

**THE QUEEN'S BENCH**  
**WINNIPEG CENTRE**

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

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

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

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**AFFIDAVIT OF LARRY SVEINBJORN JOHNSON**  
**SWORN THE 6TH DAY OF MARCH, 2013**  
**DATE OF HEARING: TUESDAY, THE 12<sup>TH</sup> DAY OF MARCH, 2013**  
**AT 9:00 A.M.**

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

**David R.M. Jackson/Sam Gabor**  
(204) 988-0375/(204) 988-0346  
Fax – (204)957-0945  
Client File No. 15611-250 DJAC

**THE QUEEN'S BENCH  
WINNIPEG CENTRE**

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

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

**AFFIDAVIT OF LARRY SVEINBJORN JOHNSON**

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

MAKE OATH AND SAY THAT:

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

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

**INITIAL APPLICATION AND SUBSEQUENT COURT ORDERS**

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

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

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

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

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

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

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

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

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

8. On January 4, 2013 this Honourable Court granted the Fourth Extension Order which extended the stay of proceedings to March 15, 2013.

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

9. Following the issuance of the Fourth Extension Order the Applicants have continued to act in good faith and with due diligence including amongst other things:

- a) The Applicants have continued to cooperate, assist and work with the Monitor to complete the Transaction; and
- b) The Applicants have continued to collect receivables and work with the Monitor to realize on the Excluded Assets.

10. As noted in my previous Affidavit sworn in these proceedings dated January 2, 2013 the closing purchase price paid to the Monitor was based upon the Estimated Cash Purchase Price I had prepared in accordance with Section 3.5 of the Sale Agreement, as amended. In accordance with the Sale Agreement, the Purchaser had 30 days from closing in which to submit

its Closing Date Calculation following which the Applicants and the Monitor had 15 days to file a Dispute Notice in the event the Purchaser's calculation was not acceptable. Now shown to me and marked as Exhibit "1" to this my Affidavit is a true copy of the Purchaser's January 14, 2013 closing date calculation. Now shown to me and marked as Exhibit "2" to this my Affidavit is a true copy of the Dispute Notice filed on behalf of the Applicants and the Monitor dated January 29, 2013 which identified the deficiencies between the Applicants' Estimated Cash Purchase Price and the Purchaser's Closing Date Calculation.

11. Since receipt of the Purchaser's Closing Date Calculation and notwithstanding filing of the Dispute Notice, the Applicants, the Monitor and the Purchaser have endeavoured to resolve their differences to reach a final purchase price. It is my understanding that the parties have now resolved the dispute and details of the agreed final price will be set out in the Seventh Report of the Monitor to be filed.

12. As previously disclosed in my January 2, 2013 Affidavit over and above the Escrow Fund contemplated by the Sale Agreement, an additional holdback of \$1,573,765.48 was set up pending resolution of the dispute as to the assignability of the Manure Management Financial

Assistance Program ("**MAFR Holdback Amount**"). In accordance with Section 3.12 of to the First Amendment to Asset Purchase Agreement executed December 17, 2012 the Purchaser is required to use commercially reasonable efforts to obtain MAFR replacement funding by June 30, 2013 failing which the Purchaser, the Applicants and the Monitor can apply to Court to determine how the MAFR Holdback Amount should be released.

13. There remain a number of outstanding post-closing obligations under the Sale Agreement as amended which the Applicants are continuing to deal with including:

- a) In accordance with paragraph 7.8 of the Sale Agreement, completing the application process for clearance certificates pursuant to *The Miscellaneous Taxes and Administration Act* (Manitoba) and providing same, or confirmation of any refusal to issue such certificates, to the Purchaser upon receipt;
- b) Closing all accounts with the Worker's Compensation Board of Manitoba and thereafter, in accordance with paragraph 7.8 of the Sale Agreement, completing the application process for clearance certificates pursuant to *The Workers' Compensation Act* (Manitoba) and providing same, or confirmation of any

refusal to issue such certificates, to the Purchaser upon receipt;  
and

- c) Obtaining landlord approval to the assignment of the Southland Feeders Ltd. and Joubert Creek Farm Inc. leases.

I should point out that it is my understanding that the Applicants have paid all pre-posting and post-closing provincial tax and Worker's Compensation obligations and should be entitled to the Clearance Certificates referred to in a) and b) above.

14. The Applicants, with the assistance of the Monitor, have continued to collect outstanding receivables and work with the Monitor in realizing on the Excluded Assets and in that respect I highlight the following:

- a) The Emerson Quarantine sale was closed with net sale proceed applied against Farm Credit Canada ("FCC")'s mortgage;
- b) Closing of the proposed sale of the Birch Bay Pork properties have been extended to deal with sub-division issues but is expected to close in April.



15. I should further point out that although the Sale Agreement as amended did not include assumption of the Applicants' lease and/or equipment finance arrangements involving GE Canada Leasing Services Company, GE Canada Equipment Finance GP, General Motors Acceptance Corporation of Canada Limited, CNH Capital Canada Ltd., National Leasing Group Inc. and Ally Credit Canada (all of whom had registered security interests on specific collateral in the Personal Property Security Registry as detailed in the Affidavit of Raymond Allan Hildebrand sworn November 1, 2012, previously filed in these proceedings and in particular paragraphs 21 through 23 and Exhibit 5 thereof), subsequent arrangements have been made, satisfactory to the Applicants and the Monitor, for these facilities and/or the charged collateral referred to therein to be assumed by the Purchaser. I should also point out as indicated in paragraph 22 d) of the above-noted Hildebrand Affidavit, that while the Royal Bank of Canada had a Personal Property Security registration as No. 200812886109 claiming an equipment lease dated July 4, 2008, that registration pertained to an equipment lease which had been completed and should have been discharged.

16. A Stay of proceedings is essential to enable the Applicants to complete the post-closing obligations under the Sale Agreement as amended

including administering and disposing of any of the remaining assets of the business which have not been conveyed to the Purchaser as part of the Transaction including, without limitation, any necessary income tax filings and application for AgriStability payments.

17. Now shown to me and marked as Exhibit "3" to this my Affidavit is a true copy of the updated 13 Week Cash Flow Projection for March 4, 2013 through to July 28, 2013 which discloses that the Applicants have sufficient working capital to fund operations during the requested extension of the Stay Period.

18. I should also point out that on or about January 15, 2013 the Applicants' counsel received formal notice from legal counsel acting on behalf of 17 farmers of an alleged claim against the sale proceeds under the Transaction as well as a claim against the Directors. Now shown to me and marked as Exhibit "4" is a true copy of the formal notice dated January 15, 2013 from Tapper Cuddy LLP.

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

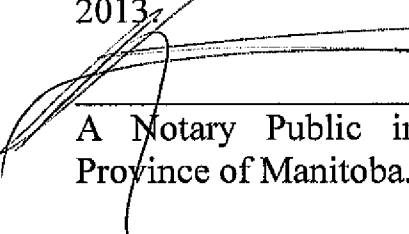
20. By virtue of the fact that substantially all of the assets and operating business of the Applicants have been transferred to the Purchaser and most of the Applicants' former employees engaged by the Purchaser, I remain the only active employee of the Applicants. The Boards of Directors of the Applicants also continue to remain in place.

21. I make this Affidavit *bona fide* in support of the Applicants' motion to extend the stay of proceedings.

SWORN BEFORE ME at the City of )  
Winnipeg, in the Province of )  
Manitoba, this 6th day of March, )  
2013. )



**LARRY SVEINBJORN  
JOHNSON**



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A Notary Public in and for the  
Province of Manitoba.

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**THIS IS EXHIBIT "1" REFERRED TO IN THE  
AFFIDAVIT OF LARRY SVEINBJORN JOHNSON  
SWORN BEFORE ME AT THE CITY OF WINNIPEG  
IN THE PROVINCE OF MANITOBA  
THIS 6TH DAY OF MARCH, 2013**

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

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**MAPLE LEAF FOODS**



January 14, 2013

**CONFIDENTIAL**

Deloitte & Touche Inc. (in its capacity as Court appointed Monitor of The Puratone Corporation, Pembina Valley Pigs Ltd. and Niverville Swine Breeders Ltd.)  
360 Main Street, Suite 2300  
Winnipeg, MB R3C 3Z3  
Attention: Steven Peleck, Fax: (204) 947-2689

And to  
The Puratone Corporation, Pembina Valley Pigs Ltd. and Niverville Swine Breeders Ltd.  
P.O. Box 460  
Niverville, MB R0A 1E0  
Attention: The President, Fax: (204) 388-6745

Dear Sirs:

**CLOSING DATE CALCULATION**

Attached please find a copy of the Closing Date Calculation pursuant to Paragraph 3.8(a) of the Asset Purchase Agreement dated November 1, 2012 between The Puratone Corporation, Pembina Valley Pigs Ltd., Niverville Swine Breeders Ltd., Deloitte & Touche Inc. and Maple Leaf Foods Inc. An Excel version of the calculation will be sent by email.

Yours very truly,  
Maple Leaf Foods Inc.

By: 

Authorized Signature

Taylor McCaffrey LLP, Attention: Notman Snyder / David Jackson, Fax: (204) 953-7220  
Thompson Dorfman Sweatman LLP, Attention: Donald Douglas, Fax: (204) 934-0566  
Osler, Hoskin & Harcourt LLP, Attention: Michael Innes, Fax: (416) 862-6666

**passionate people,  
passionate about food**

Maple Leaf Foods Inc. 30 St. Clair Ave. W. Toronto, ON, Canada M4V 5A2

Closing Time Calculation

The Puratone Corporation, Pembina Valley Pigs Ltd., Niverville Swine Breeders Ltd.,  
Deloitte & Touche Inc., and Maple Leaf Foods Inc.

Asset Purchase Agreement

November 1, 2012

Section	Description	Cash Purchase Price
3.1 (a)	Purchase Price	22,579,255
3.1 (b)	Feed Inventory	3,487,600
3.1 (c)	Livestock Inventory	17,554,659
3.1 (d)	Interest in Bond Hog	197,102
3.1 (f)	Interest in Heritage Hogs	134,972
3.1 (g)	Interest in JVCO	334,247
3.1 (h)	Interest in Horizon	500,000
3.1 (i)	Owned Property Adjustment	313,757
3.1 (j)	Subsidiary Liabilities	(418,451)
3.1 (k)	Employee Liabilities	(362,074)
3.1 (l)	Assumed Liabilities	
Closing Time Calculation of the Cash Purchase Price		44,321,067

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**THIS IS EXHIBIT "2" REFERRED TO IN THE  
AFFIDAVIT OF LARRY SVEINBJORN JOHNSON  
SWORN BEFORE ME AT THE CITY OF WINNIPEG  
IN THE PROVINCE OF MANITOBA  
THIS 6TH DAY OF MARCH, 2013**

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A NOTARY PUBLIC  
in and for the Province of Manitoba

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No. CI 12-01-79231

**THE QUEEN'S BENCH  
WINNIPEG CENTRE**

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

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

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

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**DISPUTE NOTICE**

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**THOMPSON DORFMAN SWEATMAN LLP**

Barristers and Solicitors  
2200 - 201 Portage Avenue  
Winnipeg MB R3B 3L3  
Donald G. Douglas  
Direct Line 204-934-2466  
Fax Direct 204-934-0566  
Email [dgd@tdslaw.com](mailto:dgd@tdslaw.com)



TO: MAPLE LEAF FOODS INC.  
30 St. Clair Avenue West  
Toronto ON M4V 3A2

AND TO: OSLER, HOSKIN & HARCOURT LLP  
100 King Street West  
Toronto ON M5X 1B8  
Attention: Michael Imes  
Solicitors for Maple Foods Inc.

AND TO: FILLMORE RILEY LLP  
1700 - 360 Main Street  
Winnipeg MB R3C 3Z3  
Attention: D. Wayne Leslie  
Solicitors for Maple Leaf Foods Inc.

WHEREAS The Puratone Corporation, Pembina Valley Pigs Ltd. and Niverville Swine Breeders Ltd. (collectively the "Vendors"), Deloitte & Touche Inc. (the "Monitor") and Maple Leaf Foods Inc. (the "Purchaser") entered into an Asset Purchase Agreement dated as of the 1<sup>st</sup> day of November, 2012 (the "Agreement");

AND WHEREAS the Purchaser issued the Closing Time Calculation in accordance with Sub-section 3.8(a) of the Agreement;

AND WHEREAS the Vendors and the Monitor have reviewed the Closing Time Calculation in accordance with Sub-section 3.8(b) of the Agreement and, by this Dispute Notice, do hereby object to the Closing Time Calculation.

NOW THEREFOR TAKE NOTICE THAT in accordance with the requirements of Sub-section 3.8(d) of the Agreement, particulars of the disputed amounts are as follows:

Subsection of APA	Purchaser's Calculation	Vendor's and Monitor's Calculation	Discrepancy
3.1(a)	\$ 22,579,255	\$ 22,579,255	\$ -
3.1(b)	3,487,601	3,480,757	6,844
3.1(c)	17,554,659	20,466,014	(2,911,355)
3.1(d)	197,102	202,698	(5,596)
3.1(e)	-	-	-
3.1(f)	134,972	134,972	-
3.1(g)	334,247	334,247	-
3.1(h)	500,000	500,000	-
3.1(i)	313,757	361,702	(47,945)
3.1(j)	(418,451)	(410,518)	(7,933)
3.1(k)	(362,074)	(356,518)	(5,556)
3.1(l)	-	-	-
	<u>\$ 44,321,068</u>	<u>\$ 47,292,609</u>	<u>\$ (2,971,541)</u>

For those Sub-sections in which there is a difference between the Purchaser's calculation and the Vendors' and Monitor's calculation, the Vendors' and the Monitor say that the primary differences appear to be as result of the following factors:

- Interpretation and application of the appropriate Chicago Mercantile Exchange ("CME") price;
- Application of feed costs and estimated growth cycles for growing the herd to market weight;
- Determination and application of the appropriate mortality factors;
- Determination of the appropriate production period to be used in estimating such items as feed costs and production overheads; and
- Estimation of the stage of completion of the herd as at December 14, 2012;

The Vendor, the Monitor and the Purchaser are also awaiting invoicing from utilities and certain other parties to finalize closing adjustments. The Vendor, Monitor and Purchaser have had several meetings where details of the above differences have been discussed.

Dated at the City of Winnipeg, in Manitoba this 29<sup>th</sup> day of January, 2013.

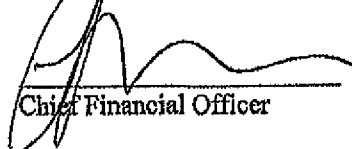
DELOITTE & TOUCHE INC.

4444043 MANITOBA LTD. (formerly The Puratone Corporation), 5561630 MANITOBA LTD. (formerly Pembina Valley Pigs Ltd.) and 0263672 MANITOBA LTD. (formerly Niverville Swine Breeders Ltd.)

Per:

  
Senior Vice-President

Per:

  
Chief Financial Officer

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**THIS IS EXHIBIT "3" REFERRED TO IN THE  
AFFIDAVIT OF LARRY SVEINBJORN JOHNSON  
SWORN BEFORE ME AT THE CITY OF WINNIPEG  
IN THE PROVINCE OF MANITOBA  
THIS 6TH DAY OF MARCH, 2013**

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

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The Puratone Corporation  
Cash Flow Projection  
March 4, 2013 through July 28, 2013

	Week 1 4-Mar-13	Week 2 11-Mar-13	Week 3 18-Mar-13	Week 4 25-Mar-13	Week 5 1-Apr-13	Week 6 8-Apr-13	Week 7 15-Apr-13	Week 8 22-Apr-13	Week 9 29-Apr-13	Week 10 6-May-13	Week 11 13-May-13	Week 12 20-May-13	Week 13 27-May-13	Week 14 3-Jun-13	Week 15 10-Jun-13	Week 16 17-Jun-13	Week 17 24-Jun-13	Week 18 1-Jul-13	Week 19 8-Jul-13	Week 20 15-Jul-13	Week 21 22-Jul-13	Week 1 - 21 Cumulative Totals	
<b>Receipts</b>																							
Sales																							
Other																							
Agri-stability				50,000									60,000				(124,000)						(124,000)
ARR collection				280,745													50,000						200,000
GST refunds																	25,714						305,459
Co-op equity		9,203																					9,203
WCB refunds																							10,000
Insurance recovery																							15,000
<b>Total Receipts</b>		9,203		330,745									50,000										416,662
<b>Disbursements</b>																							
Operations																							
Ingredients costs																							
Escalation																							
Production input costs																							
Operating expenses																							
Farm bonus																							
Payroll																							
Restructuring																							
Professional fees																							
Vacation pay																							
KEPP																							
Utility costs																							
Care costs																							
Finance																							
Interest & principal																							
DIP charges																							
<b>Total Disbursements</b>	98,000	150,000	20,000	20,000	15,000	15,000	15,000	15,000	28,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	50,000	10,000	10,000	10,000	28,000	10,000	589,000
<b>Net Cash Flows</b>	(98,000)	(140,797)	(20,000)	310,745	(15,000)	(5,000)	(15,000)	(15,000)	(28,000)	40,000	(10,000)	(10,000)	40,000	(10,000)	(10,000)	(50,000)	(63,286)	(10,000)	(10,000)	(28,000)	(10,000)	(10,000)	(172,338)
<b>Opening Cash</b>	(4,187,277)	(4,295,277)	(4,436,074)	(4,456,074)	(4,145,329)	(4,160,329)	(4,165,329)	(4,165,329)	(4,160,329)	(4,168,329)	(4,168,329)	(4,168,329)	(4,168,329)	(4,168,329)	(4,168,329)	(4,168,329)	(4,178,329)	(4,178,329)	(4,321,615)	(4,331,615)	(4,359,615)	(4,359,615)	(4,187,277)
<b>Net Cash Flows</b>	(98,000)	(140,797)	(20,000)	310,745	(15,000)	(5,000)	(15,000)	(15,000)	(28,000)	40,000	(10,000)	(10,000)	40,000	(10,000)	(10,000)	(50,000)	(63,286)	(10,000)	(10,000)	(28,000)	(10,000)	(10,000)	(172,338)
<b>Closing Cash (Indebtedness)</b>	(4,285,277)	(4,436,074)	(4,456,074)	(4,145,329)	(4,160,329)	(4,165,329)	(4,165,329)	(4,160,329)	(4,208,329)	(4,168,329)	(4,168,329)	(4,168,329)	(4,168,329)	(4,168,329)	(4,168,329)	(4,178,329)	(4,228,329)	(4,311,615)	(4,321,615)	(4,359,615)	(4,388,615)	(4,398,615)	(4,388,615)

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**THIS IS EXHIBIT "4" REFERRED TO IN THE  
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A NOTARY PUBLIC  
in and for the Province of Manitoba

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■■■  
**TAPPER CUDDY LLP**  
Barristers and Solicitors

January 15, 2013

**Jason Harvey**  
Direct line: (204) 944-3226  
E-mail: jharvey@tappercuddy.com

Taylor McCaffrey LLP  
Barristers and Solicitors  
9<sup>th</sup> Floor, 400 St. Mary Avenue  
Winnipeg, Manitoba  
R3C 4K5

**Attention: Dave Jackson**

Dear Sir:

**Re: Puratone, in Receivership**

Please be advised that we represent the following group of 17 farmers, collectively referred to as the "Group":

- Aaron Elskamp
- James Rempel
- Bayshore Farms Inc.
- Perry Drohomereski
- Einarson Farms Ltd.
- Foster Farms Ltd.
- Kurtis Friederici
- Golden Valley Farms Ltd.
- Lawrence Gudmundson and Chris Nordal
- Don Parada
- Grain River Farms Ltd.
- Ray P. Friesen Farms Ltd.
- Franklin Sigurdson
- Interlake Turkey Breeders Ltd.
- Triple B Farms (Paul and David Bobbee)
- Valleyfield Enterprises Ltd.
- Rocky Pond Farms Ltd.

For the days preceding the CCAA application by the Puratone Corporation, Pembina Valley Pigs Ltd. and Niverville Swine Breeders Ltd., (collectively "Puratone"), the Group supplied feed to Puratone in an amount totalling approximately \$903,205.50. Specifically, this feed was provided between August 29 and September 11, 2012 and in some cases was actively solicited by representatives of Puratone.

Given our understanding of the rate of consumption of feed by Puratone in its operations, it is our position that the feed provided by the members of our Group was used in Puratone's hog operations to continue with production of hogs which were purchased by Maple Leaf Foods Inc. ("Maple Leaf") as part of their purchase of Puratone (the "Sale"). As such, Puratone obtained a benefit and was enriched unjustly in the purchase price it received from Maple Leaf.

.../2

1000-330 ST. MARY AVENUE, WINNIPEG, MANITOBA, CANADA R3C 3Z5 PHONE (204) 944-8777 FAX (204) 947-2593

WEB [www.tappercuddy.com](http://www.tappercuddy.com) EMAIL [tc@tappercuddy.com](mailto:tc@tappercuddy.com)

As such, please be advised that this serves as formal notice that our clients will be making a claim to a portion of the proceeds of the Sale when distribution occurs. We ask that you add our firm to the list of entities that will receive notice of the date for the court approval for distribution of proceeds of the Sale. Please confirm that we will be given notice of when the request for court approval of the distribution will occur.

Please also be advised that our clients anticipate bringing an action against the directors of Puratone personally which will require a lifting of the stay (which we understand is not in effect until March 15, 2013).

The basis of the claim will be that the directors of Puratone knowingly solicited and purchased feed from the Group when they knew that Puratone was not going to pay for it. Such action warrants the piercing of the corporate veil and holding the directors of Puratone personally liable. Please advise if you will consent to the lifting of the stay for the purpose of filing the claim. If not, we will bring a motion for the lifting of the stay. Given that the anticipated claim will not have an effect on the CCAA proceedings we believe we will be successful if such a motion is required.

In the event that you would like to discuss these matters, please do not hesitate to contact us.

Yours truly,

**TAPPER CUDDY LLP**

Per: 

**Jason Harvey**

JH/lg