with notice of this Motion

and service upon any interested party other than the persons served with the Notice of Motion is hereby dispensed with.

2. **THIS COURT ORDERS** that all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Holmes Affidavit and Exhibits attached thereto.

Approval of Agreements

3. **THIS COURT ORDERS** that the terms of the Accommodation Agreement and the Access Agreement are hereby approved and the Applicant is hereby authorized and empowered to execute and deliver the Accommodation Agreement and Access Agreement (collectively, the "Agreements") to the Customers and to take such steps or actions and execute and deliver such additional documentation as may be necessary, incidental or desirable to give effect to the Agreements or for the Applicant to fulfil its obligations under the Agreements.

4. **THIS COURT ORDERS** that the Customers shall be entitled to Allowed Setoffs as permitted by the terms of the Accommodation Agreement, notwithstanding the restrictions on setoff contemplated by the terms of paragraph 4(g) of the Initial Order

Customer Funding

5. **THIS COURT ORDERS** that the Applicant shall be at liberty and is hereby empowered to borrow monies in an amount not to exceed CDN\$7,000,000 from the Customers by way of Customers' Funding, in principal amount in the aggregate, on the terms and conditions as set out in the Accommodation Agreement.

Customers' Charges

6. **THIS COURT ORDERS** that the Customer Funding is hereby secured by charge granted by this Order against all of the assets, property and undertaking of the Applicant wherever situate (collectively, the "Property") which shall be junior and subordinate to the charges and security interests of the Bank only and shall rank in priority to all other interests in

the Property including the Professional Advisors' Charge, the Directors' Charge and the Encumbrances (all as defined in the Initial Order).

7. **THIS COURT ORDERS** that the Right of Access shall be secured by the security interest granted pursuant to the Access Agreement in favour the Customers, which shall be junior and subordinate to the charges and security interests of the Bank only and shall rank in priority to all other interests in the Property including the Professional Advisors' Charge, the Directors' Charge and the Encumbrances (all as defined in the Initial Order).

8. **THIS COURT ORDERS** that the Customers shall not be required to file, register, record or perfect the Customers' Charges.

Sales Process

9. **THIS COURT ORDERS** that the sales process, as described in paragraphs 57 to 65 of the Holmes Affidavit (the "Sales Process"), is hereby approved, subject to the additional requirement that any letter of intent accepted by the Applicant, as contemplated by paragraph 57(a) of the Holmes Affidavit, is also reasonably acceptable to the Monitor, and the Applicant is hereby authorized to retain PricewaterhouseCoopers Inc. (the "Investment Banker") substantially on the terms of the Engagement Letter to implement the Sales Process.

10. **THIS COURT ORDERS** that the Investment Banker shall incur no liability or obligation as a result of its engagement or the fulfilment of its duties in the carrying out of the provisions of its engagement or as may be ordered by this Court, save and except for gross negligence or wilful misconduct on its part, and no action or other proceeding shall be commenced against the Investment Banker as a result of or relating in any way to its engagement as Investment Banker, the fulfilment of its duties as Investment Banker or the carrying out of any of the orders of this Court, except with prior leave of this Court and upon further order securing, as security for costs, the costs on a full indemnity basis of the Investment Banker in connection with any such action or proceedings, and provided further that the liability of the Investment

Banker hereunder shall not in any event exceed the quantum of the fees and disbursements paid to or incurred by it in connection with this matter.

11. **THIS COURT ORDERS** that any claims that the Investment Banker may have as against the Applicant, and any obligations that the Applicant may have to the Investment Banker, shall not be claims or obligations which may be compromised in a plan of arrangement or compromise of the Applicant or within the proceedings.

12. **THIS COURT ORDERS** that the Applicant is hereby authorized and permitted to take such steps and execute such documentation as may be necessary or incidental to the Sales Process.

Cash Collateral Account

13. **THIS COURT ORDERS** that the Applicant is hereby authorized and directed to establish the Cash Collateral Account as a separate account at the Bank in the name of the Applicant, administered and controlled by the Monitor and specifically pledged in favour of the Bank for the purposes of holding certain funds as collateral for certain obligations of Ajax as described in the Accommodation Agreement.

14. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver the Cash Collateral Agreement to the Bank.

15. **THIS COURT ORDERS** that, so long as any amount remains owing to the Bank (including with respect to any unutilized credit availability) the Cash Collateral will not be released from the Cash Collateral Account or used for any purpose other than in repayment of amounts owing to the Bank, except that the Monitor shall have the right to, and shall make distributions:

- (a) to the Applicant, as to amounts equal to payments made by the Applicant after the Filing Date of expenses incurred by the Applicant prior to the Filing Date and approved by the Monitor up to a maximum of \$1,750,000.00 unless otherwise

consented to by the Monitor and the Bank. To effect a distribution for such payment by the Applicant, the Applicant shall submit a request to the Monitor in writing with copies to the Bank and the Customers, as provided in the Accommodation Agreement. The Monitor will consider the Applicant's request and provide payment to the Applicant as long as the Monitor is satisfied that the request is for properly payable expenses and will advise the Applicant of its decision in writing with copies to the Bank and the Customers a minimum of two (2) business days prior to distributing the funds requested. Any objections by the Applicant, the Bank or the Customers to the Monitor, as the case may be, that is made prior to 5:00 p.m. on the day prior to the date the Monitor has advised it proposes to make a distribution shall be resolved by agreement of all parties or by further order of this Court; and

- (b) to the Customers to the extent that claims of the Customers arise that would otherwise constitute Allowed Setoffs, and are related to the pre-Filing Date and have not previously been recovered by the Customers, up to a maximum of CDN\$250,000. The Customers shall make their request to the Monitor in writing, with copies to the Bank and the Applicant. If the Monitor is satisfied that a claim is a valid Allowed Setoff, it will advise the Customers in writing with copies to the Bank and the Applicant a minimum of two (2) business days before dispensing the funds. Any objections by the Applicant or the Bank to the Monitor, as the case may be, that is made prior to 5:00 p.m. on the day prior to the date the Monitor has advised it proposes to make a distribution shall be resolved by agreement of all parties or by further order of this Court.

16. **THIS COURT ORDERS** that the Cash Collateral Account shall be subject to the following charges in descending order of priority:

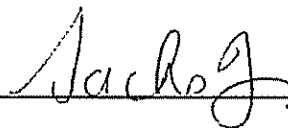
- (a) first, the Bank's security interest;
- (b) second, the Customers' Charges;

- (c) third, the Professional Advisors' Charge and the Directors' Charge (as defined in the Initial Order); and
- (d) fourth, the Encumbrances affecting any of the Property, other than the Prior Statutory Claims (all as defined in the Initial Order) according to their rights and priority.

17. **THIS COURT ORDERS** that upon the Bank receiving permanent repayment in full of all amounts owing by the Applicant and upon all credit arrangements between the Bank and the Applicant being terminated, the Bank's interest in the Cash Collateral Account will be released and the Cash Collateral will be made available for distribution by the Monitor to the creditors of the Applicant according to their entitlements and priority as directed by the Court. If the Bank assigns the indebtedness and security to an assignee, upon such assignee receiving permanent repayment in full of all amounts owed by the Applicant pursuant to the indebtedness assigned by the Bank and such credit arrangement with the assignee being terminated, the assignee will release its assigned interest in the Cash Collateral and the Cash Collateral Account

Extension of Stay

18. **THIS COURT ORDERS** that the Stay Termination Date, as defined in the Initial Order, and as amended by the Extension Order, is hereby extended until December 31, 2003.



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

SEP 24 2003

PER/PAR: 

