

THE QUEEN'S BENCH
Winnipeg Centre

BETWEEN:

BERNARD W. BELLAN,

Plaintiff

- and -

CHARLES E. CURTIS, PETER OLFERT, WALDRON (WALLY) FOX-DECENT, LEA BATURIN, ALBERT R. BEAL, RON WAUGH, DIANE BERESFORD, SYLVIA FARLEY, ROBERT HILLIARD, ROBERT ZIEGLER, JOHN CLARKSON, DAVID G. FRIESEN, HUGH ELIASSON, SHERMAN KREINER, JAMES UMLAH, JANE HAWKINS, JANICE LEDERMAN, PRICEWATERHOUSE COOPERS LLP, NESBITT BURNS INC., WELLINGTON WEST CAPITAL INC., CROCUS CAPITAL INC., THE MANITOBA SECURITIES COMMISSION and THE CROCUS INVESTMENT FUND

Defendants

Proceedings under *The Class Proceedings Act*, C.C.S.M. c. C130

File No. CI 06-01-46955

THE QUEEN'S BENCH
Winnipeg Centre

BETWEEN:

BERNARD W. BELLAN, and ROBERT NELSON,

Plaintiffs,

- and -

THE GOVERNMENT OF MANITOBA,

Defendant,

Proceedings under *The Class Proceedings Act*, C.C.S.M. c. C130

ORDER

(RE: Settlement with Government of Manitoba and Manitoba Securities Commission)

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Counsel for the Plaintiffs

THE QUEEN’S BENCH
Winnipeg Centre

THE HONOURABLE)
) Tuesday, May 20, 2008
MR. JUSTICE HANSEN)

BETWEEN:

BERNARD W. BELLAN, Plaintiff

- and -

CHARLES E. CURTIS, PETER OLFERT, WALDRON (WALLY) FOX-DECENT, LEA BATURIN, ALBERT R. BEAL, RON WAUGH, DIANE BERESFORD, SYLVIA FARLEY, ROBERT HILLIARD, ROBERT ZIEGLER, JOHN CLARKSON, DAVID G. FRIESEN, HUGH ELIASSON, SHERMAN KREINER, JAMES UMLAH, JANE HAWKINS, JANICE LEDERMAN, PRICEWATERHOUSE COOPERS LLP, NESBITT BURNS INC., WELLINGTON WEST CAPITAL INC., CROCUS CAPITAL INC., THE MANITOBA SECURITIES COMMISSION and THE CROCUS INVESTMENT FUND

Defendants

Proceedings under *The Class Proceedings Act*, C.C.S.M. c. C130

File No. CI 06-01-46955

THE QUEEN’S BENCH
Winnipeg Centre

BETWEEN:

BERNARD W. BELLAN, and ROBERT NELSON, Plaintiffs,

- and -

THE GOVERNMENT OF MANITOBA, Defendant,

Proceedings under *The Class Proceedings Act*, C.C.S.M. c. C130

ORDER

THIS MOTION, made by the Plaintiff, Bernard Bellan, for an order approving a settlement with the Defendants, the Manitoba Securities Commission and the Government of Manitoba (the “Settling Defendants”), was heard this day at Winnipeg.

ON READING the affidavits of Mark Lyons and Bernard Bellan and on hearing the submissions of counsel for the parties,

THIS COURT ORDERS AS FOLLOWS:

1. The Agreement, attached to this Order as Schedule A, is approved as fair and reasonable and in the best interests of the Settlement Class. The Agreement is incorporated into, and forms part of this Order, including the definitions contained therein.
2. The Class Actions are certified as against the Settling Defendants for settlement purposes only.
3. The Settlement Class is defined as the class of persons who own Class A common shares in the Crocus Investment Fund including their legal representatives, heirs, successors and assigns, and who have not opted out of the Agreement but excludes each of the Defendants named or ever named in the Class Actions.
4. The common issue is defined as whether the Settling Defendants owed a duty to the Settlement Class.
5. Bernard Bellan is appointed as the Representative Plaintiff for the Settlement Class. His counsel, Klein Lyons, Booth Dennehy LLP and Prober Law Offices, are appointed as counsel to the Settlement Class.
6. The Settling Parties and all Settlement Class members are ordered to comply with the Agreement.
7. The deadline for exclusion (“opting out”) from the Settlement Class is 30 days following the mailing of the Notice of Certification and Settlement Approval (“Opt Out Deadline”).

8. Any Settlement Class Member who has not opted out from the Settlement Class in accordance with the procedures set out in this Agreement by the Opt Out Deadline shall be bound by the terms of this Agreement.

9. The Receiver, Deloitte & Touche Inc., is appointed as the Administrator of the settlement.

10. The form of Notice of Certification and Settlement Approval is approved as attached as Schedule B. Within 14 days after the Approval Date, the Administrator shall mail by ordinary mail a copy of the Notice of Certification and Settlement Approval to the last known address it has in its records for each holder of Crocus Investment Fund Class A shares. The Notice of Certification and Settlement Approval will also be posted on the Klein Lyons web site, and on the Receiver's web site. The Administrator will further cause the Notice of Certification and Settlement Approval to be published in one weekday edition of the Winnipeg Free Press.

11. There shall be a bar to any and all claims for contribution, indemnification, subrogation or other claims over against the Settling Defendants by any Non-Settling Defendants, or by any other person, in respect of the subject matter of the Class Actions or any other matter arising out of the operation of the Crocus Investment Fund.

12. The Non-Settling Defendants shall have discovery rights against the Settling Defendants in the Class Actions as if the Non-Settling Defendants had issued third party claims against each Settling Defendant, and the Plaintiff shall have the right to participate as a party to such discoveries.

13. With respect to the collective several liability of the Non-Settling Defendants at paragraphs 11.2.2 and 11.2.3 of the Agreement, the Non-Settling Defendants shall not be made to pay a greater amount to the Settlement Class, as a result of this settlement, than would have occurred in the absence of a settlement.

14. It is declared that, in the event of termination of the Agreement pursuant to Section 13 of the Agreement, this Order is null and void and of no force and effect.

15. The Court shall retain continuing jurisdiction over the Agreement to ensure that all payments are properly made, and over the interpretation and enforcement of the Agreement's terms, conditions and obligations.

CHRISTIANSEN

J.

SCHEDULE "A"

File No. CI 05-01-42765

THE QUEEN'S BENCH
Winnipeg Centre

BETWEEN:

BERNARD W. BELLAN

- and -

Plaintiff

CHARLES E. CURTIS, PETER OLFERT, WALDRON (WALLY) FOX-DECENT,
LEA BATURIN, ALBERT R. BEAL, RON WAUGH, DIANE BERESFORD,
SYLVIA FARLEY, ROBERT HILLIARD, ROBERT ZIEGLER, JOHN CLARKSON,
DAVID G. FRIESEN, HUGH ELIASSON, SHERMAN KREINER, JAMES UMLAH,
JANE HAWKINS, JANICE LEDERMAN, PRICEWATERHOUSE COOPERS LLP,
NESBITT BURNS INC., WELLINGTON WEST CAPITAL INC.,
CROCUS CAPITAL INC., THE MANITOBA SECURITIES COMMISSION
and THE CROCUS INVESTMENT FUND

Defendants

Proceedings under *The Class Proceedings Act*, C.C.S.M. c. C130

File No. CI 06-01-46955

THE QUEEN'S BENCH
Winnipeg Centre

BETWEEN

BERNARD W. BELLAN and ROBERT NELSON

- and -

Plaintiffs

THE GOVERNMENT OF MANITOBA

Defendant

Proceedings under *The Class Proceedings Act*, C.C.S.M. c. C130

SETTLEMENT AGREEMENT

WHEREAS:

- A. Bernard W. Bellan (the "Plaintiff"), in his own capacity and in his capacity as representative plaintiff for the Settlement Class, and the Government of Manitoba and the Manitoba Securities Commission (the "Settling Defendants"), (collectively, the "Settling Parties"), hereby enter into this Agreement providing for settlement of the claims described below, pursuant to the terms and conditions set forth below, subject to the approval of the Court.
- B. Class Actions have been filed by the Plaintiff against the Settling Defendants pursuant to the *Class Proceedings Act*, C.C.S.M. c. C130 in the Manitoba Court of Queen's Bench.
- C. Robert Nelson has, on the advice of his physician, requested that his name be removed as a plaintiff in action CI 06-01-46955.
- D. The Settling Defendants, notwithstanding their consent to this Agreement, have denied and continue to deny the claims of the Plaintiff and the Settlement Class Members in the Class Actions, have denied and continue to deny any wrongdoing and have raised numerous defences, including defences relating to the certification of the claims in the Class Actions and, except to the extent of their obligations under this Agreement, deny liability of any kind to the Plaintiff or the Settlement Class Members.
- E. The Class Actions have not yet been certified. The Settling Defendants are not opposing certification of the Class Actions as against them for settlement purposes only.
- F. The Settlement Class Members will have the right to exclude themselves ("opt out") from this Agreement pursuant to Section 16 of *The Class Proceedings Act*, C.C.S.M. c.C130, and as provided in this Agreement.
- G. Based upon an analysis of the facts and the law applicable to the claims of the Settlement Class, taking into account the extensive burdens and expense of litigation, including the risks and uncertainties associated with protracted trials and appeals, as well as the fair, cost-effective and assured method of resolving claims of the Settlement Class provided in this Agreement, the Plaintiff and Plaintiff's Counsel have concluded that this Agreement provides substantial

benefits to the Settlement Class and is fair, reasonable, and in the best interests of the Settlement Class.

H. The Settling Defendants have similarly concluded that this Agreement is desirable in order to avoid the time, risk and expense of defending multiple and protracted litigation, and to resolve finally and completely the pending and potential claims of the Settlement Class Members and all pending and potential claims, proceedings, crossclaims and third party actions against them.

NOW THEREFORE, subject to the Court's approval, this Agreement embodies the terms of resolution of the claims asserted or which could have been asserted against the Settling Defendants in the Class Actions.

I. **Definitions**

Unless the specific context of a particular section of this Agreement calls for another interpretation, the following terms, as used in this Agreement, shall have the meanings set forth below. Terms used in the singular shall be deemed to include the plural, and *vice versa*. Masculine pronouns and male references shall be deemed to include the female and *vice versa*, where appropriate. The terms "person" or "party" includes individuals, partnerships and corporations.

"**Administrator**" means the person appointed by the Court as provided in Section 7 of this Agreement.

"**Agreement**" means this Settlement Agreement.

"**Approval Date**" means the date on which the Approval Order becomes a final order meaning that the time to appeal has expired and there has been no appeal or, if there have been any appeals from the Approval Order, all rights of appeal have been exhausted and there has been no change to the Approval Order.

“Approval Order” means the Order referred to in section 3.2.1 of this Agreement.

“Class Actions” means the two proceedings filed under the *Class Proceedings Act*, C.C.S.M. c.C130 in the Manitoba Court of the Queens Bench bearing File Nos. CI 05-01-42765 and CI 06-01-46955.

“Class Counsel” means the law firms of Klein Lyons, Booth Dennehy LLP and Prober Law Offices, which firms act on behalf of the Plaintiff and the Settlement Class herein and which shall continue acting on behalf of the Plaintiff and Settlement Class with respect to all acts or consents pursuant to this Agreement.

“Court” means the Manitoba Court of the Queen’s Bench which has jurisdiction over the Class Actions, and the Honourable Mr. Justice Hanssen, or his successor.

“Defendants” means any of the defendants ever named or to be named in either of the Class Actions.

“Effective Date” means the date that Settling Defendants pay the Settlement Amount as provided in section 6.1 of this Agreement.

“Non-Settling Defendants” means any of the Defendants, excluding the Settling Defendants, ever named or to be named in either of the Class Actions.

“Notice of Certification and Settlement Approval” means the Notice advising Settlement Class Members of the Court’s approval of this Agreement.

“Opt Out Deadline” means the date 30 days after the date of mailing of the Notice of Certification and Settlement Approval pursuant to Section 3.3 of this Agreement.

“Receiver” means Deloitte & Touche, Inc. as Receiver of Crocus Investment Fund.

“**Settlement Amount**” means the sum of \$2,750,000.00 (two million, seven hundred and fifty thousand dollars) payable by or on behalf of the Settling Defendants under this Agreement.

“**Settlement Class**” means the class of persons who own Class A common shares in Crocus Investment Fund including their legal representatives, heirs, successors and assigns, and who have not opted out of this Agreement but excludes each of the Defendants named or ever named in the Class Actions.

“**Settlement Class Member**” means a person who falls within the definition of the Settlement Class.

“**Settlement Fund**” means the Settlement Amount less the amount approved by the Court for payment of Class Counsel fees and disbursements.

2. **Preliminary Matters**

- 2.1 Promptly after execution of this Agreement, the Plaintiff will serve a true copy of this Agreement on counsel for each of the Non-Settling Defendants.
- 2.2 Where the time on or by which any action to be taken under this Agreement falls on a day that is not a business day, such action may be done on the next day that is a business day.
- 2.3 All references to money in this Agreement are to Canadian currency.

3. **Matters Relating to Certification and Settlement Approval**

- 3.1 Within 14 days of the execution of this Agreement by all Settling Parties, the Plaintiff will bring an application for Court approval of this Agreement. The Settling Defendants will not oppose certification of the Class Actions as against them for settlement purposes only.

3.2 Certification and Settlement Approval Order

3.2.1 Subject to the Court's approval, and as provided in a form of Order to be agreed by the Parties, the order approving this Agreement shall:

- (a) certify the action as a Class Actions as against the Settling Defendants for settlement purposes only;**
- (b) appoint Bernard Bellan as the Representative Plaintiff for the Settlement Class;**
- (c) approve this Agreement and order the Settling Parties and all Settlement Class Members to comply with it;**
- (d) order that the deadline for exclusion ("opting out") from the Settlement Class be 30 days following the mailing of the Notice of Certification and Settlement Approval ("Opt Out Deadline");**
- (e) declare that any Settlement Class Member who has not opted out from the Settlement Class in accordance with the procedures set out in this Agreement by the Opt Out Deadline shall be bound by the terms of this Agreement;**
- (f) declare that this Agreement is fair, reasonable, and in the best interests of the Settlement Class;**
- (g) order mailing of the Notice of Certification and Settlement Approval;**
- (h) appoint the Receiver as the Administrator;**
- (i) bar any and all claims for contribution, indemnification, subrogation or other claims over against the Settling Defendants by any Non-Settling Defendants, or by any other person, in respect of the subject matter of the Class Actions or any other matter arising out of the operation of the Crocus Investment Fund;**

- (j) order that the Non-Settling Defendants shall have discovery rights against the Settling Defendants in the Class Actions as if the Non-Settling Defendants had issued third party notices against each Settling Defendant, and the Plaintiff shall have the right to participate as a party to such discoveries; and
- (k) declare that, in the event of termination of this Agreement pursuant to Section 13 below, the Order is null and void and of no force and effect.

3.2.2 Following Court approval of this Agreement, Class Counsel will apply to the Court for approval of Class Counsel fees and disbursements. On the Effective Date, the amount approved by the Court will be paid to Class Counsel out of the Settlement Amount that was paid to Klein Lyons in trust pursuant to section 6.1 of this Agreement. The approval of this Agreement is not conditional on approval of Class Counsel's fees or disbursements. The Settling Defendants take no position as to the amount that should be paid to Class Counsel for fees and disbursements.

3.3 Notice of Certification and Settlement Approval

3.3.1 The content of the Notice of Certification and Settlement Approval shall be as agreed by the Settling Parties and approved by the Court.

3.3.2 Within 14 days after the Approval Date, or on such other date as is approved by the Court, the Receiver shall mail by ordinary mail a copy of the Notice of Certification and Settlement Approval to the last known address it has in its records for each holder of Crocus Investment Fund Class A common shares. The Notice of Certification and Settlement Approval will also be posted on the Klein Lyons web site, and the Plaintiff will request that it be posted on the Receiver's web site.

4. Waiver of Limitation Defences

4.1 Nothing in this Agreement shall constitute or be deemed to constitute a waiver by the Settling Defendants of defences based upon statutes of limitations or repose, prescription

periods or any other limitation or prescription defence with respect to any action brought or continued by any person who opts out of this Agreement, or is deemed to opt out of this Agreement, or if this Agreement is terminated.

5. **Entitlement to Compensation**

5.1 Subject to the payment of administration expenses referred to in section 7.1 of this Agreement, only Settlement Class Members who have not opted out shall be entitled to receive payments out of the Settlement Fund pursuant to this Agreement.

6. **Payments and Related Issues**

6.1 Within 14 business days after the expiration of the time period in paragraph 13.2.2, the Government of Manitoba on behalf of the Settling Defendants will pay the Settlement Amount (\$2,750,000.00) to Klein Lyons in trust in full and final settlement of all claims by the Plaintiff and the Settlement Class, whether direct, subrogated, asserted or unasserted or asserted in a representative capacity in the Class Actions, inclusive of all interest, GST and costs.

6.2 Klein Lyons will forthwith upon receipt of the Settlement Amount transfer the Settlement Fund to the Administrator to be held in trust by the Administrator for the benefit of the Settlement Class.

6.3 Any payments contemplated by this Section 6 are automatically cancelled and rendered null and void if this Agreement is terminated.

7. **Administrator**

7.1 The Settling Parties will propose that the Receiver be appointed by the Court as the Administrator for the purpose of administering this Agreement. All expenses of the Receiver related to the administration of this Agreement will be paid out of the Settlement Fund.

8. **Procedures and Deadlines for Exclusion**

- 8.1 Any person who is a holder of Crocus Investment Fund Class A common shares, other than Bernard W. Bellan, will have the right to exclude herself or himself ("opt out") from this Agreement and from the Settlement Class by delivering a letter to the Administrator on or before the Opt Out Deadline signed by the person opting out and setting out that person's name, address, number of shares held and reason for opting out. Persons who elect to opt out shall be excluded from this Agreement and from the Settlement Class. It is the responsibility of the person opting out to ensure that the requisite signed letter is received by the Administrator on or before the Opt Out Deadline. Any member of the Settlement Class who does not deliver to the Administrator a complete and signed opt out letter by the Opt Out Deadline shall be considered a Settlement Class Member and shall be bound by the terms of this Agreement and by the Court Order approving this Agreement.
- 8.2 By entering into this Agreement, Bernard W. Bellan agrees that he will not opt out of this Agreement.

9. **Distribution of Settlement Fund**

- 9.1 The Settlement Fund will be held in trust by the Administrator for the benefit of the Settlement Class. All Settlement Class Members who have not opted out will be eligible for payment from the Settlement Fund. The Settlement Fund will be distributed to the Settlement Class Members by the Administrator at the same time that the Receiver makes its first distribution of funds from the Crocus Investment Fund to the holders of Crocus Investment Fund Class A common shares. The Settlement Fund will be distributed pro rata to the Settlement Class Members based on the monies paid for each Settlement Class Member's Class A common shares of the Crocus Investment Fund which remained unredeemed as of the date of the Receivership.

10. **Exclusive Remedy/Dismissal of Action**

10.1 **Exclusive Remedy**

10.1.1 This Agreement shall be the exclusive remedy for any and all Settlement Class Members with respect to claims asserted or which could have been asserted against the Settling Defendants in the Class Actions. The Settling Defendants shall not be subject to liability or any other expense of any kind to any Settlement Class Member with respect to the Class Actions, except as provided in this Agreement. Settlement Class Members who have not opted out of this Agreement on or before the Opt Out Deadline shall be forever barred from continuing, initiating, asserting or prosecuting any and all claims asserted or which could have been asserted against the Settling Defendants in the Class Actions.

10.2 **Dismissal of Action**

10.2.1 Forthwith after the Effective Date, the Settling Parties will file a consent to a judgment dismissing the Class Actions as against the Settling Defendants with prejudice and any or all crossclaims and third party claims as against the Settling Defendants, on a "without costs" basis, along with any other documents that may be necessary to give effect to the dismissal of the Class Actions. Notwithstanding the dismissal of the Class Actions as against the Settling Defendants, the Court will retain ongoing jurisdiction to deal with matters arising out of the administration of the settlement provided for in this Agreement.

11. **Releases/Bar Order/Third Party Claims**

11.1 **Release of Class Action Claims Against Settling Defendants**

11.1.1 The claims of the Plaintiff and every Settlement Class Member who has not opted out of this Agreement on or before the Opt Out Deadline, whether their claims are direct, subrogated, asserted or unasserted or asserted in a representative capacity in the Class Actions, inclusive of all interest, GST and costs, shall be conclusively compromised, settled, released and discharged as against the Settling Defendants, and Settlement Class

Members shall be deemed to have forever released and discharged the Settling Defendants from any past, present and future claims, actions, demands and liabilities of any nature whatsoever relating to all claims asserted or which could have been asserted in the Class Actions.

11.2 Bar Order

11.2.1 All claims for contribution, indemnity, subrogation or other claims over, by any Non-Settling Defendant or any other person against the Settling Defendants in respect of the subject matter of the Class Actions or any other matter arising out of the operation of the Crocus Investment Fund, whether direct, subrogated, asserted or unasserted or asserted in a representative capacity, inclusive of interest, GST and costs, will be barred by order of the Court.

11.2.2 Forthwith after the Effective Date, the Plaintiff will amend the Statement of Claim in Manitoba Queen's Bench Action No. C1 05-01-42765 so as to restrict the claims against the Non-Settling Defendants to the collective several liability of the Non-Settling Defendants. In other words, the Plaintiff agrees to exclude the proportionate share of liability of the Settling Defendants from any judgment which may be granted against, the Non-Settling Defendants.

11.2.3 If any action is instituted by a Settlement Class Member seeking damages against persons who are not currently parties to the Class Actions ("non-parties") in respect of claims asserted or which could have been asserted in the Class Actions, such action will be limited to the non-parties' collective several liability. In other words, the Settlement Class Member's claim shall exclude the proportionate share of liability of the Settling Defendants from the claims against the non-parties, and from any judgment which may be granted against the non-parties.

11.3 **Reservation of Rights/Third Party Claims**

11.3.1 Except as otherwise provided herein, nothing in this Agreement shall prejudice or in any way interfere with the rights of the Settlement Class Members to pursue all of their other rights and remedies against persons and/or entities other than the Settling Defendants.

12. **Submissions to the Court by the Administrator**

12.1 The Administrator may apply to the Court for directions, as required, upon notice served on Class Counsel and Settling Defendants' Counsel no later than fourteen (14) days prior to the date of any hearing.

13. **Termination of this Agreement**

13.1 **Defendants' Right of Termination**

13.1.1 If persons holding a total of more than .5 percent (one half of one percent) of the Crocus Investment Fund Class A common shares elect to opt out of this Agreement on or before the Opt Out Deadline, the Settling Defendants shall have the unilateral right to terminate this Agreement as set forth in Section 13.2.

13.2 **Procedures and Time for Termination**

13.2.1 Within thirty (30) days following the Opt Out Deadline the Administrator shall notify counsel for the Settling Defendants and Class Counsel of the total number of persons who have opted out of this Agreement, including all particulars of their Crocus Investment Fund shareholdings and copies of their opt out letters.

13.2.2 The Settling Defendants or any of them may exercise their right to terminate this Agreement pursuant to Section 13.1 above by providing written notice to Class Counsel and to the Court within thirty (30) days from the date on which the Administrator

provides counsel for the Settling Defendants with the information and documentation pursuant to Section 13.2.1 above.

13.3 Notice of Settlement Class Members

13.3.1 If the Settling Defendants exercise their right of termination pursuant to Section 13 of this Agreement, Notice of Termination shall be given to all Settlement Class Members. The content and method of dissemination of the Notice of Termination shall be determined by the Court. If any of the Settling Defendants exercises the right to terminate this Agreement, any costs associated with disseminating the Notice of Certification and Settlement and the Notice of Termination shall be paid in equal shares by the Settling Defendants who chose to terminate this Agreement.

13.4 Automatic Termination of the Agreement

13.4.1 This Agreement shall, without notice, be automatically terminated if the Court declines to approve this Agreement in any respect or, in the event of an appeal, if the Court's approval order is not affirmed in all respects.

13.5 Effect of Termination

13.5.1 If this Agreement is terminated pursuant to Section 13 herein, the certification of the Class Actions for settlement purposes pursuant to this Agreement shall be null and void and this Agreement shall have no further force or effect and shall not be used or referred to in any litigation involving any of the Settling Parties and/or the Non-Settling Defendants.

14. **Miscellaneous Provisions**

14.1 **Ongoing Authority**

14.1.1 The Court shall retain continuing jurisdiction over this Agreement to ensure that all payments under this Agreement are properly made, and over the interpretation and enforcement of this Agreement's terms, conditions and obligations.

14.2 **Entire Agreement**

14.2.1 This Agreement constitutes the entire agreement by and among the Settling Parties with regard to the subject of this Agreement and supersedes any previous agreements and understandings between the Settling Parties with respect to the subject matter of this Agreement. This Agreement may not be amended except in writing signed by all Settling Parties, and such amendments are subject to the Court's approval.

14.3 **Other Originals**

14.3.1 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one instrument.

14.4 **Dates**

14.4.1 Dates and deadlines referred to in this Agreement may be altered only with the consent of the Settling Parties and with the approval of the Court.

14.5 **Use of Agreement**

14.5.1 Neither the existence nor the terms of this Agreement may be used as evidence of any admission by the Settling Defendants regarding fault, liability, causation, damages, and/or any other issue. This Agreement may, however, be relied upon by any Settling Party for purposes of enforcing any right possessed by such Settling Party or for purposes

of any motion or application made to the Court for interpretation or enforcement of its terms.

14.6 Notification

14.6.1 Any notification, request, instruction or other document to be given by any party to this Agreement to any other party to this Agreement shall be in writing and delivered personally, sent by facsimile, or sent by registered mail, postage prepaid, if to the Plaintiff, to the attention of Class Counsel and, if to the Settling Defendants, to the attention of their counsel:

For the Plaintiff Bernard W. Bellan and the Settlement Class:

David A. Klein, Douglas Lennox, Jay Prober and J. R. Norman Boudreau

For the Defendant The Government of Manitoba:


E. W. (Bill) Olson, Q.C. and Robert W. Olson

For Defendant The Manitoba Securities Commission:

William S. Gange and Jacqueline G. Collins

Dated this 13th day of April, 2008.

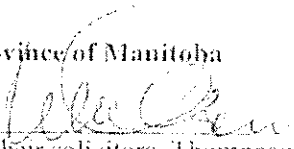
Plaintiff and Settlement Class



by their solicitors, Klein Lyons
Per: David A. Klein

Dated this 21st day of March, 2008.

Province of Manitoba


by their solicitors, Thompson Dorfman
Sweatman
Per: E. W. (Bill) Olson, Q.C.

Dated this _____ day of _____, 2008.

Manitoba Securities Commission

by their solicitors, Gange Goodman French
Per: William S. Gange

SCHEDULE "B"

Crocus Investment Fund Class Actions Notice of Certification and Settlement Approval

To all persons who own Class A common shares in the Crocus Investment Fund (the "Fund"), this notice will be important to you.

Settlements have been approved by the Court in lawsuits brought on behalf shareholders in the Fund. This notice is published by Order of The Honourable Mr. Justice Hanssen of the Manitoba Court of Queen's Bench and explains:

1. the lawsuits;
2. the terms of settlement;
3. your right to choose to opt out of the class actions;
4. legal fees; and
5. where to get more information.

1. The Lawsuits

Bernard Bellan commenced class action lawsuits relating to the Fund on behalf of shareholders in the Manitoba Court of Queen's Bench as action nos. CI 05-01-42765 and CI 06-01-46955. The Manitoba Securities Commission and the Government of Manitoba have agreed to settle these lawsuits (the "Settling Defendants"). Proposed settlements with the former officers and directors of the Fund, Pricewaterhouse Coopers LLP, Nesbitt Burns Inc., Crocus Capital Inc., and the Crocus Investment Fund are also pending finalization and court approval. There has been no settlement with one remaining defendant, Wellington West Capital Inc., and this claim is continuing.

On May 20 2008, Mr. Justice Hanssen certified these lawsuits as class actions for the purposes of settlement as against the Settling Defendants, and approved the settlement agreements reached with the Settling Defendants. The court defined the class as persons who own Class A common shares in the Fund including their legal representatives, heirs, successors and assigns, and who have not opted out but excludes each of the Defendants named or ever named in the lawsuits. The court appointed Mr. Bellan as representative plaintiff for the class. The court appointed the firms of Klein Lyons, Booth Dennehy LLP and Prober Law Offices, (collectively, "Class Counsel") as counsel to the class.

2. The Terms of Settlement

The Settling Defendants have agreed to pay up to a total of \$2.75 million to compensate class members and have agreed to release any claims against the Fund. Subject to court approval, the pending settlements could add up to an additional \$9.25 million to this amount. These other defendants have also agreed to drop most claims for indemnity against the Fund with respect to claims asserted in the lawsuits, thereby significantly reducing one of the major obstacles to the distribution of money to shareholders held in the Fund's receivership. In exchange, the claims against the Settling Defendants will be dismissed. No admission of liability has been made.

Compensation will be distributed pro rata to the Settlement Class Members based on the monies paid for each Settlement Class Member's Class A common shares of the Crocus Investment Fund which remained unredeemed as of the date of the Receivership. Compensation will be distributed by Deloitte & Touche Inc., the Receiver to the Fund, which the court has appointed as the Administrator for the settlements. It is anticipated that compensation will be distributed to class members at the same time that the Administrator makes a distribution of monies from the Receivership to shareholders. If this settlement is concluded, a distribution is anticipated in late fall 2008, at the earliest. To be eligible to receive compensation, it is not necessary for you to take any steps, other than make sure that the Administrator has your correct mailing address. The Administrator is mailing a copy of this notice to all shareholders in the Fund. If you received a copy of this notice in the mail from the Administrator, ^{and it is addressed to you at your current address KRH} this confirms that it has your mailing address.

The class members' recoveries will be subject to payment of Class Counsel's fee, in an amount to be determined by the Court. Copies of the Settlement Agreements are available online at www.kleinlyons.com. Hard copies can be obtained by calling Class Counsel at 1-800-216-1383.

3. Your Right to Choose Whether or Not to be Part of the Class Actions

(a) How to be Included in the Class

If you are a class member, you will automatically be included in the class actions and eligible to receive compensation unless you opt out.

(b) How to be Excluded from the Lawsuits

To opt out of the class actions, you must deliver a letter to the Administrator on or before the **[Opt Out Deadline]** signed by the person opting out and setting out that person's name, address, number of shares held and reason for opting out.

All class members who do not opt out of these class actions will be bound by the settlements.

The address for writing to the Administrator to opt out is: Crocus Class Action Settlement Administrator, Deloitte & Touche Inc., 360 Main Street, Suite 2300, Winnipeg MB, R3C 3Z3.

4. Legal Fees

Mr. Bellan retained Class Counsel to represent him and the Class in the lawsuits. Class Counsel are paid legal fees only if the lawsuit is successful, and then only in an amount approved by the Court.

5. More Information

For further information about the class actions you may contact: Klein Lyons, Barristers & Solicitors, P.O. Box 85, Suite 1220, 65 Queen St. W., Toronto, ON M5H 2M5, 1-800-216-1383, Attn: Doug Lennox dlennox@kleinlyons.com, www.kleinlyons.com.