

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR)
JUSTICE GOHLIN) TUESDAY, THE 26TH DAY
) OF JULY, 2005

**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 THE MANDERLEY CORPORATION,
1310500 ONTARIO INC., LEO BEAL LTD. AND
MANDERLEY NATURAL TURF SYSTEMS INC.**

Applicants

ORDER

THIS MOTION made by the Applicants for an Order substantially in the form as appended to the motion record herein was heard on this day at 393 University Avenue, Toronto, Ontario.

ON READING the motion record dated July 21, 2005, the affidavit of E. Christopher Hope sworn July 21, 2005 (the "Hope Affidavit"), the third report of Doyle Salewski Inc., the monitor (the "Monitor") and interim receiver ("Interim Receiver") dated July 22, 2005 (the "Third Report") and the supplement to the Third Report dated July 22, 2005 (the "Supplemental Report") and hearing the submissions of counsel for the Applicants, counsel for the Monitor and the Interim Receiver and counsel for the Royal Bank of Canada, and upon being advised that any other person who might be interested in these proceedings were served with the motion record and the Third Report:

1. **THIS COURT ORDERS** that the time for service of the motion record and the Third Report in respect of this motion be and it is hereby abridged, if necessary, so that the motion is

returnable today, and that service, including the manner of service of the within motion materials, be and is hereby approved and validated, and that the further service of the motion record, the Third Report upon any interested party other than those served be and it is hereby dispensed with

2. **THIS COURT ORDERS** that the terms of the initial order of the Honourable Mr. Justice Campbell dated March 23, 2005 (the "Initial Order") including the stay of proceedings therein be, and are hereby, extended to August 19, 2005.

3. **THIS COURT ORDERS** that the Applicants' marketing plan as set out in the second report of the Monitor and Interim Receiver dated June 2, 2005 and approved by the order of the Honourable Mr. Justice Farley dated June 8, 2005 be and is hereby amended so that the Applicants are required to seek court approval of a transaction, if any, on or before August, 12, 2005.

4. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute a premium installment contract (the "PIC") with Cafo Inc. ("Cafo") substantially in the form attached as Exhibit "D" to the Hope Affidavit.

5. **THIS COURT ORDERS** that in completing the PIC, the Applicants are hereby directed to execute and deliver such additional or ancillary documents, and to give such assurances in respect of the PIC as they may deem advisable to conclude the PIC and all such documents or assurances are hereby ratified, approved and confirmed.

6. **THIS COURT ORDERS AND DECLARES** that the PIC will constitute a valid and binding obligation of the Applicants enforceable against it and any trustee in bankruptcy or other successor in interest to the Applicants in accordance with the terms thereof, and that the payments made pursuant to the PIC do not and will not be deemed to constitute fraudulent preferences or other challengeable or reviewable transactions under any applicable law.

7. **THIS COURT ORDERS** that, notwithstanding the terms of the Initial Order, as they may be amended and extended, if the Applicants default under the terms of the PIC, Cafo be and is hereby authorized, on 10 days' notice to the Applicants and the Monitor/Interim Receiver to:

- (i) cancel the policies of insurance referred to in the PIC (the "Policies") and any renewal or replacement policies; and
- (ii) apply for and receive all unearned insurance premiums, dividends and loss payments that reduce the unearned insurance premiums, referable to any such policies ("Unearned Premiums") limited to the amount that is due to Cafo pursuant to the PIC with any residual amount being returned to the Applicants.

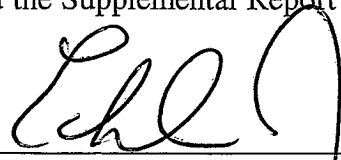
8. **THIS COURT ORDERS** that in the event that a refund of Unearned Premiums occurs as a result of the cancellation or termination of any of the Policies for any reason, Cafo will have absolute first-ranking priority to such Unearned Premiums (the "Cafo Priority"), notwithstanding any other order of this Court to date or any claim to Unearned Premiums by any creditor of the Applicants, until all amounts owing to Cafo as at the date of termination, cancellation or otherwise pursuant to the PIC have been paid to Cafo in full.

9. **THIS COURT ORDERS** that the Cafo Priority is enforceable against the Applicants and any trustee in bankruptcy or successor in interest to the Applicants notwithstanding any other order of this Court or any claim to the Unearned Premiums by any creditor of the Applicants.

10. **THIS COURT DECLARES** that the Cafo Priority and every payment made or to be made pursuant to the PIC does not and will not be deemed to constitute fraudulent preferences or other challengeable or reviewable transactions under applicable law.

11. **THIS COURT ORDERS** that the Supplemental Report presented to the Court on this day be sealed and not form part of the public record until further order of this Court.

12. **THIS COURT ORDERS AND DECLARES** that the actions of the Monitor and the Interim Receiver as set out in the Third Report and the Supplemental Report are hereby ratified and approved.



PER/PAR: NB
 JUL 26 2005
 ENTERED AT / INSCRIT A TORONTO
 ON / BOOK NO:
 LE / DANS LE REGISTRE NO.:

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NATURAL TURF SYSTEMS INC.

Court File No. 05-CL-5801

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)
Proceeding commenced at Toronto

ORDER

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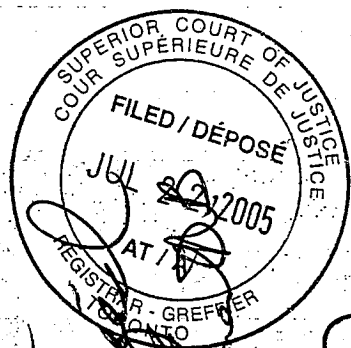
July 26-05

Court File No: 05-CL-5801

TUESDAY JULY 26, 2005

J. FOGARTY & R. BROSSÉAU - for the Applicants
C. PROPHET - for Royal Bank of Canada
T. ROBSON - for Farm Credit Canada
D. DAWSON - of the Monitor, Doyle Salewski Inc.
J. MacBOWEN - for Registrar

Order to go in the
form attached accompanied
by the attached endorsement
EHL



ONTARIO
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APPLICANTS' MOTION RECORD

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Solicitors for the Applicants

Endorsement

July 26/05

- The parties ~~the~~ are to Return to Court on Wednesday, August 10, 2005 at a 930 am appointment.
- The purpose of the 930 am appointment is to advise the Court as to the status of the Marketing/Sale process. If there is not a purchase offer that is acceptable to the SENIOR CREDITORS (Royal Bank of Canada & Farm Credit Canada) those creditors ^{SHOULD} may on August 10, 2005 choose to ~~3~~ ^{MOTIONS TO} appoint a Receiver or such other Relief on a date to be fixed by the Court.

The Supplement to the Third Report dated July 22, 2005 (created by order of this Court dated July 26/05) is to be placed before the Court for the August 10, 2005 930 am appointment.

