

APPENDIX "L"

SHIBLEY RIGHTON PROOF OF CLAIM
SECURED CHARGES & ADMINISTRATIVE CHARGE

JANUARY 4TH, 2008

Shibley Righton LLP
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I, Arthur O. Jacques, Barrister and Solicitor, the City of Toronto, in the Province of Ontario, Partner at Shibley Righton LLP, am the duly authorized partner of my firm, MAKE OATH AND SAY AS FOLLOWS:

1. Leslie Steven Mason¹, **Trustee**, held registered Charges (now vacated pursuant to Court Order and being called the Shibley Charges) granted by Sapphire Tower Development Corporation (the Company) pursuant to a written Retainer Arrangements dated March 7th, 2007 between the Company and Shibley Righton LLP and previously communicated and delivered to BDO Dunwoody LLP.
2. As the partner in charge of all professional services rendered to the Company, I have knowledge of all of the circumstances connected and related to Shibley Righton LLP as the ultimate beneficiary of (i) registered Charges and (ii) the Administrative Charge (Superior Court of Ontario dated July 20th, 2007) described herein.
3. As of January 14th, 2008, the Company is indebted to Shibley Righton LLP for all professional services rendered in accordance with the firm's engagement by the Company and as indicated on the Memorandum of Account annexed herein as Tab 3 in the aggregate amount of **\$662,356.41** for total Fees and GST and disbursements. **NOTE: (All of the aforementioned amounts exclusive of interest to January 14th) and the interest claim is more particularly indicated below in the aggregate amount of \$35,147.52 which is computed within the parameters of the applicable provisions of the Shibley Charges.**

¹ Mr. Mason is a partner of Shibley Righton LLP and acquired and held such registered Charges in trust as bare trustee and nominee of Shibley Righton LLP (see Exhibits).

A. CHARGE(S) GRANTED TO LESLIE STEVEN MASON (THE "SHIBLEY CHARGES")

4. Leslie Steven Mason, Trustee, makes a Secured Creditor Claim based on the Shibley Charges granted by the Company as follows:

1. **Principal amount** of the Shibley Charges aggregately claimed as at January 14th, 2008 - **\$525,000.00**.
2. **Simple Interest** (See computation below). As indicated in the Proof of Claim below, there are two mortgages in the amounts of **\$250,000** and **\$275,000** respectively. Both Shibley Charges contained provisions with respect to interest being computed from July 1st, 2007 for the first registered Shibley Charge and August 1st, 2007 for the next registered Shibley Charge at 12% per annum, such interest being calculated and payable monthly.
3. The underlying **Promissory Notes** for each Shibley Charge provide that the interest calculated and payable monthly, not in advance, on the 1st day of every month of each and every year as well as before maturity and both before and after default until the principal sum evidenced hereby is paid in full; the first payment(s) of such interest to become due and payable on September 1st, 2007.

4. **Shibley Charge No. 1** - \$250,000 at 12% to January 14th, 2008

- Interest to January 14th, 2008 - \$19,627.53
- Per diem - \$88.53
- Aggregate Amount Owing - **\$269,267.53**

5. **Shibley Charge No. 2** - \$275,000 at 12% to January 14th, 2008

- Interest to January 14th, 2008 - \$15,860.09
- Per diem - \$95.63
- Aggregate Amount Owing - **\$290,860.09**

TOTAL TO January 14, 2008 - **\$560,127.62**
(under Shibley Charges)

NOTE:

Computation of interest under the Shibley Charges. The computation is premised on simple monthly interest computed for unpaid interest amounts. At all material times the effective interest rate is still at 12%.) Our computation rate is not compounding. Compounding would include semi-annual interest amounts which would produce an effective interest rate beyond 12%. The aggregate simple interest to January 14, 2008 for amounts under the Charges is \$35,147.52.

B. CLAIM UNDER ADMINISTRATIVE CHARGE²

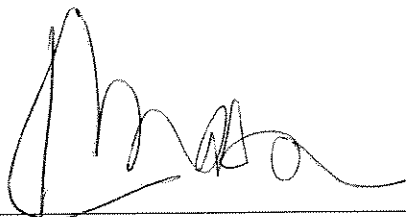
5. In addition to the amounts secured under the Shibley Charges, the Order of Mr. Justice Cumming on July 20th, 2007 provided pursuant to the provisions of paragraph 26 and 27 for the entitlement for the joint benefit of the Monitor and its counsel as well as the Applicant's counsel (Shibley Righton LLP) for an administrative charge.

“ ... THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the “Administration Charge”) on the Property, which charge shall not exceed an aggregate amount of Five Hundred Thousand Dollars (\$500,000) as security for their professional fees, disbursements and GST incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph hereunder.”

6. The claim of Shibley Righton LLP under the **Administrative Charge** in the Initial Order dated July 20th, 2007 as at January 14th, 2008, is **\$102,356.41**

² We are being functionally pragmatic in terms of the computation of the Administrative Charge premised on fairness and reasonableness. Shibley Righton LLP had two Charges and the additional Administrative Charge as was ordered previously by Mr. Justice Cumming pursuant to the terms of the Initial CCAA Order. Without being arbitrary we can take the decision that it became apparent that because of the pending demand of the First Chargee, Graphic Arts, who was not prepared to grant any further extensions, that formalism in terms of statutory restructuring would have to be implemented. We can take the position that these events started to occur during mid-June 2007. Both Jacques and Raytek have acknowledged expertise in financial restructuring. If one were simply to take their docketed time from mid-June to the terminal point of September 4th, amounts would be far in excess. Our aggregate docketed time as fees plus disbursements with GST is \$662,356.41. The amounts secured under the Shibley Charges are \$560,000. Accordingly, the simplicity and the fairness of the subtrahend of \$102,356.41 is the Administrative Charge for all fees “before and after” the July 20th date (Initial CCAA Order) of the Superior Court in the outstanding CCAA Proceedings.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario, this
4th day of January, 2008.



A Commissioner, etc.



ARTHUR O. JACQUES
Partner
Shibley Righton LLP