

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

*IN THE MATTER OF the Bankruptcy of KRAUS CANADA INC.
1551 Church Avenue, Winnipeg MB R2X 1G7*

THE HONOURABLE MR.)	MONDAY, THE 11TH
)	
JUSTICE MORAWETZ)	DAY OF JUNE, 2012

**BANKRUPTCY ORDER
(Sections 43 and 44 of the Act)**

ON THE APPLICATION of Pinnacle Capital Resources Limited in its capacity as general partner of Red Ash Capital Partners II Limited Partnership, a creditor, of the City of London, in the United Kingdom, filed on May 24, 2012.

Upon this bankruptcy application having been transferred to this court by order of Registrar Berthaudin of the Manitoba Court of Queen's Bench at Winnipeg dated June 5, 2012, made in Manitoba court file no. BK-12-01-02706,

Having heard the submissions of the Applicant Creditor;

And it appearing to the Court that the following acts of bankruptcy have been committed:

Kraus Canada Inc. has, within the six months preceding the application for a bankruptcy order, ceased to meet its obligations as they have become due,

1. **THE COURT HEREBY ORDERS** that pursuant to subsection 43(4) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) this bankruptcy application is hereby administratively consolidated with the following applications for a bankruptcy order which were previously administratively consolidated by order of Justice Morawetz dated May 28, 2012 made in Ontario Superior Court of Justice (Commercial List) File No. CV-12-9731-00CL (the “**Red Ash Application**”):

- (a) bankruptcy application in respect of Kraus Inc. brought in the Ontario Superior Court of Justice as court file no. 31-OR-207897-T; and
- (b) bankruptcy application in respect of Strudex Fibres Limited brought in the Ontario Superior Court of Justice as court file no. 31-OR-207896-T.

2. **THE COURT FURTHER ORDERS** that Kraus Canada Inc. be adjudged bankrupt by virtue of a bankruptcy order hereby made on this date

3. **THE COURT FURTHER ORDERS** that PricewaterhouseCoopers Inc., of the City of Toronto, in the Province of Ontario, be appointed as Trustee of the estate of the bankrupt.

4. **THE COURT FURTHER ORDERS** that the Trustee give security in cash or by bond or suretyship without delay, in accordance with subsection 16(1) of the *Act*.

5. **THE COURT FURTHER ORDERS** that the costs of the Applicant Creditor be paid out of the estate of the bankrupt on taxation of the estate.

6. **THIS COURT FURTHER ORDERS** that this order shall only become effective

immediately prior to the Effective Time, as defined in paragraph 3 of the order of Justice Morawetz dated June 11, 2012 in the Red Ash Application which appoints PricewaterhouseCoopers Inc. as receiver of Kraus Canada Inc., Kraus Inc., Strudex Fibres Limited, and 538626 B.C. Ltd. pursuant to section 243 of the BIA.



(Signature of Judge or Registrar)

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PROCEEDING COMMENCED AT
TORONTO

BANKRUPTCY ORDER

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