

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

NOTICE OF MOTION
(INTERIM DISTRIBUTION)
DATE OF HEARING:
TUESDAY, THE 12TH DAY OF MARCH, 2013 AT 9:00 a.m.
BEFORE: THE HONOURABLE MR. JUSTICE DEWAR

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NOTICE OF MOTION

The Monitor, Deloitte & Touche Inc., will make a motion before The Honourable Mr. Justice Dewar on Tuesday, March 12, 2013 at 9:00 a.m. or as soon after that time as the motion can be heard at the Winnipeg Law Courts Building, 408 York Avenue in Winnipeg, Manitoba.

THE MOTION IS FOR:

1. An Order, substantially in the form attached as Appendix 1:
 - (a) If necessary, abridging the time for service in the Notice of Motion such that the motion is properly returnable March 12, 2013 and dispensing with further service thereof;

- (b) Authorizing an interim distribution of monies received by the Monitor from the sale of assets under the Asset Purchase Agreement as between the Applicants and Maple Leaf Foods Inc. (the "Purchaser"), the realization of certain Excluded Assets (as defined in the Asset Purchase Agreement), the collection of accounts receivables, and otherwise, in accordance with the recommendations as set out in the Seventh Report of the Monitor, to be filed;
- (c) Approving the Sixth Report of the Monitor previously filed in this proceeding and the Monitor's activities as described in those reports; and
- (d) Granting such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. The provisions of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, (the "CCAA") and the inherent and equitable jurisdiction of this Court.
2. Rules 2.03, 3.02 and 37.08(2) of the *Queen's Bench Rules*, M.R. 553/88.

3. The terms of the Initial Order pronounced September 12, 2012 and the Fourth Extension Order pronounced January 4, 2013.
4. As a result of the substantial completion of the transaction contemplated by the Asset Purchase Agreement, the Monitor is in receipt of monies realized from the sale of Applicants' assets.
5. Counsel for the Monitor has reviewed the security granted by the Applicants to the Bank of Montreal ("BMO"), Farm Credit Canada ("FCC") and Manitoba Agricultural Services Corporation ("MASC"). Subject to the assumptions and qualifications contained in its written opinion, counsel for the Monitor has advised that BMO, FCC and MASC have valid and enforceable security interests in the real and personal property of the Applicants and referenced in each such party's security agreements and in respect of which registrations have been made against the Applicants in accordance with the provisions of *The Real Property Act* and *The Personal Property Security Act* (Manitoba). Subject to very limited potential exceptions, counsel for the Monitor has advised that the security held by BMO, FCC and MASC ranks in priority to all other security interests and claims that may be advanced against the real and personal property of the Applicants and the monies held by the Monitor as a result of the realization of the assets of the Applicants.
6. The Monitor has prepared recommendations for the interim distribution of monies to BMO, FCC and MASC. The recommendations are in accordance

with the Intercreditor and Priority Agreements involving BMO, FCC and MASC and have been agreed to by those creditors. Following the recommended interim distribution of funds, the remaining monies held by the Monitor ought to be sufficient to deal with matters relating to the estates of the Applicants under a final distribution and to satisfy any potential claims of other creditors who claim an interest in the funds held by the Monitor that ranks in priority to the security held by BMO, FCC and MASC.

7. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Initial Order and the Order pronounced January 4, 2013.
2. The Affidavits of Raymond Alan Hildebrand sworn September 11 and November 1, 2012.
3. The Affidavit of Larry Sveinbjorn Johnson sworn March 6, 2013.

- 4 The Sixth Report of the Monitor, dated December 27, 2012.
4. The Seventh Report of the Monitor, to be filed.
5. Such further and other materials as counsel may advise and as this Honourable Court may permit.

March 7, 2013

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Touche Inc.

TO: THE SERVICE LIST

AND TO: THE SUPPLEMENTARY SERVICE LIST USED FOR APPROVAL AND
VESTING MOTION