

Applicant

and

Respondents

Court File No. CY11-9498-00CL

Dec 15-11

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

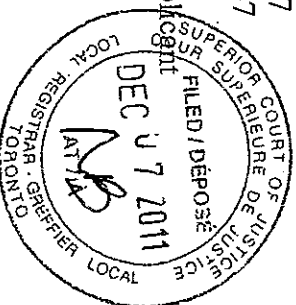
Proceedings commenced at TORONTO

APPLICATION RECORD

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Lawyers for the Applicant



Dec 14/11.

Mr. Chaiton & Mr. Benchebit
for applicant

Mr. English for T.D. Bank.

Mr. Kaufman for BDO.

The proposed Receiver

Mr. Solomon & Mr. Jayer & Mr.
Lithwate for the debtors

Ms. Irvine for Third Eye
Capital.

I have heard the
applicant's application to
appoint a Receiver, & the

Debtors' cross-application
for an initial order under
the CCAA all day today.
The parties need a
decision now.

For reasons to
follow, an ~~an~~ order
will go in the following
terms:

(1) the debtors' cross-
application for an
initial order under the
CCAA is dismissed.

(2) the application to
appoint a Receiver
is granted, but will
not take effect
until 5:00 p.m. on

December 20/11.

(3) If the debtor has obtained alternate financing & has paid the applicant in full by 5:00 pm Dec. 20/11, then the Receivables Order will not take effect.

(4) If ~~the~~ the terms of paragraph (3) above, have not occurred, then the Receivables Order will be with effect as of 5:01 pm December 20/11.

(5) If the parties cannot

agree on the terms of
the Receivership Order
(following the terms of
the Model Order).

They may make an
appointment to settle
the terms of the order.

(6) ^{upon} If the Receivership
Order takes effect on
December 20th 2011 ^{at 5:00 pm} ^{or} ^{thereby}
prohibits the Debtor
from continuing its
efforts to reorganize.

Meskinen J.