File 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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SEVENTH REPORT OF THE MONITOR

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THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE PURATONE CORPORATION, NIVERVILLE SWINE BREEDERS LTD., AND PEMBINA VALLEY PIGS LTD.

APPLICANTS

SEVENTH REPORT OF THE MONITOR
DATED MARCH 8, 2013

INTRODUCTION

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

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

2. On October 10, 2012, the Court extended the stay of proceedings until November 2, 2012.

3. On October 30, 2012, the Court extended the stay of proceedings until November 12, 2012.

4. On November 8, 2012, the Court extended the stay of proceedings until January 15, 2013.

5. On January 4, 2013, the Court further extended the stay of proceedings until March 15, 2013 (the “**Stay Period**”).

6. The Monitor has provided the Court with the following reports:

    i. The Pre-Filing Report of the Proposed Monitor dated September 11, 2012 (the “**Pre-Filing Report**”) in connection with the Applicants’ application for protection under the CCAA;

    ii. The First Report of the Monitor dated October 5, 2012 (the “**First Report**”) in connection with the Applicants’ motion to extend the Stay Period;

    iii. The Second Report of the Monitor dated October 25, 2012 (the “**Second Report**”) in connection with the Applicants’ motion to extend the Stay Period;

    iv. The Third Report of the Monitor dated November 5, 2012 (the “**Third

Report”) in connection with the Applicants’ motion to i) further extend the Stay Period; and ii) seek approval for the sale transaction (the “**Transaction**”) contemplated by the Asset Purchase Agreement (the “**APA**”) between the Applicants and Maple Leaf Foods Inc. (the “**Purchaser**”), and agreed to by the Monitor;

v. The Fourth Report of the Monitor dated November 14, 2012 (the “**Fourth Report**”) in connection with the Applicants’ motion to allow the transfer of their shares and limited partnership units in the Partially Owned Subsidiaries (as defined in the APA) and the assignment of certain agreements between the Partially Owned Subsidiaries and/or their shareholders/unit holders to the Purchaser on Closing;

vi. The Fifth Report of the Monitor dated November 20, 2012 (the “**Fifth Report**”) in connection with the Applicants’ motion to assign their rights and obligations under certain Assumed Contracts (as defined in the APA) to the Purchaser on Closing, where the consent of the relevant counterparty was required for the assignment and such counterparty had not expressly agreed to an assignment of the Applicants’ rights and obligations to the Purchaser; and

vii. The Sixth Report of the Monitor dated December 27, 2012 (the “**Sixth Report**”) in connection with the Applicants’ motion to extend the Stay Period and expand the powers and duties of the Monitor to permit it to act as agent for each of the Applicants in order to discharge certain of their obligations under the APA, and to make an application to the Court for a Distribution Order.

7. Copies of the Initial Order, the Pre-Filing Report, the First, Second, Third, Fourth, Fifth and Sixth Report(s), certain motion materials and Orders in the CCAA proceedings, and certain other documents related to the CCAA proceedings have been posted and are available on the Monitor's website at www.deloitte.com/ca/puratone.

PURPOSE

8. The purpose of this seventh report of the Monitor (the "**Seventh Report**") is to provide information with respect to the following:
   a) The Monitor's motion for an interim distribution to each of Bank of Montreal ("**BMO**"), Farm Credit Canada ("**FCC**"), and Manitoba Agricultural Services Corporation ("**MASC**") of certain of the cash consideration paid pursuant to the APA;
   b) Whether there are any claims ranking in priority to the indebtedness of the Applicants to BMO, FCC and MASC under the DIP Facility and under their respective debt facilities;
   c) The Monitor's Statement of Receipts and Disbursements for the period between December 14, 2012 and March 6, 2013, including an updated Cash Flow for the period from March 4, 2013 to July 28, 2013;
   d) The Monitor's recommendation with respect to the proposed distribution to BMO, FCC and MASC;
   e) The Applicants' request for an extension of the Stay Period; and
   f) The Monitor's request for approval of the Sixth Report of the Monitor.

TERMS OF REFERENCE

9. In preparing this Seventh Report, the Monitor has relied upon unaudited interim financial information, the Applicants' books and records, the Affidavits of Raymond Hildebrand sworn on September 11, October 4, October 24, November 1 and November 6, 2012, the Affidavits of Larry Johnson sworn on November 14, November 16, November 20, 2012 and January 2, 2013, and discussions with the Applicants' management ("**Management**") and the Applicants' financial and legal advisors.

10. The financial information of the Applicants has not been audited, reviewed or otherwise verified by the Monitor as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this Seventh Report may not disclose all significant matters about the Applicants. Additionally, none of the Monitor's procedures were intended to disclose defalcations or other irregularities. If the Monitor were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Monitor's attention. Accordingly, the Monitor does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this Seventh Report.

11. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this Seventh Report. Any use which any party makes of this Seventh

Report, or any reliance or decision to be made based on this Seventh Report, is the sole responsibility of such party.

12. Unless otherwise stated, all monetary amounts contained in this Seventh Report are expressed in Canadian dollars.

13. Capitalized terms used in this Seventh Report but not defined herein are as defined in the Pre-Filing Report, the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report, the Sixth Report and the APA, as applicable.

BACKGROUND

14. The secured debt of the Applicants includes the following:

DIP Facility

a) As approved pursuant to the Initial Order, and as amended in the November 8, 2012 Court Order, BMO is providing interim financing (the "**DIP Facility**") to the Applicants during the course of the CCAA Proceeding.
b) The DIP Facility is a revolving credit facility with a maximum total commitment of $11.0 million and will expire on March 15, 2013.

BMO Facility

i. The Applicants have borrowed approximately $40.9 million under two facilities from BMO (the "**BMO Facility**") pursuant to a credit agreement dated March 22, 2012. The first facility is an operating credit facility of approximately $12.7 million, and the second facility is a 15 year term facility of approximately $28.2 million refinanced under the Government of Canada's Hog Industry Loan Loss Reserve Program (the "**HILLRP**"). The security in support of the BMO Facility includes, *inter alia*, general security agreements over all of the Applicants' undertaking, property and assets pursuant to which BMO also claimed an equitable mortgage over the real property of the Applicants. In addition to the General Security Agreement NSB granted to BMO, it also granted collateral mortgage security on its real property.

ii. In connection with the DIP Facility, the BMO operating facility was capped on September 12, 2012.

FCC Facility

i. The Applicants have borrowed approximately $40.2 million under various term facilities from FCC (the "**FCC Facility**") pursuant to a credit agreement dated February 12, 2010, and a subsequent Amending Agreement dated July 25, 2011. The FCC Facility provided the Applicants with approximately $40.2 million in credit pursuant to a $6.9 million 13 year term facility under HILLRP and $33.3 million under various term loans. The FCC Facility is secured by a collateral first charge mortgage on The Puratone Corporation's lands in the amount of $35.0 million plus interest, a first charge collateral mortgage on PVP's lands in the amount of $7.5 million plus interest, General Security Agreements as well as other Security detailed therein. FCC does not have a guarantee or security over any of the assets of NSB.

MASC Facility

i. The Applicants have borrowed approximately $5.0 million under two separate credit facilities with MASC (the "**MASC Facility**") pursuant to loan commitment letters dated May 6, 2008 and August 11, 2008. These loans were made pursuant to MASC's Hog Loan Assistance Program and security was provided on the personal and real property of The Puratone Corporation with guarantees from PVP and NSB supported by collateral security on PVP's and NSB's real and personal property as detailed therein.

LEGAL OPINION ON SECURITY

15. Counsel to the Monitor, Thompson Dorfman Sweatman LLP ("**TDS**"), has reviewed the security granted to BMO, FCC and MASC by each of the Applicants. TDS has advised the Monitor that, subject to the assumptions and qualifications contained in its written opinion, each of BMO, FCC and MASC has a valid and enforceable security interest in the real and personal property of the Applicants as described above and referenced in each such party's security agreements and in respect of which registrations have been made against the Applicants in accordance with the provisions of *The Real Property Act* and *The Personal Property Security Act* (Manitoba). TDS has further advised that the BMO, FCC and MASC security appears to rank in priority to all other claims that may be made to the Applicants' assets (with the possible exception of certain garage keepers' liens). A copy of the TDS opinion is attached as Exhibit "A".

STATUS OF THE APA AND PRIORITY CHARGES UNDER THE INITIAL ORDER

16. As previously reported, the APA and the transactions contained therein were

approved by the Court pursuant to the terms of the Approval and Vesting Order dated November 8, 2012. Closing under the APA occurred on December 17, 2012 ("Closing Date") with an effective date of December 14, 2012.

17. As set out in the Sixth Monitor's Report, the Estimated Cash Purchase Price of $44,398,094 was transferred by wire to the Monitor on December 17, 2012 and was comprised of the following amounts:
    a) $37,824,329 in cash proceeds;
    b) $1,573,765 representing the MAFR Holdback Amount; and
    c) $5,000,000 representing a general holdback to be held in escrow pending the final resolution of all Purchase Price adjustments.

18. In accordance with section 3.8 of the APA, the Purchaser prepared a calculation of the Cash Purchase Price broken down by each constituent element and delivered the Closing Time Calculation to the Applicants and the Monitor on January 14, 2013.

19. Immediately thereafter, the Applicants and the Monitor undertook a review of the Closing Time Calculation. During the fifteen (15) day Review Period, the Applicants and the Monitor held various discussions with the Purchaser in addition to exchanging and sharing details supporting the Closing Time Calculation. As the Applicants and the Monitor were unable to reach an agreement with the Purchaser prior to the expiration of the Review Period, on January 29, 2013, the Dispute Notice was executed by the Monitor and the Applicants and was provided to the Purchaser.

20. The APA provided for the Monitor, the Applicants, and the Purchaser to work towards an agreement on the Final Cash Purchase Price for an additional fifteen (15) day period. The Monitor and the Applicants were unable to come

to an agreement with the Purchaser within this time period but continued to work towards arriving at a Final Cash Purchase Price. An Agreement was reached on a Final Cash Purchase Price on March 5, 2013.

21. The Final Cash Purchase Price exceeded the Estimated Cash Purchase Price by $922,601 (the "**Excess Amount**"). The Excess Amount was transferred by wire from the Purchaser to the Monitor on March 6, 2013. In summary, the funds that the Monitor is presently holding are as follows:

    a) $38,846,930 in cash proceeds plus interest (including the $100,000 initial cash deposit);

    b) $1,573,765 representing the MAFR Holdback Amount plus interest; and

    c) $5,000,000 representing a general holdback to be held in escrow pending the final resolution of all Purchase Price adjustments plus interest.

22. The priority of the charges created by the Initial Order, and as amended by the Court Order dated November 8, 2012, are as follows:

    a) First – Administration Charge (to the maximum of $500,000);

    b) Second – DIP Lender's Charge (to the maximum of $11,500,000);

    c) Third – Critical Suppliers' Charge (to the maximum of $400,000);

    d) Fourth – Directors' Charge (to the maximum of $1,000,000); and

    e) Fifth – KERP Charge (to the maximum of $700,000).

23. The Monitor's comments on the outstanding balances under these Charges are as follows:

    a) The Applicants have continued to make payments for professional costs through the DIP Facility and the present outstanding amount pursuant to the Administration Charge would likely not exceed $100,000;

    b) The amount outstanding under the DIP Lender's Charge is approximately $4.2 million;

c) The Monitor is not aware of any balance outstanding that would be subject to a claim under the Critical Suppliers' Charge;

d) The Monitor is not aware of any balance claimed by the Directors pursuant to the Directors' Charge; and

e) The Monitor is not aware of any amounts outstanding that would be subject to a claim under the KERP charge. All KERP amounts were paid immediately after closing with the available DIP Facility.

24. As is indicated above, the APA contemplated a holdback of $1,573,765 representing the MAFR Holdback Amount as well as $5,000,000 representing a general holdback to be held in escrow pending the final resolution of all Purchase Price Adjustments under the APA. While all Purchase Price Adjustments have been finalized, the Monitor is of the view that these amounts should serve as a general holdback ("General Holdback") pending completion of these proceedings while the Monitor and the one remaining employee of the Applicants continue to deal with matters such as continued realization of the Excluded Assets (which include Agristability claims, tax refunds and rebates, collection of accounts receivable, as well as other sundry items), resolution of the MAFR Holdback, and potential legal actions.

25. The calculation of the proposed $34,585,000 interim distribution is attached as Exhibit "B" and is summarized as follows:

a) The sum of $17,726,173 to BMO;

b) The sum of $15,817,303 to FCC; and

c) The sum of $1,041,524 to MASC.

26. The proposed interim distribution contemplates the allocation of the DIP and KERP as agreed to by BMO and FCC to the Closing Date. The percentages used were 80/20 for the DIP and 50/50 for the KERP respectively. Subsequent

to the Closing Date, the ongoing DIP charges have been allocated amongst BMO and FCC on an 80/20 basis with a 5% allocation to MASC.

27. The proposed interim distribution also contemplates that the balance under the present DIP Facility will be paid in full. The present estimated balance of the DIP Facility is $4.2 million.

28. The Monitor is of the view that the General Holdback will be sufficient to deal with future matters until a final distribution.

29. TDS has provided its opinion that the proposed distribution by the Monitor is in accordance with the security held by BMO, FCC, and MASC, subject to the agreement by BMO to acknowledge the priority of MASC with respect to the TPC head office properties.

PRIORITY CHARGES

30. Neither the Applicants nor the Monitor is aware of any Crown claims that would form a statutory priority. Representatives for these possible claimants were served in connection with the motion for the Approval and Vesting Order and have not provided any information to the Monitor that they have priority claims. The representatives for these possible claimants are also being served in connection with the motion for the present Interim Distribution Order.

AMOUNT OF THE BMO, FCC AND MASC DEBT

31. As noted above, the amount payable to each of BMO and FCC (other than pursuant to the DIP Facility) and MASC is limited to amounts owing for principal, interest and costs due and owing pursuant to each party's credit agreement or security. The amounts owing to BMO and FCC fluctuate on a daily basis. Each of BMO, FCC, and MASC will incur significant shortfalls on

their outstanding indebtedness.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

32. Attached as Exhibit "C" are the Monitor's Statement of Receipts and Disbursements for the period between December 14, 2012 and March 6, 2013, and an updated Cash Flow Projection for the period March 4, 2013 to July 28, 2013. The actual DIP Facility balance was approximately $4.2 million at March 3, 2013, as reported to BMO.

STAY EXTENSION

33. The Applicants have also requested that the Court approve an extension of the Stay Period from March 15, 2013 to July 28, 2013 to permit the Monitor to finalize their estates.

MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

34. For the reasons set out above, the Monitor recommends that from the monies collected from the sale of the assets under the APA, the realization of Excluded Assets and the collection of accounts receivable or otherwise that, in accordance with the Court Order dated January 4, 2013, the Monitor pay to BMO (i) $17,726,173 in accordance with amounts owing pursuant to the BMO Facility and (ii) the further sum of approximately $4.25 million in order to fully retire the DIP Facility.

35. The Monitor further recommends that $15,817,303 be paid from the monies collected from the sale of the assets under the APA and the realization of Excluded Assets, to FCC in accordance with amounts owing pursuant to the FCC Facility.

36. The Monitor further recommends that $1,041,524 be paid from the monies

collected from the sale of the assets under the APA to MASC in accordance with amounts owing pursuant to the MASC Facility.

37. In addition, the Monitor requests that:

a) The Sixth Report of the Monitor be approved; and

b) For all of the reasons set out in this Seventh Report, the Monitor recommends that the Stay Period be extended until July 28, 2013.

All of which is respectfully submitted at Winnipeg, Manitoba, this 8th day of March, 2013.

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

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

Exhibit A – Legal Opinion on Security Review

THOMPSON DORFMAN SWEATMAN LLP

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March 8, 2013

VIA EMAIL

Deloitte & Touche Inc.
360 Main Street, Suite 2300
Winnipeg, MB R3C 3Z3

Attention: Steve Peleck, CA•CIRP / Brent Warga CA•CIRP

Dear Sirs:

Re: Security Review and Opinion for 4444043 Manitoba Ltd., formerly The Puratone Corporation, 5561630 Manitoba Ltd., formerly Pembina Valley Pigs Ltd. and 0263672 Manitoba Ltd., formerly Niverville Swine Breeders Ltd.
Our Matter No. 0112623 DGD

GENERAL

Proceedings under the *Companies' Creditors Arrangement Act*

On September 12, 2012, the Manitoba Court of Queen's Bench (the "Court") granted an Order (the "Initial Order") pursuant to the provisions of the *Companies' Creditors Arrangement Act* (the "CCAA") in Queen's Bench File No. CI 12-01-79231 in relation to 444043 Manitoba Ltd., formerly The Puratone Corporation ("TPC"), 5561630 Manitoba Ltd., formerly Pembina Valley Pigs Ltd. ("PVP") and 0263672 Manitoba Ltd., formerly Niverville Swine Breeders Ltd. ("NSB") (collectively, the "Applicants"). Among other things, the Initial Order provided Puratone, PVP and NSB with protection from their creditors in the form of a stay of proceedings. The stay of proceedings under the Initial Order has been extended by the Court on a number of occasions and is currently in force until March 15, 2013.

The Initial Order created a number of charges with respect to the property of the Applicants which, subject to certain exceptions set out in the Initial Order, rank in priority to previous valid security interests. The primary intent of this security review is to assess priorities as of September 11, 2012, immediately prior to the coming into effect of the Initial Order. In addition, the impact of the charges created by the Initial Order will be considered and our opinion thereon provided.

The primary source of information relating to the security provided by the Applicants as of September 11, 2012 is the Affidavit of Raymond Alan Hildebrand sworn September 11, 2012 in connection with the request to the Court for protection pursuant to the CCAA. Additional searches and documentary reviews have been undertaken as required.

Corporate Organization

TPC, PVP and NSB are all corporations incorporated or amalgamated pursuant to the laws of Manitoba, with their head offices in the Town of Niverville, Manitoba. PVP is a wholly-owned subsidiary of TPC. NSB is also a wholly-owned subsidiary of TPC, although 50% of its shares are indirectly owned through Coren Holdings Ltd., which is itself a wholly-owned subsidiary of TPC.

All of the Applicants' business operations were located within Manitoba.

<u>TPC - SECURITY AS OF SEPTEMBER 11, 2012</u>

BMO General Security Agreement

TPC executed a general security agreement (the "BMO GSA") in favour of the Bank of Montreal ("BMO") on May 25, 2006, providing BMO with a general security interest in all its present and future property, both real and personal. We reviewed a copy of the BMO GSA and it appears to have been validly executed on behalf of TPC.

As of September 6, 2012, BMO was shown as the secured party in relation to TPC under a series of registrations in the Personal Property Registry of Manitoba (the "PPR") (all of which had expiry dates following September 11, 2012). We are of the opinion that the BMO GSA would have been perfected by one or more of the said registrations and that the security interest of BMO in the personal property of TPC ranks in priority to the claims of all other creditors with the exception of certain equipment financiers mentioned below, the security interests of which, we have been advised, have been assumed by Maple Leaf Foods Inc.

Bank Act Security

BMO registered a Notice of Intention to Give Security pursuant to the *Bank Act* against TPC and NSB. There were no other such registrations with respect to TPC or NSB and there were no registrations at all with respect to PVP.

BMO Equitable Mortgage

BMO registered a Caveat claiming an equitable mortgage against the real property owned by TPC, based on its rights under the BMO GSA. With the exception of the TPC lands (title numbers 1754063/1 and 1754064/1 WLTO) that were used for its head office that are subject to the first

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registered mortgage held by Manitoba Agricultural Services Corporation ("MASC"), the BMO equitable mortgage is irrelevant on the grounds that it is subject to the first registered mortgage held by Farm Credit Canada ("FCC") which, pursuant to the priority agreements referred to below, takes priority over BMO's equitable charge. The FCC mortgage was not registered against title numbers 1754063/1 or 1754064/1. Insofar as those lands described in those titles are concerned, counsel for BMO has acknowledged that the MASC mortgage registered against the said titles in entitled to priority over the BMO equitable mortgage, notwithstanding the terms of the priority agreements referred to below. The BMO equitable mortgage is, therefore, irrelevant.

FCC General Security Agreement

TPC executed a general security agreement in favour of FCC ("the FCC GSA") on May 3, 2006, providing FCC with a general security interest in all its present and future personal property. We reviewed a copy of the Security Agreement and it appears to have been validly executed on behalf of TPC. The FCC GSA is irrelevant on the grounds that, pursuant to the priority agreements referred to below, it is subject to the BMO GSA.

FCC also registered its security in the personal property of TPC in the Winnipeg, Dauphin and Morden Land Titles Offices by way of Personal Property Security Notices. These registrations are also irrelevant as there are no issues between BMO and FCC with respect to the priority of their respective interests in the collateral of TPC.

FCC Collateral Mortgage

TPC gave a first charge collateral mortgage to FCC (the "FCC Mortgage") over all of its real property in the principal amount of $35,000,000. We reviewed a copy of the mortgage documentation and it appears to have been validly executed on behalf of TPC.

The FCC Mortgage is registered in the Winnipeg Land Titles Office as Mortgage No. 3290020/1 (subject to certain amending agreements) against the following titles registered in the name of TPC: 2612331/1, 1754082/1, 1754086/1, 1754059/1, 1754090/1, 1787175/1, 1796361/1, 1796363/1, 1796366/1, 1796369/1, 1754094/1, 1754097/1, 1754098/1, 2321848/1, 1754071/1, 1754068/1, 1754062/1, 1754099/1, 1754102/1, 1754107/1, 1754114/1, 1754115/1, 1754111/1, 1754129/1, 1800287/1, 1835755/1, 2025527/1, 2025532/1, 2069109/1 and 2025531/1.

The FCC Mortgage is registered in the Dauphin Land Titles Office as Mortgage No. 1050685/6 (subject to an amending agreement) against title 1752708/6 registered in the name of TPC.

The FCC Mortgage is registered in the Morden Land Titles Office as Mortgage No. 1099278/4 against the following titles registered in the name of TPC: 1752772/4 1752773/4 and 2402487/4 and as Mortgage No. 1117573/4 against title 2282014/4 registered in the name of TPC.

FCC did not register a mortgage as against TPC's two head office titles, being 1754063/1 and 1754064/1. Other than those two titles, it appears FCC has registered a Mortgage as against all of the titles in Manitoba that were registered in TPC's name as of September 12, 2012.

MASC Security Agreements

TPC executed security agreements in favour of MASC on May 9 and September 8, 2008, providing MASC with a security interest in all its present and future inventory, equipment, receivables and intangibles, but only in respect of two specific loans each in the principal amount of $2,500,000 made by MASC to TPC. We reviewed copies of the Security Agreements and they appear to have been validly executed on behalf of TPC. The MASC security agreements are irrelevant on the grounds that they are subject to the BMO GSA which, pursuant to the priority agreements referred to below, takes priority over the MASC security agreements.

MASC Mortgage

TPC provided mortgage security to MASC in connection with the financing received from MASC which was registered at the Winnipeg Land Titles Office as Mortgage No. 3612760/1. We have reviewed a copy of the Mortgage documentation and it appears to have been validly executed on behalf of TPC. With the exception of its interest in the TPC head office lands (title numbers 1754063/1 and 1754064/1), the MASC mortgage is irrelevant on the grounds that it is subject to the FCC Mortgage which, pursuant to the priority agreements referred to below, takes priority over the MASC mortgage security. Insofar as title numbers 1754063/1 and 1754064/1 are concerned, MASC also has a further mortgage registered as No.3673166/1. Counsel for BMO has advised that, notwithstanding the priority agreements referred to below, BMO acknowledges that MASC has priority over BMO with respect to the lands described in the said titles.

Equipment Financiers

Under the Initial Order, the Court ordered Charges were subject to any validly perfected Purchase Money Security Interests in favour of a secured lender except BMO and FCC. The Monitor and the Applicants have advised that payments to each of the following named parties were kept current during the course of these proceedings and that Maple Leaf Foods Inc., pursuant to post-closing arrangements, has assumed and will be discharging the underlying financing agreements. The secured creditors are:

(1) GE Canada Equipment Financing G.P. and GE Canada Leasing Services Inc.;

(2) General Motors Acceptance Corporation of Canada, Limited;

(3) CNH Capital Canada Ltd.;

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(4) Ally Credit Canada Limited;

(5) National Leasing Group Inc.

The underlying security documentation relating to the registrations in favour of foregoing secured creditors was not reviewed.

Royal Bank of Canada

As of September 6, 2012, Royal Bank of Canada ("RBC") was shown as the secured party in the PPR relation to TPC under registration No. 200812886109 registered July 4, 2008 with collateral described as all goods and equipment pursuant to a master lease agreement between the secured party, as lessor, and TPC, as lessee. The Initial Affidavit of Raymond Hildebrand said that payments under this lease had been completed and it should be discharged. At present, we are advised that the Monitor is seeking confirmation of that fact from RBC.

RBC was also shown as the secured party in relation to TPC under registration No. 200900264207 registered January 7, 2009 with collateral described as all present and after-acquired intangibles (accounts), instruments, chattel paper, securities and money representing amounts owed or owing to TPC from JVCO Transport Ltd., including proceeds. The intention behind a registration of this nature is to subordinate the indebtedness of JVCO Ltd. to TPC to the indebtedness of JVCO Ltd. to RBC and security held by RBC for that indebtedness. It could affect collection of accounts receivable owed by JVCO Ltd. to TPC but would not affect the sale of TPC's other assets and the entitlement of creditors to the proceeds of disposition thereof.

The underlying security documentation relating to the registrations in favour of RBC has not been reviewed. For reasons as set out in the summary opinion below, we do not believe such a review is necessary in the circumstances.

National Bank of Canada

As of September 6, 2012, National Bank of Canada was shown as the secured party in the PPR in relation to TPC under registration No. 200902107508 registered February 9, 2009 with collateral described as all indebtedness, present and future, including the redemption of preferred shares, of Agri-Mart Livestock and Poultry Products Ltd. owed to TPC, and proceeds. The intention behind a registration of this nature is to subordinate the indebtedness of Agri-Mart Livestock and Poultry Products Ltd. to TPC to the indebtedness of Agri-Mart Livestock and Poultry Products Ltd. to National Bank of Canada and security held by National Bank of Canada for that indebtedness. It could affect collection of accounts receivable owed by Agri-Mart Livestock and Poultry Products Ltd. to TPC but would not affect the sale of TPC's other assets and the entitlement of creditors to the proceeds of disposition thereof.

The underlying security documentation relating to the registration in favour of National Bank of Canada has not been reviewed. For reasons as set out in the summary opinion below, we do not believe such a review is necessary in the circumstances.

The Toronto-Dominion Bank

As of September 6, 2012, The Toronto-Dominion Bank was shown as the secured party in the PPR in relation to TPC under registration No. 201002498907 registered February 18, 2010 with collateral described as an assignment of debts and accounts owing by Bond Hog Ventures Ltd. to TPC. The intention behind a registration of this nature is to subordinate the indebtedness of Bond Hog Ventures Ltd. to TPC to the indebtedness of Bond Hog Ventures Ltd. to The Toronto-Dominion Bank and security held by The Toronto-Dominion Bank for that indebtedness. It could affect collection of accounts receivable owed by Bond Hog Ventures Ltd. to TPC but would not affect the sale of TPC's other assets and the entitlement of creditors to the proceeds of disposition thereof.

The underlying security documentation relating to the registrations in favour of the Toronto-Dominion Bank has not been reviewed. For reasons as set out in the summary opinion below, we do not believe such a review is necessary in the circumstances.

Intercreditor and Priority Agreement

On March 17, 2010, BMO, FCC and MASC executed an Intercreditor and Priority Agreement dealing with the respective security priorities in respect of the assets of TPC and PVP. Pursuant to this agreement, the secured creditors agreed to the following priorities in respect of the "Current Assets" of TPC and PVP (defined as Receivables, Inventory, Breeding Stock and Proceeds thereof):

(a) First - the security held by BMO to the extent of the BMO Priority Debt in the principal amount of $47,055,000.00 (plus interest and protective disbursements);

(b) Second - the security held by FCC to the extent of the FCC Priority Debt in the principal amount of $43,000,000.00 (plus interest and protective disbursements);

(c) Third - the security held by MASC, to the full amount of the MASC debt obligations;

(d) Fourth - the security held by BMO, to the full extent of the remaining debt obligations owing to BMO; and

(e) Fifth - the security held by FCC, to the full extent of the remaining debt obligations to FCC.

The FCC security in the Current Assets of TPC and PVP was also subordinated to the BMO security, essentially providing BMO with control over the enforcement and realization of the security held in the Current Assets.

The secured creditors also agreed to the following priorities in respect of the "Other Property" of TPC and PVP (defined as all property aside from the Current Assets, and in the main comprising real property and equipment, and any Proceeds thereof):

(a) First - the security held by FCC to the extent of the FCC Priority Debt in the principal amount of $43,000,000.00 (plus interest and protective disbursements);

(b) Second - the security held by BMO to the extent of the BMO Priority Debt in the principal amount of $47,055,000.00 (plus interest and protective disbursements);

(c) Third - the security held by MASC, to the full amount of the debt obligations owing to MASC;

(d) Fourth - the security held by FCC, to the full extent of the remaining debt obligations owing to FCC; and

(e) Fifth - the security held by BMO, to the full extent of the remaining debt obligations to BMO.

The BMO security in the Other Property of TPC and PVP was also subordinated to the FCC security, essentially providing FCC with control over the enforcement and realization of the security held in the Current Assets.

The MASC security in all the property of TPC and PVP was also fully subordinated to the security interests of BMO and FCC.

BMO's right to an equitable mortgage in all the real property of TPC and PVP (notwithstanding the lack of any current registrations in the appropriate Land Titles Offices as of the date of the Intercreditor and Priority Agreement) was acknowledged by all parties, although BMO's priority interest in the real property was recognized as being subordinate to the security of FCC in the real property. As indicated above, counsel for BMO has acknowledged that the MASC mortgage security on the two head office properties of TPC is to rank in priority to the BMO equitable mortgage notwithstanding the terms of the Intercreditor and Priority Agreement.

<u>**NSB - SECURITY AS OF SEPTEMBER 11, 2012**</u>

BMO Guarantee

NSB executed a continuing and unlimited Guarantee for Indebtedness of an Incorporated Company dated January 26, 2009, in favour of BMO in respect of all present and future debts of TPC to BMO. We reviewed a copy of the Guarantee and it appears to have been validly executed on behalf of NSB.

MASC Guarantee

NSB executed a continuing Guarantee dated September 8, 2008 in favour MASC in respect of two loans under MASC's Hog Loan Assistance Program to TPC, with a combined principal amount of $5,000,000. We reviewed a copy of the Guarantee and it appears to have been validly executed on behalf of NSB.

BMO General Security Agreement

NSB executed a Security Agreement in favour of BMO on January 26, 2009, providing BMO with a general security interest in all its present and future property, both real and personal. We reviewed a copy of the Security Agreement and it appears to have been validly executed on behalf of NSB.

As of September 6, 2012, BMO was shown as the secured party in the PPR in relation to NSB under registration No. 200900261208 registered January 9, 2009, with collateral described as all present and after-acquired personal property.

BMO also registered its security in the personal property of NSB in the Winnipeg Land Titles Office by way of Personal Property Security Notice No. 3729622/1 against the following titles registered in the name of NSB: 1208595/1, 1525884/1 and 1718218/1.

We have been advised that these are all the titles in Manitoba registered in the name of NSB as of September 6, 2012.

BMO Mortgage

NSB also provided BMO with collateral mortgage security on its real property. We reviewed a copy of the Mortgage documentation and it appears to have been validly executed on behalf of NSB.

BMO's mortgage is registered in the Winnipeg Land Titles Office as Mortgage No. 3729621/1 against the following titles registered in the name of NSB: 1208595/1, 1525884/1 and 1718218/1. We have been advised that these are all the titles in Manitoba registered in the name of NSB as of September 12, 2012.

MASC Security Agreement

NSB executed a Security Agreement in favour of MASC on September 8, 2008, providing MASC with a security interest in all its present and future inventory, equipment, receivables and intangibles, but only in respect of two specific loans with an aggregate principal amount of $5,000,000 made by MASC to TPC. We reviewed a copy of the Security Agreement and it appears to have been validly executed on behalf of MASC.

As of September 6, 2012, MASC was shown as the secured party in the PPR in relation to NSB under registration No. 200817594505 registered September 9, 2008, with collateral described as all present and after-acquired inventory, equipment, receivables and intangibles.

MASC Mortgages

NSB also provided MASC with collateral mortgage security on its real property. We reviewed a copy of the Mortgage documentation and it appears to have been validly executed on behalf of NSB.
MASC's mortages are registered in the Winnipeg Land Titles Office as Mortgage Nos. 2378268/1 and 3673167/1 against the following titles registered in the name of NSB: 1208595/1, 1525884/1 and 1718218/1. We have been advised that these are all the titles in Manitoba registered in the name of NSB as of September 12, 2012.

Intercreditor and Priority Agreement

On March 17, 2010, BMO and MASC executed an Intercreditor and Priority Agreement dealing with the respective security priorities in respect of the assets of NSB. Pursuant to this agreement, BMO and MASC agreed to the following priorities in respect of certain parcels of real property owned by NSB (described as Title Nos. 1208595/1, 1525884/1 and 1718218/1 WLTO):

(a) First - the security held by BMO to the extent of the BMO Priority Debt in the principal amount of $1,000,000. The effect of this limitation is that, to the extent that the NSB lands sold for more than $1,000,000, the excess would be payable to MASC;

(b) Second - the security held by MASC, to the full amount of the debt obligations owing to MASC; and

(c) Third - the security held by BMO, to the full extent of the remaining debt obligations owing to BMO.

BMO and MASC also agreed to the following priorities in respect of all other property of NSB, aside from the real property referred to in the paragraph above:

(a) First - the security held by BMO, to the full amount of the debt obligations owing to BMO; and

(b) Second - the security held by MASC, to the full extent of the debt obligations owing to MASC

PVP - SECURITY AS OF SEPTEMBER 11, 2012

BMO Guarantee

K-Line Management Ltd. ("K-Line"), a predecessor in law to PVP, executed a continuing and unlimited Guarantee for Indebtedness of an Incorporated Company dated May 25, 2006 in favour of BMO in respect of all present and future debts of TPC to BMO. We reviewed a copy of the Guarantee and it appears to have been validly executed on behalf of PVP

MASC Guarantee

PVP executed a continuing Guarantee dated September 8, 2008 in favour of MASC in respect of two loans under MASC's Hog Loan Assistance Program to TPC, with a combined principal amount of $5,000,000. We reviewed a copy of the Guarantee and it appears to have been validly executed on behalf of PVP.

BMO General Security Agreement

K-Line executed a security agreement in favour of BMO on May 25, 2006, providing BMO with a general security interest in all its present and future property, both real and personal. We reviewed a copy of the Guarantee and it appears to have been validly executed on behalf of K-Line, as a predecessor in law of PVP.

As of September 6, 2012, BMO was shown as the secured party in relation to PVP under the following registrations in the PPR (all of which had expiry dates following September 11, 2012):

(1) No. 200608975100 registered May 24, 2006, with collateral described as all present and after-acquired personal property.

(2) No. 200608975500 registered May 24, 2006, with collateral described as all present and after-acquired personal property.

(3) No. 200608976700 registered May 24, 2006, with collateral described as all present and after-acquired personal property.

(4) No. 200608977103 registered May 24, 2006, with collateral described as all present and after-acquired personal property.

(5) No. 200713359601 registered July 20, 2007, with collateral described as all present and future equipment, inventory, receivables, intangibles, proceeds and undertaking. A PMSI was also claimed with respect to this registration.

(6) No. 200801388808 registered January 22, 2008, with collateral described as all present and future equipment, inventory, receivables, intangibles, proceeds and undertaking.

BMO Mortgage

BMO has registered an equitable mortgage against the real property owned by PVP by way of Caveat, based on its rights under BMO's general security agreement. The BMO equitable mortgage is irrelevant on the grounds that, pursuant to the priority agreements referred to above, it is subject to the FCC mortgage of the PVP lands.

FCC General Security Agreement

PVP executed a security agreement in favour of FCC on November 10, 2007, providing FCC with a general security interest in all its present and future personal property. We reviewed a copy of the security agreement and it appears to have been validly executed on behalf of PVP. This security agreement is irrelevant on the grounds that, pursuant to the priority agreements referred to above, it is subject to the BMO security interest in present and future personal property.

FCC Collateral Mortgages

PVP gave first charge collateral mortgage to FCC over all real property in the principal amount of $7,500,000. We reviewed copies of the documentation related to the Mortgage and it appears to have been validly executed on behalf of PVP.

FCC's mortgage is registered in the Winnipeg Land Titles Office as Mortgage No. 3460296/1 against title 2231170/1 registered in the name of PVP.

FCC's mortgage is registered in the Morden Land Titles Office as Mortgage No. 1111263/4 against the following titles registered in the name of PVP: 2229686/4, 2229689/4, 2229692/4, 2229694/4, 2229698/4 and 2229700/4 and as Mortgage No. 1073991/4 against title 2259328/4. FCC also has a mortgage registered in the Morden Land Titles Office as Mortgage No. 97-6923/4 against title 2259329/4 registered in the name of PVP.

We understand the titles referenced in the paragraphs above are all the titles in Manitoba registered in the name of PVP as of September 12, 2012.

MASC Security Agreement

PVP executed a security agreement in favour of MASC on September 8, 2008, providing MASC with a security interest in all its present and future inventory, equipment, receivables and intangibles, but only in respect of two specific loans with an aggregate principal amount of $5,000,000 made by MASC to TPC. We reviewed a copy of the Security Agreement and it appears to have been validly executed on behalf of PVP. This security agreement is irrelevant on the grounds that, pursuant to the priority agreements referred to above, it is subject to the BMO security interest in present and future inventory, equipment, receivables and intangibles.

MASC Mortgages

PVP also provided MASC with collateral mortgage security on its real property. We reviewed copies of the documentation related to the mortgage and it appears to have been validly executed on behalf of PVP. This mortgage is irrelevant on the grounds that, pursuant to the priority agreements referred to above, it is subject to the FCC first charge collateral mortgage.

SUMMARY - OPINION ON SECURITY

Based on our review of the relevant security documentation and security registrations as set out above, our opinion is that the security registrations in favour of BMO, FCC and MASC were valid and perfected as of September 11, 2012 and ranked in priority to the claims of any other creditors, with the exception of the equipment financiers, whose obligations have been assumed by Maple Leaf Foods Inc. Given the amounts that are outstanding and owing to BMO, FCC and MASC and the fact the proceeds available will clearly be insufficient to satisfy their claims, we do not believe it is necessary to consider the validity and priority of any of the claims of other creditors. In stating that, we note that we have been provided with the Affidavit of John Sigurdson sworn March 5, 2013, dealing with the claims of 17 farmers who say that they supplied feed grain to one or more of the Applicants. We have previously considered the position of unpaid grain suppliers and concluded that with the context of CCAA proceedings, such creditors do not appear to have any priority rights that would place them ahead of the rights of secured creditors. We note this issue was specifically discussed at paragraph 29 of the Monitor's First Report dated October 5, 2012.

We are also aware of a Builders' Lien (No. 4271384/1) registered against title 1754129/1 owned by TPC. The Builders' Lien is registered in favour of Wiebe Investments (2004) Ltd. for a stated amount of $23,047.51. The Lien was registered subsequent to September 12, 2012. Given FCC's priority mortgage position in respect of this property as security for its term loans, and the amount of those term loans, our opinion is that Wiebe Investments (2004) Ltd. does not have any claim as against the proceeds arising from the sale of this property. In particular, we note section 31 of *The Builders' Liens Act* indicates that a builders' lien claim does not have priority over moneys advanced in respect of a previous mortgage before registration of the builders' lien.

We are also aware of three Garage Keepers' liens registered on September 14, 2012 by Peterbilt Manitoba Ltd. ("Peterbilt") as against TPC with respect to three specific vehicles as identified by serial number. To the extent these vehicles were sold to Maple Leaf Foods Inc. pursuant to the Asset Purchase Agreement, the liens as attaching to the vehicles would instead attach to the proceeds realized by TPC from the sale of the vehicles (as per paragraph 5 of the Approval and Vesting Order dated November 8, 2012). It may be the case that Peterbilt can advance a priority claim against these assets. However, we are unaware of any steps having been taken by Peterbilt to assert such claims. In any event, the remaining amount held back by the Monitor following the proposed Interim Distribution appears to be more than sufficient to address any claims that Peterbilt may have against the proceeds of the sale of TPC's assets.

We are not aware of any other creditors that might assert a priority claim as against the assets of TPC, NSB and PVP pursuant to any laws or regulations of Manitoba and Canada.

Given the apparent priority positions of BMO, FCC and MASC with respect to the property of TPC, NSB and PVP and the fact that there will be insufficient funds to pay the amounts owing to these creditors, the issue of priorities falls to be determined in accordance with the Intercreditor and Priority Agreements as referenced above.

We have been provided with a copy of the Distribution Schedule prepared by the Monitor to be attached as Exhibit "B" to its Seventh Report. Based on our review, we are of the opinion that the proposed distribution is in accordance with the security as held by the creditors of TPC, NSB and PVP, subject to the agreement by BMO to acknowledge the priority of MASC with respect to the TPC head office properties.

INITIAL ORDER - IMPACT ON SECURITY

Pursuant to its powers under the CCAA (and its inherent jurisdiction), the Court granted a number of charges under the Initial Order against the property of the Applicants. The charges are applicable to the Property of the Applicants, which is defined under the Initial Order as "their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof".

The charges (collectively, the "Charges") and their respective priority as set out under the Initial Order are as follows:

(a) First - Administration Charge - up to $500,000.00;
(b) Second - DIP Lender's Charge - up to $11,500,000.00 (this is the amended maximum pursuant to the subsequent order of November 8, 2012);
(c) Critical Suppliers' Charge - up to $400,000.00;
(d) Directors' Charge - up to $1,000,000.00; and

(e) Key Employee Retention Plan ("KERP") Charge - up to $700,000.00

Pursuant to the Initial Order, the Charges are a charge (without the necessity of registration or perfection) on the Property of the Applicants and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances of any other person, except:

(a) any valid and perfected PMSI in favour of a secured creditor (other than BMO and FCC);

(b) any statutory encumbrance existing on the date of the Initial Order in favour of any person who was a "secured creditor" as defined under the CCAA, in respect of any amounts under *The Wage Earner's Protection Program* that are subject to a super-priority claim under the *Bankruptcy and Insolvency Act*, including source deductions from wages, employer health tax, worker's compensation, vacation pay and banked overtime for employees; and

(c) any secured creditor claiming priority to BMO and FCC who was not served with notice of the hearing of the application under the CCAA.

The Charges were also allocated as follows:

(a) 80% of the charges allocated to the current assets which are secured firstly to BMO; and

(b) 20% of the charges allocated to the capital assets which are secured firstly to FCC.

We are advised that the Distribution Schedule prepared by the Monitor to be attached as Exhibit "B" to its Seventh Report took the foregoing matters into consideration as well as an agreement between BMO and FCC that the KERP Charge would be shared equally between them.

We trust the foregoing is satisfactory.

Yours truly,

THOMPSON DORFMAN SWEATMAN LLP

Per:

for: Donald G. Douglas*

RAM
*Services provided through Donald G. Douglas Law Corporation

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Exhibit B – Distribution Schedule

CCAA PROCEEDINGS
TPC, PVP AND NSB
INTERIM DISTRIBUTION

Purchase Price Per the APA			**Total**	**BMO**	**FCC**	**MASC**	**Notes**
3.1 (a)	Purchase Price		$ 22,579,255	$ -	$ 22,579,255	$ -	
	Less: MAFR Holdback		(1,573,565)	-	(1,573,565)	-	1
	Less: Niverville Swine Breeders Ltd.		-	1,000,000	(1,455,000)	455,000	2
	Less: Head Office Facilities (Niverville)		-	-	(800,000)	800,000	3
3.1 (b)	Feed Inventory		3,499,737	3,499,737	-	-	
3.1 (c)	Livestock Inventory		18,534,001	18,534,001	-	-	
3.1 (d)	Interest in Bond Hog		197,102	-	197,102	-	
3.1 (f)	Interest in Heritage Hogs		134,972	-	134,972	-	
3.1 (g)	Interest in JVCO		334,247	-	334,247	-	
3.1 (h)	Interest in Horizon		500,000	-	500,000	-	
3.1 (i)	Owned Property Adjustment (80/20 Split)		407,896	326,317	81,579	-	4
3.1 (j)	Subsidiary Liabilities		(410,518)	-	(410,518)	-	5
3.1 (k)	Employee Liabilities (80/20 Split)		(355,998)	(284,798)	(71,200)	-	6
Final Cash Purchase Price			**$ 43,847,129**	**$ 23,075,256**	**$ 19,516,873**	**$ 1,255,000**	7
Less:	Repayment of Mar 3, 2013 DIP (including outstanding cheques of $59,837)		(4,257,113)	(2,783,816)	(1,410,547)	(62,750)	8
Net Receipts			**39,590,016**	**20,291,441**	**18,106,325**	**1,192,250**	
Interim Payment (paid pro rata based on Net Receipts)							9
	Bank of Montreal		(17,726,173)	(17,726,173)			
	Farm Credit Canada		(15,817,303)		(15,817,303)		
	Manitoba Agricultural Services Corporation		(1,041,524)			(1,041,524)	
Subtotal			**(34,585,000)**	**(17,726,173)**	**(15,817,303)**	**(1,041,524)**	
Balance Held in Trust			**$ 5,005,016**	**$ 2,565,268**	**$ 2,289,023**	**$ 150,726**	

NOTES:

1 Represents MAFR disputed funding as per the First Amendment to the APA dated December 14, 2012.

2 Represents portion of purchase price allocated to Niverville Swine Breeders Ltd. properties. BMO's first charge is limited to $1.0M with MASC having a second charge.

3 Represents portion of purchase price allocated to the Niverville Head Office. MASC has the first charge on the facility.

4 Primarily represents insurance refunds and has been allocated based on an 80% (BMO) 20% (FCC) split. Certain closing adjustments (i.e. utilities, phones, etc.) are still being finalized and have yet to be determined.

5 Represents all of the liabilities of Forest Lane Farms to be paid. Amount is being deducted from the $22.6M purchase price as this amount was included in the purchase price of the capital assets.

6 Represents outstanding vacation pay as at the Closing Date and has been allocated based on an 80% (BMO) 20% (FCC) split.

7 Final Purchase Price was agreed to amongst the Purchaser, Puratone and the Monitor on March 5, 2013.

8 Represents outstanding DIP Facility as at March 3, 2013 (including KERP payments). DIP Facility has been allocated as below:

	Total	**BMO**	**FCC**	**MASC**
DIP Balance as at Dec 14, 2012 (80/20 less MASC)	$ (4,962,230)	$ (3,919,584)	$ (979,896)	$ (62,750)
Post Dec 14th Adjustments:				
Deduct KERP (50/50)	(717,586)	(358,793)	(358,793)	-
Deduct Other Payments (80/20)	(359,290)	(287,432)	(71,858)	-
Add A/R Collections	1,781,994	1,781,994	-	-
March 3, 2013 DIP Facility	$ (4,257,113)	$ (2,783,816)	$ (1,410,547)	$ (62,750)

9 Interim payment of $34,585,000 has been allocated based on the Net Receipts (subsequent to the DIP repayment).

Exhibit C – Statement of Receipts and Disbursements and Projected Cash Flows

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

STATEMENT OF RECEIPTS AND DISBURSEMENTS OF THE MONITOR
December 14, 2012 to March 6, 2013

RECEIPTS			
Asset Purchase Agreement (Note 1)			
Deposit	100,000		
Fees	(162)		
Interest	164		100,003
Cash Proceeds	38,746,930		
Interest	84,395		38,831,325
MAFR Holdback	1,573,765		
Interest	3,455		1,577,220
General Holdback	5,000,000		
Interest	11,139		5,011,139
Subtotal			45,519,687
DISBURSEMENTS			-
EXCESS OF RECEIPTS OVER DISBURSEMENTS		$	45,519,687

Note 1: The funds are held in trust by the Monitor pending the issuance of a Distribution Order by the Court.

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

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11
Week Start	4-Mar-13	11-Mar-13	18-Mar-13	25-Mar-13	1-Apr-13	8-Apr-13	15-Apr-13	22-Apr-13	29-Apr-13	6-May-13	13-May-13
Week End	10-Mar-13	17-Mar-13	24-Mar-13	31-Mar-13	7-Apr-13	14-Apr-13	21-Apr-13	28-Apr-13	5-May-13	12-May-13	19-May-13
Receipts											
Sales											
Other											
Agri-stability	-	-	-	-	-	-	-	-	-	-	-
A/R collection	-	-	-	50,000	-	-	-	-	50,000	-	-
GST refunds	-	-	-	280,745	-	-	-	-	-	-	-
Co-op equity	-	9,203	-	-	-	-	-	-	-	-	-
WCB refunds	-	-	-	-	-	10,000	-	-	-	-	-
Insurance recovery	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	9,203	-	330,745	-	10,000	-	-	50,000	-	-
Disbursements											
Operations											
Production input costs	10,000	-	-	-	-	-	-	-	-	-	-
Payroll	18,000	-	-	-	-	-	-	18,000	-	-	-
Restructuring											
Professional fees	25,000	150,000	20,000	20,000	15,000	15,000	15,000	10,000	10,000	10,000	10,000
Utility costs	45,000	-	-	-	-	-	-	-	-	-	-
Total Disbursements	98,000	150,000	20,000	20,000	15,000	15,000	15,000	28,000	10,000	10,000	10,000
Net Cash Flows	(98,000)	(140,797)	(20,000)	310,745	(15,000)	(5,000)	(15,000)	(28,000)	40,000	(10,000)	(10,000)
Opening Cash	(4,197,277)	(4,295,277)	(4,436,074)	(4,456,074)	(4,145,329)	(4,160,329)	(4,165,329)	(4,180,329)	(4,208,329)	(4,168,329)	(4,178,329)
Net Cash Flows	(98,000)	(140,797)	(20,000)	310,745	(15,000)	(5,000)	(15,000)	(28,000)	40,000	(10,000)	(10,000)
Closing Cash (Indebtedness)	(4,295,277)	(4,436,074)	(4,456,074)	(4,145,329)	(4,160,329)	(4,165,329)	(4,180,329)	(4,208,329)	(4,168,329)	(4,178,329)	(4,188,329)

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

	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21	Week 1 - 21 Cumulative Totals
Week Start	20-May-13	27-May-13	3-Jun-13	10-Jun-13	17-Jun-13	24-Jun-13	1-Jul-13	8-Jul-13	15-Jul-13	22-Jul-13	
Week End	26-May-13	2-Jun-13	9-Jun-13	16-Jun-13	23-Jun-13	30-Jun-13	7-Jul-13	14-Jul-13	21-Jul-13	28-Jul-13	
Receipts											
Sales											
Other											
Agri-stability	-	-	-	-	-	(124,000)	-	-	-	-	(124,000)
A/R collection	-	50,000	-	-	-	50,000	-	-	-	-	200,000
GST refunds	-	-	-	-	-	25,714	-	-	-	-	306,459
Co-op equity	-	-	-	-	-	-	-	-	-	-	9,203
WCB refunds	-	-	-	-	-	-	-	-	-	-	10,000
Insurance recovery	-	-	-	-	-	15,000	-	-	-	-	15,000
Total Receipts	-	50,000	-	-	-	(33,286)	-	-	-	-	416,662
Disbursements											
Operations											
Production input costs	-	-	-	-	-	-	-	-	-	-	10,000
Payroll	-	-	-	-	-	-	-	-	18,000	-	54,000
Restructuring											
Professional fees	10,000	10,000	10,000	10,000	50,000	50,000	10,000	10,000	10,000	10,000	480,000
Utility costs	-	-	-	-	-	-	-	-	-	-	45,000
Total Disbursements	10,000	10,000	10,000	10,000	50,000	50,000	10,000	10,000	28,000	10,000	589,000
Net Cash Flows	(10,000)	40,000	(10,000)	(10,000)	(50,000)	(83,286)	(10,000)	(10,000)	(28,000)	(10,000)	(172,338)
Opening Cash	(4,188,329)	(4,198,329)	(4,158,329)	(4,168,329)	(4,178,329)	(4,228,329)	(4,311,615)	(4,321,615)	(4,331,615)	(4,359,615)	(4,197,277)
Net Cash Flows	(10,000)	40,000	(10,000)	(10,000)	(50,000)	(83,286)	(10,000)	(10,000)	(28,000)	(10,000)	(172,338)
Closing Cash (Indebtedness)	(4,198,329)	(4,158,329)	(4,168,329)	(4,178,329)	(4,228,329)	(4,311,615)	(4,321,615)	(4,331,615)	(4,359,615)	(4,369,615)	(4,369,615)