

FMF CAPITAL GROUP LTD. SECURITIES LITIGATION

NOTICE OF CERTIFICATION AND SETTLEMENT APPROVAL HEARINGS

PLEASE READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS

CLASS MEMBERS: All persons who:

- (1) purchased Income Participating Securities (“IPSs”) of FMF Capital Group Ltd. (the “Company”) in the Company’s March 2005 initial public offering (“IPO”) (“Class I Members”); and/or
- (2) purchased the Company’s IPSs, or any of the securities represented by such IPSs, over the Toronto Stock Exchange (“TSX”) during the period from and including March 24, 2005 to and including November 15, 2005 (“Class II Members”, and together with the Class I Members, the “Global Class Members”).

1. PURPOSE OF THIS NOTICE: Class proceedings have been commenced in the Ontario Superior Court of Justice (the “Ontario Court”) and the Québec Superior Court (the “Québec Court,” and, together with the Ontario Court, the “Canadian Courts”) against BMO Nesbitt Burns Inc. (“BMO”), Harris Nesbitt Corp. (“Harris”), Blackmont Capital Inc. (“Blackmont”), Canaccord Capital Corporation (“Canaccord”), National Bank Financial Inc. (“NBF”), Sprott Securities Inc. (“Sprott”), TD Securities Inc. (“TD”), BDO Seidman LLP (“BDO”), the Company, FMF Capital LLC (“FMF Capital”), FMF Holdings LLC (“FMF Holdings”), Michigan Fidelity Acceptance Corporation (“MFAC”), PKF LLC (“PKF”), Robert Pilcowitz, Edan King, Howard Morof, Michael Hoffman, Eric Slavens, Lorie Waisberg, Thomas Little, and Atul Shah (the “Defendants”), and a class action has been filed in the Sixth Judicial Circuit Court for the State of Michigan (the “Michigan Court”, and together with the Canadian Courts, the “Courts”) against the Defendants and against Phyllis Cane Pilcowitz, the Phyllis Cane Pilcowitz Revocable Trust, the Phyllis Cane Pilcowitz Qualified Annuity Trust, Hilary King, the Hilary King Revocable Trust, and the Hilary King Qualified Annuity Trust (collectively, the Transferee Defendants”).

The Plaintiffs allege in the Courts that the Defendants or some of them disseminated a prospectus and other information containing various misrepresentations to persons who purchased the Company’s IPSs and, in the Michigan Court, that the Transferee Defendants were unjustly enriched by the actions of some or all of the Defendants.

A Settlement Agreement has been reached between the Plaintiffs and the Defendants. The Settlement Agreement is not an admission of liability on the part of the Defendants, each of whom expressly denies any wrongdoing or liability. The sums of US\$21 million

and CAN\$4.55 million (together, the "Settlement Fund") shall be paid to settle the claims of all Class Members, wherever they may reside. Additionally, the Company has agreed to adopt certain technical, clarifying changes to the Company's (i) Mandate of the Board of Directors, and (ii) Audit Committee Charter.

In addition to seeking the Courts' approval of the Settlement Agreement, Class Counsel will seek the Courts' approval of legal fees not to exceed 25% of the Settlement Fund, plus disbursements and applicable taxes. These legal fees and expenses will be deducted from the Settlement Fund and will be applied to satisfy the collective legal fees and expenses of Ontario, Québec and Michigan Class Counsel (as defined under "Class Counsel", below).

If you would like a copy of the Settlement Agreement, it is available on the websites of Ontario Class Counsel and Michigan Class Counsel at www.classaction.ca and www.jruslaw.com. You can also obtain a hard copy by contacting Ontario Class Counsel, toll free, at 1-800-461-6166, Ext. 380.

**2. ONTARIO
APPROVAL HEARING:**

A settlement approval hearing in the Ontario class proceeding has been scheduled for **January 25, 2007 at 10:00 a.m.** at the Courthouse of the Ontario Court, 361 University Ave., Toronto, ON. At this hearing, the Ontario Court will determine whether the Settlement Agreement is in the best interests of all Global Class Members, excluding those who reside in the Province of Québec, but including those who reside in the Province of Québec and who are precluded from being a member of a group in a class action under Article 999(d) of the Québec *Code of Civil Procedure* (the "Non-Québec Class Members"). All timely filed written submissions from the Non-Québec Class Members will be considered at this time, as well as any objections to the proposed settlement by Class Members who appear in person. If the Settlement Agreement is approved, the Ontario Court will certify the action as a class proceeding for settlement purposes only, and will determine the joint fee request of Class Counsel.

If you wish to comment on, or make an objection to, the Settlement Agreement by written submissions, they must be delivered to Ontario Class Counsel, at the address listed below, by no later than **January 18, 2007**. Ontario Class Counsel will forward all such submissions to the Ontario Court. If the Settlement Agreement receives final approval from the Ontario Court, further Notices will be published on the websites of Ontario Class Counsel and Michigan Class Counsel at www.classaction.ca and www.jruslaw.com, and in such media as are directed by the Ontario Court.

3. QUÉBEC APPROVAL HEARING:

A settlement approval hearing in the Québec class action has been scheduled for **March 13, 2007**, at **10:00 a.m.** in room **3.14** of the Québec City Court House, 300, boul. Jean-Lesage, Québec City, Québec, G1K 8K6. At this hearing, the Québec Court will determine whether the Settlement Agreement is in the best interests of the Global Class Members who reside in Québec, excluding those who are precluded from being a member of a group in a class action under Article 999(d) of the Québec *Code of Civil Procedure* (the "Québec Class Members"). All timely filed written submissions from Québec Class Members will be considered at this time. If the Settlement Agreement is approved, the Québec Court will then grant the motion for Authorization to File a Class Action for settlement purposes only and will determine the fee request of Québec Class Counsel.

If you are a Québec Class Member and wish to comment on, or make an objection to, the Settlement Agreement, you must deliver a written submission to Québec Class Counsel at the address listed below, no later than **March 2, 2007**. Québec Class Counsel shall forward all such submissions to the Québec Court. If you do not deliver a written submission to Québec Class Counsel by **March 2, 2007**, you will not be entitled to participate in the settlement approval hearing and you will have no standing to later file an appeal should the Settlement Agreement be approved. If the Settlement Agreement receives final approval from the Québec Court, further Notices will be published on the websites of Ontario Class Counsel and Michigan Class Counsel at www.classaction.ca and www.jruslaw.com, and in such media as are directed by the Québec Court.

4. DISMISSAL OF MICHIGAN ACTION:

If the Settlement Agreement receives the approval of the Canadian Courts, promptly following the Canadian Courts' approval of this Settlement Agreement and the expiration of all appeal periods, Michigan Class Counsel shall file a Stipulated Order of Dismissal in the Michigan Court.

5. DISTRIBUTION PROTOCOL:

In order to receive compensation under the Settlement Agreement, a Class Member must have sustained a Net Loss (as defined in the Distribution Protocol, which is attached as Schedule "B" to the Settlement Agreement). Each Class Member who timely submits a valid Claim Form, and who is eligible for compensation, will be entitled to receive compensation, calculated by the Claims Administrator, according to the formulae set forth in the Distribution Protocol. The Distribution Protocol also sets forth the procedure to be followed by a Class Member who disputes a decision of the Claims Administrator.

The amount of each Class Member's actual compensation will depend upon: (1) the number of IPSs purchased by the Class

Member during the Class Period, and the prices at which the Class Member purchased and sold such IPSs; (2) whether or not the Class Member sustained a Net Loss and, if so, the amount of the Net Loss; (3) whether the Class Member purchased IPSs in the IPO and/or over the TSX; (4) whether or not the Class Member sold IPSs during the Class II Period; (5) whether the Class Member continues to hold some or all of the IPSs that acquired during the Class Period; (6) if the Class Member purchased IPSs in both the IPO and over the TSX, whether such IPSs were commingled; and (7) the number of IPSs and purchased by all Class Members who timely file valid Claim Forms with the Claims Administrator.

Each Class Member's *actual* compensation will be his, her, or its ***pro rata share of the net Settlement Fund, based on his, her or its estimated damages, calculated pursuant to the formulae set forth in the Distribution Protocol.*** Therefore, each Settling Class Member's *actual* compensation is likely to be less than the Settling Class Member's estimated damages.

6. RELEASE OF CLAIMS AND EFFECT ON OTHER PROCEEDINGS:

If the Settlement Agreement receives the approval of the Canadian Courts, you will be bound by the terms of the Settlement Agreement, unless you "opt out". This means that you will not be able to bring or maintain any other claim or legal proceeding against the Defendants or any other person released by the Settlement Agreement in relation to the matters alleged in these proceedings.

If you opt out, you will not be bound by the terms of the Settlement Agreement, but you will not be eligible for any of the benefits of the Settlement Agreement. This means that you will be barred from making a claim and receiving payment pursuant to the Settlement Agreement.

If the Settlement Agreement receives the approval of the Canadian Courts, there will be a further notice, and a Claim Form available, which will contain specific directions on how to opt out. A deadline for opting out will be established at that time. If you wish to ensure that you have any further notice mailed directly to you, you may contact Class Counsel and provide them with your name and address.

7. CLASS COUNSEL:

A. Dimitri Lascaris and Charles M. Wright of the law firm of *Siskinds^{LLP}* are counsel to the Plaintiffs in the Ontario class proceeding ("Ontario Class Counsel"). Ontario Class Counsel can be reached at 680 Waterloo Street, P.O. Box 2520, London, Ontario, N6A 3V8, Attention: **A. Dimitri Lascaris**, or by telephone, toll free, at **1-800-461-6166, Ext. 380**.

Simon Hébert of the law firm of *Siskinds, Desmeules^{S.E.N.C.R.L.}* is

counsel to the Petitioners in the Québec class proceeding (“Québec Class Counsel”). Québec Class Counsel can be reached at 43, Rue Buade, Bur 320, Québec City, Québec, G1R 4A2, Attention: **Simon Hébert**, or by telephone at **(418) 694-2009**.

Henry Juroviesky of the Ontario-based law firm of *Juroviesky and Ricci^{LLP}* and the Michigan-based law firm of *Frank, Haron, Weiner and Navarro^{PLC}* are counsel to the Plaintiffs in the Michigan Action (“Michigan Class Counsel”, and together with Ontario and Québec Class Counsel, “Class Counsel”). Michigan Class Counsel can be reached at 4950 Yonge Street, Suite 904, Toronto, Ontario, M2N 6K1, Attention: **Henry Juroviesky**.

8. INTERPRETATION: If there is a conflict between the provisions of this Notice and the Settlement Agreement, the terms of the Settlement Agreement will prevail.

PUBLICATION OF THIS NOTICE HAS BEEN AUTHORIZED BY THE ONTARIO SUPERIOR COURT OF JUSTICE AND THE QUÉBEC SUPERIOR COURT OF JUSTICE