

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

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 PLANET ORGANIC HEALTH CORP. AND
DARWEN HOLDINGS LTD.

APPLICANTS

MOTION RECORD
(RETURNABLE ON MAY 20, 2010)

May 18, 2010

BAKER & MCKENZIE LLP
Barristers and Solicitors
181 Bay Street, P.O. Box 874
Suite 2100
Toronto, Ontario
M5J 2T3

Frank Spizzirri (LSUC#: 37327F)
Tel.: 416.865.6940
Email: frank.spizzirri@bakermckenzie.com

Michael Nowina (LSUC#: 49633O)
Tel.: 416.865.2312
Email: michael.nowina@bakermckenzie.com

Fax: 416.863.6275

Lawyers for the Applicants

TO: DELOITTE & TOUCHE INC.
BCE Place, Suite 1400
181 Bay Street
Toronto, ON M5J 2V1

Pierre LaPorte
Tel.: 514.393.7372
Email: pilaporte@deloitte.ca

Huey Lee
Tel.: 416.601.4496
Email: huelee@deloitte.ca
Fax: 416.601.6151

Monitor

AND TO: GOODMANS LLP
Barristers and Solicitors
Bay Adelaide Centre
3400-333 Bay St.
Toronto, ON M5H 2S7

Brian Empey
Tel.: 416.597.4194
Email: bempey@goodmans.ca

Brendan O'Neill
Tel.: 416.849.6017
Email: boneill@goodmans.ca
Fax: 416.979.1234

Lawyers for the Monitor

AND TO: McMILLAN LLP
Barristers and Solicitors
Brookfield Place, Suite 4400
181 Bay St.
Toronto, ON M5J 2T3

Hilary Clarke
Tel.: 416.865.7286
Email: hilary.clarke@mcmillan.ca

Adam Maerov
Tel.: 416.865.7285
Email: Adam.Maerov@mcmillan.ca

Tushara N. Weerasooriya
Tel.: 416.865.7262
Email: tushara.weerasooriya@mcmillan.ca
Fax: 416.865.7048

**Lawyers for The Catalyst Capital Group Inc., on behalf of funds
managed by it**

AND TO: PALIARE ROLAND ROSENBERG ROTHSTEIN LLP
Barristers and Solicitors
501-250 University Ave.
Toronto, Ontario
M5H 3E5

Ken Rosenberg
Tel.: 416.646.4304
Email: ken.rosenberg@paliareroland.com
Fax: 416.646.4301

Lawyers for Horizon Distributors Ltd and Eclipse Holdings Limited

AND TO: ALEXANDER HOLBURN BEADUIN & LANG LLP
Barristers and Solicitors
Suite 2700-700 West Georgia Street
Vancouver, BC V7Y 1B8

Attention: Sharon Urquhart
Email: surquhart@ahbl.ca
Tel.: 604.484.1757
Fax: 604.484.1957

Lawyers for Tallgrass Distribution Ltd.

AND TO: ATRIUM INNOVATIONS INC.
1405, boulevard du Parc-Technologique
Quebec, (Quebec)
G1P 4P5
Canada

Attention: Manon Deslauriers
Fax: 418.521.0151

AND TO: GWL REALTY ADVISORS
13711 International Place, Suite 130
Richmond, BC V6V 2Z8

Attention: Margaret Nolan, Property Administrator, Operations
Tel.: 604.588.1400
Fax: 604.713.3166

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

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 PLANET ORGANIC HEALTH CORP. AND
DARWEN HOLDINGS LTD.

APPLICANTS

INDEX

<u>Tab No.</u>	<u>Description</u>	<u>Page No.</u>
1.	Notice of Motion, returnable on May 20, 2010	1
2.	Affidavit of Darren Krissie, sworn on May 18, 2010	9
(a)	<i>Exhibit "A" – Initial Order, dated April 29, 2010</i>	<i>13</i>
(b)	<i>Exhibit "B" – Affidavit of Darren Krissie (without exhibits), sworn on April 29, 2010</i>	<i>31</i>
(c)	<i>Exhibit "C" – Applicants' consolidated cashflow projection</i>	<i>57</i>

Tab 1

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

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 PLANET ORGANIC HEALTH CORP. and DARWEN
HOLDINGS LTD.

APPLICANTS

NOTICE OF MOTION
(returnable on May 20, 2010)

The Applicants, Planet Organic Health Corp. ("Planet Organic") and Darwen Holdings Ltd., will make a motion to the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) on Thursday, May 20, 2010 at 10:00 am., or as soon after that time as the motion can be heard at the 330 University Avenue, Toronto, Ontario, M5G 1R8.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

- (a) an Order abridging time for service of the Notice of Motion and Motion Record in respect of this motion and dispensing with further service thereof;
- (b) an Order extending up to and including June 18, 2010, the stay of proceedings granted pursuant to the Initial Order issued by this Honourable Court;

- (c) such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

A. Background

1. Planet Organic is a TSX Venture Exchange listed publicly traded corporation, incorporated under the *Business Corporations Act* (Alberta) (ticker symbol: POH: TSX-V) and is a leading Canadian/US retailer of organic products.
2. Planet Organic has retail operations across Canada, in Ontario, British Columbia, Nova Scotia and Alberta which operate under the brand name Planet Organic Market (“POM”) and retail operations in the United States (in New York State and Connecticut), which operate through its wholly owned subsidiary, Planet Organic Holding Corp. (the “US Holdco”), dba Mrs. Green’s Natural Markets (“Mrs. Green’s”).
3. Planet Organic had borrowed significantly to finance its growth and, as a result, had several long term debt instruments. In early 2009, Planet Organic breached the financial covenants under the loan agreements with its secured lenders, and after the expiry of a forbearance period in November 2009, the secured lenders were in a position to declare all the loans in default and demand payment.
4. The Catalyst Capital Group Inc. on behalf of funds managed by it (“Catalyst”) acquired by way of assignment all of the secured indebtedness owed by Planet Organic on or about April 20, 2010. As a result, Catalyst is now Planet Organic’s senior secured lender. As at the date of the swearing of this Affidavit, Catalyst is owed approximately US\$32.6

million.

5. On April 29, 2010, Planet Organic and Darwen commenced an application under the *Companies' Creditors Arrangement Act (CCAA)* with the support of Catalyst and were granted the Initial Order which provided, *inter alia*, a stay of proceedings in favour of the Applicants until May 27, 2010.

B. Extension of the Stay of Proceedings

6. Prior to and during the CCAA proceedings, Planet Organic engaged in good faith and arms' length negotiations with Catalyst over the terms of an acquisition agreement for substantially of the assets and operations of the Applicants.
7. Planet Organic and Catalyst are now very close to signing a definitive agreement.
8. An extension of the stay of proceedings to June 18, 2010 is necessary to enable the Applicants to bring the proposed acquisition agreement forward in a motion for approval by this Honourable Court.
9. Planet Organic has been acting, and continues to act in good faith and with due diligence in these proceedings.
10. The provisions of the CCAA and Rules 2.03, 3.02, 16 and 37 of the Rules of Civil Procedure.
11. Such further and other grounds as counsel may advise and this Honourable Court permit.

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

- (a) Affidavit of Darren Krissie sworn May 18, 2010; and
- (b) such further and other materials counsel may advise and this Honourable Court may permit.

May 18, 2010

BAKER McKENZIE LLP

Barristers and Solicitors
BCE Place, P.O. Box 874
181 Bay Street, Suite 2100
Toronto, ON M5J 2T3

Frank Spizzirri (LSUC# 37327F)

Email: frank.spizzirri@bakermckenzie.com
Tel.: 416.865.6940

Michael Nowina (LSUC# 49633O)

Tel. 416.865.2312
Email: michael.nowina@bakermckenzie.com
Fax: 416.863.6275

Lawyers for the Applicants

TO: DELOITTE & TOUCHE INC.
BCE Place, Suite 1400
181 Bay Street
Toronto, ON M5J 2V1

Pierre LaPorte
Tel.: 514.393.7372
Email: pilaporte@deloitte.ca

Huey Lee
Tel.: 416.601.4496
Email: huelee@deloitte.ca
Fax: 416.601.6151

Monitor

AND TO: GOODMANS LLP
Barristers and Solicitors
Bay Adelaide Centre
3400-333 Bay St.
Toronto, ON M5H 2S7

Brian Empey
Tel.: 416.597.4194
Email: bempey@goodmans.ca

Brendan O'Neill
Tel.: 416.849.6017
Email: boneill@goodmans.ca
Fax: 416.979.1234

Lawyers for the Monitor

AND TO: McMILLAN LLP
Barristers and Solicitors
Brookfield Place, Suite 4400
181 Bay St.
Toronto, ON M5J 2T3

Hilary Clarke
Tel.: 416.865.7286
Email: hilary.clarke@mcmillan.ca

Adam Maerov
Tel.: 416.865.7285
Email: Adam.Maerov@mcmillan.ca

Tushara N. Weerasooriya
Tel.: 416.865.7262
Email: tushara.weerasooriya@mcmillan.ca
Fax: 416.865.7048

Lawyers for The Catalyst Capital Group Inc., on behalf of funds managed by it

AND TO: PALIARE ROLAND ROSENBERG ROTHSTEIN LLP
Barristers and Solicitors
501-250 University Ave.
Toronto, Ontario
M5H 3E5

Ken Rosenberg
Tel.: 416.646.4304
Email: ken.rosenberg@paliareroland.com
Fax: 416.646.4301

Lawyers for Horizon Distributors Ltd and Eclipse Holdings Limited

AND TO: ALEXANDER HOLBURN BEADUIN & LANG LLP
Barristers and Solicitors
Suite 2700-700 West Georgia Street
Vancouver, BC V7Y 1B8

Attention: Sharon Urquhart
Email: surquhart@ahbl.ca
Tel.: 604.484.1757
Fax: 604.484.1957

Lawyers for Tallgrass Distribution Ltd.

AND TO: ATRIUM INNOVATIONS INC.
1405, boulevard du Parc-Technologique
Quebec, (Quebec)
G1P 4P5
Canada

Attention: Manon Deslauriers
Fax: 418.521.0151

AND TO: GWL REALTY ADVISORS
13711 International Place, Suite 130
Richmond, BC V6V 2Z8

Attention: Margaret Nolan, Property Administrator, Operations
Tel.: 604.588.1400
Fax: 604.713.3166

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
PLANET ORGANIC HEALTH CORP. AND DARWEN HOLDINGS LTD.

Court File No: 10-8699-00CL

APPLICANTS

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**NOTICE OF MOTION
(returnable on May 20, 2010)**

BAKER & MCKENZIE LLP
Barristers and Solicitors
181 Bay Street, P.O. Box 874
Suite 2100
Toronto, Ontario
M5J 2T3

Frank Spizzirri (LSUC#: 37327F)
Tel.: 416.865.6940
Email: frank.spizzirri@bakermckenzie.com

Michael Nowina (LSUC#: 49633O)
Tel.: 416.865.2312
Email: michael.nowina@bakermckenzie.com
Fax: 416.863.6275

Lawyers for the Applicants

Tab 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

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 PLANET ORGANIC HEALTH
CORP. AND DARWEN HOLDINGS LTD.

APPLICANTS

**AFFIDAVIT OF DARREN KRISSIE
(Sworn on May 18, 2010)**

I, **DARREN KRISSIE** of the City of Edmonton, in the Province of Alberta,
MAKE OATH AND SAY:

1. I am a co-founder, current Executive Vice-President, and one member of the two-member Office of the Chief Executive Officer ("OCEO") of the Applicant, Planet Organic Health Corp. ("Planet Organic"). Prior to my appointment as EVP, I served as the Vice-President Business Development and Chief Financial Officer of Planet Organic since its inception. In addition, I am an director and an officer of the Applicant, Darwen Holdings Ltd. ("Darwen"), which is a subsidiary of Planet Organic. As such, I have personal knowledge of the matters to which I hereinafter depose, save and except where stated to be based on information and belief, in which case, I do verily believe the same to be true.

2. I swear this affidavit in support of a motion for an order extending to and including June 18, 2010 the stay of proceedings granted pursuant to the Initial Order, dated April 29, 2010 (“Initial Order”).

3. The reasons and events leading up to the application for CCAA protection are more particularly set out in my Affidavit sworn April 29, 2010 (“April 29 Krissie Affidavit”) in support of the application under the CCAA. A copy of which affidavit is attached hereto (without exhibits) as **Exhibit “A”**. A copy of the Initial Order is attached hereto as **Exhibit “B”**.

4. Unless otherwise stated, defined terms used in this affidavit are the same as in my affidavit sworn April 29, 2010

A. Overview

5. Planet Organic is a TSX Venture Exchange listed publicly traded corporation, incorporated under the *Business Corporations Act* (Alberta) (ticker symbol: POH: TSX-V) and is a leading Canadian/US retailer of organic products.

6. Planet Organic has retail operations across Canada, in Ontario, British Columbia, Nova Scotia and Alberta which operate under the brand name Planet Organic Market (“POM”) and retail operations in the United States (in New York State and Connecticut), which operate through its wholly owned subsidiary, Planet Organic Holding Corp. (the “US Holdco”), dba Mrs. Green’s Natural Markets (“Mrs. Green’s”).

7. A more detailed description of Planet Organic and its business is set out in paragraphs 4 to 10 of the April 29 Krissie Affidavit.

8. In early 2009, Planet Organic breached the financial covenants under the loan agreements with its secured lenders, including The Toronto-Dominion Bank ("TD"), Ares Capital Corporation ("Ares") and Partnership Capital Growth Fund I (collectively, the "Secured Lenders"). After the expiry of a forbearance period in November 2009, the Secured Lenders were in a position to declare all the loans in default and demand payment.

9. Catalyst acquired by way of assignment all of the secured indebtedness owed by Planet Organic on or about April 20, 2010. As a result, Catalyst is now Planet Organic's senior secured lender. As at the date of the swearing of this Affidavit, Catalyst is owed approximately US\$32.6 million.

10. On April 29, 2010, Planet Organic and Darwen commenced an application under the *Companies' Creditors Arrangement Act (CCAA)* with the support of Catalyst and were granted the Initial Order which provided, *inter alia*, a stay of proceedings in favour of the Applicants until May 27, 2010.

11. Pursuant to the Initial Order, Deloitte & Touche Inc. was appointed the monitor ("Monitor") of the Applicants.

B. Catalyst Offer

12. As indicated in the April 29 Krissie Affidavit, it was the intention of the Applicants to continue to negotiate an agreement with Catalyst for the acquisition of assets and operations of Planet Organic and Darwen. Such negotiations have continued since the date of the Initial Order and I am of the view that the parties are very close to signing a definitive agreement.

C. Stay Period Extension


13. The stay period granted by the Initial Order expires May 27, 2010 and the Applicants are requesting a stay extension until June 18, 2010. The requested stay extension will permit the Applicants to proceed to finalize and sign the acquisition agreement and bring it forward in a motion for approval by the Court.

14. Planet Organic has been acting, and continues to act in good faith and with due diligence in these proceedings. As set out herein, Planet Organic engaged in good faith and arms' length negotiations with Catalyst which are now on the verge of fruition.

15. Attached and marked as **Exhibit "C"** is a true copy of the Applicants' consolidated cashflow projection which was included with the initial application.

16. I swear this affidavit in support of a motion for an extension of the stay of proceedings and for no other or improper purpose.

SWORN BEFORE ME at the)
City of Edmonton in the)
Province of Alberta)
this 18th day of May, 2010.)



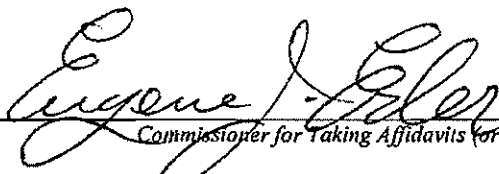
Commissioner for Taking Affidavits (or as may be)



Darren Krissie

EUGENE J. ERLER
BARRISTER AND SOLICITOR
AND NOTARY PUBLIC

This is Exhibit "A" referred to in the Affidavit of Darren Krissie,
sworn before me this 18th day of May, 2010.

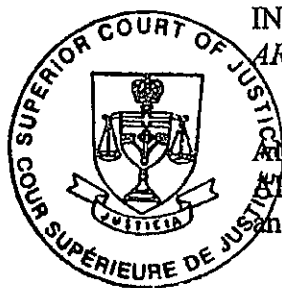
A handwritten signature in cursive script, reading "Eugene J. Erler". The signature is written in black ink and is positioned above a horizontal line.

Commissioner for Taking Affidavits (or as may be)

EUGENE J. ERLER
BARRISTER AND SOLICITOR
AND NOTARY PUBLIC

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.) THURSDAY, THE 29th
)
JUSTICE MORAWETZ) DAY OF APRIL, 2010



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 PLANET ORGANIC HEALTH CORP.
and DARWEN HOLDINGS LTD. (the "Applicants")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the notice of application, the affidavit of Darren Krissie sworn April 29, 2010 and the exhibits thereto, and the pre-filing report of Deloitte & Touche Inc., the proposed monitor, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, for the proposed monitor and for The Catalyst Capital Group Inc., on behalf of funds managed by it ("Catalyst"), and on reading the consent of Deloitte & Touche Inc. to act as the Monitor,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "Business") and Property. The Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicant shall be entitled to make use of a central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be

entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. THIS COURT ORDERS that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the outstanding and future fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

7. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. THIS COURT ORDERS that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears) or as otherwise agreed to between the Applicants and the relevant landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. THIS COURT ORDERS that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate to permit the Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

12. THIS COURT ORDERS that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Sub-Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

13. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may

have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

14. THIS COURT ORDERS that until and including May 27, 2010, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants, Catalyst and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such

obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. THIS COURT ORDERS that each of the Applicants shall indemnify its directors and officers against obligations and liabilities (including, without limitation professional fees and disbursements incurred in connection with any such obligation or liability) that they may incur as directors or officers of such Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of \$750,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 32 and 34 herein.

22. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. THIS COURT ORDERS that Deloitte & Touche Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination to Catalyst and its counsel on a weekly basis of financial and other information as agreed to between the Applicants and Catalyst which may be used in these proceedings;
- (d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by Catalyst, which information shall be reviewed with the Monitor and delivered to Catalyst and its counsel on a periodic basis, but not less than weekly, or as otherwise agreed to by Catalyst;
- (e) advise the Applicants in their development of the Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

- (i) perform such other duties as are required by this Order or by this Court from time to time.

25. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

26. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicants, including Catalyst, with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

28. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

29. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis and, in addition, the retainers paid by the Applicants to the Monitor, counsel to the Monitor, and counsel to the Applicants which are to be held by them as security for payment of their respective fees and disbursements outstanding from time to time, are hereby authorized and approved.

30. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

31. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$400,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 32 and 34 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

32. THIS COURT ORDERS that the priorities of the Directors' Charge and the Administration Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$400,000); and

Second – Directors' Charge (to the maximum amount of \$750,000).

33. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge or the Administration Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

34. THIS COURT ORDERS that each of the Directors' Charge and the Administration Charge (each as constituted and defined herein) shall constitute a charge on the Property, except against the collateral encumbered by the security interests of those parties listed in the attached Schedule "A", and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

35. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge or the Administration Charge, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

36. THIS COURT ORDERS that the Directors' Charge and the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the *Bankruptcy and Insolvency Act* of Canada (the "BIA") or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order and the granting of the Charges, does not and will not constitute a preference, fraudulent conveyance, transfer at undervalue, oppressive conduct, or other challengeable or voidable transaction under any applicable law.

37. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SERVICE AND NOTICE

38. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in Globe and Mail, National Post, the Toronto Star, Calgary Herald and Edmonton Journal a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against any Applicant of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Paragraph 23(1)(a) of the CCAA and the regulations made thereunder.

39. THIS COURT ORDERS that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

40. THIS COURT ORDERS that the Applicants, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at www.deloitte.com/ca/planet-organic.

GENERAL

41. THIS COURT ORDERS that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

42. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

43. THIS COURT ORDERS that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

44. THIS COURT ORDERS that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

45. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

APR 30 2010

PER / PAR: TV

Schedule "A"

- 1) Koch Ford Lincoln Sales (2003) Ltd.
- 2) Xerox Canada Ltd.
- 3) National Leasing Group Inc.
- 4) Halton Autolease Inc.
- 5) IBM Canada Limited
- 6) De Lage Landen Financial Services Canada

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
PLANET ORGANIC HEALTH CORP. AND DARWEN HOLDINGS LTD.

Court File No: 10-8699-00CL

APPLICANTS

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

INITIAL ORDER

BAKER & MCKENZIE LLP
Barristers and Solicitors
181 Bay Street, P.O. Box 874
Suite 2100
Toronto, Ontario
M5J 2T3

Frank Spizzirri (LSUC#: 37327F)
Email: frank.spizzirri@bakermckenzie.com
Tel.: 416.865.6940

Michael Nowina (LSUC#: 496330)
Email: michael.nowina@bakermckenzie.com
Tel.: 416.865.2312
Fax: 416.863.6275

Lawyers for the Applicants

This is Exhibit "B" referred to in the Affidavit of Darren Krissie,
sworn before me this 18th day of May, 2010.



Commissioner for Taking Affidavits (or as may be)

EUGENE J. ERLER
BARRISTER AND SOLICITOR
AND NOTARY PUBLIC

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

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 PLANET ORGANIC HEALTH
CORP. AND DARWEN HOLDINGS LTD.

APPLICANTS

AFFIDAVIT OF DARREN KRISSIE

(Sworn April 29, 2010)

I, **DARREN KRISSIE** of the City of Edmonton, in the Province of Alberta,
MAKE OATH AND SAY:

1. I am a co-founder, current Executive Vice-President, and one member of the two-member Office of the Chief Executive Officer ("OCEO") of the Applicant, Planet Organic Health Corp. ("Planet Organic"). Prior to my appointment as EVP, I served as the Vice-President Business Development and Chief Financial Officer of Planet Organic since its inception. In addition, I am an director and officer of the Applicant, Darwen Holdings Ltd. ("Darwen"), which is a subsidiary of Planet Organic. As such, I have personal knowledge of the matters to which I hereinafter depose, save and except where stated to be based on information and belief, in which case, I do verily believe the same to be true.

2. I swear this affidavit in support of an application under the *Companies' Creditors Arrangement Act* (the "CCAA").

3. Unless otherwise indicated, all monetary amounts referenced in this affidavit are expressed in Canadian dollars.

I. Background

A. Overview of the Business

4. Planet Organic is a TSX Venture Exchange listed publicly traded corporation, incorporated under the Business Corporations Act (Alberta) (ticker symbol: POH: TSX-V) and is a leading Canadian/US retailer of organic products. Planet Organic has retail operations across Canada, in Ontario, British Columbia, Nova Scotia and Alberta, and retail operations in the United States (in New York State and Connecticut), which operate through its wholly owned subsidiary, Planet Organic Holding Corp. (the "US Holdco"), dba Mrs. Green's Natural Markets ("Mrs. Green's").

5. Planet Organic started as a single store in Alberta in 2001 under the brand name Planet Organic Market ("POM"), with a view to participating in the natural and organic foods segment of the food industry. This industry segment has experienced double-digit annual growth in recent years. This first store was followed by the acquisition of stores located in Victoria, British Columbia, and Calgary, Alberta, which were rebranded as POM stores.

6. POM distinguishes itself from its competition through its commitment to organic and natural products sold in an average store size of approximately 9,000 square feet in

locations with lower population densities and attractive demographics where larger competitors cannot support stores.

7. This early success in Western Canada was followed by a period of expansion through which Planet Organic built a national, natural/organic sales and distribution business. This expansion was accomplished by a series of strategic acquisitions meant to grow and expand the business, summarized as follows:

- (a) in July 2004, Darwen and Sangster's Enterprises Ltd., two (2) companies which operated a chain of 43 franchised small footprint vitamin stores with locations across Canada, were acquired by Planet Organic. These two (2) companies were subsequently amalgamated as Darwen in December 2004 ("Sangster's"). Planet Organic also acquired S-5 Holdings Ltd., a holding corporation which held certain real property leases for the Sangster's retail locations, as part of this transaction;
- (b) in August 2005, Planet Organic acquired 616407 Alberta Ltd. (operating as "Newfound Health"), a franchise chain of supplement and body care locations in Alberta whose operations were subsequently folded into Sangster's;
- (c) in January 2005, Trophic Canada Limited ("Trophic"), one of Canada's leading manufacturers of natural supplements located in Penticton, British Columbia, was acquired by Planet Organic with a view to vertically integrating its vitamin supply into the Planet Organic family and expanding Trophic's retail presence throughout Canada. Trophic was vertically amalgamated with Planet Organic on July 1, 2007;

- (d) in June 2006, Healthy's, The Athletes Edge Inc., Amdek Marketing Inc., and Hatem Inc. (a chain of seven (7) vitamin stores in Toronto), were acquired by Planet Organic. These three entities were amalgamated into Healthy's, The Athletes Edge Inc. on July 1, 2007. Healthy's, The Athletes Edge Inc. was subsequently vertically amalgamated with Planet Organic on January 1, 2010 and became the Healthy's division of Planet Organic;
- (e) in September 2006, Planet Organic acquired The Big Fresh Inc. a single store located in Edmonton, Alberta, which was rebranded as a POM store and was amalgamated with Planet Organic on July 1, 2007; and
- (f) in July 2007, eleven (11) separate legal entities operating as Mrs. Green's Natural Food Markets, Inc., a U.S chain with nine (9) stores in New York state and two (2) stores in Connecticut was acquired along with a management company by Planet Organic through US Holdco which was incorporated for the purpose of making the purchase. Mrs. Green's is a leading small-format natural organic food retailer and its stores are of similar size and concept to the POM stores in Canada.

8. The total combined acquisition cost was approximately \$43 million, a significant portion of which was financed through working capital, term debt and subordinated debt, described in more detail in Section B.4 below. A chart outlining the corporate structure of Planet Organic and its subsidiaries as of January 31, 2010, is attached hereto as **Exhibit "A"**.

9. As set out in greater detail in paragraphs 55 to 58 below, there were a series of subsequent divestiture transactions (the "Non-Core Asset Sales") to pay down debt

during February and March 2010. A chart outlining the current corporate structure of Planet Organic and subsidiaries after completing the Non-Core Asset Sales is attached hereto as **Exhibit "B"**.

10. Darwen is a wholly owned subsidiary of Planet Organic incorporated under the laws of Saskatchewan which operated the "Sangster's" business. As one of the Non-Core Asset Sales, the main assets of the "Sangster's" business were acquired by JAMM Enterprises, Inc. which left Darwen as a non-operating shell company with significant liabilities, as it guaranteed the liabilities of Planet Organic, and a few assets, including accounts receivable.

11. Planet Organic currently operates nine (9) natural food supermarkets in Canada under the POM banner of which six (6) are in Western Canada, two (2) are in Ontario and one (1) is in Nova Scotia. Eleven (11) natural food supermarkets are owned and operated by US Holdco's subsidiaries in the United States under the Mrs Green's brand.

B. Planet Organic's Current Operations

12. Planet Organic is a reporting issuer, as such term is defined pursuant to applicable securities legislation in the Provinces of Alberta and British Columbia. Planet Organic is currently in good standing with the British Columbia and Alberta Securities Commissions.

B.1 Leases

13. The POM stores in Canada and Mrs Green's stores in the United States operate from leased premises. All of the leased premises are owned by arm's length parties. All of the leases are currently in good standing.

B.2 Employees

14. There are approximately 500 employees employed in POM stores, of which 300 are full time and 200 are part-time. US Holdco and its subsidiaries in the US, collectively, employ a total of approximately 300 employees of which 90 are full-time and 210 are part-time. All of the employees are currently non-unionized. A recent attempt to unionize the workers at Planet Organic's Port Coquitlam store in British Columbia was unsuccessful.

15. Planet Organic is current with employee related obligations. There are no employee registered or unregistered pension plans.

B.3. Unsecured Creditors

16. Planet Organic's unsecured net debt as it appears from its books and records, as at April 22, 2010 is \$1,051,696.77. Planet Organic is current with the majority of its unsecured creditors.

17. As of March 31, 2010, the inter-company payables break down as follows:

- (a) \$1,337,236 is owing to Darwen; and
- (b) \$2,522,027 is owing from US Holdco.

18. Planet Organic is currently a party to the following legal proceedings:

- (a) on January 15, 2010, Ms. Nora Aboudaya commenced an application at the Human Rights Tribunal of Ontario against Planet Organic alleging that she was discriminated against her in the course of her employment and is seeking \$32,500 in financial remedies, and the implementation of policies and training for Planet Organic's staff.

B.4 Secured Creditors

19. As mentioned, Planet Organic significantly increased its borrowing to finance the acquisition of Mrs. Green's, the expansion and development of new POM stores, and the upgrading/remodelling of existing facilities. As a result, Planet Organic has several long term debt instruments, including term debt and convertible debt. The debt facilities are denominated in US dollars or Canadian dollars. Some of the debt facilities are recorded on Planet Organic books and some on US Holdco's books.

B.4.1 The Toronto-Dominion Bank

20. The Toronto-Dominion Bank ("TD") provided secured loans in the amount of US\$4,000,000 in a Canadian revolving credit commitment, US\$3,500,000 revolving credit commitment and US\$4,000,000 in a term loan (of which US\$2.8 million was drawn). TD was repaid in full on March 17, 2010 from the proceeds of the Non-Core Asset Sales. Following repayment of its loans, TD discharged its security registered against Planet Organic and against the US Holdco.

B.4.2 Ares Capital Corporation

21. Ares Capital Corporation arranged for secured financing in the amount of US\$17.5 million in term loans from a series of lenders and, prior to the sale of such loans (as described in paragraph 25), acted as agent for those lenders (Ares Capital Corporation and the lenders are collectively referred to as "Ares") under the terms of the Amended and Restated Term Loan Agreement, dated as of November 30, 2007 (the "Ares Loan"). Attached and marked as **Exhibit "C"** is a copy of said agreement.

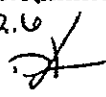
22. Ares and Partnership Capital Growth Fund I LP, a fund owned/operated by an affiliate of PCG (defined below), also arranged secured financing of US\$11 million for Planet Organic by way of convertible notes pursuant to a Note Purchase Agreement, dated July 3, 2007 (the "Ares/PCG Loan"). A copy of the Note Purchase Agreement and two (2) convertible notes are attached and marked as Exhibit "D", "E" and "F", respectively.

23. Pursuant to the Ares Loan and Ares/PCG Loan, Planet Organic and its subsidiaries provided security to Ares over all of its assets, including security over US Holdco. As noted above, Darwen guaranteed the obligations of Planet Organic under the Ares Loan.

24. As of the most recent audited financial statements for the fiscal year ended June 30, 2009, Planet Organic owed US\$36,412,069 in long-term debt and notes to these secured creditors as determined under Canadian generally accepted accounting principles. The face value of the debt outstanding at June 30, 2009 was US\$35,683,294. As of March 16, 2010, this number rose to approximately US\$38.5 million. As a result of the Non-Core Asset Sales as of March 17 2010, the Planet Organic debt outstanding to secured creditors was reduced to approximately US\$29.7 million.

B.4.3 Catalyst Acquisition of Indebtedness

25. On or about April 20, 2010, The Catalyst Capital Group Inc. ("Catalyst") acquired the Ares Loan, the Ares/PCG Loan and the related security by way of assignment. As a result, Catalyst is now Planet Organic's senior secured lender. As at the date of the swearing of this Affidavit, Catalyst is owed approximately US\$~~30.1~~ million.

\$ 32.6


B.4.4 Other Secured Creditors

26. There are a total of four (4) other secured creditors of Planet Organic who are registered in Alberta and each appears to hold security over specific equipment. There is one (1) other secured creditor of Darwen who is registered in Alberta and who appears to hold security over specific equipment.

B.4.5 Personal Property Security Searches

27. Attached hereto for informational purposes are true copies of personal property security searches from each of Ontario, Alberta, British Columbia and Nova Scotia marked as Exhibits "G", "H", "I" and "J", respectively.

B.5 Share Capital

28. Planet Organic is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, of which 34,664,794 common shares have been issued and are outstanding. No preferred shares have been issued.

29. Planet Organic has approved a stock option plan whereby options may be granted to employees, consultants, officers and directors totalling up to 10% of its issued and outstanding common shares. Other than unexercised options expiring, there have been no share option transactions from June 30, 2009 to the date of this Affidavit. There were no warrant transactions from June 30, 2009 to the date of this Affidavit.

30. Mr. Ron Francisco, who is the majority shareholder of Planet Organic, holds approximately 67% of the outstanding shares of Planet Organic and is a controlling shareholder of a major supplier to Planet Organic, Horizon Distributors Ltd.

B.6 Governmental Agencies

31. Planet Organic is current on its governmental remittances, including source deductions, GST and provincial sales taxes.

B.7 Assets vs. Liabilities

32. Attached and marked as Exhibits "K" and "L" are copies of Planet Organic's last audited financial statement for the year ending June 30, 2009 and the unaudited financial statement for the period ending December 31, 2009.

33. As is evident from both statements, there is significant goodwill associated with the ongoing business, which goodwill would be jeopardized if operations were disrupted.

34. In addition, a liquidation analysis of Planet Organic was undertaken by PricewaterhouseCoopers LLP and suggests that the liquidation value of Planet Organic is substantially less than the secured indebtedness owing to Catalyst.

35. Catalyst has demanded repayment of the loans and Planet Organic is unable to repay said debt.

C. Covenant Defaults in 2008 and 2009

36. The recent global economic downturn did not spare POM in Canada or Mrs. Green's in the US. In FY09, POM stores sales increased 5.4%, yet EBITDA declined from positive \$752,042 to negative (\$225,604), primarily related to \$1.4 million of losses at two new Ontario locations in Vaughan and Markham. In the same period, Mrs. Green's experienced 1.4% sales growth, yet with a resulting EBITDA decline of (US\$209,979).

Consolidated EBITDA declined 15% percent between FY2008 and FY2009. Significant EBITDA declines in both Planet Organic and other non-core business units resulted in debt to EBITDA ratios of 6.2 times, well above allowable covenant levels.

37. Under existing debt arrangements, there are five (5) financial covenants that management regularly monitors and then reports on a quarterly basis. The ratios are:

- (a) total leverage ratio;
- (b) senior leverage ratio;
- (c) fixed charge coverage ratio;
- (d) interest coverage ratio; and
- (e) capital expenditure limits ratio.

38. As a result of the economic pressures caused by the general economic downturn, Planet Organic breached its total leverage ratio by December 31, 2008 and by June 30, 2009, the senior leverage ratio and interest coverage ratio had also been breached.

D. Attempts to Raise Capital/Equity in 2008 and Early 2009

39. Early in 2008, after recognizing that the increased leverage and risk would ultimately affect the viability of the business, Planet Organic decided to initiate a process to raise capital and engaged Canaccord Adams to assist in raising equity through a secondary offering. Canaccord Adams secured a proposed investment at \$1.80 to \$2.00 per share which at the time represented an approximately 10% discount to the then average share price. The secondary offering was blocked by Mr Francisco, because I

understand that he did not want any dilution to existing shareholders and/or an offering of less than \$2.00 per share.

40. After several days of negotiations with Mr. Francisco, the Board of Directors authorized a price of \$2.00 per share because Mr. Francisco would not approve a capital raise below that price. Planet Organic, though, was unable to raise any capital at the price of \$2.00 per share.

41. In early 2009, Planet Organic engaged Partnership Capital Growth LLC ("PCG"), an investment bank based in San Francisco, California, to act as advisor for the purpose of reorganizing or recapitalizing the business or other restructuring alternatives, including a sale and/or divestiture process. In addition to being the financial advisor for Planet Organic, through its affiliate Partnership Capital Growth Fund I LP, PCG is a convertible note holder as referenced in paragraph 22 above. Brent Knudsen who is a principal of PCG is also a member of the Planet Organic's Board of Directors and OCEO.

42. As a result of engaging PCG, Planet Organic has had confidential discussions with a broad group of potential investors and buyers in respect of a sale of or investment in Planet Organic. PCG contacted approximately 213 parties in total over the course of its engagement. However, investor interest waned as Planet Organic's performance continued to deteriorate in 2009.

E. Management and Operational Restructuring in Spring-Summer 2009

43. The covenant breaches and declining financial performance resulted in an in-depth operational review that led to several key management and organizational changes.

44. On May 22, 2009, Mr. Francisco was replaced as CEO with a 2-member OCEO of which I am a member along with Mr. Knudsen. The OCEO was appointed by the Board to fulfill the CEO role on an interim basis. Arthur Warsaw, a specialist in company turnarounds, was hired through PCG as a third party consultant to assist in stabilizing the business and advise the OCEO. Mr. Warshaw brings 50 years of experience leading businesses in a variety of industries.

45. Additionally, in light of the poor operating results Mark Craft and Diane Shaskin, VP of Operations and VP of Marketing, respectively, were terminated and replaced by promoting two (2) individuals from within the organization. Mark Craft was a Company founder and a member of the Board of Directors up to this time.

46. In or about June 2009, a 100-Day Operational Plan was instituted by the OCEO and the Board of Directors, which plan included a full review of corporate strategy, operations, and restructuring opportunities. The operational plan included the following key initiatives:

- (a) board & corporate restructuring; including a complete review and assessment of historic and ongoing results which drove management changes;
- (b) rationalizing core business;
- (c) instituting formal reporting packages and controls focused on awarding incremental performance across key functional areas including revenue, EBITDA, inventory turns, and margin;
- (d) implementing a compensation plan that aligned employee performance with corporate objectives;

- (e) implementing a revised and more efficient/targeted marketing program focused on driving traffic including new in-store training, programs, contests aimed at increasing average sale; and
- (f) monitoring ongoing progress through weekly operating calls and holding regular board meetings.

47. Driven by mounting losses and a lack of visible improvement in performance, the OCEO determined to and completed the closure of the POM store in Markham, Ontario. For similar reasons, it determined to close the Healthy's Vaughan store in February 2010 prior to the sale of those assets. The issues facing Planet Organic were reported to the shareholders in the most recent 2008/2009 Annual Report including that a refinancing and/or divestiture strategy may be pursued.

F. Negotiations with Lenders in Fall 2009

48. Negotiations with Planet Organic's lenders began in earnest in September 2009 with a view to finding an option that would allow Planet Organic to continue as a going concern, including the renegotiation or refinancing of its loan agreements and the covenants therein.

49. Planet Organic and Ares entered into Forbearance Agreements dated September 25, 2009. Planet Organic entered into a Forbearance Agreement with TD, dated September 25, 2009. Under the terms of the Forbearance Agreements, Ares and TD agreed to waive their rights to call the loans due to the covenant breaches until November 30, 2009. Attached and marked as Exhibits "M" and "N" are copies of the Forbearance Agreements.

50. In October 2009, Planet Organic attempted to issue bonus shares into escrow to negotiate with debt holders for a reduction in penalty interest and a prospective conversion of debt to equity. This action was approved by the Board of Directors and conditionally approved by the TSX Venture Exchange. However, Mr. Francisco, via his counsel, objected to the issuance and the TSX Venture Exchange subsequently reversed its conditional approval. Ares' counsel subsequently advised Planet Organic of the impact this may have on Ares' willingness to convert debt to equity and negotiate further forbearance.

51. Notwithstanding the foregoing, Planet Organic was optimistic that negotiations with Ares would be successful and lead to a renegotiation of the debt terms and conditions as all the principal and interest payments to Ares continued (and still continues) to be made. Unfortunately, due to the opposition of Mr. Francisco and, in part, the reversal of approval by the TSX-V, Planet Organic was denied a means by which to convert or reduce the debt in the ordinary course of business. Ares in response thereafter (in November 2009) advised Planet Organic that they wished to end their relationship.

52. In the result, both TD and Ares remained in a position to declare all of the loans in default and demand payment from that point onward. And each demanded that Planet Organic work towards reducing the debts owed to each of them, including by way of the sale of some or all of the assets of business.

G. The Refinancing and Divestiture Strategy in Late 2009 and Early 2010

53. Between September 2009 and November 2009, Planet Organic undertook an extensive effort to refinance its operations in conjunction with PCG. PCG was selected by the Board of Directors based on its industry focus and expertise in the healthy living space generally and in natural and organic food/retail specifically, its track record of success, and existing knowledge of Planet Organic and investors focused in the area.

PCG worked closely with the Board and the OCEO throughout the following:

- (a) the OCEO attempted to issue bonus shares into escrow to negotiate with debt holders for a reduction in penalty interest and a prospective conversion of debt to equity as more particularly discussed in paragraph 50 above. As mentioned, because Mr. Francisco objected to the issuance of such shares, the OCEO began pursuing the sale or recapitalization of assets to pay down debt;
- (b) in December 2009, Planet Organic and PCG approached eight (8) banks with an Request for Proposal ("RFP") for the refinancing of POM and Mrs. Green's debt. Following a full review of diligence materials by each, Planet Organic received three (3) indications of interest to provide financing at debt ratios of 1.5 times to 2.5 times EBITDA. Given Planet Organic's then current ratios were well in excess of prospective new lender parameters, the Board of Directors decided to put on hold further refinancing efforts.
- (c) in November/December 2009, Planet Organic actively began to explore options for a sale of some or all of its assets. Due diligence processes with potential investors commenced for the sales of

certain non-core assets, namely, the Sangster's, Healthy's, and Trophic divisions with a view of reducing debt; and

- (d) PricewaterhouseCoopers LLP was engaged to provide fair market value for the sale of key assets.

54. The hope was that a sale of some assets could be concluded, such that the outstanding debt could be paid down to a more manageable and acceptable level and the core elements of the business kept by Planet Organic, or failing which, a sale of the whole business could be concluded which would maximize realizations and keep the business operating as a going concern with a new owner who was prepared to invest and grow the business.

H. Non-Core Asset Sales

55. As a result, Planet Organic undertook an extensive search for buyers of some or all of the non-core assets of the business with a view to maximizing realizations for all stakeholders. The detail of sales processes are as follows:

(a) **Sangster's/Healthy's Sales Process:**

In Q3 of calendar year 2009, PCG contacted 50 potential investors for the acquisition opportunity in the combined assets of the Sangster's and Healthy's divisions. Seven (7) interested parties performed a full review of the opportunity including a combination of legal, accounting and business due diligence as well as conversations with management and site visits. Of the seven (7) investor groups, five (5) submitted formal indications of interest. Following the completion of confirmatory diligence and documentation, on February 18, 2010, JAMM Enterprises, Inc.

purchased Sangster's for gross proceeds of \$1.1 million. The Healthy's division was separately sold to Health-X Corp. on March 16, 2010 for gross proceeds of \$348,500.

(b) Trophic Sales Process:

In Q4 of calendar year 2009, PCG conducted a focused process, contacting 33 targeted potential investors with strong background or strategic interest in the space. 16 groups engaged in a full review of initial diligence materials with five (5) groups expressing interest. Of the sixteen (16) investor groups, four (4) parties submitted formal Letters of Intent. Trophic was sold to Atrium Innovations Inc. on March 17, 2010 for gross proceeds of \$10.6 million.

56. The proceeds of the Non-Core Asset Sales were paid as follows:

- (a) \$5,296,266 to repay all outstanding indebtedness to the TD;
- (b) \$4,533,820 to reduce the existing indebtedness to Ares; and
- (c) \$1,268,614 for transaction related costs.

57. In addition, \$850,000 is currently held in two (2) escrow accounts: (i) \$250,000 for working capital adjustments; and (ii) \$600,000 for an indemnification escrow. Planet Organic expects to receive the \$250,000 from the first escrow account in the near future with the outstanding \$600,000 remaining in escrow for another 12 months.

58. While still a member of the Board of Directors, Mr. Francisco provided his consent to the Non-Core Asset Sales.

I. Impasse with Mr. Francisco

59. After Planet Organic's Board of Directors decided to explore the aforementioned divestiture strategy, Mr. Francisco, who was a director at the time, resigned from the Board of Directors on January 27, 2010 and subsequently advised the Board of Directors that he will not provide consent to any transaction involving core business assets that did not result in his ultimate controlling of Planet Organic.

60. I have been advised by Mr. Heighington (a former director of Planet Organic) who acts as Planet Organic's Alberta counsel that as a matter of Alberta corporate law, absent an Order of the Court, shareholder approval would be required for the sale of all or substantially all assets of Planet Organic. Since Mr. Francisco is the majority shareholder, he effectively has a veto power over any sale of the business and he has made it known to Planet Organic and its advisors that he is prepared to veto any sale that does not result in his control of the resulting company.

61. Mr. Francisco was offered the opportunity to refinance or restructure the business or table a plan that would pay Ares down or out, if his desire was to retain control of the business (as Planet Organic was unable to solicit any interest from any potential new partner that would leave Mr. Francisco with control of the company).

62. Mr. Francisco was advised that a viable offer had been received from Catalyst, one that would see the business survive and grow with new injections of capital. A face-to-face meeting between Mr. Francisco and Mr. Heighington was held in early March 2010 to discuss options and alternatives. I understand that Mr. Francisco rejected Catalyst's proposal and reiterated his opposition to any sale that did not result in his

control of the business. Again, Mr. Francisco was invited to submit an alternative offer or proposal.

63. To date, Mr. Francisco has not put forward any viable alternatives to a going concern sale to a third party despite continued contact and requests to do so.

J. Core-Asset Sales Process

64. Approximately one hundred and thirty (130) parties were canvassed for their interest in acquiring Planet Organic as a whole. Of those parties, fifty one (51) signed confidentiality agreements and were given access to an electronic data room. There were eleven (11) submitted expressions of interest and then six (6) bids were subsequently received for POM and Mrs Green's.

65. The bids received are summarized below:

- (a) an offer by Catalyst to acquire the combined assets of POM and Mrs. Green's for an effective purchase price in the range of \$33 million to \$36 million;
- (b) a revised offer for \$30 million by another party for the recapitalization of the entire business which was subject to arranging for financing;
- (c) a revised offer from another party in the range of USD \$14 million to USD \$18 million to acquire six western locations of POM;
- (d) another party's offer of \$7.6 million for the POM division only;
- (e) another party's offer in the range of USD \$15 million to USD \$18 million for Mrs. Green's only; and

- (f) another party's all cash offer in the range of USD \$20 million for POM and Mrs. Green's only.

66. The proposals received were reviewed by the Board of Directors and it resolved to create a committee of independent directors to review additional detail on the relative merits of the proposals and to make a recommendation to the board of directors of Planet Organic. The independent committee was composed of David Heighington, Ian Newton and me. On February 25, 2010, I resigned from the independent committee to ensure the committee's independence from management. On March 4, 2010, David Heighington resigned from the Board of Directors and the independent committee.

67. Based on these bids, several weeks of discussions and negotiations commenced amongst Planet Organic, its then secured creditor Ares and Catalyst, as the potential acquirer of, and highest bidder for, the assets or the shares of the company as set forth above. Due to a lack progress after several weeks of negotiations for the purchase of the assets or the shares of Planet Organic, Catalyst purchased the debt of Ares. As noted above, this debt purchase was completed on April 20, 2010.

68. During this period Mr Francisco was given the further opportunity to submit his own bid, but none was received.

II. CCAA FILING

A. Reason for CCAA Filing

69. Planet Organic and Darwen are insolvent and both have liabilities in excess of \$5 million.

70. The Applicants do not have the ability to repay the indebtedness owing to Catalyst and as a result, are insolvent and in jeopardy. As noted, Planet Organic has pursued restructuring activities and implemented comprehensive sales processes outside of formal proceedings. However, without the support of Mr. Francisco for an *en bloc* sale of the core assets, it is clear that the only way a successful business and financial restructuring can be achieved is through a formal court-supervised restructuring under the auspices of the CCAA.

B. Venue

71. The Commercial List in Toronto is the proper venue for this CCAA application. Planet Organic is a diverse company with assets and operations spread across Canada, including the Greater Toronto Area and Ontario (where it has both operations and creditors), and into the United States, via its US Holdco. Planet Organic's directors are located in both Canada and the United States and management generally meets via conference call.

72. Toronto has been the centre of Planet Organic's restructuring activities since 2009 for a variety of reasons, including the fact that Planet Organic's restructuring counsel and advisors are located in Toronto, and TD and Ares' counsel and advisors were located in Toronto as well. In addition, Mr. Ron Francisco is also in the Greater Toronto Area, as is his counsel. And, Catalyst's advisors and counsel are also located in Toronto.

73. It is therefore appropriate and convenient for Planet Organic to file for CCAA protection in Toronto, and this will benefit Planet Organic's stakeholders as well. Catalyst supports Planet Organic's application under the CCAA in Toronto.

C. Proposed Monitor

74. Planet Organic proposes Deloitte & Touche Inc. ("Deloitte or "Proposed Monitor") as monitor under the CCAA. I am advised that Deloitte has extensive experience in such proceedings and has consented to act. Attached hereto and marked as **Exhibit "O"** is a true copy of Deloitte's consent.

75. Planet Organic and Darwen with the assistance of the proposed monitor have developed a statement of projected consolidated cash flow for the period May 1, 2010 to July 24, 2010. Attached as **Exhibit "P"** is a copy of the consolidated projected cash flow.

D. Post-Filing Plan of Action

76. At this juncture, Planet Organic is of the view that the best solution for the enterprise and its employees, customers and creditors is to proceed to complete the negotiation of the terms of a credit bid with Catalyst. Planet Organic intends to finalize an agreement with Catalyst, which will preserve the business as a going concern and seek the Court's approval of the agreement in the very near future. If Planet Organic is unable to reach an agreement with Catalyst, it will return to court with other alternatives.

77. At this time, it does not appear that debtor-in-possession financing will be required.

78. Planet Organic is seeking an administrative charge of \$400,000 and an indemnification charge for its officers and directors of \$1.75 million.

79. The Board of Directors currently consists of Ian Newton, Brent Knudsen, and me. The current D&O insurance policy expires on June 15, 2010 and I understand that to extend the coverage would result in an 150% premium increase over the existing premium.

80. Said charges are not sought against the other secured creditors of Planet Organic, namely, the four (4) creditors with equipment security.

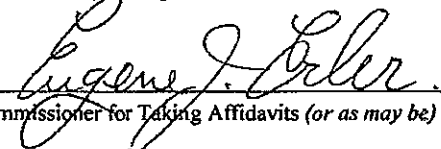
81. Planet Organic is required under section 132 of the Alberta *Business Corporations Act (ABCA)* to call an annual meeting of its shareholders no later than 15 months after the last preceding meeting. The Court may extend the time for the calling of the meeting if it is satisfied that it is in the best interests of the corporation. Planet Organic's last shareholder meeting was held on December 19, 2008 and one is currently scheduled for April 30, 2010. I am advised by Heighington that as a matter of corporate law, Planet Organic could further adjourn the meeting of shareholder to May 14, 2010.

82. At this juncture, a postponement of the time for the holding of the meeting is required, in my view, as holding the annual meeting of shareholders could impede the successful restructuring of the business if Mr. Francisco uses his status as majority shareholder to thwart current management's effort to sell the business to Catalyst. Mr. Francisco has indicated that he intends to replace the board with his nominees. This would constitute a change of control under the Ares Loan and Ares/PCG Loan, and would likely result in Catalyst moving to enforce its security, which in turn would destabilize and harm the enterprise. Catalyst has expressed to me its confidence in the current Board of Directors.

83. Financial and other information will continue to be available to Mr. Francisco and the public through court filings which will be easily accessible on the Proposed Monitor's website and all public filings required under securities laws will continue to be made.

84. I swear this affidavit in support of the application for the Initial Order and for no other or improper purpose.

SWORN BEFORE ME at the
City of Edmonton in the
Province of Alberta
this 29th day of April, 2010.



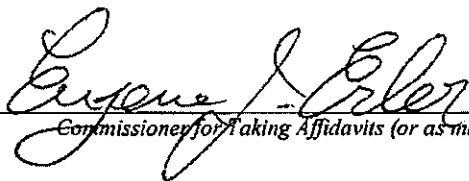
Commissioner for Taking Affidavits (or as may be)



Darren Krissie

EUGENE J. ERLER
BARRISTER AND SOLICITOR
AND NOTARY PUBLIC

This is Exhibit "C" referred to in the Affidavit of Darren Krissie,
sworn before me this 18th day of May, 2010.



Commissioner for Taking Affidavits (or as may be)

EUGENE J. ERLER
BARRISTER AND SOLICITOR
AND NOTARY PUBLIC

Planet Organic Health Corp.

13-Week Operating Cash Flow Forecast

Week #	1	2	3	4	5	6	7	8	9	10	11	12	13
Week ending	1-May-10	8-May-10	15-May-10	22-May-10	29-May-10	5-Jun-10	12-Jun-10	19-Jun-10	26-Jun-10	3-Jul-10	10-Jul-10	17-Jul-10	24-Jul-10
Forecast Opening Cash Balance	\$3,119,359	\$3,291,292	\$3,168,428	\$2,958,276	\$2,986,629	\$2,648,585	\$2,631,043	\$2,426,895	\$2,727,237	\$2,415,545	\$2,655,860	\$2,328,729	\$2,527,789
Cash Inflows													
Trade Payables	\$347,651	\$792,624	\$776,954	\$813,420	\$833,609	\$825,322	\$799,073	\$770,231	\$798,380	\$811,926	\$805,583	\$792,322	\$748,409
Operating Expenses	42,261	157,276	89,276	82,276	82,276	82,276	82,276	82,276	82,276	82,276	82,276	82,276	82,277
Payroll Expense	-	-	515,832	-	515,832	-	515,832	-	515,832	-	515,832	-	515,832
Rent Expense	-	298,875	-	-	-	298,875	-	-	-	298,875	-	-	-
Maintenance Capex	-	5,000	5,000	5,000	5,000	20,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Cash Inflows	\$389,912	\$1,253,775	\$1,387,062	\$900,697	\$1,436,717	\$1,226,473	\$1,402,181	\$857,507	\$1,401,488	\$1,198,078	\$1,408,691	\$879,589	\$1,351,519
Cash Outflows													
Sales Forecast	\$561,846	\$1,298,911	\$1,256,910	\$1,211,050	\$1,256,673	\$1,277,932	\$1,267,032	\$1,246,850	\$1,178,795	\$1,177,393	\$1,170,560	\$1,167,659	\$1,149,385
Other Receipts	-	-	-	-	-	-	-	-	-	350,000	-	-	-
Total Cash Outflows	\$561,846	\$1,298,911	\$1,256,910	\$1,211,050	\$1,256,673	\$1,277,932	\$1,267,032	\$1,246,850	\$1,178,795	\$1,527,393	\$1,170,560	\$1,167,659	\$1,149,385
Net Weekly Cash Position	\$171,934	\$45,136	(\$130,152)	\$310,353	(\$180,044)	\$51,459	(\$135,149)	\$389,342	(\$222,693)	\$329,315	(\$238,131)	\$288,060	(\$202,134)
Restructuring Costs	-	(168,000)	(180,000)	(180,000)	(180,000)	(69,000)	(69,000)	(89,000)	(89,000)	(89,000)	(89,000)	(89,000)	(47,000)
Forecast Bank Balance	\$3,291,292	\$3,168,428	\$2,658,276	\$2,986,629	\$2,648,585	\$2,631,043	\$2,426,895	\$2,727,237	\$2,415,545	\$2,655,860	\$2,328,729	\$2,527,789	\$2,278,655

Assumptions

- General
 - This cash flow assumes only CCAA filing for Planet Organic Health Corp. and Darwen Holdings Ltd. and no formal US insolvency proceeding.
 - Opening cash assumes no clearing of outstanding cheques (ie. stay of payables at time of filing).
 - Week one includes three days April 29 to May 1 inclusive.
- Trade Payables / Inventory
 - Cost of sales are forecasted based on trailing 8-month average margins.
 - Unsecured creditors will be stayed on filing.
- Operating / Payroll / Rent Expenses
 - Store level operating expenses are based on historical averages.
 - Lease payments are based on current lease payment schedules and are assumed to be paid in the first week of each month.
- Maintenance Capex
 - Estimated capitalized expenses limited to address key operational or safety items.
- Sales Forecast
 - Weekly sales are forecasted based on trending average unit volumes (AUVs) at each store.
 - Weekly sales are forecasted based on comparable year-over-year sales growth to the corresponding week of the prior year.
 - AUVs compare year-to-date trends as well as 6-week trailing results in determining forecast.
- Other Receipts
 - Transfer of funds as partial settlement of intercompany receivable due from US Holdco.

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
PLANET ORGANIC HEALTH CORP. AND DARWEN HOLDINGS LTD.

Court File No: 10-8699-00CL

APPLICANTS

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**AFFIDAVIT OF DARREN KRISSIE
(Sworn on May 18, 2010)**

BAKER & MCKENZIE LLP
Barristers and Solicitors
181 Bay Street, P.O. Box 874
Suite 2100
Toronto, Ontario
M5J 2T3

Frank Spizzirri (LSUC#: 37327F)
Tel.: 416.865.6940
Email: frank.spizzirri@bakermckenzie.com

Michael Nowina (LSUC#: 49633O)
Tel.: 416.865.2312
Email: michael.nowina@bakermckenzie.com
Fax: 416.863.6275

Lawyers for the Applicants

29

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
PLANET ORGANIC HEALTH CORP. AND DARWEN HOLDINGS LTD.

Court File No: 10-8699-00CL

APPLICANTS

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

MOTION RECORD
(returnable on May 20, 2010)

BAKER & MCKENZIE LLP
Barristers and Solicitors
181 Bay Street, P.O. Box 874
Suite 2100
Toronto, ON M5J 2T3

Frank Spizzirri (LSUC#: 37327F)
Tel.: 416.865.6940
Email: frank.spizzirri@bakermckenzie.com

Michael Nowina (LSUC#: 49633O)
Tel.: 416.865.2312
Email: michael.nowina@bakermckenzie.com
Fax: 416.863.6275

Lawyers for the Applicants