

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF: The Companies' Creditors Arrangement Act,
R.S.C. 1985, c. C-36, as Amended

AND IN THE MATTER OF: A Plan of Compromise or Arrangement of
The Puratone Corporation, Pembina Valley
Pigs Ltd. and Niverville Swine Breeders Ltd.
(the "Applicants")

Application under: The Companies' Creditors Arrangements Act, R.S.C.
1985, c. C-36, as Amended

AFFIDAVIT OF LARRY SVEINBJORN JOHNSON
SWORN THE 2ND DAY OF JANUARY, 2013
DATE OF HEARING: FRIDAY, THE 4TH DAY OF JANUARY, 2013
AT 9:00 A.M.

TAYLOR McCaffrey LLP
Barristers and Solicitors
9th Floor - 400 St. Mary Avenue
Winnipeg, Manitoba, R3C 4K5

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Client File No. 15611-250 DJAC

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IN THE MATTER OF: The Companies' Creditors Arrangement Act,
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 (the "Applicants")

AFFIDAVIT OF LARRY SVEINBJORN JOHNSON

I, LARRY SVEINBJORN JOHNSON, of the Rural Municipality of East St. Paul, in the Province of Manitoba, Chartered Accountant,

MAKE OATH AND SAY THAT:

1. I am the Chief Financial Officer of 4444043 Manitoba Ltd. formerly known as The Puratone Corporation ("**TPC**"), 5561630 Manitoba Ltd. formerly known as Pembina Valley Pigs Ltd. ("**PVP**") and 0263672 Manitoba Ltd. formerly known as Niverville Swine Breeders Ltd. ("**NSB**"), the Applicants of the proceedings herein (hereinafter referred to collectively as the "**Applicants**") and as such have personal knowledge of the facts and

matters hereinafter deposed to by me except where stated to be based upon information and belief and in those I do verily believe.

INITIAL APPLICATION AND SUBSEQUENT COURT ORDERS

2. On September 12, 2012 this Honourable Court granted the Initial Order in these proceedings ("**Initial Order**"). In the Initial Order, the Court amongst other things:

- a) Granted a stay of proceedings as against the Applicants to October 12, 2012 ("**Stay Period**"); and
- b) Directed the Monitor to develop and commence a sale process ("**Sale Process**") with the Applicants for the purpose of offering to sell all or parts of the Applicants' business and property.

3. On October 10, 2012 this Honourable Court granted the First Extension Order in these proceedings which extended the Stay Period to November 2, 2012.

4. On October 30, 2012 this Honourable Court granted the Second Extension Order in these proceedings which extended the Stay Period to November 12, 2012.

5. On November 8, 2012 this Honourable Court granted two Orders in these proceedings:

- a) The Third Extension Order which amongst other things the Stay Period was extended until and including January 15, 2013;
- b) The Approval and Vesting Order whereby the Court approved the sale transaction ("**Transaction**") contemplated by an Asset Purchase Agreement ("**Sale Agreement**") dated November 1, 2012 among the Applicants as vendors, Maple Leaf Foods Inc. or its permitted assignee under the Sale Agreement ("**Purchaser**") and Deloitte & Touche Inc. in its capacity as Court Appointed Monitor of the Applicants.

6. On November 16, 2012 this Honourable Court granted the Transfer of Partially Owned Subsidiaries Order whereby this Honourable Court authorized the Applicants to sell all of their right, title and interest to and in all the shares and limited partnership units held by each of the Applicants in the Partially Owned Subsidiaries as defined therein as part of the Transaction.

7. On November 22, 2012 this Honourable Court granted the Assignment of Assumed Contracts Order whereby the Court authorized the

Applicants to assign the Assumed Contracts as defined therein as part of the Transaction.

**ACTIVITIES – POST THIRD EXTENSION ORDER:
TRANSACTION CLOSED - FOURTH STAY
EXTENSION IS APPROPRIATE**

8. Following the issuance of the Third Extension Order and the Approval and Vesting Order the Applicants have continued to act in good faith and with due diligence including, amongst other things:

- a) The Applicants continued to operate the business in the normal course with the benefit of the stay of proceedings and the DIP Loan up to the closing of the Transaction on Friday, December 14, 2012;
- b) The Applicants continued to communicate and work with their stakeholders and reassure suppliers, customers, employees and other stakeholders regarding the purpose and parameters of these proceedings and to take all steps necessary to close the Transaction in order to maximize value and convey the business on a going concern basis;

- c) The Applicants have continued to cooperate, assist and work with the Monitor in the Sale Process and the Approval and Vesting Order to complete the Transaction.

9. The Applicants and the Monitor with the cooperation of the Secured Lenders closed the Transaction with the Purchaser effective Friday, December 14, 2012. In that respect I highlight the following:

- a) Now shown to me and marked as Exhibit "1" to this my Affidavit is a true copy of the First Amendment to the Asset Purchase Agreement dated November 14, 2012 ("First Amendment") entered into by the Applicants, the Monitor and the Purchaser. This First Amendment was entered into with the approval and consent of the Secured Lenders to provide for a number of housekeeping matters and:

- i) Reduced the Section 3.1(a) segment of the Purchase Price from \$22,800,005.00 to \$22,579,255.00. This adjustment resolved a closing dispute as to ownership and valuation attributed to the Puralean Pork Ventures property;
- ii) Created an additional holdback of \$1,573,765.48 and the mechanics to resolve a dispute as to the assignability of

the Manure Management Financial Assistance Program ("MAFR Holdback Amount") with respect to specific project sites detailed therein;

iii) Added and deleted various Assumed Contracts, Assumed Leased Properties, Real Property Leases, Licenses and Interests otherwise incidental to the Transaction;

b) In accordance with Section 3.6 of the Sale Agreement as amended the Purchaser paid the Purchase Price to the Monitor based upon the Estimated Cash Purchase Price I prepared in accordance with Section 3.5 of the Sale Agreement as amended. As there were a number of closing issues which needed to be resolved actual payment of the Purchase Price was delayed until December 17, 2012. In addition to the \$100,000.00 deposit previously received by the Monitor, the payment of the Purchase Price included:

i) \$37,824,329.01 delivered by wire transfer to the Monitor's account representing the Estimated Cash Purchase Price, less Holdback Amount (also defined as Escrow Fund) and MAFR Holdback Amount (see (ii) and

- (iii) below) and less the Deposit per Section 3.6(a)(ii) of the Sale Agreement as amended;
 - ii) \$5,000,000.00 delivered by wire transfer to the Monitor's account representing the Escrow Fund per Section 3.6(a)(iii) of the Sale Agreement as amended; and
 - iii) \$1,573,765.48 delivered by wire transfer to the Monitor's counsel's trust account representing the MAFR Holdback Amount per Section 3.6(a)(iv) of the Sale Agreement as amended;
- c) Now shown to me and marked as Exhibit "2" to this my Affidavit is a true copy of the Monitor's Certificate dated December 17, 2012 confirming the Transaction had closed in accordance with the provisions of the Sale Agreement as amended. I understand that the Monitor continues to hold the Estimated Cash Purchase Price including the Escrow Fund and the MAFR Holdback Amount in trust in accordance with the provisions of the Sale Agreement as amended.

10. I have been advised by Mr. Sean Hicks, an associate with Taylor McCaffrey LLP, that in accordance with the requirements of the Sale

Agreement Articles of Amendment were filed with the Manitoba Companies Branch, certified December 18, 2012, whereby each of the Applicants' names were amended to remove reference to "Puratone", "Pembina" and "Niverville" and have taken on the numbered Manitoba company names as detailed in paragraph 1 of this my Affidavit.

11. A Stay of proceedings is essential to enable the Applicants to complete the post-closing obligations under the Sale Agreement as amended including with any applicable Dispute Notice thereunder and administer and dispose of any remaining assets of the business which were not conveyed to the Purchaser as part of the Transaction. These remaining assets include the Excluded Assets in accordance with Section 2.4 of the Sale Agreement:

- a) All cash and cash equivalents;
- b) All Bank or trust accounts and deposits of the Applicants;
- c) All accounts receivable and other rights to payment owed to the Applicants;
- d) All prepaid expenses of the Applicants;

- e) All income, GST, Corporate Capital Tax paid by the Applicants and the right to receive any refunds of income, GST, corporate capital or other taxes paid by the Applicants;
- f) All rights of action and claims (and benefits arising therefrom) of the Applicants against third parties in the conduct of the business or otherwise arising by reason of any facts or circumstances that occurred or existed prior to the Closing Date;
- g) All rights of the Applicants to any refunds of Worker's Compensation payments in respect of the period prior to the Closing Date;
- h) All assets including monies held in trust, in possession of the Applicants but owned by third parties;
- i) All contracts and agreements of the Applicants (and the rights of the Applicants thereunder) other than the Assumed Contracts (and the rights of the Applicants thereunder);
- j) All Minute Books and corporate records of the Applicants;

k) Certain real property and buildings including the real properties commonly known as Emerson Quarantine and Birch Bay Park as detailed in Schedule L of the Sale Agreement. (Though I point out that the Emerson Quarantine property was sold pursuant to a separate Sale Agreement with the consent and approval of the Monitor and Secured Lenders on December 13, 2012 and will be reported out shortly. The sub-division necessary to complete the sale of Birch Bay Park is still in process).

12. Prior to closing all of the active employees of the Applicants were terminated save and except myself. The Purchaser made offers of employment to employees and I understand that substantially all were hired by the Purchaser. Such former employees of the Applicants which were not hired by the Purchaser had received offers but chose not to accept them.

13. Under the terms of the Sale Agreement, the Purchaser is not obliged to offer employment to inactive employees (those on disability or parental leave) until such time as such employees are able to return to work provided that is within six months of the closing. Each of the eleven inactive employees of the Applicants has been terminated but will continue to be

eligible to receive dental and health benefits for up to the earlier of six months and the date they are offered employment by the Purchaser.

14. Following closing of the Transaction the Monitor paid out all benefits accruing under the Key Employee Retention Plan ("KERP") which had previously been approved by TPC's Board of Directors and implemented by this Honourable Court in the Initial Order. As such, the KERP Charge as defined in the Initial Order is no longer required and can be discharged.

15. Now shown to me and marked as Exhibit "3" to this my Affidavit is a true copy of the updated 13 Week Cash Flow Projection for December 17, 2012 through to March 17, 2013 which discloses that the Applicants have sufficient working capital to fund operations during the requested extension of the Stay Period.

16. It is my understanding that the Monitor and the Secured Lenders have each expressed their support for an extension of the Stay Period to February 28, 2013.

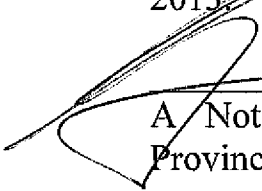
17. By virtue of the fact that substantially all of the assets and the operating business of the Applicants have been transferred to the Purchaser pursuant to the Transaction and that I remain the only active employee of the Applicants I understand that the Secured Lenders and the Monitor have

agreed that the Monitor's powers and duties should be expanded along the lines as set out in the draft Order attached to the Notice of Motion in support of the Fourth Extension and Amending Monitor's powers.

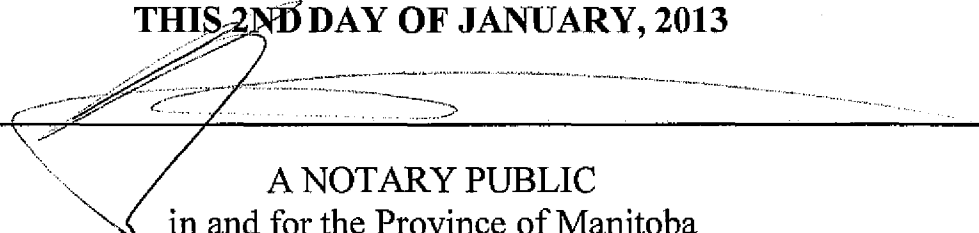
18. I make this Affidavit *bona fide*.

SWORN BEFORE ME at the City of)
Winnipeg, in the Province of)
Manitoba, this 2nd day of January,)
2013.)


LARRY SVEINBJORN
JOHNSON


A Notary Public in and for the
Province of Manitoba.

**THIS IS EXHIBIT "1" REFERRED TO IN THE
AFFIDAVIT OF LARRY SVEINBJORN JOHNSON
SWORN BEFORE ME AT THE CITY OF WINNIPEG
IN THE PROVINCE OF MANITOBA
THIS 2ND DAY OF JANUARY, 2013**



A NOTARY PUBLIC
in and for the Province of Manitoba

**FIRST AMENDMENT TO ASSET PURCHASE AGREEMENT
DATED NOVEMBER 1, 2012**

THIS AGREEMENT is made as of the 14th day of December, 2012.

AMONG:

THE PURATONE CORPORATION,
a corporation incorporated under
the laws of the Province of Manitoba
(**"Puratone"**)

- and -

PEMBINA VALLEY PIGS LTD.,
a corporation incorporated under
the laws of the Province of Manitoba
(**"PVP"**)

- and -

NIVERVILLE SWINE BREEDERS LTD.,
a corporation incorporated under
the laws of the Province of Manitoba
(**"NSB"**)

(collectively, Puratone, PVP and NSB, the **"Vendors"** and each a **"Vendor"**)

- and -

DELOITTE & TOUCHE INC.,
in its capacity as monitor of the Vendors and not in its personal capacity
(the **"Monitor"**)

- and -

MAPLE LEAF FOODS INC.,
a corporation incorporated under the laws of Canada
(including any permitted assignee thereof hereunder, collectively referred to as the
"Purchaser")

WHEREAS:

- A. The Vendors, the Monitor and the Purchaser entered into an asset purchase agreement on November 1, 2012 (the “**Asset Purchase Agreement**”) whereby the Vendors agreed to sell to the Purchaser and the Purchaser has agreed to purchase from the Vendors the Purchased Assets.
- B. The parties wish to amend the Asset Purchase Agreement upon the terms set out herein.

NOW THEREFORE in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties hereto hereby agree as follows:

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

Unless otherwise specifically stated herein, all capitalized terms and expressions used herein shall have the meaning ascribed thereto in the Asset Purchase Agreement.

**ARTICLE 2
AMENDMENTS**

2.1 Amendment of Section 1.1 of the Asset Purchase Agreement

Section 1.1 of the Asset Purchase Agreement is hereby amended as follows:

- (a) adding the following definitions alphabetically:

“**Insurance Policies**” are the insurance policies of the Vendors identified as Items 122B and 122C of Schedule A”.

“**MAFR Disputed Funding**” means funding from MAFR with respect to the projects named ASR Pigs Site 1, ASR Pigs Site 2, ASR Pigs Site 3, ASR Pigs Site 4, ASR Pigs Site 5, ASR Pigs Site 6 and ASR Pigs Site 7 as identified on the letter from MAFR to Puratone dated December 12, 2012 and letters from MAFR to the Purchaser dated December 14, 2012.

“**MAFR Escrow Fund**” shall have the meaning specified in Section 3.6(a)(iv).

“**MAFR Holdback Amount**” means \$1,573,765.48.

“**MAFR Replacement Funding**” means funding from MAFR that meets all of the following conditions: (i) is on substantially similar or better terms as the

MAFR Disputed Funding (other than in respect of the term of its availability dealt with in (iv) below); (ii) is in respect of projects that address the same environmental concerns as the MAFR Disputed Funding (it being acknowledged it need not be for the same technology); (iii) is for at least the same amount as the MAFR Disputed Funding (being \$1,573,765.48); and (iv) is available to the Purchaser until at least March 31, 2014.”

2.2 Amendment of Section 3.1(a) of the Asset Purchase Agreement

Section 3.1(a) of the Asset Purchase Agreement is hereby amended by deleting \$22,800,005 and replacing it with \$22,579,255.

2.3 Amendment of Section 3.1(i) of the Asset Purchase Agreement

Section 3.1(i) of the Asset Purchase Agreement is hereby deleted and replaced with the following:

“(i) customary adjustments on account of (x) the sale of the Owned Properties and assignment of the Real Property Leases including adjustments for real property taxes, accrued rent under the Real Property Leases, and utilities as of the Closing Date, (y) the premiums attributable to the unexpired term of the Insurance Policies, and (z) amounts that have been pre-paid by the Vendors on the Assumed Contracts or for which there is a pro-rata portion payable by the Vendors which is not yet due (collectively, together with similar adjustments, the “**Real Property Adjustments**”);”

2.4 Amendment of Section 3.6(a) of the Asset Purchase Agreement

Section 3.6(a) of the Asset Purchase Agreement is hereby deleted in its entirety and replaced with the following:

“(a) At Closing, the Purchaser will satisfy the Purchase Price by:

(i) the assumption of the Assumed Liabilities;

(ii) delivering by wire transfer to the Monitor an amount equal to the Estimated Cash Purchase Price, less the Holdback Amount, less the MAFR Holdback Amount and less the amount of the Deposit together with any interest earned thereon to the Closing Date;

(iii) delivering by wire transfer to the Monitor an amount equal to the Holdback Amount to be held by the Monitor in trust (such amount together with any interest earned thereon is herein called the “**Escrow Fund**”). The Escrow Fund shall be held by the Monitor in trust as security for and to fund amounts that may become payable by the Vendors to the Purchaser pursuant to Section 3.9, and shall be disbursed by the Monitor only upon the conditions specified in Section 3.9; and

(iv) delivering by wire transfer to the Monitor an amount equal to the MAFR Holdback Amount to be held by the Monitor in trust (such amount together with any

interest earned thereon is herein called the “**MAFR Escrow Fund**”). The MAFR Escrow Fund shall be held by the Monitor in trust and shall be disbursed by the Monitor only upon the conditions specified in Section 3.12.”

2.5 Amendment of Section 3.6(c) of the Asset Purchase Agreement

Section 3.6(c) of the Asset Purchase Agreement is hereby deleted in its entirety and replaced with the following:

“(c) In the event that the Agreement terminates in accordance with Section 2.3 or Section 12.1 hereof:

- (i) the Monitor shall forthwith deliver the Estimated Cash Purchase Price, the Escrow Fund and the MAFR Escrow Fund, together with any interest thereon, to the Purchaser by wire transfer to the account specified by the Purchaser; and
- (ii) the Monitor shall forthwith deliver the Deposit, together with any interest thereon, to the Purchaser or the Vendors, as applicable, by wire transfer to the account specified by the Purchaser or the Vendors, as applicable, in accordance with Section 3.2 hereof.”

2.6 New Section 3.12 of the Asset Purchase Agreement

The Asset Purchase Agreement is amended by adding the following Section 3.12 which immediately follows Section 3.11 of the Asset Purchase Agreement:

“3.12 Disputed MAFR Funding

(a) The MAFR Escrow Fund shall be held by the Monitor in escrow and shall be disbursed by the Monitor only on the following conditions:

(i) If the Monitor shall have been notified by the Purchaser that the Purchaser has received assurances from MAFR that all or a portion of the MAFR Replacement Funding is available to the Purchaser, the Monitor shall forthwith deliver either (x) the entire amount of the MAFR Escrow Fund to the Vendors in the event that all of the MAFR Replacement Funding is available to the Purchaser or (y) an amount of the MAFR Escrow Fund equivalent to the MAFR Replacement Funding that is available to the Purchaser in the event that only a portion of the MAFR Replacement Funding is available to the Purchaser.

(ii) If the Monitor (x) shall not have been notified by the Purchaser that the Purchaser has received assurances from MAFR that all of the MAFR Replacement Funding is available to the Purchaser or (y) shall have received notice from the Purchaser that after using its commercially reasonable efforts to do so, it has been unable to receive assurances from MAFR that all of the MAFR Replacement Funding is available to the Purchaser, then the Monitor shall forthwith deliver the applicable amount of the MAFR Escrow Fund to the Purchaser and/or the Vendors, as the case may be, as is specified by an Order of the Court obtained in accordance with Section 3.12(c).

(b) The Purchaser shall use commercially reasonable efforts to apply to MAFR for the MAFR Replacement Funding by March 31, 2013 and obtain assurances from MAFR by June 30, 2013 that the MAFR Replacement Funding will be available to the Purchaser. If, on or prior to June 30, 2013, the Purchaser receives assurances from MAFR that all or a portion of the MAFR Replacement Funding will be available to the Purchaser, it will promptly notify the Monitor and the Vendors of this fact, including a statement as to the portion of the MAFR Replacement Funding received, if less than all, and thereafter the MAFR Escrow Fund shall be disbursed as set forth in Section 3.12(a)(i) above.

(c) If, on or prior to June 30, 2013, the Purchaser has not received assurances from MAFR that all of the MAFR Replacement Funding will be available to the Purchaser, the Purchaser, the Vendors and the Monitor shall apply to Court to determine to whom the MAFR Escrow Fund should be released (including, as applicable, the remaining amount of the MAFR Escrow Fund if any amount shall have already been released pursuant to Section 3.12(a)(i)) and in what amounts based on an interpretation of the entirety of Section 8.1(f) of this Agreement (namely whether the Vendors have satisfied their obligations under Section 8.1(f) of this Agreement as of the date hereof such that no downward adjustment to the Purchase Price is warranted). In the event that all or a portion of the MAFR Escrow Fund is released to the Purchaser pursuant to Section 3.12(a)(ii), the Purchase Price shall be deemed to have been reduced by such amount (exclusive of any interest earned on the amounts in the MAFR Escrow Fund) and shall be re-allocated in accordance with Section 3.3.

(d) In the event that the Monitor has satisfied all of its obligations under this Agreement, other than those obligations pursuant to Section 3.12, and the Monitor desires or is otherwise entitled to be discharged as the Monitor under the CCAA Proceedings, the Monitor shall be permitted to assign the MAFR Escrow Fund to counsel to one of the parties to this Agreement or to counsel for the Bank of Montreal or Farm Credit Canada, as they may direct, provided such counsel assumes the obligations of the Monitor pursuant to this Section 3.12 and upon such assumption, references to "Monitor" in this Section 3.12 shall thereafter refer to such counsel."

2.7 Amendment of Section 7.3 of the Asset Purchase Agreement

Section 7.3 of the Asset Purchase Agreement is amended by adding the following at the end of the last sentence:

"At Closing, the Monitor shall confirm to the Purchaser that the Cure Costs identified in the list provided by the Vendors to the Purchaser on November 16, 2012 in respect of Assumed Contracts and Licenses in respect of Cure Costs must be paid, have been paid or will be paid contemporaneously with Closing, so that such Assumed Contracts and Licenses will be in good standing at Closing."

2.8 New Section 7.17 of the Asset Purchase Agreement

The Asset Purchase Agreement is amended by adding the following Section 7.17 which immediately follows Section 7.16 of the Asset Purchase Agreement:

"7.17 Payment of Insurance.

From and after the Closing, the Vendors shall promptly pay all remaining amounts owing under the financing arrangements that exist with the Insurance Policies.”

2.9 Amendment to Schedule A of the Asset Purchase Agreement

Schedule A of the Asset Purchase Agreement (as Schedule A has been updated by notice from the Purchaser to the Vendors on November 9, 2012) is hereby amended by:

- (a) adding the following agreement as Item 81A immediately following Item 81 on Schedule A:

“81A. Manure Sales Agreement dated February 17, 2011 between PVP and Brian and Jess Leadbeater”;

- (b) deleting the agreement listed as Item 99 (being the Lease agreement between PVP and Wesmar Farms Ltd. Dated October 9, 2007 and subject to renewal) in its entirety and replacing it with:

“99. [Intentionally deleted]”;

- (c) deleting the agreement listed as Item 109 (being the Tenancy Agreement dated April 30, 2010 between PVP and Patricia Klassen) in its entirety and replacing it with:

“109. [Intentionally deleted]”

- (d) adding the following agreement as Item 110A immediately following Item 110 on Schedule A:

“110A. Rental Agreement between Puratone and Robert and Shirley Thibodeau dated October 11, 2012”;

- (e) adding the following agreement as Item 122A immediately following Item 122 on Schedule A under the new heading “Access Agreements”:

“Access Agreements

122A. Access Agreement dated October 10, 2012 between NSB and Prairie Agricultural Machinery Institute”; and

- (f) adding the following agreements as Items 122B and 122C under the heading “Insurance Policies”:

“Insurance Policies

122B. Primary Property Insurance Policy #P120704/P123192 issued through Lloyd’s of London and Chartis Insurance Company of Canada

122C, Excess Property Insurance Policy #PRP003349703 issued through Arch Insurance Company”.

2.10 Amendment to Schedule B of the Asset Purchase Agreement

Schedule B of the Asset Purchase Agreement is hereby amended by:

- (a) deleting the following in its entirety:

Silver Ridge Hog Farm Ltd.	The lands, buildings and manure waste storage facility legally described as: N 1/2 OF THE N 1/2 OF SECTION 22-21-2 EPM EXC OUT OF THE NE 1/4 OF SAID SECTION FIRSTLY: NLY 660 FEET OF THE MOST ELY 685.5 FEET AND SECONDLY: ALL THAT PORTION TAKEN FOR PUBLIC ROAD PLAN 7324 WLTO SUBJECT TO THE RESERVATIONS AND PROVISOS CONTAINED IN THE CROWN LANDS ACT
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and;

- (b) adding the following:

Southland Feeders Ltd.	The land and buildings legally described as: NE 1/4 13-4-6 EPM SUBJECT TO ANY SUBSISTING RESERVATIONS CONTAINED IN THE CROWN LANDS ACT
Joubert Creek Farm Inc.	The land and buildings legally described as: N 1/2 OF SW 1/4 13-4-6 EPM EXC ALL MINES AND MINERALS
Joubert Creek Farm Inc.	The land and buildings legally described as: S 1/2 OF SW 1/4 13-4-6 EPM EXC ALL MINES AND MINERALS

2.11 Amendment to Schedule F of the Asset Purchase Agreement

Schedule F of the Asset Purchase Agreement (as Schedule F has been updated by notice from the Purchaser to the Vendors on November 9, 2012) is hereby amended by:

- (a) deleting Item 8 (being the Rental Agreement between Puratone and Robert and Shirley Thibodeau dated October 11, 2012) in its entirety and replacing it with the following:

“8. [Intentionally deleted]”; and

- (b) adding the following agreement as Item 9 immediately following Item 8 (with the parties acknowledging that the failure of the Vendors to obtain by Closing the consent of the counterparties to the assignment of the following agreement to the Purchaser will not hinder or otherwise delay the Closing or require the Vendors to obtain an Order of the Court to compel its assignment, and the Purchaser hereby waives compliance with Sections 7.2 and 8.1(d) in that regard but only in respect of such agreement):

“9. Lease Agreement dated October 12, 2011 between Joubert Creek Farm Inc., Southland Feeders Ltd., Puratone and Steinbach Hatchery & Feed Ltd.”.

2.12 Amendment to Schedule G of the Asset Purchase Agreement

Schedule G of the Asset Purchase Agreement is hereby amended by:

- (a) deleting Section (5)(a) (being Conditional Use Order No. RMB-98-06C issued by RM of Bifrost re Interlake Weanlings) in its entirety and replacing it with the following:

“(a) [Intentionally deleted]”; and

- (b) deleting Section (6) (being Special Road Restrictions Permit issued by Manitoba Highways and Transportation re K-Line Pigs and P.R. 253) in its entirety and replacing it with the following:

“(6) [Intentionally deleted]”.

2.13 Amendment to Schedule H of the Asset Purchase Agreement

Schedule H of the Asset Purchase Agreement is hereby amended by deleting Section (9) in its entirety and replacing it with the following:

“(9) PLC:

(a) Authorized Capital: 50 Class A units and 49 Class B units

(b) Issued Capital: 50 Class A units and 50 Class B units

(c) Interests in PLC:

(i) 12.5 Class A units owned of record and beneficially by Puratone; and

(ii) Puratone’s partnership capital account balance, if any.

2.14 Amendment to Schedule I of the Asset Purchase Agreement

Schedule I of the Asset Purchase Agreement is hereby amended by deleting paragraph (m) in its entirety and replacing it with the following:

“(m) To the Owned Properties, \$22,579,255 less the amount of the Subsidiary Liabilities, such amount to be allocated amongst the Owned Properties in the same manner as it was allocated amongst the Owned Properties in the applications seeking Farm Land Board Approval for Puratone, PVP and NSB”.

2.15 Waiver of Section 8.1(e) of the Asset Purchase Agreement

The Purchaser hereby waives compliance with Section 8.1(e) of the Asset Purchase Agreement.

2.16 Effective Date of Closing

The Parties hereby agree that notwithstanding anything to the contrary in the Asset Purchase Agreement or otherwise, the Closing Date and the Closing shall be deemed to have occurred at the close of business on December 14, 2012, provided that the Purchaser complies with its obligations pursuant to Section 3.6(a)(ii), 3.6(a)(iii) and 3.6(a)(iv) by no later than the close of business on December 17, 2012 and the Monitor delivers an executed Monitor's Certificate to the Parties no later than the close of business on December 17, 2012.

ARTICLE 3 GENERAL

3.1 Confirmation of Asset Purchase Agreement Provisions

Schedule A (as amended by this First Amendment), Schedule C and Schedule F (as amended by this First Amendment) of the Asset Purchase Agreement as such schedules were updated by notice from the Purchaser to the Vendors on November 9, 2012 are hereby confirmed. Except as amended by this First Amendment, all other provisions of the Asset Purchase Agreement (including the schedules thereto, as updated on November 9, 2012), remain in full force and effect, unamended. For clarity, the Asset Purchase Agreement (including the schedules thereto, as updated on November 9, 2012), as amended by this First Amendment, shall be read together as one document.

3.2 Governing Law

This First Amendment shall be governed by and interpreted and enforced in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein.

3.3 Successors and Assigns

This First Amendment shall be binding upon and shall enure to the benefit of the parties hereto and their respective administrators, trustees, receivers, successors and permitted assigns.

3.4 Amendments

No amendment, supplement, modification or waiver or termination of this First Amendment and, unless otherwise specified, no consent or approval by any party, is binding unless made in accordance with the terms of the Asset Purchase Agreement.

3.5 Severability

If any provision of this First Amendment shall be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision will be severed from this First Amendment and the remaining provisions shall remain in full force and effect.

3.6 Counterparts

This First Amendment may be executed in any number of counterparts and delivered via facsimile or portable document format (pdf) and all such counterparts taken together shall be deemed to constitute one and the same instrument.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

THE PURATONE CORPORATION

by: _____
Name:
Title:


PEMBINA VALLEY PIGS LTD.

by: _____
Name:
Title:

NIVERVILE SWINE BREEDERS LTD.

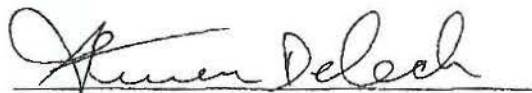
by: _____
Name:
Title:

MAPLE LEAF FOODS INC.

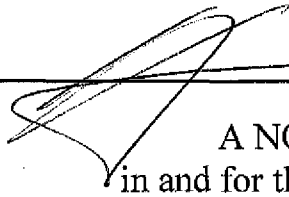
by:  _____
Name:
Title:

The undersigned consents to the transactions contemplated by this First Amendment in accordance with section 31(d) of the Initial Order and Section 2 of the Approval and Vesting Order issued by the Court in the CCAA Proceedings on November 8, 2012 and confirms its acknowledgement and agreement to accept its duties under the Asset Purchase Agreement, as amended by this First Amendment, including those duties set forth in Sections 3.2, 3.6, 3.12 and 7.3 of the Asset Purchase Agreement.

DELOITTE & TOUCHE INC., in its
capacity as Monitor of The Puratone
Corporation, Pembina Valley Pigs Ltd. and
Niverville Swine Breeders Inc., and not in its
personal capacity

by: 
Name: STEVEN DELECK
Title: SENIOR VICE-PRESIDENT

**THIS IS EXHIBIT "2" REFERRED TO IN THE
AFFIDAVIT OF LARRY SVEINBJORN JOHNSON
SWORN BEFORE ME AT THE CITY OF WINNIPEG
IN THE PROVINCE OF MANITOBA
THIS 2ND DAY OF JANUARY, 2013**



A NOTARY PUBLIC
in and for the Province of Manitoba

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

IN THE MATTER OF THE: *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as Amended

AND IN THE MATTER OF: A Proposed Plan of Compromise or Arrangement of The Puratone Corporation, Pembina Valley Pigs Ltd. and Niverville Swine Breeders Ltd. (the "Applicants")

Application under the: *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as Amended

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to the Initial Order of the Honourable Mr. Justice Dewar of the Manitoba Court of Queen's Bench (the "Court") dated September 12, 2012, Deloitte & Touche Inc. was appointed as the Monitor (the "Monitor") of the Applicants.

B. Pursuant to an Order of the Court dated November 8, 2012, the Court approved the Asset Purchase Agreement made as of November 1, 2012 (as subsequently amended, the "Sale Agreement") between the Applicants and Maple Leaf Foods Inc. (the "Purchaser") and the Monitor and provided for the vesting in the Purchaser of the Applicants' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing

as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Applicants and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

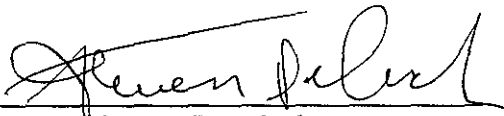
C. Pursuant to a further Order of the Court made on November 8, 2012, the Court granted certain additional powers to the Monitor in connection with its obligations to be performed under and as party to the Sale Agreement.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 8 of the Sale Agreement have been satisfied or waived by the Applicants and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at 3:36 p.m. on December 17, 2012.

**DELOITTE & TOUCHE INC., in its
capacity as Monitor of the Applicants,
and not in its personal capacity**

Per: 
Name: Steven P. Peleck
Title: Senior Vice-President

**THIS IS EXHIBIT "3" REFERRED TO IN THE
AFFIDAVIT OF LARRY SVEINBJORN JOHNSON
SWORN BEFORE ME AT THE CITY OF WINNIPEG
IN THE PROVINCE OF MANITOBA
THIS 2ND DAY OF JANUARY, 2013**



**A NOTARY PUBLIC
in and for the Province of Manitoba**

The Puratone Corporation
Cash Flow Projection
December 17 2012 through March 17, 2013

Week Start	Week 1 17-Dec-12	Week 2 24-Dec-12	Week 3 31-Dec-12	Week 4 7-Jan-13	Week 5 14-Jan-13	Week 6 21-Jan-13	Week 7 28-Jan-13	Week 8 4-Feb-13	Week 9 11-Feb-13	Week 10 18-Feb-13	Week 11 25-Feb-13	Week 12 4-Mar-13	Week 13 11-Mar-13	Week 1 - 7 Cumulative Totals
Week End	23-Dec-12	30-Dec-12	6-Jan-13	13-Jan-13	20-Jan-13	27-Jan-13	3-Feb-13	10-Feb-13	17-Feb-13	24-Feb-13	3-Mar-13	10-Mar-13	17-Mar-13	
Receipts														
<i>Sales</i>														
Market hogs - Hedged	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Market hogs - Non-hedged	1,426,000	-	-	-	-	-	-	-	-	-	-	-	-	1,426,000
12% reduction in pricing factor	(171,120)	-	-	-	-	-	-	-	-	-	-	-	-	(171,120)
Premium	27,344	-	-	-	-	-	-	-	-	-	-	-	-	27,344
Premium recovery	15,070	-	-	-	-	-	-	-	-	-	-	-	-	15,070
Subtotal market hogs	1,297,294	-	-	-	-	-	-	-	-	-	-	-	-	1,297,294
Feeders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Iso-weanlings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gilt sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cull sales	70,000	-	-	-	-	-	-	-	-	-	-	-	-	70,000
Feed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>														
Agri-stability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A/R collection	-	700,591	700,591	700,591	-	-	-	-	-	-	-	-	-	2,101,774
Payroll recovery	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	1,367,294	700,591	700,591	700,591	-	-	-	-	-	-	-	-	-	3,469,068
Disbursements														
<i>Operations</i>														
Ingredients costs	161,577	-	-	-	-	-	-	-	-	-	-	-	-	161,577
Escalation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production input costs	85,575	156,094	-	-	-	-	-	-	-	-	-	-	-	241,669
Operating expenses	85,575	156,094	-	-	-	-	-	-	-	-	-	-	-	241,669
Farm bonus	-	-	-	-	-	-	150,000	-	-	-	-	-	-	150,000
Payroll	72,195	-	17,794	-	17,794	-	17,794	-	17,794	-	17,794	-	17,794	178,959
<i>Restructuring</i>														
Professional fees	200,000	50,000	50,000	150,000	75,000	50,000	50,000	25,000	75,000	25,000	25,000	25,000	-	800,000
Vacation pay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
KERP	717,586	-	-	-	-	-	-	-	-	-	-	-	-	717,586
Utility costs	62,231	-	-	-	-	-	-	-	-	-	-	-	-	62,231
Cure costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Financing</i>														
Interest & principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	1,384,739	362,188	67,794	150,000	92,794	50,000	217,794	25,000	92,794	25,000	42,794	25,000	17,794	2,553,691
Net Cash Flows	(17,445)	338,403	632,797	550,591	(92,794)	(50,000)	(217,794)	(25,000)	(92,794)	(25,000)	(42,794)	(25,000)	(17,794)	915,377
Opening Cash	(5,672,300)	(5,689,744)	(5,351,341)	(4,718,544)	(4,167,953)	(4,260,747)	(4,310,747)	(4,528,541)	(4,553,541)	(4,646,335)	(4,671,335)	(4,714,129)	(4,739,129)	(5,672,300)
Net Cash Flows	(17,445)	338,403	632,797	550,591	(92,794)	(50,000)	(217,794)	(25,000)	(92,794)	(25,000)	(42,794)	(25,000)	(17,794)	915,377
Closing Cash (Indebtedness)	(5,689,744)	(5,351,341)	(4,718,544)	(4,167,953)	(4,260,747)	(4,310,747)	(4,528,541)	(4,553,541)	(4,646,335)	(4,671,335)	(4,714,129)	(4,739,129)	(4,756,923)	(4,756,923)