

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

N°: 500-11-033234-085
DATE : September 15, 2009

PRESIDING: The Honourable Robert Mongeon, J.S.C.

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED:**

SHERMAG INC.
- and -
JAYMAR FURNITURE CORP.
- and -
SCIERIE MONTAUBAN INC.
- and -
MÉGABOIS (1989) INC.
- and -
SHERMAG CORPORATION
- and -
JAYMAR SALES CORPORATION

Petitioners

- and -

RSM RICHTER INC.

Monitor

ORDER

CONSIDERING the Petitioners' *Motion for the Sanction of a Plan of Arrangement by a Court*, the Affidavit and the exhibits in support thereof and the representations made by counsel for the Petitioners;

FOR THESE REASONS, THE COURT:

- [1] **ORDERS** that capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the plan of arrangement dated August 20th, 2009 (the "**Plan**"), pursuant to the CCAA.
- [2] **GRANTS** Petitioners' *Motion for Sanction of a Plan of Arrangement by a Court* (the "**Motion**").

SERVICE AND MEETING

- [3] **ORDERS AND DECLARES** that there has been good and sufficient service and notice of both the Plan and the Notice to Creditors and that the Creditors' Meeting was duly called, held and conducted in accordance with the CCAA and the Orders of this Court.
- [4] **DECLARES** valid and sufficient the service and the notice of presentation of the Motion, and **EXEMPTS** the Petitioners from service or providing any notice of presentation of the Motion other than the service and notice already given.

SANCTION OF PLAN

- [5] **ORDERS AND DECLARES** that the Petitioners have complied with the provisions of the CCAA and the Orders of this Court in these CCAA proceedings in all respects.
- [6] **ORDERS AND DECLARES** that the Plan has been agreed to and approved by the requisite majorities of Creditors in each class of creditors voting on the Plan in accordance with the CCAA and the Orders of this Court.
- [7] **ORDERS AND DECLARES** that the Plan is fair and reasonable and that the Plan is hereby sanctioned and approved pursuant to section 6 of the CCAA.

PLAN IMPLEMENTATION

- [8] **ORDERS** that upon the filing with this Court of the Monitor's certificate in accordance with section 8.3 of the Plan, the Effective Date shall occur and all of the conditions precedent to the implementation of the Plan set out in section 8.2 of the Plan shall have been satisfied and be deemed to be satisfied or, where permissible, waived, and the Plan and associated steps, transactions, compromises, arrangements and reorganizations shall be implemented in accordance with the terms of the Plan.
- [9] **ORDERS AND DECLARES** that, upon implementation of the Plan in accordance with its terms and this Order, the Plan, including all steps, transactions, compromises, releases, arrangement, reorganizations and terms effected by the Plan shall be effective and binding upon all Creditors of the Petitioners (other than Unaffected Creditors) and all other relevant Persons referred to in, or affected by the Plan, and their respective heirs, administrators, executors, legal personal representatives, successors and assigns, in accordance with the terms of the Plan.
- [10] **ORDERS** that the Petitioners and/or the Monitor are hereby authorized and directed, at the times contemplated by section 8.2 of the Plan, to take all actions and steps necessary or appropriate, to enter into, adopt, execute, deliver, implement and consummate the contracts, instruments, releases and all other agreements, instruments or documents to be created or which are to come into effect in connection with the Plan, and to complete all of the transactions and steps contemplated by the Plan, and that all such actions and steps are hereby approved, in all respects and for all purposes, without any requirement of further action or step by shareholders, directors or officers of the Petitioners or the Monitor.

REORGANIZATION

[11] **ORDERS** that Shermag is authorized and directed to issue to Bermex the New Common Shares in consideration for the New Funds, and that the New Common Shares will be validly issued and outstanding as fully-paid and non-assessable on the Effective Date.

RELEASE AND DISCHARGE

[12] **ORDERS AND DECLARES** that, pursuant to and in accordance with the Plan, effective as of the Effective Date, all Claims of any nature against the Petitioners shall be forever compromised, discharged and released, the ability of any Person to proceed against the Petitioners in respect of or relating to any Claims shall be forever discharged, and all proceedings with respect to, in connection with or relating to such Claims are hereby permanently stayed, subject only to the right of Creditors to receive the distributions pursuant to the Plan in respect of their Claims.

[13] **ORDERS AND DECLARES** that the arrangement and releases set out in the Plan are approved and that upon implementation of the Plan in accordance with its terms and this Order, the Petitioners and each of the other Released Parties shall be forever released and discharged from all Claims as well as any and all indebtedness, obligations and liabilities to the extent provided under the Plan and this Order (the "**Released Claims**") and the ability of any Person to proceed against the Petitioners or against any other Released Party in respect to any Released Claims shall be forever discharged, and all proceedings with respect to, in connection with or relating to such Released Claims are hereby permanently stayed.

[14] **ORDERS AND DECLARES** that the D&O Charge as defined in and created pursuant to the Initial Order will be terminated and discharged as

against the Petitioners and their properties effective as of the Effective Date.

- [15] **GIVES ACT** to all the reports of the Monitor prepared and filed in this matter, in relation to its obligations to prepare, compile, assemble and distribute the financial and other information required in the CCAA proceedings;
- [16] **APPROVES** any and all actions of the Monitor and the Petitioners as same are described in the reports of the Monitor filed with this Court;
- [17] **ORDERS AND DECLARES** that, effective upon the Effective Date, any and all claims against the Monitor in connection with the performance of its duties as Monitor up to the Effective Date shall be and are hereby stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereto provided that the Monitor has acted diligently and in good faith. However this paragraph shall not release the Monitor of its remaining duties pursuant to the Plan and this Order.
- [18] **ORDERS** that no action or other proceedings shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court on notice to Monitor and upon further order securing, as security for costs, the solicitor and his own client costs of the Monitor in connection with the proposed action or proceeding.

GENERAL

- [19] **DECLARES** that the Petitioners, the Monitor and any other directly affected parties may apply to this Court for any directions or determinations required to resolve any matter or dispute relating to, or to the subject matter of or rights and benefits under, the Plan or this Order.
- [20] **DECLARES** that any other directly affected party referred to above that wishes to apply to this Court, including with respect to a dispute relating to

the Plan, its implementation or its effects, must proceed by motion presentable before this court after a 10-day prior notice of the presentation thereof given to the Petitioners and to the Monitor.

[21] **ORDERS** that all natural or legal persons with which the Petitioners have concluded any agreements of any nature whatsoever in the scope of its activities and operations respect the terms of said agreements with the Petitioners, and notably continue providing all services and all goods of any nature whatsoever that they had previously provided to the Petitioners, and not terminate or resiliate said agreements for the reason that the Petitioners became insolvent or because the Petitioners have applied for relief under the CCAA or because they no longer benefit from protection obtained under previous Orders, under the terms of the Initial Order and of the following Orders.

[22] **DECLARES** that the Plan is governed and interpreted in conformity with the applicable laws of Québec and Canada.

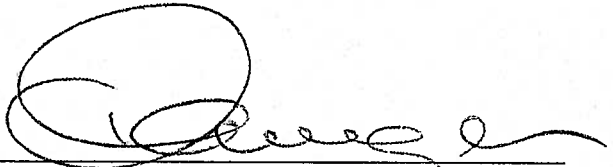
[23] **ORDERS** that all questions relating to the application and coming into force of the Plan and of the consequences it entails relative to the application of all provincial or federal laws, and all the procedures undertaken with respect to this Plan and the provisions that it contains and the effects that it entails, are within the exclusive jurisdiction of the Court and that all disputes relating to the Plan, to its execution and its consequences will be judged by the Court upon the submission of a motion to resolve the dispute by means of direction, instruction or order.

[24] **ORDERS** the provisional execution of the present Order, notwithstanding any appeal and without the necessity of furnishing any security.

[25] **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United

States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.

[26] THE WHOLE without costs.



The Honourable Robert Mongeon, J.S.C.

COPIE CONFORME



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