

**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

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**NOTICE OF MOTION**

**(Sale Approval Motion)**

**DATE OF HEARING:**

**THURSDAY, THE 8<sup>th</sup> DAY OF NOVEMBER, 2012 AT 10:00 A.M.**

**BEFORE: THE HONOURABLE MR. JUSTICE DEWAR**

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

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

**NOTICE OF MOTION  
(Sale Approval Motion  
Returnable November 8, 2012)**

The Applicants will make a motion before the Honourable Mr. Justice Dewar on Thursday, November 8, 2012 at 10:00 o'clock in the forenoon or as soon after that time as the motion can be heard, at the Law Courts Building, 408 York Avenue, Winnipeg, Manitoba.

**THE MOTION IS FOR:**

1.            An Approval and Vesting Order, substantially in the form attached hereto as Appendix 1 ("Approval and Vesting Order"):
  - (a)        Validating or otherwise abridging the time for service of this Notice of Motion such that the motion is properly returnable November 8, 2012 and dispensing with further service thereof;

- (b) Approving the sale transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement (the "**Sale Agreement**") between the Applicants and Maple Leaf Foods Inc. or its permitted Assignee under the Sale Agreement (the "**Purchaser**"), as agreed to by Deloitte & Touche Inc. in its capacity as Monitor of the Applicants, made as of November 1st, 2012;
- (c) authorizing and directing the Applicants and the Monitor to execute and deliver the Sale Agreement, to perform the obligations therein and to complete the Transaction;
- (d) Vesting in the Purchaser all of the Applicants' and Monitor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**") free and clear of any claims and encumbrances other than certain permitted encumbrances, all as set out in the Approval and Vesting Order;
- (e) Ordering that the Confidential Exhibits to the Affidavit of Raymond Alan Hildebrand sworn November 1st, 2012 ("**Hildebrand Affidavit**") and the Confidential Appendix to the Monitor's Third Report ("**Third Report**") be filed under seal until further Order of this Court;
- (f) Amending the Monitor's functions to enable it to administer the obligations contemplated by the Sale Agreement.

2. An Order, substantially in the form attached hereto as Appendix 2 ("**Third Extension Order**"):

- (a) Validating or otherwise abridging the time for service of this Notice of Motion such that the motion is properly returnable November 8, 2012 and dispensing with further service thereof;
- (b) Extending the Stay Period (the "**Stay Period**") as defined in paragraph 18 of the Initial Order of the Honourable Mr. Justice Dewar dated September 12, 2012 (the "**Initial Order**"), until January 15, 2013;
- (c) Authorizing the Applicants to amend the DIP Loan and to increase the DIP Lender's Charge as defined in the Initial Order accordingly;
- (d) Approving the Pre-Filing and First Reports of the Monitor and the Monitor's activities as described therein.

3. Granting such further and other relief as this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

- 1. Sections 11, 11.02, 11.2, 11.3 and 36 and other provisions of the CCAA and the inherent and equitable jurisdiction of this Court.
- 2. Rules 2.03, 3.02, 16.04, 16.08 and 37.08(2) of the Court of Queen's Bench Rules, Manitoba Reg. 553/88.
- 3. Sections 37 and 77 of *The Court of Queen's Bench Act (Manitoba)*.

4. This is an urgent matter.

**Sale Process Conducted and Transaction Selected Pursuant Thereto**

5. On September 12, 2012, the Court granted protection to the Applicants in the Initial Order pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA").

6. In the Initial Order, the Court, among other things, approved that the Monitor, in conjunction with the Applicants, develop a Sale Process (the "**Sale Process**").

7. The Monitor conducted the Sale Process with the cooperation and assistance of the Applicants.

8. Pursuant to the Sale Process, 3 Letters of Intent ("**LOI**") were received by the Monitor and on October 17, 2012 at 9:30 a.m. C.S.T., the Purchaser's LOI was accepted by the Applicants with the Monitor's approval.

9. The LOI submitted by the Purchaser was the most favourable as it provided the highest price offered and was subject to the least closing risk, while also meeting the criteria of the Monitor and the requirements of CCAA s. 36.

10. On November 1st, 2012 the Sale Agreement was entered into by the Applicants and the Purchaser with the approval of the Monitor, all in accordance with the Sale Process.

11. Key elements of the Sale Agreement include the following:

- (a) The Purchaser has delivered a \$100,000.00 deposit to the Monitor to be held in trust in accordance with the terms of the Sale Agreement;
- (b) The Purchaser will purchase substantially all assets and liabilities of the Applicants save and except for certain Excluded Assets and Excluded Liabilities as defined in the Sale Agreement;
- (c) The Purchaser intends to offer employment to the current full-time and part-time employees of the Applicants on terms and conditions that are substantially the same as existing terms;
- (d) The Sale Agreement is not conditional on obtaining financing.

12. The parties anticipate closing to occur in or about mid-December, 2012.

**Authorization of the Sale Should be Granted**

13. Application of the factors set out in section 36 of the CCAA demonstrates that the Transaction should be approved. Among other things, the process leading up to the Transaction was commercially reasonable and administered by the Monitor in accordance with the authority granted under the Initial Order. The consideration to be received for the assets is reasonable and fair. The Monitor, along with the Bank of Montreal and Farm Credit Canada (the “Secured Lenders”) are supportive of the Transaction.

14. The completion of the Transaction will fulfill the objectives of the CCAA. It represents the highest price realizable through the Sale Process and is the best transaction in the circumstances for the benefit of the Applicants and their stakeholders.

**Sealing**

15. The Hildebrand Affidavit includes Confidential Exhibits such as an unredacted copy of the Sale Agreement, and the Monitor's Third Report will include a Confidential Appendix containing confidential information including, *inter alia*, a summary of the LOI's received and other valuation information. The Applicants request that such evidence be sealed until further Order of this Court as it constitutes commercially sensitive information, premature disclosure of which could negatively impact the Sale Process and its integrity, particularly in the event that this Transaction cannot be closed. Publication of this Confidential Information is unnecessary as all material elements have been disclosed.

**Amend DIP Financing**

16. In order to continue to operate the business until the Transaction can be closed, the Applicants requires additional working capital which the Bank of Montreal has agreed to provide by way of amendment to the existing DIP Loan as defined in the Initial Order. An amendment to the DIP Loan requires this Honourable Court's approval, as well as its authorization for an increase in the amount of the DIP Lender's Charge.

**Stay Extension**

17. The Stay Period in the Initial Order was extended by subsequent orders and presently expires on November 12, 2012.

18. The Applicants seek an extension of the Stay Period to January 15, 2013. This extension is necessary and appropriate in the circumstances, in particular to allow the Applicants to close the Transaction and deal with any closing issues before reporting to the Court. The Applicants continue to act in good faith and with due diligence.

19. Assuming this Honourable Court approves the proposed amendments to the DIP Loan, the Applicants are expected to have sufficient liquidity to be able to continue to operate in the ordinary course until the Transaction can be closed and reported to this Honourable Court. The Monitor and the Secured Lenders are supportive of the requested extension.

**THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:**

1. The pleadings and proceedings herein including the Initial Order, Affidavit of Raymond Alan Hildebrand sworn September 11, 2012, as well as the Pre-Filing and subsequent Reports of the Monitor.

2. The Affidavit of Raymond Alan Hildebrand sworn November 1st, 2012.

3. The Third Report of the Monitor, to be filed.



4. Such further and other materials as counsel may advise and this Court may permit.

Date: November \_\_\_\_, 2012

**TAYLOR McCAFFREY LLP**  
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Winnipeg, Manitoba  
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David R.M. Jackson/Sam Gabor  
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TO: THE ATTACHED SERVICE LIST

AND TO: THE SUPPLEMENTARY SERVICE LIST, TO BE FILED WITH  
THIS HONOURABLE COURT