

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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
NELSON FINANCIAL GROUP LTD.

APPLICANT

SECOND REPORT OF A. JOHN PAGE & ASSOCIATES INC.
IN ITS CAPACITY AS THE MONITOR OF THE APPLICANT
JUNE 2, 2010

INTRODUCTION

1. By Order of this Honourable Court dated March 23, 2010 (“**the Initial Order**”) Nelson Financial Group Ltd. (“**Nelson**” or “**the Applicant**”) obtained protection from its creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”). A copy of the Initial Order is attached as Exhibit “A”. The CCAA proceedings with respect to the Applicant is referred to herein as “**the CCAA Proceedings**”.
2. Pursuant to the Initial Order, A. John Page & Associates Inc. was appointed as monitor of the Applicant as part of the CCAA Proceedings (“**the Monitor**”). Pursuant to the Initial

Order, all proceedings against the Applicant have been stayed until April 22, 2010 or such later date as this Court may order.

3. By Order of this Honourable Court dated April 22, 2010, the stay of proceedings was extended from April 22, 2010 to and including April 30, 2010. A copy of the Order dated April 22, 2010 is attached as Exhibit "B".
4. By Order of this Honourable Court dated April 30, 2010, the stay proceedings was extended from April 30, 2010 to and including June 7, 2010. A copy of the Order dated April 30, 2010 is attached as Exhibit "C".
5. The purpose of this report ("**the Report**") is to provide this Honourable Court with an evidentiary basis for an Order briefly extending the stay of proceedings from June 7, 2010 to and including June 15, 2010.

NOTICE TO READER

6. In preparing this Report and making the comments contained in the Report, the Monitor has been provided with and has relied upon unaudited financial information, information from the Applicant's books and records and financial information prepared by the Applicant and its advisors. In addition the Monitor has held discussions with management of the Applicant and has relied upon the information conveyed in those discussions. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy and completeness of any of the information obtained and, accordingly, expresses no opinion or other form of assurance in respect of the information contained in this Report. Some of the information referred to in this Report consists of forecasts and

projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future oriented financial information referred to or relied upon in this Report was based on management's estimates and assumptions. Readers are cautioned that, since such information is based on assumptions about future events and conditions that are not ascertainable, the actual results will vary from the forecasts and projections and the variations may be material.

7. Unless otherwise stated, all monetary amounts referred to in this Report are expressed in Canadian dollars.

SHORT EXTENSION OF STAY OF PROCEEDINGS

8. On April 15, 2010, the Monitor delivered its First Report which included the Monitor's analysis on the ongoing viability of the Applicant ("**the First Report**"). Subject to certain assumptions, the First Report provided that there was a realistic prospect that the Applicant could restructure its debt and continue in business for the foreseeable future.
9. The Monitor has been continuing to analyse the Applicant's business and has been working with the Applicant on developing an appropriate restructuring plan in these CCAA Proceedings.
10. The Monitor is still in the process of conducting its due diligence and analysis and will provide a fulsome report to the stakeholders and this Honourable Court next week with

respect to the Applicant's business and the general terms of an appropriate restructuring plan.

11. The Monitor is of the view that the Applicant has acted in good faith and with due diligence since the issuance of the Initial Order and is in compliance with the provisions of the Initial Order.
12. Accordingly, the Monitor recommends that this Honourable Court briefly extend the stay of proceedings to and including June 15, 2010 to allow the Monitor an opportunity to complete its analysis, including updating its viability report, and to allow the Applicant an opportunity to develop the general terms of an appropriate restructuring plan with the assistance of the Monitor.

DISPUTE WITH LENDCARE FINANCIAL SERVICES INC. ("LENCARE")

13. The Applicant has previously partnered with Lencare, which is a national provider of financial services that specializes in consumer financing partnerships with finance companies to offer retail and direct financing programs to customers.
14. The Applicant's relationship with Lencare is set out in (i) a Business Protection Agreement dated August 20, 2007; (ii) an Agreement Regarding Future Financings dated December 6, 2007; and (iii) an Amending Agreement dated December 21, 2009 (collectively, "**the Lencare Agreement**").

15. On or about April 2010, Lendcare ceased referring any lending customers to the Applicant.
16. On or about April 16, 2010, the Applicant served Lendcare with notice of its intention to seek to disclaim the Lendcare Agreement, including the non-compete provisions thereof, such that the Applicant would be free to solicit financing opportunities from Lendcare's customers (the "**Lendcare Motion**").
17. The Applicant and Lendcare have been engaged in settlement discussions regarding their dispute. The Monitor understands that these settlement discussions are ongoing.

CURRENT CASH POSITION OF THE APPLICANT

18. As of May 21, 2010, the Applicant's reconciled cash position was \$2,885,224. The Monitor is of the view that the Applicant has sufficient cash with which to continue its restructuring efforts in the foreseeable future.

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All of which is respectfully submitted this 2nd day of June, 2010

A. JOHN PAGE & ASSOCIATES INC. IN ITS
CAPACITY AS THE MONITOR OF NELSON
FINANCIAL GROUP LTD.

Per:

Name: 
A. JOHN PAGE, CA • CIRP

Title: **PRESIDENT**

Exhibit “A”

Second Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated June 2, 2010

The Initial Order of the Honourable Madam Justice
Pepall dated March 23, 2010

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)
JUSTICE PEPALL)
TUESDAY, THE 23rd
DAY OF MARCH, 2010

**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 NELSON FINANCIAL GROUP LTD. (the "Applicant")**

Applicant



INITIAL ORDER

THIS APPLICATION, made by the Applicant, Nelson Financial Group Ltd. ("Nelson Financial" or the "Applicant"), without notice, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Marc Boutet sworn March 22, 2010 and the Exhibits thereto, and the Report of A. John Page & Associates Inc. in its capacity as the Proposed Monitor to the Applicant dated March 22, 2010 and the Exhibits thereto, and on hearing the submissions of counsel for Nelson Financial, and counsel for A. John Page & Associates Inc., and on reading the consent of A. John Page & Associates Inc. to act as the Monitor,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

7. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any

nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$100,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and

- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing.

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

11. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

13. THIS COURT ORDERS that until and including April 22, 2010, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data

services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant

after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$200,000, as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraphs 31 and 33 herein.

21. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 19 of this Order.

APPOINTMENT OF MONITOR

22. THIS COURT ORDERS that A. John Page & Associates Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;

Exhibit "B"

Second Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated June 2, 2010

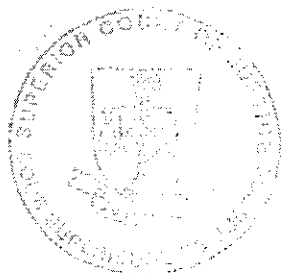
The Order of the Honourable Madam Justice
Pepall dated April 22, 2010

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) THURSDAY, THE 22nd
)
JUSTICE PEPALL) DAY OF APRIL, 2010

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 NELSON FINANCIAL GROUP LTD. (the "Applicant")



Applicant

ORDER

THIS MOTION made by the Applicant, Nelson Financial Group Ltd. ("**Nelson Financial**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an Order, *inter alia*:

- (a) that the time for service of the Notice of Motion, the Motion Record and the First Report of the Monitor, A. John Page & Associates Inc. (the "**Monitor**") dated April 15, 2010 (the "**First Report**") is abridged and validated so that this Motion is properly returnable today and dispensing with further service thereof;
- (b) approving the First Report; and
- (c) approving an extension of the stay of proceedings from April 22, 2010, to and including June 7, 2010,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the material filed, including the Notice of Motion dated April 16, 2010, the First Report and the Affidavit of Marc Boutet sworn April 15, 2010, and on hearing the submissions of counsel for the Applicant and counsel for the Monitor;

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the First Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 13 of the Initial Order of the Honourable Justice Pepall, dated March 23, 2010) is hereby extended until and including April 30, 2010.

3. **THIS COURT ORDERS** that the balance of the relief sought in the Notice of Motion herein dated April 16, 2010 is adjourned to April 30, 2010 or such other date as this Honourable Court may direct by further Order.



A handwritten signature in cursive script, appearing to read "Justice Pepall", is written over a horizontal line.

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

APR 22 2010

PER / PAR: *N*

Court File No. 10-8630-00CL

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 NELSON FINANCIAL GROUP LTD.

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE**

(PROCEEDING COMMENCED AT TORONTO)

STAY EXTENSION ORDER

GOWLING LAFLEUR HENDERSON LLP

Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
TORONTO, Ontario
M5X 1G5

Clifton P. Prophet / Frank Lamie
LSUC No.: 34345K / 54035S

Telephone: (416) 862-3509 / (416) 862-3609
Facsimile: (416) 862-7661

SOLICITORS FOR THE APPLICANT

Apr 22, 2010

The Applicant seeks a variety of relief including a stay extension. Counsel for the OSC was unable to be present today so the extension requested today is only until Apr 30, 2010 rather than June 7, 2010. The ~~more~~ further extension will be addressed on Apr 30, 2010 along with the relief - paragraphs (a) + (b) of the notice of motion. The relief requested - para (c) is adj'd ~~TRUST~~ before me at 9:30 Apr 28, 2010. ~~7 1/2 hrs~~ ~~including~~ ~~Apr 30~~

As to the stay extension to Apr 30, 2010, based on the materials filed, the extension will provide for every stability + the Applicant appears to be acting in good faith + with due diligence. There is adequate cash to fund the stay period. In my view it is appropriate to extend the stay to Apr 30, 2010. This extension is also supported by the Minister. ~~overpaid~~

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 NELSON FINANCIAL GROUP LTD.

Court File No.: 10-8630

22 APR 2010 Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)

MOTION RECORD
(Returnable April 22, 2010)

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

Clifton P. Prophet (LSUC# 34845K)
Frank Lamie (LSUC #54035S)
Tel: (416) 862-3509
Fax: (416) 863-3509
Solicitors for the Applicant
Nelson Financial Group Ltd.

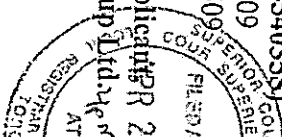


Exhibit “C”

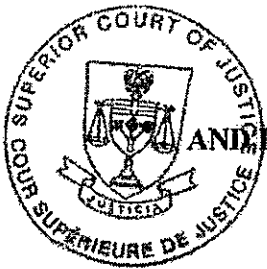
Second Report of
A. John Page & Associates Inc.
In its Capacity as the Monitor of
Nelson Financial Group Ltd.
Dated June 2, 2010

The Stay Extension Order of the Honourable Madam Justice
Pepall dated April 30, 2010

Court File No. 10-8630-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MADAM)	FRIDAY, THE 30 th
)	
JUSTICE PEPALL)	DAY OF APRIL, 2010



**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 NELSON FINANCIAL GROUP LTD. (the "Applicant")**

Applicant

STAY EXTENSION ORDER

THIS MOTION made by the Applicant, Nelson Financial Group Ltd. ("Nelson Financial"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an Order, *inter alia*:

- (a) abridging and validating the time for service of the Notice of Motion, the Motion Record, the First Report of the Monitor, A. John Page & Associates Inc. (the "Monitor") dated April 15, 2010 (the "First Report"), and the Supplement to First Report of the Monitor dated April 28, 2010 (the "Supplemental Report") so that this motion is properly returnable today and dispensing with further service thereof;
- (b) approving the First Report and the Supplemental Report; and
- (c) approving an extension of the stay of proceedings from April 30, 2010, to and including June 7, 2010.

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the material filed, including the Notice of Motion, the First Report, the Supplemental Report, and the Affidavit of Marc Boutet sworn April 15, 2010, and on hearing the submissions of counsel for the Applicant and counsel for the Monitor, *Counsel For Foscarini Mackie Holdings Inc., Counsel For Lendcare Financial Services Inc., SERVICE and counsel for the Ontario Securities Commission,*

sup

~~1. THIS COURT ORDERS that the time for service of the Notice of Motion, the Motion Record, the First Report, and the Supplemental Report is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.~~

MP

MONITOR'S ACTIVITIES

2. THIS COURT ORDERS that the First Report, the Supplemental Report and the conduct and activities of the Monitor described therein be and are hereby approved.

STAY EXTENSION

3. THIS COURT ORDERS that the Stay Period (as defined in paragraph 13 of the Initial Order of the Honourable Justice Pepall, dated March 23, 2010) is hereby extended until and including Monday, June 7, 2010.

St. Pepall

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

APR 30 2010

PER / PAR: *R*

Court File No. 10-8630-00CL

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 NELSON FINANCIAL GROUP LTD.

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
(PROCEEDING COMMENCED AT TORONTO)

STAY EXTENSION ORDER

GOWLING LAFLEUR HENDERSON LLP

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SOLICITORS FOR THE APPLICANT

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 NELSON FINANCIAL GROUP LTD.

Court File No.: 10-8630-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced at Toronto

**SECOND REPORT OF A. JOHN PAGE &
ASSOCIATES INC. IN ITS CAPACITY AS THE
MONITOR OF THE APPLICANT
DATED JUNE 2, 2010**

A. John Page & Associates Inc.
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