

**IN THE MATTER OF
*THE SECURITIES ACT, 1988, S.S. 1988, c. S-42.2***

AND

SENTINEL FINANCIAL MANAGEMENT CORP.

AGREEMENT AND UNDERTAKING

The following agreement and undertaking ("Agreement") has been reached between Sentinel Financial Management Corp. ("Sentinel"), and the Saskatchewan Financial Services Commission, (the "Commission") and the Mutual Fund Dealers Association ("MFDA").

FACTS

Sentinel acknowledges and agrees as follows:

1. Sentinel, at all material times was, and is presently registered as a mutual fund dealer with the Securities Division of the Commission and with the Alberta Securities Commission;
2. Sentinel and its approved persons referred clients to Portus Alternative Asset Management Inc. ("Portus");
3. Portus was registered by the Ontario Securities Commission (the "OSC") as an Investment Counsel/Portfolio Manager and Limited Market Dealer.
4. Portus was cease traded by the OSC on February 2, 2005 and by the Commission on February 4, 2005.
5. Portus was ordered into receivership March 4, 2005 by the Ontario Superior Court.
6. The Commission and the MFDA have Regulatory issues ("the Regulatory Issues") with respect to the due diligence process undertaken by dealers to approve referrals to Portus, the supervision of client accounts, and related compliance functions;

SENTINEL'S AGREEMENT

Sentinel hereby undertakes, agrees and consents, effective the date of execution of this Agreement to accept the Terms and Conditions as attached in Schedule "A"

COMMISSION & MFDA'S AGREEMENT

The Commission and the MFDA hereby agrees that this Agreement is the only action the Commission & MFDA will take with regard to Sentinel pursuant to the Act or the MFDA Rules with respect to the matters set out in this Agreement, provided that nothing herein shall prohibit the Commission or the MFDA from considering and dealing with any matter other than the Regulatory issues set out in this Agreement or any new complaint brought to the Commission's or MFDA's attention in respect of Sentinel.

IN WITNESS WHEREOF Sentinel the Director and the MFDA have executed this Agreement and Undertaking on this 9th day of February, 2006.

SIGNED, SEALED AND DELIVERED)
in the presence of:)

)) *"Merlin H. Chouinard"*
))
))
_____))
Merlin H. Chouinard, President
Sentinel Financial Management Corp

SIGNED, SEALED AND DELIVERED)
in the Presence of:)

)) *"Barbara Shourounis"*
))
"Shannon England"))
_____))
Barbara Shourounis, Director
Securities Division
Saskatchewan Financial Services Commission

SIGNED, SEALED AND DELIVERED)
in the presence of:)

)) *"Shaun Devlin"*
))
"Bernadette Devine"))
_____))
Assistant Corporate Secretary))
Shaun Devlin, Vice-President
Enforcement
Mutual Fund Dealers Association of Canada

TERMS AND CONDITIONS FOR DEALERS

1. Sentinel Financial Management Corp. ("Sentinel") shall repay to its clients all fees (the "Fees") received from in connection with the "referral" of such clients by its registered salespersons/approved persons made pursuant to a referral agreement between Portus and Sentinel. In addition, where any of Sentinel's registered salesperson/approved persons conducted Portus referrals outside Sentinel, and Sentinel was aware of those actions at the time, Sentinel shall pay to such clients a sum equal to the referral fees paid by Portus with respect to those referrals. A schedule regarding clients to be paid is to be provided by Sentinel to the MFDA by April 1, 2006. The schedule shall outline details of all referral fees relating to the above, and the calculation methodology and the amounts of payments to each client.
2. The repayment of Fees referred to in paragraph 1 above, shall be completed as follows:
 - a. On or before April 1, 2006, Sentinel shall submit its plan for repayment of funds (the "repayment plan") to the MFDA for review, which shall include full details outlining how the dealer intends to make payment and remain in compliance with the MFDA capital requirements and shall ensure maximum efficiency from a taxation perspective;
 - b. Sentinel shall make payments in accordance with the repayment plan as approved by the MFDA with all such payments to be made no later than June 30, 2006 unless otherwise approved by the MFDA; and
 - c. On or before July 31, 2006, the Chief Executive Officer of Sentinel shall certify that:
 - i. Sentinel has made payment in accordance with the approved repayment plan, noting any exceptions where such payment has not been made; and
 - ii. in all dealings with the Commission, and the MFDA, in connection with the Portus matter, including the provision of the schedule of clients in section 1 above, Sentinel has conducted reasonable due diligence to determine the relevant facts and has been truthful to the best of its knowledge, information and belief.
3. The repayment of Fees referred to in paragraph 1 above shall not be conditional on the signing of any form of release by clients in favour of Sentinel and does not affect the rights of clients to pursue remedies in the civil court process. Prior to receipt of any Fees, clients shall certify the accuracy of the amount of the investment, net of redemptions, they made in the Portus products at issue.
4. Sentinel will:
 - a. As of the date of imposition of the terms and conditions:
 - i. Sentinel will cease any activity that is not in compliance with MFDA Rule 2.4.2 and Member Regulation Notices MR-0030 and MR- 0043;
 - b. By May 31, 2006, submit its referral policies and procedures to the MFDA for review. Those procedures will meet the standards in section 4(a) above, and for purposes of clarity, will include that all referral arrangements are adequately and properly disclosed to clients prior to any referrals being made by the dealer and its registered salespersons/approved persons from a third party in connection therewith;

- c. Correct any deficiencies in those procedures that are identified by the MFDA during the above review, any sales compliance examination, or the MFDA's review of Sentinel's response to the industry study below;
 - d. Confirm to the MFDA within a time frame identified by the MFDA that Sentinel:
 - i. has corrected any deficiencies as above;
 - ii. has distributed the revised procedures to all registered salespersons/approved persons and retained documentary evidence of that distribution;
 - iii. operates in compliance with the revised procedures; and
 - iv. will amend its procedures as required to meet any future requirements regarding referral arrangements that are established by the MFDA or securities administrators.
5. Sentinel shall continue to participate in an industry study on the issues arising from referral arrangements and non-mutual fund products, and shall promptly thereafter enact policies and procedures, subject to regulatory approval, to reflect regulatory and MFDA requirements arising from the study.

AFFIDAVIT OF EXECUTION

I, _____, of _____, in the Province of Saskatchewan:

MAKE OATH AND SAY THAT :

1. I was personally present and did see Merlin Chouinard, President of Sentinel Financial Management Corp. named in the within instrument, who is personally known to me to be the person named herein, duly sign and execute the same for the purposes named therein;
2. The same was executed at _____, in the Province of Saskatchewan, on the ____ day of _____, 2006 and that I am the subscribing witness thereto;
3. I know the said Merlin Chouinard and I believe him to be eighteen years of age or more.

SWORN before me at _____)
in the province of _____)
this _____ day of _____, 2006)

A Notary Public in and for the

My appointment expires: _____
- Or - Being a Solicitor.