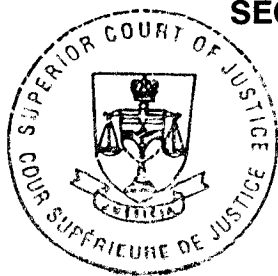


ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE ) WEDNESDAY, THE 2<sup>nd</sup> DAY  
MADAM JUSTICE )  
KARAKATSANIS ) OF JULY, 2008

IN THE MATTER OF AN APPLICATION UNDER  
SECTION 47 (1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*  
R.S.C. 1985, C.B-3



AND IN THE MATTER of SECTION 101 of *THE COURTS of JUSTICE ACT*, R.S.O. 1990, C.C-43

**BETWEEN:**

**PEOPLES TRUST COMPANY**

**Applicant**

- and -

**PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED**

**Respondents**

**ORDER**

**THIS MOTION** made by Mintz & Partners Limited, appointed as interim receiver and receiver and manager (the "**Receiver**") pursuant to section 101 of the *Courts of Justice Act*, without security, of the property, assets and undertaking of Paragon Health Care Inc. ("**Paragon**"), Paragon Health Care (Ontario) Inc. ("**Paragon Ontario**") and 1508669 Ontario Limited ("**1508669**") pursuant to the terms of the Order of the Honourable Mr. Justice Cumming dated January 23, 2006 and effective 9:00 a.m. on January 24, 2006 (the "Initial Order"), was heard this day at 330 University Avenue, Toronto, Ontario.

*JK*  
and Mr. Gerald Harquail, who

**ON READING** the Notice of Motion, the Fourth Report of the Receiver and the Affidavits of Harry Vanderlugt sworn June 27, 2008, Hartley M. Bricks sworn June 26, 2008 and Leslie Wittlin, sworn June 24, 2008, filed, and upon hearing the submissions of counsel for the Receiver, no other parties attending.

*consents  
to  
the  
relief  
sought  
JK*

1. **THIS COURT ORDERS** that service of the Notice of Motion and the Motion Record herein is hereby abridged, if necessary, and that this Motion is properly returnable today and that service, including the form, manner and time that such service was actually effected on all parties, is hereby validated, and where such service was not effected such service is hereby dispensed with.

2. **THIS COURT ORDERS** that the Fourth Report be and the same is hereby accepted and approved.

3. **THIS COURT ORDERS** that the conduct of the Receiver, its related entities and agents to date, as detailed in the Fourth Report, be and the same is hereby approved.

4. **THIS COURT ORDERS** that the Statements of Receipts and Disbursements of the Receiver as at June 23, 2008 in respect of Paragon, Paragon Ontario and 1508669 as set out in Appendices "G", "H" and "I" to the Fourth Report, filed, be and the same are hereby accepted and approved.

5. **THIS COURT ORDERS** that the fees of the Receiver relating to the receivership of Paragon and 1508669 for the period ending May 31, 2008 in the amount of \$195,424.45 in respect of Paragon and \$65,573.14 in respect of 1508669, as set out in the Affidavit of Hartley M. Bricks dated June 26, 2008, filed, be and the same are hereby approved.

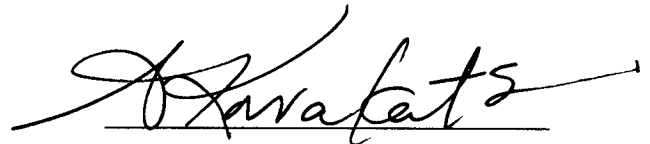
6. **THIS COURT ORDERS** that the fees and disbursements of Gowling Lafleur Henderson LLP, counsel to the Receiver, in the amount of \$87,386.47 in respect of Paragon and \$48,895.78 in respect of 1508669, as set out in the Affidavit of Harry

Vanderlugt dated June 27, 2008, filed, be and the same are hereby approved for the period January 1, 2007 to May 22, 2008 .

7. **THIS COURT ORDERS** that the fees and disbursements of Lang Michener LLP, independent counsel to the Receiver, in the amount of \$6,880.15, as set out in the Affidavit of Leslie Wittlin dated June 24, 2008, filed, be and the same are hereby approved for the periods from March 26, 2007 to April 4, 2007 and from August 10, 2007 to August 21, 2007.

8. **THIS COURT ORDERS** that the Receiver is authorized and hereby directed to distribute to Peoples Trust Company as partial payment on account of its secured claims against 1508669, the total sum of \$800,000 at this time.

9. **THIS COURT ORDERS** that the Initial Order be amended by deleting all references to "Mintz & Partners Limited" occurring throughout the Initial Order and substituting "Deloitte & Touche Inc."

A handwritten signature in black ink, appearing to read "J. Kravatz", is written over a horizontal line.

TOR\_LAW\6900215\1

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

JUL 02 2008

PER/PAR: 

**Between:**  
**PEOPLES TRUST COMPANY**  
Applicant

**AND PARAGON HEALTH CARE INC. and 1508669 ONTARIO LIMITED**  
Respondent

Court File No. 06-CL-6233

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

(PROCEEDING COMMENCED AT TORONTO)

**ORDER**

**GOWLING LAFLEUR HENDERSON LLP**  
Barristers and Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto ON M5X 1G5

**Clifton P. Prophet (LSUC# 34845K)**  
Tel: (416) 862-3509  
Fax: (416) 863-3509

Solicitors for Mintz & Partners Limited in its capacity as Interim Receiver and Receiver and Manager of the current and future assets, understakings and properties of Paragon Health Care Inc., Paragon Health Care (Ontario) Inc. and 1508669 Ontario Limited