



Court File No. 31-OR-207257-T

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE )  
MR. JUSTICE COLIN L. CAMPBELL )  
FRIDAY THE 18TH DAY  
OF MAY, 2007

**IN THE MATTER OF THE BANKRUPTCY OF PORTUS  
ALTERNATIVE ASSET MANAGEMENT INC., PORTUS  
ASSET MANAGEMENT INC., BANCNOTE CORP.,  
SOUTHVIEW ASSET MANAGEMENT INC., SOUTHVIEW  
CAPITAL CORP., each of which is a corporation incorporated  
pursuant to the *Business Corporations Act* (Ontario) with its  
principal place of business in the City of Toronto, in the Province  
of Ontario**

**ORDER**

**THIS MOTION** made by KPMG Inc. (the "Receiver"), in its capacity as the Receiver of Portus Alternative Asset Management Inc. ("PAAM"), Portus Asset Management Inc. ("PAM"), BancNote Corp. ("BancNote"), Southview Capital Corp. ("SCC"), Southview Asset Management Limited ("SAM") and certain other entities and assets set out in Schedule "A" hereto (collectively, the "Portus Group") for a Bankruptcy Order against PAM and ancillary relief was heard this day at 330 University Ave., in the City of Toronto.

**UPON READING** the Application for a Bankruptcy Order dated April 12, 2005, the Affidavit of Verification of Robert M. Rusko sworn April 11, 2005 attached thereto, the Ninth Report of the Receiver dated September 19, 2005, the Thirteenth Report of the Receiver dated October 25, 2005, the Sixteenth Report of the Receiver dated January 16, 2006, the Eighteenth Report of the Receiver dated January 23, 2006, the Nineteenth Report of the Receiver dated February 15, 2006, the Twentieth Report of the Receiver dated February 20, 2006, the Twenty-First Report of the Receiver dated March 15, 2006 and the Consolidated Bankruptcy Report of the Receiver dated April 27, 2007 and upon hearing the submissions of counsel for the Receiver, counsel for KPMG Inc., in its capacity as Trustee of the Estate of PAAM, a bankrupt

(the "PAAM Estate"), the Representative Counsel, counsel for Manulife Securities International Ltd. and counsel for Berkshire Securities Inc.;

AND UPON this Honourable Court being satisfied that, during the six month period immediately prior to the date of the Application for a Bankruptcy Order, PAM ceased to meet its liabilities generally as they became due and that, in this case, the proposed procedure is in the interest of efficiency and in the general interest of the creditors of PAM:

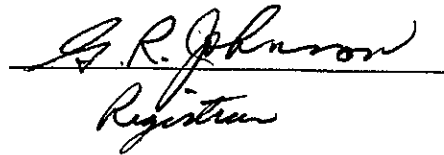
1. **THIS COURT ORDERS** that PAM of the City of Toronto, in the Province of Ontario, be and it is hereby adjudged a bankrupt and a Bankruptcy Order be and it is hereby made against PAM.
2. **THIS COURT ORDERS** that KPMG Inc., of the City of Toronto, in the Province of Ontario, be and it is hereby appointed Trustee of the Estate of PAM, a bankrupt (the "PAM Estate").
3. **THIS COURT ORDERS** that the PAM Estate be and it is hereby consolidated with the PAAM Estate on a substantive and procedural basis (the "Consolidated Estate").
4. **THIS COURT ORDERS AND DECLARES** that KPMG Inc. is the Trustee of the Consolidated Estate.
5. **THIS COURT ORDERS AND DECLARES** that the Consolidated Estate is a "securities firm bankruptcy" within the meaning of and governed by the provisions of Part XII of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA").
6. **THIS COURT ORDERS** that, by virtue of the consolidation of the PAM Estate into the Consolidated Estate, delivery of the notice of the first meeting of creditors and the list of the creditors of the Consolidated Estate by the Trustee to the creditors of PAM be and it is hereby dispensed with.
7. **THIS COURT ORDERS** that, by virtue of the consolidation of the PAM Estate into the Consolidated Estate, publication of the notice of the first meeting of the creditors of the PAM Estate be and it is hereby dispensed with.

8. **THIS COURT ORDERS** that, by virtue of the consolidation of the PAM Estate into the Consolidated Estate, the first meeting of creditors of the PAAM Estate constituted the first meeting of the creditors of the PAM Estate.
9. **THIS COURT ORDERS** that the Trustee shall send a proof of claim in the prescribed form together with the Report of the Trustee's Preliminary Administration of the PAAM Estate dated June 18, 2006 and the Statement of Affairs in the PAAM Estate amended to include the known creditors of PAM to every known creditor of PAM by way of ordinary mail.
10. **THIS COURT ORDERS** that the Trustee be and it is hereby authorized and directed to rely upon the best available records in its possession for the purposes of amending the Statement of Affairs to include the known creditors of PAM and mailing the documents referred to in paragraph 9 hereof to the known creditors of PAM.
11. **THIS COURT ORDERS** that the inspectors elected in the PAAM Estate shall continue and shall be the inspectors in the Consolidated Estate.
12. **THIS COURT ORDERS** that the style of cause of the Consolidated Estate shall be:
- IN THE MATTER OF THE CONSOLIDATED  
BANKRUPTCY OF PORTUS ALTERNATIVE ASSET  
MANAGEMENT INC. AND PORTUS ASSET  
MANAGEMENT INC.,** both corporations incorporated pursuant  
to the *Business Corporations Act* (Ontario) with their principal  
place of business in the City of Toronto, in the Province of  
Ontario.
13. **THIS COURT ORDERS AND DECLARES** that the Court File Number for the Consolidated Estate shall be 31-OR-207257-T.
14. **THIS COURT ORDERS AND DECLARES** that the date of the initial bankruptcy event for the Consolidated Estate is April 12, 2005.

15. **THIS COURT ORDERS AND DIRECTS** the Trustee to tax its accounts and the bills of its counsel before the Honourable Mr. Justice Colin L. Campbell of this Honourable Court from time to time as may be directed by the Honourable Mr. Justice Colin L. Campbell.
16. **THIS COURT ORDERS** that the Trustee shall serve a copy of this Order together with the duties of the bankrupt upon counsel of record for Michael Mendelson in his capacity as the officer of PAM.
17. **THIS COURT ORDERS AND DECLARES** that nothing contained in this Order shall affect the Order of this Honourable Court dated October 6, 2006 made in the PAAM Estate authorizing the Trustee to take interim draws on account of its remuneration subject to the subsequent taxation thereof by this Court in accordance with this Order and the Trustee is authorized to continue to do so in the Consolidated Estate.
18. **THIS COURT ORDERS** that the mandate of the Independent Counsel be and it is hereby extended to reviewing the fees and disbursements of the Trustee and its counsel and reporting thereon to this Honourable Court in accordance with the terms of the Order of this Honourable Court dated January 23, 2006 appointing the Independent Counsel made in the Receivership Action.
19. **THIS COURT ORDERS AND DECLARES** that nothing contained in this Order shall affect the Orders of this Honourable Court dated November 9, 2005 and February 27, 2006 made in the proceeding commenced by the Ontario Securities Commission against PAAM, PAM and BancNote in the Superior Court of Justice, Commercial List bearing Court File No. CL-05-5792 (the "Receivership Action") in which KPMG Inc. was appointed as the Receiver of the Portus Group and those Orders remain in full force and effect unamended and unaffected by this Order.
20. **THIS COURT ORDERS AND DECLARES** that nothing contained in this Order shall affect the validity, enforceability and/or priority of (i) the Receiver's Charge established by paragraph 19 of the Amended and Restated Initial Order of this Honourable Court dated June 23, 2005 made in the Receivership Action, (ii) the validity, enforceability and/or priority of the Representative Counsel's Charge established by paragraph 9 of the Order of this

Honourable Court dated March 9, 2005 appointing the Representative Counsel made in the Receivership Action, and (iii) the charge in favour of the Independent Counsel established by paragraph 9 of the Order of this Court dated January 23, 2006 appointing the Independent Counsel made in the Receivership Action.

21. **THIS COURT ORDERS AND DECLARES** that nothing contained in this Order shall affect the Hardship Program established by the Order of this Honourable Court dated April 27, 2005 made in the Receivership Action.

  
G. R. Johnson  
Registrar

Schedule "A"

Portus Alternative Asset Management Inc.  
Portus Asset Management Inc.  
BancNote Corp.  
Southview Asset Management Inc.  
Southview Capital Corp.  
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)  
BancNote Trust Series XII  
BancNote Trust Series XII(a)  
Preservation Fund Series II  
Preservation Fund Series III  
BancLife Trust Series I  
BancLife Trust Series II  
Premiers Derives Paris Inc.  
BNote Management Inc.  
AR Pioneer Fund  
PDP Prudent Growth Fund, Ltd.  
Portus Alternative Asset Management Inc. (BVI)  
BNote Ltd.  
PDP Trust  
PDP Prudent Growth Management Inc.  
Eidolon Inc./S.A.  
Galway Trust S.A.

IN THE MATTER OF THE BANKRUPTCY OF PORTUS ALTERNATIVE ASSET MANAGEMENT INC., PORTUS ASSET MANAGEMENT INC., BANCNOTE CORP., SOUTHVIEW ASSET MANAGEMENT INC., SOUTHVIEW CAPITAL CORP., each of which is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario) with its principal place of business in the City of Toronto, in the Province of Ontario

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(IN BANKRUPTCY AND INSOLVENCY)**  
Proceeding commenced in Toronto

**ORDER**

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Solicitors for KPMG Inc., in its capacity as  
Trustee of the Estate of Portus Alternative Asset  
Management Inc., a bankrupt