

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

TENTH REPORT OF THE MONITOR

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**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, NIVERVILLE
SWINE BREEDERS LTD., AND PEMBINA VALLEY PIGS LTD.**

APPLICANTS

**TENTH REPORT OF THE MONITOR
DATED MARCH 28th, 2014**

INTRODUCTION

1. On September 12, 2012, 4444043 Manitoba Ltd., formerly called The Puratone Corporation, 0263672 Manitoba Ltd., formerly called Niverville Swine Breeders Ltd., and 5561630 Manitoba Ltd., formerly called Pembina Valley Pigs Ltd. (collectively the "**Applicants**") filed for and obtained protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). Pursuant to the Order of the Manitoba Court of Queen's Bench (the "**Court**") dated September 12, 2012 (the "**Initial Order**"), Deloitte Restructuring Inc.

(“**Deloitte**”), formerly Deloitte & Touche Inc., was appointed as the Monitor of the Applicants (the “**Monitor**”) in the CCAA proceedings and a stay of proceedings was granted in favour of the Applicants.

2. On October 10, 2012, the Court extended the stay of proceedings until November 2, 2012.
3. On October 30, 2012, the Court extended the stay of proceedings until November 12, 2012.
4. On November 8, 2012, the Court extended the stay of proceedings until January 15, 2013.
5. On January 4, 2013, the Court extended the stay of proceedings until March 15, 2013.
6. On March 12, 2013, the Court further extended the stay of proceedings until July 28, 2013 (collectively the “**Stay Period**”).
7. On or prior to July 28, 2013, no further extension of the Stay Period was requested and accordingly the Stay Period expired.
8. The Monitor has provided the Court with the following reports:
 - i. The Pre-Filing Report of the Proposed Monitor dated September 11, 2012 (the “**Pre-Filing Report**”) in connection with the Applicants’ application for protection under the CCAA;
 - ii. The First Report of the Monitor dated October 5, 2012 (the “**First Report**”) in connection with the Applicants’ motion to extend the Stay Period;

- iii. The Second Report of the Monitor dated October 25, 2012 (the “**Second Report**”) in connection with the Applicants’ motion to extend the Stay Period;
- iv. The Third Report of the Monitor dated November 5, 2012 (the “**Third Report**”) in connection with the Applicants’ motion to i) further extend the Stay Period; and ii) seek approval for the sale transaction (the “**Transaction**”) contemplated by the Asset Purchase Agreement (the “**APA**”) between the Applicants and Maple Leaf Foods Inc. (the “**Purchaser**”), and agreed to by the Monitor;
- v. The Fourth Report of the Monitor dated November 14, 2012 (the “**Fourth Report**”) in connection with the Applicants’ motion to allow the transfer of their shares and limited partnership units in the Partially Owned Subsidiaries (as defined in the APA) and the assignment of certain agreements between the Partially Owned Subsidiaries and/or their shareholders/unit holders to the Purchaser on closing;
- vi. The Fifth Report of the Monitor dated November 20, 2012 (the “**Fifth Report**”) in connection with the Applicants’ motion to assign their rights and obligations under certain Assumed Contracts (as defined in the APA) to the Purchaser on closing, where the consent of the relevant counterparty was required for the assignment and such counterparty had not expressly agreed to an assignment of the Applicants’ rights and obligations to the Purchaser;
- vii. The Sixth Report of the Monitor dated December 27, 2012 (the “**Sixth Report**”) in connection with the Applicants’ motion to extend the

- Stay Period and expand the powers and duties of the Monitor to permit it to act as agent for each of the Applicants in order to discharge certain of their obligations under the APA, and to make an application to the Court for a distribution order;
- viii. The Seventh Report of the Monitor dated March 8, 2013 (the “**Seventh Report**”) in connection with the Applicants’ motion to extend the Stay Period and the Monitor’s motion for an order approving a proposed distribution (the “**Distribution Order**”);
 - ix. The Eighth Report of the Monitor dated April 4, 2013 (the “**Eighth Report**”) in connection with the claims asserted by Interlake Turkey Breeders Ltd. and others (collectively, the “**TTB Claimants**”) wherein the claimants state that they each delivered feed grains to the Applicants shortly before the commencement of the CCAA proceedings for which payment was not received; and
 - x. The Ninth Report of the Monitor dated October 22, 2013 (the “**Ninth Report**”) in connection with the Monitor’s motions for a second interim distribution and for an Order discharging all of the priority charges granted under the Initial Order with the exception of the Administrative Charge.
9. Copies of the Initial Order, the Pre-Filing Report, the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Report(s), certain motion materials and Orders in the CCAA proceedings, and certain other documents related to the CCAA proceedings have been posted and are available on the Monitor’s website at www.deloitte.com/ca/puratone.

PURPOSE

10. The purpose of this tenth report of the Monitor (the “**Tenth Report**”) is to provide the Court with information with respect to the following:
- a) An update on the remaining matters in these CCAA proceedings, namely (i) the status of the APA, (ii) the status of the remaining Excluded Assets, (iii) the status of the Second Interim Distribution, (iv) the status of the claims of the ITB Claimants and (v) the status of potential government priority claims;
 - b) The Monitor’s motion for a third interim distribution to each of Bank of Montreal (“**BMO**”), Farm Credit Canada (“**FCC**”), and Manitoba Agricultural Services Corporation (“**MASC**”) from the funds held by the Monitor;
 - c) The Monitor’s Statement of Receipts and Disbursements for the period between December 14, 2012 and March 10, 2014;
 - d) The Monitor’s recommendation with respect to the proposed third interim distribution to BMO, FCC and MASC; and
 - e) The Monitor’s request for approval of the Ninth Report.

TERMS OF REFERENCE

11. In preparing this Tenth Report, the Monitor has relied upon unaudited interim financial information, the Applicants’ books and records, the Affidavits of Raymond Hildebrand sworn on September 11, October 4, October 24, November 1 and November 6, 2012, the Affidavits of Larry Johnson sworn on November 14, November 16, November 20, 2012, January 2, 2013 and March 6, 2013, the Affidavit of John Sigurdson affirmed March 5, 2013 (the

“**Sigurdson Affidavit**”) and discussions with the Applicants’ management and the Applicants’ financial and legal advisors.

12. The financial information of the Applicants has not been audited, reviewed or otherwise verified by the Monitor as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this Tenth Report may not disclose all significant matters about the Applicants. Additionally, none of the Monitor’s procedures were intended to disclose defalcations or other irregularities. If the Monitor were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Monitor’s attention. Accordingly, the Monitor does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this Tenth Report.
13. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this Tenth Report. Any use which any party makes of this Tenth Report, or any reliance or decision to be made based on this Tenth Report, is the sole responsibility of such party.
14. Unless otherwise stated, all monetary amounts contained in this Tenth Report are expressed in Canadian dollars.
15. Capitalized terms used in this Tenth Report but not defined herein are as defined in the Pre-Filing Report, the First Report, the Second Report, the Third

Report, the Fourth Report, the Fifth Report, the Sixth Report, the Seventh Report, the Eighth Report, the Ninth Report and the APA, as applicable.

APA WITH MAPLE LEAF FOODS INC.

16. On November 8, 2012, the Court issued an Order approving the Transaction between the Applicants and the Purchaser in accordance with the terms of the APA and the First Amendment to the Asset Purchase Agreement dated November 1, 2012 (collectively the “**Amended APA**”). The transaction closed with an effective date of December 14, 2012.
17. In accordance with the terms of the Amended APA, \$1,573,765 was paid by the Purchaser to the Monitor to be held in escrow pending resolution of the MAFR Disputed Funding.
18. On August 1, 2013, the Purchaser notified the Monitor that it had received assurances from MAFR that all of the MAFR Replacement Funding would be available to the Purchaser.
19. On October 30, 2013, the Court issued an order approving the distribution of the MAFR Disputed Funding to FCC.
20. Accordingly, the Monitor is of the view that all matters under the APA have now been finalized.

EXCLUDED ASSETS

21. Since the closing of the APA on December 14, 2012, the Monitor has continued to realize on all of the Excluded Assets detailed in section 2.4 of the APA which primarily comprise accounts receivable, Agristability claims, GST

claims, certain real property (more specifically the parcel identified as Birch Bay Pork), Cooperative equity, and other sundry items.

22. As at the date of the Tenth Report, the following summarizes the remaining assets to be realized upon:

- a) Accounts receivable – approximately \$188,000 at net book value remains outstanding. The Monitor continues its collection efforts with the assistance of its legal counsel. Formal demands, small claims, and other legal actions have been commenced on certain accounts. The Monitor is of the view that realizations are not likely to exceed \$60,000.
- b) Agristability – returns have been filed for all three entities and Agristability Calculation of Program Benefit Notices (“**CPB Notices**”) have been received. The following summarizes the results of the filings and the assessments:
 - i. 5561630 Manitoba Ltd., formerly called Pembina Valley Pigs Ltd. – a refund in the amount of \$2.4 million was claimed by the Monitor. On October 7, 2013, a CPB Notice was received indicating that Agriculture and Agri-Food Canada (“**AAFC**”) had completed its assessment and the payment due was Nil. The Monitor reviewed and challenged the assessment. After extensive correspondence with AAFC, on February 17, 2014 and on February 24, 2014, the Monitor received refunds in the amount of approximately \$0.7 million and \$0.5 million respectively.

- ii. 0263672 Manitoba Ltd., formerly called Niverville Swine Breeders Ltd. – a refund in the amount of \$0.2 million was claimed by the Monitor. On January 6, 2014, a CPB Notice was received indicating that AAFC had completed its assessment and the payment due was Nil. The Monitor has reviewed the adjustments made by AAFC and intends not to challenge the assessment.
 - iii. 4444043 Manitoba Ltd., formerly called The Puratone Corporation (“TPC”) – On February 5, 2014, a CPB Notice was received indicating that AAFC had completed its assessment and the payment due was Nil. On February 24, 2014, the Monitor sent correspondence to AAFC challenging certain adjustments in the assessment. On March 25, 2014, the Monitor received correspondence from AAFC addressing the Monitor’s challenges and supporting AAFC’s initial assessment. The Monitor has reviewed the communications submitted by AAFC and does not intend to challenge the assessment.
- c) Birch Bay Pork – On November 28, 2013, the Monitor received the net sale proceeds of \$175,413 for the sale of the Birch Bay properties. On December 2, 2013, \$175,413 was distributed to FCC in accordance with the terms of the October 30, 2013 Court Order.
- d) Co-Op Equity – the Applicants had various equity interests in Co-Operatives. Certain interests have been collected. The outstanding

amount that the Monitor continues to pursue totals approximately \$18,000.

- e) Other Sundry Items – the Monitor continues to deal with other matters such as a Workers Compensation Board audit and the filing of corporate tax returns which may result in additional receipts, although the amounts are not expected to be material.

SECOND INTERIM DISTRIBUTION

23. On October 30, 2013, subject to the Monitor receiving affidavits confirming the indebtedness owing to each of BMO, FCC and MASC by the Applicants, the Court ordered that the Second Interim Distribution be approved as follows:

- a) The sum of \$2,181,548 to BMO;
- c) The sum of \$3,201,946 to FCC (which included \$1,573,765 related to the MAFR Disputed Funding); and
- d) The sum of \$110,818 to MASC.

24. As the Monitor was in receipt of the necessary affidavits from BMO, FCC and MASC, the following payments were made in accordance with the Distribution Order:

- a) November 12, 2013 – the sum of \$2,181,548 BMO;
- b) November 15, 2013 – the sum of \$3,201,946 to FCC; and
- c) November 15, 2013 – the sum of \$110,818 to MASC.

INTERLAKE TURKEY BREEDERS CLAIM

25. On March 8, 2013, the Sigurdson Affidavit was filed wherein it was alleged that the ITB Claimants each delivered feed grains to the Applicants between August 29, 2012 and September 11, 2012, for which no payment was received. The Affidavit further requested a lifting of the stay of proceedings so that the ITB Claimants could initiate an action against the Applicants and the directors and/or officers of the Applicants.
26. On March 12, 2013, the ITB Claimants filed certain motion materials requesting that \$903,205 of the sale proceeds received by the Monitor pursuant to the APA, or otherwise, be imposed with a trust in favour of the ITB Claimants or be paid into Court or held with counsel for the Monitor, and that the Stay Period be lifted.
27. At the March 12, 2013 hearing, the Court reserved any decision on the ITB Claimants' motion until a future date.
28. On July 8, 2013, a decision was pronounced by the Court and an Order (the **"July 8, 2013 Order"**) was made for the following:
- a) Out of the general holdback monies, the sum of \$903,250 and any interest thereon since March 12, 2013 be segregated in an interest bearing account designated as the ITB Claim Monies and that such funds not be paid out without further order of the Court;
 - b) Leave was given to the ITB Claimants to commence an action against the Applicants and the directors and officers.

The decision further noted that in the event that the claim of the ITB Claimants was unsuccessful, the delays would result in the untimely receipt of the holdback monies by the secured creditors. Accordingly, the Court required that the ITB Claimants each file an undertaking agreeing to pay their pro-rata share of any damages sustained by BMO or FCC in the event that their claim for a constructive trust against the sale proceeds failed. The July 8, 2013 Order was signed and entered with the Court on November 3, 2013.

29. Pursuant to the July 8, 2013 Order, the Monitor opened a separate trust account (“**Trust Account**”) and deposited the sum of \$903,250, plus interest earned since March 12, 2013, into the Trust Account.
30. On July 29, 2013, both BMO and FCC filed notices of appeal with the respect to the July 8, 2013 Order.
31. The appeal hearing was held on November 27, 2013 before the Court of Appeal. At the hearing, Justice MacInnes reserved his decision.
32. On December 12, 2013, counsel for the Monitor was served with a motion from the ITB Claimants. The motion was to be heard on January 13, 2014, and sought (i) advice and direction from the Court as to the required scope and form of the undertaking as to damages to be provided by the ITB Claimants to BMO and FCC; and (ii) an extension of the date by which the ITB Claimants had to file any Statement of Claim. The motion hearing date was subsequently rescheduled to January 30, 2014.
33. On January 27, 2014, Justice MacInnes of the Court of Appeal rendered his decision which he previously reserved at the November 27, 2013 appeal

hearing. The decision granted leave to BMO and FCC to appeal the July 8, 2013 Order to holdback \$903,250, being the ITB Claimants claim.

34. Subsequent to the January 30, 2014 motion hearing brought by the ITB Claimants, on February 5, 2014, the Court issued a written judgement which provided for an extension of time for the ITB Claimants to provide the necessary undertakings, failing which, the holdback monies were to be released and could then be paid over to BMO and FCC. The extension period ended on February 28, 2014.
35. On March 1, 2014, the Monitor was advised by counsel that none of the ITB Claimants had filed any statement of claim, nor had any of them provided the required undertakings detailed in the reasons for judgment issued by the Court on February 5, 2014. Accordingly in the view of the Monitor and its counsel, the holdback of \$903,250, plus interest, as provided for in the July 8, 2013 Order may now be distributed to BMO and FCC.

GOVERNMENT CLAIMS

36. Post CCAA filing, the Applicants have been subject to three external audits relating to the period of time prior to the commencement of the CCAA proceeding: 1) Health and Education Tax Levy (“**HET**”), Retail Sales Tax (“**RST**”), and Goods and Services Tax (“**GST**”). The following is the status of the respective audits:

- a) HET – On December 12, 2013, the Monitor received written correspondence from Manitoba Finance detailing that the results of their audit indicated that no additional liability existed for the January 1, 2007 to December 31, 2012 audit period.

- b) RST – On November 28, 2013, the Monitor received the final Notice of Assessment which detailed that for the audit period of September 1, 2006 to December 31, 2012 the total outstanding liability of 4444043 Manitoba Ltd., formerly called The Puratone Corporation, was \$210,860 and was comprised of \$142,392 in unremitted taxes and \$68,468 in interest and penalties.
- c) GST – On October 18, 2013, the Monitor received the final Notice of Reassessment for 4444043 Manitoba Ltd., formerly called The Puratone Corporation, which detailed that the total outstanding obligation was \$124,201. On October 22, 2013, the Monitor received the final Notices of Reassessment for 0263672 Manitoba Ltd., formerly called Niverville Swine Breeders Ltd., and 5561630 Manitoba Ltd., formerly called Pembina Valley Pigs Ltd. The total outstanding obligations were \$3,128 and \$12,006 respectively. Collectively, the Applicants total GST liability is \$139,335.

37. Representatives for these possible claimants were served in connection with the motion for the Approval and Vesting Order, the First Interim Distribution Order, and the Second Interim Distribution Order and did not appear at the relevant hearings or in any manner assert to the Monitor that they had a priority claim as against any of the assets of the Applicants. Furthermore, the representatives for these possible claimants are also being served in connection with the motion for the present Third Interim Distribution Order.

38. As detailed in the Monitor's Ninth Report, the government claims for RST and GST have been discussed with its legal counsel, and that in the view of its legal

counsel, none of these claims would constitute a priority as against BMO, FCC, or MASC.

39. On November 25, 2013, the Monitor received notice from CRA indicating that \$10,484 (inclusive of \$445 in interest) was owed by 4444043 Manitoba Ltd. on account of outstanding source deductions. The Monitor continues to correspond with CRA to assess the nature of the claim and to determine whether any portion may form a deemed trust claim, which may constitute a priority as against BMO, FCC or MASC.

PROPOSED THIRD INTERIM DISTRIBUTION

40. The calculation of the proposed \$2,269,690 third interim distribution is attached as Exhibit “A” and is summarized as follows:
- a) The sum of \$1,518,861 to BMO;
 - b) The sum of \$714,884 to FCC; and
 - c) The sum of \$35,946 to MASC.

The third interim distribution includes the release of the ITB Holdback amount of \$903,250, plus interest.

41. The Monitor is of the view that a general holdback of \$0.25 million (the “**General Holdback**”) should be held pending the resolution of the realization of the remaining Excluded Assets.
42. The Monitor is of the view that the General Holdback will be sufficient to deal with future matters until a final distribution.
43. Thompson Dorfman Sweatman LLP (“**TDS**”) has provided its opinion (found at Exhibit A to the Seventh Report) that the proposed distribution by the Monitor is in accordance with the security held by BMO, FCC, and MASC,

subject to the agreement by BMO to acknowledge the priority of MASC with respect to the TPC head office properties.

44. As noted in the Monitor's Seventh Report, the amount payable to each of BMO, FCC and MASC is limited to amounts owing for principal, interest and costs due and owing pursuant to each party's credit agreement or security. Each of BMO, FCC, and MASC will incur significant shortfalls on their outstanding indebtedness.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

45. Attached as Exhibit "B" are the Monitor's Statement of Receipts and Disbursements for the period between December 14, 2012 and March 10, 2014.

MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

46. For the reasons set out above, the Monitor recommends that from the monies collected from the sale of the assets under the APA, the realization of Excluded Assets, and the collection of accounts receivable or otherwise that, in accordance with the Court Order dated January 4, 2013, the Monitor pay to BMO \$1,518,861 in accordance with amounts owing pursuant to the BMO Facility.
47. The Monitor further recommends that \$714,884 be paid to FCC from the monies collected from the sale of the assets under the APA and the realization of Excluded Assets, in accordance with amounts owing pursuant to the FCC Facility.
48. The Monitor further recommends that \$35,946 be paid to MASC from the monies collected from the sale of the assets under the APA in accordance with

amounts owing pursuant to the MASC Facility.

49. In addition, the Monitor requests that the Ninth Report of the Monitor be approved.

All of which is respectfully submitted at Winnipeg, Manitoba, this 28th day of March, 2014.

DELOITTE RESTRUCTURING INC.

In its capacity as Monitor of
The Puratone Corporation, Niverville Swine
Breeders Ltd., and Pembina Valley Pigs Ltd.,
and not in its personal capacity.

A handwritten signature in black ink, appearing to read "Steven Peleck". The signature is written in a cursive, flowing style.

Per: Steven Peleck, CA•CIRP
Senior Vice-President

Exhibit A – Proposed Third Interim Distribution

**THE PURATONE CORPORATION, NIVERVILLE SWINE BREEDERS LTD.,
AND PEMBINA VALLEY PIGS LTD.**

**PROPOSED THIRD DISTRIBUTION
As At March 10, 2014**

RECEIPTS		BMO	FCC	MASC	Notes
MAFR Holdback	1,573,765				
Interest	<u>15,113</u>	\$ 1,588,878	\$ -	\$ 1,588,878	\$ -
Asset Purchase Agreement Proceeds		43,847,129	23,075,256	19,516,873	1,255,000
Accounts Receivable		306,678	306,678	-	-
Agristability		1,153,195	922,556	230,639	-
Birch Bay		209,013	-	209,013	-
Co-Op Equity		232,568	186,054	46,514	-
GST		9,708	9,708	-	-
Insurance Rebates		31,813	25,451	6,363	-
Interest		185,272	148,217	37,054	-
Transfer from Niverville Credit Union Accounts		5,965	4,772	1,193	-
Other		46,064	36,852	9,213	-
Subtotal		47,616,285	24,715,545	21,645,740	1,255,000
DISBURSEMENTS					
Birch Bay		209,013	-	209,013	-
Corporate Expenses		676	541	135	-
Farm Purchases		29,830	23,864	5,966	-
Payroll and Benefits		75,697	60,558	15,139	-
Professional Fees		648,325	518,660	129,665	-
Property Taxes		21	17	4	-
Utilities		12,606	10,085	2,521	-
Other		5,003	4,002	1,001	-
Subtotal		981,171	617,727	363,445	-
EXCESS OF RECEIPTS OVER DISBURSEMENTS PRIOR TO INTERIM DISTRIBUTIONS					
	\$ 46,635,113	\$ 24,097,818	\$ 21,282,295	\$ 1,255,000	
First Interim Distribution					
DIP Repayment	4,036,111	2,205,701	1,767,660	62,750	
BMO (as per Distribution Order)	18,023,212	17,726,173	-	-	
FCC (as per Distribution Order)	15,520,264	-	15,817,303	-	
Adjustment (as agreed upon between BMO and FCC)	-	297,039	(297,039)	-	
MASC (as per Distribution Order)	1,041,524	-	-	1,041,524	
Subtotal	38,621,111	20,228,913	17,287,924	1,104,274	
Second Interim Distribution					
BMO (as per Distribution Order)	2,181,548	2,181,548	-	-	
FCC (as per Distribution Order)	3,201,946	-	3,201,946	-	
MASC (as per Distribution Order)	110,818	-	-	110,818	
Subtotal	5,494,312	2,181,548	3,201,946	110,818	
Birch Bay Adjustment	-	(9,882)	9,882	-	
Revised Second Interim Distribution	5,494,312	2,171,666	3,211,828	110,818	
EXCESS OF RECEIPTS OVER DISBURSEMENTS					
	\$ 2,519,690	\$ 1,697,239	\$ 782,543	\$ 39,908	
PROPOSED THIRD INTERIM DISTRIBUTION					
BMO	1,528,742	1,528,742	-	-	1
FCC	703,522	-	703,522	-	
FCC Residual Interest on MAFR Holdback	1,480	-	1,480	-	
MASC	35,946	-	-	35,946	
Birch Bay Allocation Correction	-	(9,882)	9,882	-	
Subtotal	2,269,690	1,518,861	714,884	35,946	
RESIDUAL FUNDS HELD IN TRUST					
	\$ 250,000				
Represented By					
Funds Held in Trust - ITB Claimants (released)	-				
Funds in Trust - General Holdback	250,000				
	\$ 250,000				

NOTES:

1 Third interim distribution allocated based on the Excess of Receipts Over Disbursements on a pro-rata basis.

Exhibit B – Statement of Receipts and Disbursements

**THE PURATONE CORPORATION, NIVERVILLE SWINE BREEDERS LTD.,
AND PEMBINA VALLEY PIGS LTD.**

**STATEMENT OF RECEIPTS AND DISBURSEMENTS OF THE MONITOR
December 14, 2012 to March 10, 2014**

RECEIPTS

MAFR Holdback	1,573,765		
Interest	15,113	\$	1,588,878
Asset Purchase Agreement Proceeds	43,847,129		
Interest	185,272		44,032,401
Accounts Receivable			306,678
Agristability			1,153,195
Birch Bay			209,013
Co-Op Equity			232,568
GST			9,708
Insurance Rebates			31,813
Transfer from Niverville Credit Union Accounts			5,965
Other			46,064
Subtotal			47,616,284

DISBURSEMENTS

Birch Bay		209,013
Corporate Expenses		676
Farm Purchases		29,830
Payroll and Benefits		75,697
Professional Fees		648,325
Property Taxes		21
Utilities		12,606
Other		5,002
Subtotal		981,171

**EXCESS OF RECEIPTS OVER DISBURSEMENTS
PRIOR TO INTERIM DISTRIBUTIONS**

\$ 46,635,113

Interim Distribution	First Distribution	Second Distribution	
DIP Repayment	4,036,111	-	4,036,111
BMO	18,023,212	2,181,548	20,204,760
FCC	15,520,264	3,201,946	18,722,210
MASC	1,041,524	110,818	1,152,342
Subtotal	38,621,111	5,494,312	44,115,423

EXCESS OF RECEIPTS OVER DISBURSEMENTS

\$ 2,519,690