

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

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

ELLEN'S FOOD GROUP INC.

Respondent

**THIRD SUPPLEMENTARY AFFIDAVIT OF JOHN BORCH
(Sworn November 29, 2012)**

November 29, 2012

Thornton Grout Finnigan LLP
Barristers and Solicitors
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Lawyers for HSBC Bank Canada

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**THIRD SUPPLEMENTARY AFFIDAVIT OF JOHN BORCH
(Sworn November 29, 2012)**

I, **JOHN BORCH**, of the City of Markham, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am an Assistant Vice-President in the Special Credit Department of HSBC Bank Canada (the "**Bank**") and, as such, I have knowledge of the matters deposed to herein. Unless I indicate to the contrary, the facts herein are within my own personal knowledge and are true to the best of my knowledge. Where I have indicated that I have obtained information from other sources, I verily believe those facts to be true.

2. This Affidavit is supplementary to the Affidavits I swore on December 20, 2010 (the "**December Affidavit**"), May 5, 2011 (the "**May Affidavit**") and June 6, 2011 (the "**June Affidavit**") in support of the application brought by the Bank for an Order appointing Deloitte & Touche Inc. ("**Deloitte**") as the receiver (the "**Receiver**") of the property, assets and undertaking

of Ellen's Food Group Inc. (the "**Company**") as set out in the Notice of Application dated December 20, 2010. All capitalized terms used herein but not otherwise defined shall be as defined in the December Affidavit, the May Affidavit and the June Affidavit.

3. The Bank extended certain credit facilities (the "**Credit Facilities**") to the Company pursuant to a credit facility letter dated February 10, 2005, as amended. The Bank issued a demand for payment and a Notice of Intention to Enforce Security pursuant to Section 244(1) of the *Bankruptcy and Insolvency Act* (Canada) to the Company on June 25, 2010. True copies of the Bank's demand letter and Notice of Intention to Enforce Security are attached as Exhibit "**G**" to the December Affidavit.

4. The Debtor's indebtedness to the Bank as at the date of the Bank's demand letter was in the amount of \$1,753,971.19. As at the date of my swearing this Third Supplementary Affidavit, the amount outstanding under the Credit Facilities is \$276,625.02, inclusive of professional fees incurred by the Bank.

5. As security for its indebtedness to the Bank, the Company executed and delivered to the Bank, among other things, the GSA and Master Lease Agreement and the Bank registered its security interest against the Company pursuant to the PPSA. True copies of the GSA and Master Lease Agreement are attached as Exhibits "**A**" and "**B**", respectively, to the December Affidavit.

6. The Bank and the Company, amongst other parties, have entered into four separate forbearance agreements dated as follows: (i) November 23, 2010 (the "**November 2010 Forbearance Agreement**"); (ii) April 29, 2011 (the "**April 2011 Forbearance Agreement**"); (iii) July 25, 2011 (the "**July 2011 Forbearance Agreement**"); and (iv) January 31, 2012 (the "**January 2012 Forbearance Agreement**", and together with the November 2010 Forbearance

Agreement, the April 2011 Forbearance Agreement and the July 2011 Forbearance Agreement, the “**Forbearance Agreements**”).

7. As part of the November 2010 Forbearance Agreement, the Company executed a consent (the “**Food Group Consent**”) to the appointment of the Receiver which would be held in escrow and would become effective upon the occurrence of the Forbearance Deadline or a Forbearance Terminating Event, as such terms are defined in the November 2010 Forbearance Agreement. The Company subsequently acknowledged its execution of the Food Group Consent and that the Food Group Consent was effective pursuant to the terms of the April 2011 Forbearance Agreement, the July 2011 Forbearance Agreement and the January 2012 Forbearance Agreement. Attached hereto as Exhibit “A” is a true copy of the Food Group Consent.

8. The Company’s failure to fulfill its obligations under the November 2010 Forbearance Agreement prompted the Bank’s application for the appointment of the Receiver (the “**Receivership Application**”). The Bank and the Company subsequently entered into the April 2011 Forbearance Agreement pursuant to which the Company was to repay its indebtedness, in full, to the Bank by May 27, 2011. As set out in the June Affidavit, the repayment deadline passed without repayment of the Company’s indebtedness to the Bank.

9. The Bank and the Company subsequently entered into the July 2011 Forbearance Agreement and January 2012 Forbearance Agreement. In the case of each Forbearance Agreement, the Company failed to fulfill its obligations to repay its indebtedness, in full, to the Bank. Attached hereto as Exhibits “B” and “C” are true copies of the July 2011 Forbearance Agreement and January 2012 Forbearance Agreement, respectively.

10. The parties have attended before the Court on five (5) separate occasions in respect of the Receivership Application and each time, the Receivership Application was adjourned on the basis that the Company was on the verge of securing financing to repay its indebtedness to the Bank, in full, or to allow the Company to make a payment to reduce, but not repay in full, the total amount of its indebtedness. No third party financing has been secured to repay the Bank's indebtedness. Attached hereto as Exhibit "D" are true copies of the Endorsements of the Honourable Mr. Justice Campbell dated May 6, 2011, the Honourable Mr. Justice Morawetz dated June 6, 2011, June 24, 2011 and June 28, 2011 and the Honourable Mr. Justice Newbould dated July 27, 2011.

11. Pursuant to the terms of the January 2012 Forbearance Agreement, the Company was to make monthly payments in the amount of \$75,000 from February 10, 2012 to October 10, 2012 with a final payment on November 10, 2012 on account of the Company's outstanding indebtedness as at that date, including all accrued interest and costs incurred by the Bank (the "**Repayment Period**").

12. On various occasions throughout the Repayment Period, the Company failed to make the monthly payment on the agreed upon date or cheques provided by the Company to the Bank were returned to the Bank marked "NSF" which resulted in the Bank or its legal counsel, Thornton Grout Finnigan LLP ("**TGF**"), having to follow up periodically with the Company. Attached hereto as Exhibits "E" and "F" are true copies of email messages dated March 21, 2012, May 15, 2012, August 8, 2012, September 19, 2012 and October 2, 2012 from myself to the Company's principal, Ms. Ellen Pun, and correspondence dated June 27, 2012 from Danny Nunes, an associate with TGF, respectively.

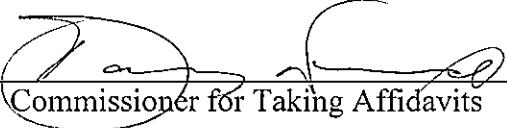
13. I am advised by Mr. Nunes that further correspondence was sent to the Company on October 18, 2012 advising the Company that, despite the Bank agreeing to lowering the amount of the Company's monthly payment at the Company's request, the Company had not made the requested payment. As such, unless immediate payment was made, the Bank would move to enforce the Food Group Consent and appoint the Receiver. I am advised by Mr. Nunes that the Company did not respond to his letter. Attached hereto as Exhibit "G" is a true copy of the letter from Mr. Nunes to the Company dated October 18, 2012.

14. The Bank has not received payment from the Company on account of its indebtedness to the Bank since July 3, 2012 and, as such, the Company is in default under the terms of the January 2012 Forbearance Agreement.

15. Deloitte has renewed its consent to act as Receiver. Attached hereto as Exhibit "H" is a true copy of the Consent to Act as Receiver executed by Deloitte.

16. I make this affidavit in support of an application for the appointment of the Receiver and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 29th day of
November, 2012.


Commissioner for Taking Affidavits
DANNY NUNES

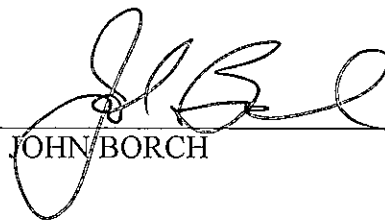

JOHN BORCH

Exhibit "A"

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

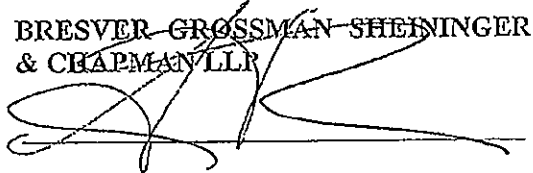
ELLEN'S FOOD GROUP INC.

Respondents

CONSENT

THE PARTIES HERETO, by their solicitor, consent to the appointment of Deloitte & Touche Inc. as receiver for Ellen's Food Group Inc. pursuant to the proposed Order set out in the Applicant's Application Record and in accordance with the terms of the forbearance agreement dated November 23, 2010 between Ellen's Food Group Inc. and HSBC Bank Canada.

Dated at Toronto this 25 day of November, 2010

~~BRESVER GROSSMAN SHEININGER
& CRAPMAN LLP~~


ANDREA HABAS
Lawyers for Ellen's Food Group Inc.

Court File No.: ▶

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE ▶) ▶ THE ▶ DAY OF
JUSTICE ▶) ▶ , 201▶

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

ELLEN'S FOOD GROUP INC.

Respondent

ORDER

THIS APPLICATION, made by the Applicant for an Order pursuant to Section 47.1(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43, as amended (the "CJA") appointing Deloitte & Touche Inc. as receiver (the "Receiver") without security, of all of the assets, undertakings and properties of Ellen's Food Group Inc. (the "Debtor") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of ▶ sworn ▶, on hearing the submissions of counsel for the Applicant, on reading the Consent of the Respondent to the appointment of the Receiver and on reading the Consent of Deloitte & Touche Inc. to act as the Receiver:

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SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record herein be and is hereby abridged such that this Application is properly returnable today, that service upon any other party be and it is hereby dispensed with and that the service of the Notice of Application and the Application Record is hereby validated in all respects.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to Section 47 of the BIA and Section 101 of the CIA, Deloitte & Touche Inc. is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

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- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. the authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver, in its discretion, may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

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- (i) without the approval of the Court in respect of any transaction not exceeding \$►, provided that the aggregate consideration for all such transactions does not exceed \$►; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each case notice under subsection 63(4) of the Ontario *Personal Property Security Act* shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property, the affairs of the Debtor and the receivership and to share information with such parties subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for permits, licenses, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreement with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into the occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (s) to take any steps reasonably incidental to the exercise of these powers,

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and in each such case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communications or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto

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paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Record without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. **THIS COURT ORDERS** that no action, suit, proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with any statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

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NO INTERFERENCE WITH THE RECEIVER

10. THIS COURT ORDERS that 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 Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor 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 Debtor 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 Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current 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 Receiver in accordance with the normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation, the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

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EMPLOYEES

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver 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 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*

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Environmental Protection Act, the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver'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.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDERS that the Receiver 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 Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").

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

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates

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and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$2 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

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

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25. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body, wherever situate, having jurisdiction to give effect to this Order and to assist the Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

27. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever situate, for the recognition of this Order and for assistance in carrying out the terms of this Order.

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

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SCHEDULE "A"
RECEIVER'S CERTIFICATE

CERTIFICATE NO.

AMOUNT \$

1. THIS IS TO CERTIFY that Deloitte & Touche Inc., the receiver (the "Receiver") of all of the property, assets and undertaking of Ellen's Food Group Inc., appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the ► day of ►, 201► (the "Order") made in an action having Court File Number ►, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$►, being part of the total principal sum of \$► which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the ► day of each month] after the date hereof at a notional rate per annum equal to the rate of ► per cent above the prime commercial lending rate of ► from time to time.
3. Such principal sum with interest thereon is, by terms of this Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ▸ day of ▸, 201▸.

Name:

Title:

Deloitte & Touche Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

.

:

Exhibit "B"



July 25, 2011

VIA ELECTRONIC MAIL

Ellen's Food Group Inc.
25 Centurian Dr.
Suite 203
Markham, ON L3R 5N8

Attention: Ellen Pun

Dear Madam:

Re: Indebtedness of Ellen's Food Group Inc. (the "Company") and Ellen Pun ("Pun") to HSBC Bank Canada

On behalf of our client, HSBC Bank Canada (the "Bank"), we hereby acknowledge receipt of your letter dated July 25, 2011 wherein you advise that the proposed sale of the Company's manufacturing equipment, leasehold improvement and leasing rights, the proceeds of which were to be used to repay the Company's indebtedness, in full, to the Bank, will not be taking place. Below please find the terms and conditions upon which the Bank is willing to forbear from enforcing its rights and remedies at this time in respect of the Company's indebtedness and your personal indebtedness.

WHEREAS:

- (a) pursuant to the Facility Letter dated February 10, 2005, as amended, (the "Food Group Commitment Letter") the Bank made available the following credit facilities to Food Group (the "Credit Facilities"):
 - (i) demand revolving loan in the principal amount of \$2,000,000 (the "Food Group Operating Loan") available by way of Current Account Overdraft, Match Fund Loan or Import Document Letter(s) of Credit and Import Loans in settlement of Documentary Letter(s) of Credit. As at July 25, 2011, the principal amount outstanding under the Food Group Operating Loan was the sum of \$0.00;
 - (ii) operating lease facility in the principal amount of \$3,000,000 (the "Food Group Lease Facility"). Pursuant to a Leasing Facility Letter dated July 27, 2006, as amended (the "Health Food Commitment Letter"), the Bank made available a leasing facility to Health Food (the "Health Food Lease Facility") in the amount of \$1,000,000. The Food Group Lease Facility was consolidated with the Health Food Lease Facility pursuant to the assignment and assumption agreement dated October 21, 2008 (the

“Assignment and Assumption Agreement”) (the Health Food Lease Facility and the Food Group Lease Facility are hereinafter referred to collectively as the “Food Group Lease Facility”). As at July 25, 2011, the amount outstanding under the Food Group Lease Facility, including HST and professional fees, was the sum of \$1,049,056.50;

- (b) pursuant to a Line of Credit/Overdraft Agreement dated February 20, 2003; the Bank extended a line of credit to Pun in the amount of \$200,000 (the “Pun Credit Line”). As at July 25, 2011, the principal amount outstanding under the Pun Credit Line was the principal sum of \$91,281.26, plus interest of \$5,379.97;
- (c) all amounts previously owed to the Bank by Ellen’s Investment Holding Ltd. (“Ellen’s Investment”), Ellen Associates Ltd. (“Ellen Associates”) and Ellen’s Health Food Ltd. (“Health Food”) have been repaid and any and all credit facilities between the Bank and Ellen’s Investment, Ellen Associates and Health Food have been terminated;
- (d) pursuant to a letter dated July 22, 2010, the Company agreed that its account held with the Bank, as well as the joint account held in the name of Pun and Patsy Lai, would be closed and all credit balances transferred to Pun’s personal account #032-058268-150;
- (e) pursuant to a letter dated July 22, 2010, the Pun Credit Line was converted into a demand non-revolving loan (the “Pun Demand Loan”);
- (f) as security for its obligations to the Bank pursuant to the Credit Facilities, together with all other obligations of the Company to the Bank, the Company granted to the Bank a security interest in its assets, property and undertaking pursuant to, amongst other things, a General Security Agreement and Master Lease Agreement;
- (g) Pun has guaranteed the obligations of Food Group to the Bank pursuant to the guarantee dated June 3, 2005 in the principal amount of \$6,000,000;
- (h) Pun is referred to herein as the “Guarantor” when referencing her obligations as guarantor of the Company’s obligations to the Bank and as “Pun” when referencing her obligations, in a personal capacity, to the Bank pursuant to the Pun Credit Line;
- (i) by letter dated June 25, 2010, the Bank retained Deloitte & Touche LLP (“Deloitte”) as the Bank’s consultant (the “Consultant”) to review the business, assets, affairs and operations of the Companies and the Bank’s security position, and report thereon to the Bank;

- (j) pursuant to the forbearance agreement dated November 23, 2010 (the "November Forbearance Agreement"), the Bank agreed to forbear from enforcing its rights and remedies at that time in respect of the indebtedness owed to the Bank by the Company, Health Food and Pun to allow the Company, Health Food and Pun to arrange alternate financing to repay their indebtedness. The terms of the November Forbearance Agreement provided that the Bank would forbear from enforcing its right and remedies provided that the indebtedness of the Company, Health Food and Pun was repaid in full by no later than January 31, 2011;
- (k) the Company and Pun failed to repay their respective indebtedness, in full, to the Bank by January 31, 2011. Pursuant to the forbearance agreement dated April 29, 2011 (the "April Forbearance Agreement"), the Bank agreed to forbear from enforcing its rights and remedies at that time in respect of the indebtedness owed to the Bank by the Company and Pun to allow the Company and Pun to arrange alternate financing to repay their indebtedness. The terms of the April Forbearance Agreement provided that the Bank would forbear from enforcing its rights and remedies provided that the indebtedness of the Company and Pun was repaid in full by no later than May 27, 2011;
- (l) the Company and Pun failed to repay their respective indebtedness, in full, to the Bank by May 27, 2011, however, the Bank agreed to forbear from enforcing its rights and remedies until July 27, 2011, in exchange for the lump sum payment of \$200,000, to allow the Company to finalize a transaction whereby the Company's manufacturing equipment, leasehold improvement and leasing rights would be sold to a third party purchaser and the proceeds used to repay the Company's indebtedness, in full, to the Bank;
- (m) as one of the terms and conditions of the November Forbearance Agreement, the Company executed a consent (the "Consent") in favour of the Bank for the appointment of a receiver over the property, assets and undertaking of the Company which was to be held in escrow and was only to become effective upon the occurrence of the Forbearance Deadline or a Forbearance Terminating Event (as defined in the November Forbearance Agreement). The indebtedness of the Company and Pun to the Bank remains outstanding and, therefore, as at the date of this Agreement, the Consent is enforceable;
- (n) the Bank has demanded repayment of the indebtedness owed to the Bank by the Company under the Credit Facilities and the indebtedness owed by Pun under the Pun Credit Line, but has, subject to the approval of the Bank's credit committee, agreed to forbear from enforcing its rights and remedies at this time, subject to the exception(s) set forth herein, to allow sufficient time for the Company and Pun to restructure their affairs and arrange alternate financing to repay the indebtedness of the Company and Pun to the Bank on or before the Forbearance Deadline (as defined herein); and

- (o) in consideration of the Bank's forbearance as described herein, for the other accommodations described herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged by the Company, the Guarantor and Pun, the Company, the Guarantor and Pun hereby agree with the Bank as follows:

ACKNOWLEDGEMENT

1. The Company, the Guarantor and Pun acknowledge that:
 - (a) each of the foregoing recitals is true and correct;
 - (b) unless otherwise specified, all capitalized terms contained herein have the same meanings as in the Food Group Commitment Letter, the Assignment and Assumption Agreement and all monetary amounts are expressed in Canadian dollars;
 - (c) pursuant to the provisions of the *Limitations Act, 2002*, the Company and Pun are indebted to the Bank under the Credit Facilities and the Pun Demand Loan, respectively, in the amounts specified in this Agreement as at the date specified therein, together with interest and costs to the date of payment;
 - (d) the Company is in default of its obligations to the Bank under the terms of the Credit Facilities;
 - (e) the indebtedness of the Company and Pun to the Bank pursuant to the Credit Facilities and the Pun Demand Loan are payable on demand;
 - (f) the Company, the Guarantor and Pun have received formal written demands from the Bank with respect to the indebtedness of the Company, the Guarantor and Pun to the Bank;
 - (g) the Bank is entitled to terminate the Credit Facilities and the Pun Demand Loan and no further credit is available to the Company and Pun, respectively, thereunder at the discretion of the Bank; and
 - (h) all security now held by the Bank for the indebtedness and obligations of the Company and the Guarantor to the Bank under the Credit Facilities, is valid, binding and enforceable in accordance with its terms.
2. The Guarantor acknowledges and agrees that its guarantee (as outlined above) is valid, binding and enforceable in accordance with its terms.
3. The Company and the Guarantor acknowledge and agree that the Consent is valid, binding and enforceable in accordance with its terms.

4. The Company, the Guarantor and Pun hereby consent to the terms of the Bank's forbearance and other accommodations as set out herein. The Company, the Guarantor and Pun specifically acknowledge that they have no defences, counterclaims or rights of set-off or reduction to any claims which might be brought by the Bank under the security granted by the Company or the Guarantor to the Bank or in respect of the Credit Facilities, based on their current knowledge or what they ought to know in the circumstances.
5. The Company, the Guarantor and Pun hereby agree that, upon the execution of this Agreement, they shall each absolutely and irrevocably release the Bank, Deloitte, each of their officers, directors, employees, solicitors and agents (the "Releasees") of and from any and all claims which they may have in respect of the Releasees up to and including the date hereof including, without limitation, any actions taken by the Bank in dealing with the Company, the Guarantor, Pun, the Credit Facilities, the Pun Demand Loan or with the administration of the Company's and Pun's accounts with the Bank.

CONDITIONS PRECEDENT

6. The forbearance and other accommodations granted by the Bank hereunder are subject to approval by the Bank's credit committee. Approval of the terms of this Agreement shall only be sought if the Bank has received payment of in the amount of \$150,000, by way of certified cheque, by 5:00 p.m. on July 27, 2011, or such later date as provided for below (the "Condition Precedent").

The Condition Precedent is for the sole benefit of the Bank and may be waived only by the Bank in writing. If the Condition Precedent is not complied with to the satisfaction of the Bank by 5:00 p.m. on July 27, 2011 or such later date as agreed to by the parties hereto, and the Bank will not waive satisfaction thereof, then the offer of forbearance and the other accommodations offered by the Bank hereunder shall be terminated.

Upon satisfaction of the Condition Precedent, unless a Forbearance Terminating Event (as defined herein) occurs under this Agreement, the Bank shall take no further steps prior to October 27, 2011 (the "Forbearance Deadline") to enforce the security held by the Bank from the Company or the Guarantor.

Pending credit committee approval of this Agreement, the Company, the Guarantor, Pun and the Bank shall comply with the terms and conditions of this Agreement. In the event that the Bank's credit committee does not approve the terms of this Agreement, then this Agreement shall immediately be terminated and of no further force and effect and the representations, warranties and covenants of each of the Company, the Guarantor, Pun and the Bank contained herein shall cease to have any effect and shall not survive termination of this Agreement.

TERMS AND CONDITIONS OF FORBEARANCE

7. The Company, the Guarantor and Pun agree that the Credit Facilities and the Pun Demand Loan shall be repaid in full, including any accrued interest and professional fees, on or before the Forbearance Deadline, in the following instalments:
 - (i) August 26, 2011 - \$200,000;
 - (ii) September 27, 2011 - \$200,000; and
 - (iii) October 27, 2011 – balance of the indebtedness owing under the Credit Facilities and the Pun Demand Loan.
8. The terms and conditions of the Bank's forbearance set out in this Agreement are in addition to and are not meant to supersede those terms and conditions set out in the November Forbearance Agreement and the April Forbearance Agreement where applicable.

AMENDMENTS TO CREDIT FACILITIES

9. The Company and the Guarantor acknowledge and agree that, except as specifically amended herein or in the November Forbearance Agreement, all terms and conditions of the Food Group Commitment Letter shall remain in effect, unamended.
10. Without limiting the Bank's right to exercise any of its rights and remedies at any time, the Company, the Guarantor and Pun acknowledge and agree that, upon the occurrence of the Forbearance Deadline, or a Forbearance Terminating Event, the Bank may, at any time, terminate the Credit Facilities and the Pun Demand Loan upon written notice to the Company and Pun at which time no further credit will be available thereunder.
11. The Company, the Guarantor and Pun acknowledge and agree that the Bank has reserved its rights on each banking day to not honour any cheques or other instruments drawn on the Company's or Pun's accounts with the Bank if there is not sufficient credit under the Credit Facilities or the Pun Demand Loan to honour all such cheques or other instruments presented to the Bank for payment on that banking day. The Company and Pun acknowledge that they are not entitled to borrow funds under the Credit Facilities and the Pun Demand Loan, respectively, in excess of the maximum amount available thereunder as specified herein.

REPORTING REQUIREMENTS

12. The Company shall strictly adhere to all reporting requirements as set out in the Food Group Commitment Letter, except as amended herein or in the November Forbearance Agreement or the April Forbearance Agreement.

13. Food Group agrees that, effective upon execution of this Agreement, it shall provide the Bank with monthly financial statements by the 20th calendar day of each month. Should the 20th calendar day be a Saturday, Sunday or statutory holiday, monthly statements shall be provided to the Bank on the next day immediately following that is not a Saturday, Sunday or statutory holiday.
14. The Company and the Guarantor hereby agree to provide the Bank or its agents, including Deloitte, with any information regarding the financial position of the Company or the security position of the Bank that the Bank may request from time to time. The Company will continue to provide to the Bank all regularly scheduled reporting in accordance with the terms of the Food Group Commitment Letter, as amended herein or in the November Forbearance Agreement or the April Forbearance Agreement.
15. The Company and the Guarantor shall pay when due all claims which rank prior to the indebtedness and security held by the Bank from the Company and the Guarantor (together "Prior Claims") which shall include, without limitation, all amounts owing or required to be paid, where a failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Bank's security or otherwise in priority to any claim by the Bank for the repayment of any amounts owing to it, including without limitation all amounts owing to any federal, provincial, municipal or other government entity or Crown corporation, all statutory, actual or deemed trusts, all withholdings and source deductions, all accrued and unpaid payroll, including vacation pay, all amounts owing in respect of any pension fund obligation, and all amounts owing to any person having a lien, encumbrance, trust or charge ranking in priority to the Bank's security as well as all "Priority Payables". "Priority Payables" means any amount identified by the Bank in its sole opinion as having a legal or practical priority over the Company's direct indebtedness or any of the Guarantor's contingent indebtedness to the Bank or the security held by the Bank from the Company or the Guarantor.

CONSULTANT

16. The Company and the Guarantor hereby acknowledge and consent to the appointment of Deloitte as Consultant by letter dated June 25, 2010 and consent to the continued engagement of the Consultant to monitor the affairs of the Company, including its financial performance, and report thereon to the Bank.
17. The Company agrees to provide the Consultant with full access to the Company's books, records and premises for the purpose of carrying out its mandate. All of the costs incurred by the Bank in respect of the Consultant are for the account of the Company.

ADDITIONAL COVENANTS

18. The Company and the Guarantor represent, warrant, covenant and agree that no business in the nature of or related to the business transacted by the Company shall be performed

in the name of or recorded or applied for the benefit of any person, firm or corporation other than the Company.

19. The Company confirms to and in favour of the Bank that all assets secured by the Bank's security are in existence, in the possession and control of the Company and have not been transferred, sold, encumbered or impaired in any manner which would deteriorate from or adversely affect the value of same excluding inventory which is being sold in the ordinary course of business.
20. The Company acknowledges that the Bank has requested that the position of each unsecured creditor of the Company will not be adversely affected during the term of this Agreement, subject to the Company's usual business practices.
21. The Company agrees to comply with all applicable environmental laws and regulations and to advise the Bank promptly of any Action Requests or Violation Notices (as such terms are defined under the *Environmental Protection Act* (Ontario)) received concerning any of the Company's property and to hold the Bank harmless for any costs or expenses which the Bank incurs for any environment related liability existing now or in the future with respect to any of the Company's property. The Company certifies that no environmental laws or regulations have been violated with respect to any of the Company's property and, to the best of its knowledge, no proceedings have or have been threatened to be instituted with respect to a breach of any environmental laws or regulations.
22. The Company shall indemnify the Bank for any damage which the Bank may suffer or any responsibility which it may incur as a result of non-compliance by the Company with any applicable environmental laws and regulations affecting the Company's assets or its business.
23. None of the Bank's existing rights and remedies, and none of the existing defaults of the Company, are waived by this Agreement but are specifically reserved and preserved. However, subject to approval by the Bank's credit committee of the terms of this Agreement and subject to the provisions of this Agreement, the Bank agrees not to take any further steps in enforcement of its rights and remedies against the Company and the Guarantor prior to the Forbearance Deadline unless and until one of the following events has occurred (each a "Forbearance Terminating Event"):
 - (a) any default or breach by the Company, the Guarantor or Pun occurs under this Agreement or any further default or breach by the Company or the Guarantor, in the sole discretion of the Bank, of any obligation or covenant occurs under the Credit Facilities or any of the security held by the Bank from the Company or the Guarantor;
 - (b) if the Company, the Guarantor or Pun fails to make any payment when due to the Bank;

- (c) any other creditor of the Company, the Guarantor or Pun exercises or purports to exercise any rights against any of the property, assets or undertaking of the Company, the Guarantor or Pun or if the Company, the Guarantor, Pun or any creditor brings any proceeding or takes any other action under the BIA, the *Companies' Creditors Arrangement Act* (Canada), the *Business Corporations Act* of Ontario or Canada, the *Winding-Up Act* (Canada) or any similar legislation with respect to any of those parties;
- (d) if any steps are taken by the Company, the Guarantor or a third party to wind up or dissolve the Company without the prior written consent of the Bank;
- (e) any representation or warranty made by the Company, the Guarantor or Pun in connection with the execution and delivery of this Agreement or in any of the security agreements held by the Bank shall prove to have been incorrect in any material respect at the time such representation or warranty was made;
- (f) any default or failure by the Company to make any payment of wages or other monetary remuneration payable by the Company to its employees under the terms of any contract of employment, oral or written, express or implied (the "Payroll") or the failure by the Company to pay to the relevant governmental authority when due any of the Priority Payables exigible in respect of a Payroll;
- (g) the sale, lease, transfer, relocation, abandonment or any other disposition of the assets of the Company which are subject to the Bank's security without the express prior written consent of the Bank;
- (h) any default or failure by the Company or the Guarantor to pay any of the Prior Claims or the Priority Payables when due;
- (i) if any of the representations or financial reporting information provided by the Company to the Bank proves to be false, misleading, inaccurate or incorrect in any material respect at the time such representation or financial reporting information was made or delivered;
- (j) there has been, in the opinion of the Bank, a material adverse change in the affairs of the Company, the Guarantor or Pun or with respect to the security position of the Bank after the date hereof or if any action which the Company or the Guarantor may take only with the prior consent of the Bank is taken by the Company or the Guarantor without such consent being previously obtained from the Bank;
- (k) the Company fails to fully cooperate with Deloitte; and
- (l) if the Company fails to provide the Bank the reporting or other information specified herein, in the November Forbearance Agreement, the April Forbearance

Agreement or in the Food Group Commitment Letter or as required from time to time.

24. Upon the earlier of:
- (a) the Forbearance Deadline, or
 - (b) the occurrence of a Forbearance Terminating Event

the Bank may immediately enforce all of its rights and remedies against the Company, the Guarantor or Pun including, without limitation, enforcing the security held by the Bank from the Company and the Guarantor and seeking a court Order appointing a receiver over the property, assets and undertaking of the Company in accordance with the Consent.

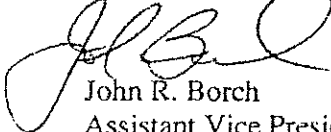
25. The Company, the Guarantor and/or Pun hereby irrevocably agree, upon request by the Bank, to duly execute or deliver or cause to be executed or delivered to the Bank such further instruments, agreements or similar documents or do or cause to be done such further acts as may be necessary or desirable in the opinion of the Bank, acting reasonably, to carry out the provisions and purposes of this Agreement.
26. The Bank's forbearance from enforcing its rights and remedies against the Company, the Guarantor and Pun and the other accommodations described herein are in the sole discretion of the Bank and may be terminated upon the occurrence of a Forbearance Terminating Event without requiring any further forbearance or delay on the part of the Bank.
27. All terms and conditions of the Credit Facilities and the Pun Demand Loan and any other security delivered by the Company or the Guarantor to the Bank shall continue in full force and effect save and except as amended by this Agreement. To the extent that any provision thereof is inconsistent with this Agreement, this Agreement shall prevail.
28. The Company and the Guarantor covenant to and in favour of the Bank and agree that, except as permitted herein, they will not grant any further security on any of their property, assets or undertaking without the written consent of the Bank, which may be withheld by the Bank in its sole and unfettered discretion.
29. Subject to the terms of this Agreement, the Company and the Guarantor may not pay to the shareholders of the Company or the Guarantor or any party related within the meaning of the *Business Corporations Act* (Ontario) ("OBCA") to the Company, or the shareholders thereof any amount whether by way of salary (outside of the ordinary course as defined by the Bank in its sole discretion), dividend, repayment of loans or otherwise without the Bank's prior written approval, which may be withheld by the Bank in its sole and unfettered discretion. The Company and the Guarantor acknowledge and agree that any existing director or shareholder loans shall not be repaid by the Company or the

Guarantor and the Company and the Guarantor shall not grant any loan to any officer or director of the Company or the Guarantor or to any other related party as defined above.

30. The Company and the Guarantor acknowledge and agree that there shall be no change of ownership or control of the Company, as such term is defined within the meaning of the OBCA, without the Bank's prior written consent, which consent may be withheld in the Bank's sole and unfettered discretion.
31. The Company, the Guarantor and Pun shall not loan funds, make equity investments or provide financial assistance to a third party by way of a guarantee, surety, or otherwise until such time as the Company's and Pun's indebtedness to the Bank has been permanently repaid.
32. The Company shall not amalgamate with another corporation, purchase or redeem its shares or otherwise reduce its capital until such time as the Company's indebtedness to the Bank has been permanently repaid.
33. Time shall be of the essence of this Agreement and this Agreement shall be governed by the laws of the Province of Ontario.
34. This Agreement may be executed in counterparts, which counterparts taken together shall evidence an agreement as of the date first set out above.
35. The Company, the Guarantor and Pun hereby acknowledge and agree that the Bank may apply any amounts outstanding to the credit of the Guarantor or Pun as a set-off or in combination of the Company's, the Guarantor's or Pun's indebtedness to the Bank. The application of any such funds shall be as the Bank may determine.
36. The Company, the Guarantor and Pun agree to pay all actual present and future legal and agent fees and disbursements, including but not limited to those of Deloitte, incurred by the Bank in respect of or in any way related to the Company, the Guarantor and Pun including, without limitation, the Bank's legal fees in connection with the preparation and enforcement of this Agreement.
37. The Company, the Guarantor and Pun agree that all acknowledgements provided in this Agreement are effective notwithstanding the provisions of the *Limitations Act, 2002*.

Yours truly,

HSBC Bank Canada




John R. Borch
Assistant Vice President
Special Credit

AGREED TO this 27 day of July, 2011.

Borrower:


ELLEN'S FOOD GROUP INC.

Per: 
Name:
Title:

(I have authority to bind the Company.)

Signing in Capacity as Personal Guarantor

Witness


ELLEN YUK YEE PUN

Signing in Personal Capacity

Witness



ELLEN YUK YEE PUN

Exhibit "C"



Thornton Grout Finnigan LLP
RESTRUCTURING - LITIGATION

Canadian Pacific Tower
Toronto-Dominion Centre
100 Wellington Street West
Suite 3203, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1516 F 416.304.1313

Danny M. Nunes
T: 416-304-0592
E: dnunes@tgf.ca
File No. 100-333

January 31, 2012

VIA ELECTRONIC MAIL

Ellen's Food Group Inc.
25 Centurian Drive
Suite 203
Markham, ON L3R 5N8

Ellen Pun
25 Centurian Drive
Suite 203
Markham, ON L3R 5N8

Attention: Ellen Pun

Dear Madam:

Re: Indebtedness of Ellen's Food Group Inc. (the "Company") and Ellen Pun ("Pun") to HSBC Bank Canada

On behalf of our client, HSBC Bank Canada (the "Bank"), below please find the terms and conditions upon which the Bank is willing to forbear from enforcing its rights and remedies at this time in respect of the Company's indebtedness and your personal indebtedness.

WHEREAS:

- (a) pursuant to the Facility Letter dated February 10, 2005, as amended, (the "Food Group Commitment Letter") the Bank made available the following credit facilities to Food Group (the "Credit Facilities"):
 - (i) demand revolving loan in the principal amount of \$2,000,000 (the "Food Group Operating Loan") available by way of Current Account Overdraft, Match Fund Loan or Import Document Letter(s) of Credit and Import Loans in settlement of Documentary Letter(s) of Credit. As at January 31, 2012, the principal amount outstanding under the Food Group Operating Loan was the sum of \$0.00;
 - (ii) operating lease facility in the principal amount of \$3,000,000 (the "Food Group Lease Facility"). Pursuant to a Leasing Facility Letter dated July 27, 2006, as amended (the "Health Food Commitment Letter"), the Bank made available a leasing facility to Health Food (the "Health Food Lease Facility") in the amount of \$1,000,000. The Food Group Lease Facility was consolidated with the Health Food Lease Facility pursuant to the assignment and assumption agreement dated October 21, 2008 (the "Assignment and Assumption Agreement") (the Health Food Lease

Facility and the Food Group Lease Facility are hereinafter referred to collectively as the "Food Group Lease Facility"). As at January 31, 2012, the amount outstanding under the Food Group Lease Facility, including HST and professional fees, was the sum of \$646,443.84, inclusive of interest accrued and costs incurred by the Bank;

- (b) pursuant to a Line of Credit/Overdraft Agreement dated February 20, 2003, the Bank extended a line of credit to Pun in the amount of \$200,000 (the "Pun Credit Line"). As at January 31, 2012, the principal amount outstanding under the Pun Credit Line was the principal sum of \$91,281.26, plus interest and costs in the amount of \$8,585.43;
- (c) all amounts previously owed to the Bank by Ellen's Investment Holding Ltd. ("Ellen's Investment"), Ellen Associates Ltd. ("Ellen Associates") and Ellen's Health Food Ltd. ("Health Food") have been repaid and any and all credit facilities between the Bank and Ellen's Investment, Ellen Associates and Health Food have been terminated;
- (d) pursuant to a letter dated July 22, 2010, the Company agreed that its account held with the Bank, as well as the joint account held in the name of Pun and Patsy Lai, would be closed and all credit balances transferred to Pun's personal account #032-058268-150;
- (e) pursuant to a letter dated July 22, 2010, the Pun Credit Line was converted into a demand non-revolving loan (the "Pun Demand Loan");
- (f) as security for its obligations to the Bank pursuant to the Credit Facilities, together with all other obligations of the Company to the Bank, the Company granted to the Bank a security interest in its assets, property and undertaking pursuant to, amongst other things, a General Security Agreement and Master Lease Agreement;
- (g) Pun has guaranteed the obligations of Food Group to the Bank pursuant to the guarantee dated June 3, 2005 in the principal amount of \$6,000,000;
- (h) Pun is referred to herein as the "Guarantor" when referencing her obligations as guarantor of the Company's obligations to the Bank and as "Pun" when referencing her obligations, in a personal capacity, to the Bank pursuant to the Pun Credit Line;
- (i) by letter dated June 25, 2010, the Bank retained Deloitte & Touche LLP ("Deloitte") as the Bank's consultant (the "Consultant") to review the business, assets, affairs and operations of the Companies and the Bank's security position, and report thereon to the Bank;

- (j) pursuant to the forbearance agreement dated November 23, 2010 (the "November 2010 Forbearance Agreement"), the Bank agreed to forbear from enforcing its rights and remedies at that time in respect of the indebtedness owed to the Bank by the Company, Health Food and Pun to allow the Company, Health Food and Pun to arrange alternate financing to repay their indebtedness. The terms of the November 2010 Forbearance Agreement provided that the Bank would forbear from enforcing its right and remedies provided that the indebtedness of the Company, Health Food and Pun was repaid in full by no later than January 31, 2011;
- (k) the Company and Pun failed to repay their respective indebtedness, in full, to the Bank by January 31, 2011. Pursuant to the forbearance agreement dated April 29, 2011 (the "April 2011 Forbearance Agreement"), the Bank agreed to forbear from enforcing its rights and remedies at that time in respect of the indebtedness owed to the Bank by the Company and Pun to allow the Company and Pun to arrange alternate financing to repay their indebtedness. The terms of the April 2011 Forbearance Agreement provided that the Bank would forbear from enforcing its rights and remedies provided that the indebtedness of the Company and Pun was repaid in full by no later than May 27, 2011;
- (l) the Company and Pun failed to repay their respective indebtedness, in full, to the Bank by May 27, 2011. Pursuant to the forbearance agreement dated July 25, 2011 (the "July 2011 Forbearance Agreement"), the Bank agreed to forbear from enforcing its rights and remedies until October 27, 2011, so as to allow the Company to finalize a transaction whereby the Company's manufacturing equipment, leasehold improvement and leasing rights would be sold to a third party purchaser and the proceeds used to repay the Company's indebtedness and Pun's personal indebtedness, in full, to the Bank;
- (m) the Company and Pun failed to repay their respective indebtedness, in full, to the Bank by October 27, 2011;
- (n) as one of the terms and conditions of the November 2010 Forbearance Agreement, the Company executed a consent (the "Consent") in favour of the Bank for the appointment of a receiver over the property, assets and undertaking of the Company which was to be held in escrow and was only to become effective upon the occurrence of the Forbearance Deadline or a Forbearance Terminating Event (as defined in the November 2010 Forbearance Agreement). The indebtedness of the Company and Pun to the Bank remains outstanding and, therefore, as at the date of this Agreement, the Consent is enforceable;
- (o) the Bank has demanded repayment of the indebtedness owed to the Bank by the Company under the Credit Facilities and the indebtedness owed by Pun under the Pun Credit Line, but has, subject to the approval of the Bank's credit committee,

agreed to forbear from enforcing its rights and remedies at this time, subject to the exception(s) set forth herein, to allow sufficient time for the Company and Pun to restructure their affairs and arrange alternate financing to repay the indebtedness of the Company and Pun to the Bank on or before the Forbearance Deadline (as defined herein); and

- (p) in consideration of the Bank's forbearance as described herein, for the other accommodations described herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged by the Company, the Guarantor and Pun, the Company, the Guarantor and Pun hereby agree with the Bank as follows:

ACKNOWLEDGEMENT

- 1. The Company, the Guarantor and Pun acknowledge that:
 - (a) each of the foregoing recitals is true and correct;
 - (b) unless otherwise specified, all capitalized terms contained herein have the same meanings as in the Food Group Commitment Letter, the Assignment and Assumption Agreement and all monetary amounts are expressed in Canadian dollars;
 - (c) pursuant to the provisions of the *Limitations Act, 2002*, the Company and Pun are indebted to the Bank under the Credit Facilities and the Pun Demand Loan, respectively, in the amounts specified in this Agreement as at the date specified therein, together with interest and costs to the date of payment;
 - (d) the Company is in default of its obligations to the Bank under the terms of the Credit Facilities;
 - (e) the indebtedness of the Company and Pun to the Bank pursuant to the Credit Facilities and the Pun Demand Loan are payable on demand;
 - (f) the Company, the Guarantor and Pun have received formal written demands from the Bank with respect to the indebtedness of the Company, the Guarantor and Pun to the Bank;
 - (g) the Bank is entitled to terminate the Credit Facilities and the Pun Demand Loan and no further credit is available to the Company and Pun, respectively, thereunder at the discretion of the Bank; and
 - (h) all security now held by the Bank for the indebtedness and obligations of the Company and the Guarantor to the Bank under the Credit Facilities, is valid, binding and enforceable in accordance with its terms.



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5.

2. The Guarantor acknowledges and agrees that its guarantee (as outlined above) is valid, binding and enforceable in accordance with its terms.
3. The Company and the Guarantor acknowledge and agree that the Consent is valid, binding and enforceable in accordance with its terms.
4. The Company, the Guarantor and Pun hereby consent to the terms of the Bank's forbearance and other accommodations as set out herein. The Company, the Guarantor and Pun specifically acknowledge that they have no defences, counterclaims or rights of set-off or reduction to any claims which might be brought by the Bank under the security granted by the Company or the Guarantor to the Bank or in respect of the Credit Facilities, based on their current knowledge or what they ought to know in the circumstances.
5. The Company, the Guarantor and Pun hereby agree that, upon the execution of this Agreement, they shall each absolutely and irrevocably release the Bank, Deloitte, each of their officers, directors, employees, solicitors and agents (the "Releasees") of and from any and all claims which they may have in respect of the Releasees up to and including the date hereof including, without limitation, any actions taken by the Bank in dealing with the Company, the Guarantor, Pun, the Credit Facilities, the Pun Demand Loan or with the administration of the Company's and Pun's accounts with the Bank.

CONDITIONS PRECEDENT

6. The forbearance and other accommodations granted by the Bank hereunder are subject to approval by the Bank's credit committee.

Unless a Forbearance Terminating Event (as defined herein) occurs under this Agreement, the Bank shall take no further steps prior to November 11, 2012 (the "Forbearance Deadline") to enforce the security held by the Bank from the Company or the Guarantor.

Pending credit committee approval of this Agreement, the Company, the Guarantor, Pun and the Bank shall comply with the terms and conditions of this Agreement. In the event that the Bank's credit committee does not approve the terms of this Agreement, then this Agreement shall immediately be terminated and of no further force and effect and the representations, warranties and covenants of each of the Company, the Guarantor, Pun and the Bank contained herein shall cease to have any effect and shall not survive termination of this Agreement.

TERMS AND CONDITIONS OF FORBEARANCE

7. The Company, the Guarantor and Pun agree that the Credit Facilities and the Pun Demand Loan shall be repaid in full, including any accrued interest and professional fees, on or before the Forbearance Deadline, in the following instalments:
- (i) February 10, 2012 - \$75,000.00;
 - (ii) March 10, 2012 - \$75,000.00;
 - (iii) April 10, 2012 - \$75,000.00;
 - (iv) May 10, 2012 - \$75,000.00;
 - (v) June 10, 2012 - \$75,000.00;
 - (vi) July 10, 2012 - \$75,000.00;
 - (vii) August 10, 2012 - \$75,000.00;
 - (viii) September 10, 2012 - \$75,000.00;
 - (ix) October 10, 2012 - \$75,000.00; and
 - (x) November 10, 2012 – outstanding balance of the Company's indebtedness and Pun's personal indebtedness, including all accrued interest and costs incurred by the Bank.
8. The terms and conditions of the Bank's forbearance set out in this Agreement are in addition to and are not meant to supersede those terms and conditions set out in the November 2010 Forbearance Agreement, the April 2011 Forbearance Agreement and the July 2011 Forbearance Agreement, where applicable.

AMENDMENTS TO CREDIT FACILITIES

9. The Company and the Guarantor acknowledge and agree that, except as specifically amended herein or in the November 2010 Forbearance Agreement, April 2011 Forbearance Agreement and July 2011 Forbearance Agreement, all terms and conditions of the Food Group Commitment Letter shall remain in effect, unamended.
10. Without limiting the Bank's right to exercise any of its rights and remedies at any time, the Company, the Guarantor and Pun acknowledge and agree that, upon the occurrence of the Forbearance Deadline, or a Forbearance Terminating Event, the Bank may, at any time, terminate the Credit Facilities and the Pun Demand Loan upon written notice to the Company and Pun.



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7.

REPORTING REQUIREMENTS

11. The Company shall strictly adhere to all reporting requirements as set out in the Food Group Commitment Letter, except as amended herein or in the November 2010 Forbearance Agreement, April 2011 Forbearance Agreement and July 2011 Forbearance Agreement.
12. Food Group agrees that, effective upon execution of this Agreement, it shall provide the Bank with monthly financial statements by the 20th calendar day of each month. Should the 20th calendar day be a Saturday, Sunday or statutory holiday, monthly statements shall be provided to the Bank on the next day immediately following that is not a Saturday, Sunday or statutory holiday.
13. The Company and the Guarantor hereby agree to provide the Bank or its agents, including Deloitte, with any information regarding the financial position of the Company or the security position of the Bank that the Bank may request from time to time. The Company will continue to provide to the Bank all regularly scheduled reporting in accordance with the terms of the Food Group Commitment Letter, as amended herein or in the November 2010 Forbearance Agreement, the April 2011 Forbearance Agreement or the July 2011 Forbearance Agreement.
14. The Company and the Guarantor shall pay when due all claims which rank prior to the indebtedness and security held by the Bank from the Company and the Guarantor (together "Prior Claims") which shall include, without limitation, all amounts owing or required to be paid, where a failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Bank's security or otherwise in priority to any claim by the Bank for the repayment of any amounts owing to it, including without limitation all amounts owing to any federal, provincial, municipal or other government entity or Crown corporation, all statutory, actual or deemed trusts, all withholdings and source deductions, all accrued and unpaid payroll, including vacation pay, all amounts owing in respect of any pension fund obligation, and all amounts owing to any person having a lien, encumbrance, trust or charge ranking in priority to the Bank's security as well as all "Priority Payables". "Priority Payables" means any amount identified by the Bank in its sole opinion as having a legal or practical priority over the Company's direct indebtedness or any of the Guarantor's contingent indebtedness to the Bank or the security held by the Bank from the Company or the Guarantor.

CONSULTANT

15. The Company and the Guarantor hereby acknowledge and consent to the appointment of Deloitte as Consultant by letter dated June 25, 2010 and consent to the continued engagement of the Consultant to monitor the affairs of the Company, including its financial performance, and report thereon to the Bank.

tgf.ca

16. The Company agrees to provide the Consultant with full access to the Company's books, records and premises for the purpose of carrying out its mandate. All of the costs incurred by the Bank in respect of the Consultant are for the account of the Company.

ADDITIONAL COVENANTS

17. The Company and the Guarantor represent, warrant, covenant and agree that no business in the nature of or related to the business transacted by the Company shall be performed in the name of or recorded or applied for the benefit of any person, firm or corporation other than the Company.
18. The Company confirms to and in favour of the Bank that all assets secured by the Bank's security are in existence, in the possession and control of the Company and have not been transferred, sold, encumbered or impaired in any manner which would deteriorate from or adversely affect the value of same excluding inventory which is being sold in the ordinary course of business.
19. The Company acknowledges that the Bank has requested that the position of each unsecured creditor of the Company will not be adversely affected during the term of this Agreement, subject to the Company's usual business practices.
20. The Company agrees to comply with all applicable environmental laws and regulations and to advise the Bank promptly of any Action Requests or Violation Notices (as such terms are defined under the *Environmental Protection Act* (Ontario)) received concerning any of the Company's property and to hold the Bank harmless for any costs or expenses which the Bank incurs for any environment related liability existing now or in the future with respect to any of the Company's property. The Company certifies that no environmental laws or regulations have been violated with respect to any of the Company's property and, to the best of its knowledge, no proceedings have or have been threatened to be instituted with respect to a breach of any environmental laws or regulations.
21. The Company shall indemnify the Bank for any damage which the Bank may suffer or any responsibility which it may incur as a result of non-compliance by the Company with any applicable environmental laws and regulations affecting the Company's assets or its business.
22. None of the Bank's existing rights and remedies, and none of the existing defaults of the Company, are waived by this Agreement but are specifically reserved and preserved. However, subject to approval by the Bank's credit committee of the terms of this Agreement and subject to the provisions of this Agreement, the Bank agrees not to take any further steps in enforcement of its rights and remedies against the Company and the Guarantor prior to the Forbearance Deadline unless and until one of the following events has occurred (each a "Forbearance Terminating Event"):

- (a) any default or breach by the Company, the Guarantor or Pun occurs under this Agreement or any further default or breach by the Company or the Guarantor, in the sole discretion of the Bank, of any obligation or covenant occurs under the Credit Facilities or any of the security held by the Bank from the Company or the Guarantor;
- (b) if the Company, the Guarantor or Pun fails to make any payment when due to the Bank;
- (c) any other creditor of the Company, the Guarantor or Pun exercises or purports to exercise any rights against any of the property, assets or undertaking of the Company, the Guarantor or Pun or if the Company, the Guarantor, Pun or any creditor brings any proceeding or takes any other action under the BIA, the *Companies' Creditors Arrangement Act* (Canada), the *Business Corporations Act* of Ontario or Canada, the *Winding-Up Act* (Canada) or any similar legislation with respect to any of those parties;
- (d) if any steps are taken by the Company, the Guarantor or a third party to wind up or dissolve the Company without the prior written consent of the Bank;
- (e) any representation or warranty made by the Company, the Guarantor or Pun in connection with the execution and delivery of this Agreement or in any of the security agreements held by the Bank shall prove to have been incorrect in any material respect at the time such representation or warranty was made;
- (f) any default or failure by the Company to make any payment of wages or other monetary remuneration payable by the Company to its employees under the terms of any contract of employment, oral or written, express or implied (the "Payroll") or the failure by the Company to pay to the relevant governmental authority when due any of the Priority Payables exigible in respect of a Payroll;
- (g) the sale, lease, transfer, relocation, abandonment or any other disposition of the assets of the Company which are subject to the Bank's security without the express prior written consent of the Bank;
- (h) any default or failure by the Company or the Guarantor to pay any of the Prior Claims or the Priority Payables when due;
- (i) if any of the representations or financial reporting information provided by the Company to the Bank proves to be false, misleading, inaccurate or incorrect in any material respect at the time such representation or financial reporting information was made or delivered;
- (j) there has been, in the opinion of the Bank, a material adverse change in the affairs of the Company, the Guarantor or Pun or with respect to the security position of

the Bank after the date hereof or if any action which the Company or the Guarantor may take only with the prior consent of the Bank is taken by the Company or the Guarantor without such consent being previously obtained from the Bank;

- (k) the Company fails to fully cooperate with Deloitte; and
 - (l) if the Company fails to provide the Bank the reporting or other information specified herein, in the November 2010 Forbearance Agreement, the April 2011 Forbearance Agreement, the July 2011 Forbearance Agreement or in the Food Group Commitment Letter or as required from time to time.
23. Upon the earlier of:
- (a) the Forbearance Deadline, or
 - (b) the occurrence of a Forbearance Terminating Event

the Bank may immediately enforce all of its rights and remedies against the Company, the Guarantor or Pun including, without limitation, enforcing the security held by the Bank from the Company and the Guarantor and seeking a court Order appointing a receiver over the property, assets and undertaking of the Company in accordance with the Consent.

24. The Company, the Guarantor and/or Pun hereby irrevocably agree, upon request by the Bank, to duly execute or deliver or cause to be executed or delivered to the Bank such further instruments, agreements or similar documents or do or cause to be done such further acts as may be necessary or desirable in the opinion of the Bank, acting reasonably, to carry out the provisions and purposes of this Agreement.
25. The Bank's forbearance from enforcing its rights and remedies against the Company, the Guarantor and Pun and the other accommodations described herein are in the sole discretion of the Bank and may be terminated upon the occurrence of a Forbearance Terminating Event without requiring any further forbearance or delay on the part of the Bank.
26. All terms and conditions of the Credit Facilities and the Pun Demand Loan and any other security delivered by the Company or the Guarantor to the Bank shall continue in full force and effect save and except as amended by this Agreement. To the extent that any provision thereof is inconsistent with this Agreement, this Agreement shall prevail.
27. The Company and the Guarantor covenant to and in favour of the Bank and agree that, except as permitted herein, they will not grant any further security on any of their property, assets or undertaking without the written consent of the Bank, which may be withheld by the Bank in its sole and unfettered discretion.

28. Subject to the terms of this Agreement, the Company and the Guarantor may not pay to the shareholders of the Company or the Guarantor or any party related within the meaning of the *Business Corporations Act* (Ontario) ("OBCA") to the Company, or the shareholders thereof any amount whether by way of salary (outside of the ordinary course as defined by the Bank in its sole discretion), dividend, repayment of loans or otherwise without the Bank's prior written approval, which may be withheld by the Bank in its sole and unfettered discretion. The Company and the Guarantor acknowledge and agree that any existing director or shareholder loans shall not be repaid by the Company or the Guarantor and the Company and the Guarantor shall not grant any loan to any officer or director of the Company or the Guarantor or to any other related party as defined above.
29. The Company and the Guarantor acknowledge and agree that there shall be no change of ownership or control of the Company, as such term is defined within the meaning of the OBCA, without the Bank's prior written consent, which consent may be withheld in the Bank's sole and unfettered discretion.
30. The Company, the Guarantor and Pun shall not loan funds, make equity investments or provide financial assistance to a third party by way of a guarantee, surety, or otherwise until such time as the Company's and Pun's indebtedness to the Bank has been permanently repaid.
31. The Company shall not amalgamate with another corporation, purchase or redeem its shares or otherwise reduce its capital until such time as the Company's indebtedness to the Bank has been permanently repaid.
32. Time shall be of the essence of this Agreement and this Agreement shall be governed by the laws of the Province of Ontario.
33. This Agreement may be executed in counterparts, which counterparts taken together shall evidence an agreement as of the date first set out above.
34. The Company, the Guarantor and Pun hereby acknowledge and agree that the Bank may apply any amounts outstanding to the credit of the Guarantor or Pun as a set-off or in combination of the Company's, the Guarantor's or Pun's indebtedness to the Bank. The application of any such funds shall be as the Bank may determine.
35. The Company, the Guarantor and Pun agree to pay all actual present and future legal and agent fees and disbursements, including but not limited to those of Deloitte, incurred by the Bank in respect of or in any way related to the Company, the Guarantor and Pun including, without limitation, the Bank's legal fees in connection with the preparation and enforcement of this Agreement.



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12.

36. The Company, the Guarantor and Pun agree that all acknowledgements provided in this Agreement are effective notwithstanding the provisions of the *Limitations Act, 2002*.

Yours truly,

Thornton Grout Finnigan LLP

A handwritten signature in black ink, appearing to read 'Danny M. Nunes'. The signature is written in a cursive style with a large initial 'D' and 'N'.


Danny M. Nunes

cc: John Borch, *HSBC Bank Canada (via email)*

AGREED TO this 9 day of Feb, 2012.

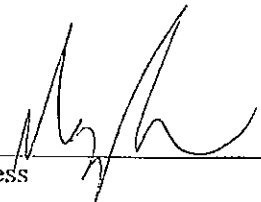
Borrower:


ELLEN'S FOOD GROUP INC.

Per: 
Name: _____
Title: _____

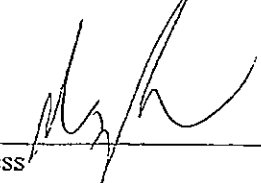
(I have authority to bind the Company.)

Signing in Capacity as Personal Guarantor


Witness _____


ELLEN YUK YEE PUN

Signing in Personal Capacity


Witness _____

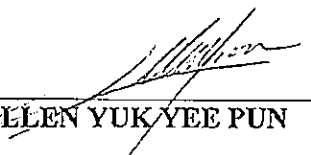

ELLEN YUK YEE PUN

Exhibit "D"

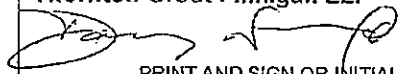
Commercial List File Number: **CV-10-9031-00CL**
 Civil File Number:

Date: March 10, 2011

SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST
9:30 A.M. HEARING REQUEST FORM

A	PLEASE NOTE: The 9:30 hearing procedure is only for "ex parte, urgent, scheduling and consent matters which take no longer than 10 minutes" (Practice Direction, (2002), 57 O.R. (3 rd) 97; paragraph 25). This restriction will be enforced. This matter is (tick one or more); <input type="checkbox"/> ex parte <input type="checkbox"/> urgent <input type="checkbox"/> scheduling <input checked="" type="checkbox"/> consent <input type="checkbox"/> other (explain)
B	Short Title of Proceeding: HSBC BANK CANADA v. ELLEN'S FOOD GROUP INC.
C	Date(s) Requested: May 6, 2011
D	The following is a brief description of the matter to be considered at the 9:30 appointment: Signing of a consent order in respect of the appointment of a receiver for Ellen's Food Group Inc.
E	The following materials will be necessary for the matter to be considered. (it is the responsibility of counsel to confirm that the proper materials are available for the Court.) N/A
F	Is any Judge seized of these matters or any judicial conflicts? <input type="checkbox"/> No

May 6th/11

COUNSEL FOR APPLICANT/MOVING PARTY		COUNSEL FOR OTHER PARTY	
Party	Applicants	Party	
Counsel	Danny M. Nunes Thornton Grout Finnigan LLP  PRINT AND SIGN OR INITIAL	Counsel	PRINT AND SIGN OR INITIAL
Address	3200 – 100 Wellington Street West P.O. Box 329, Canadian Pacific Tower Toronto Dominion Centre Toronto ON M5K 1K7	Address	
Phone	416-304-1616	Phone	
Fax	416-304-1313	Fax	
E-Mail	dnunes@tgf.ca	E-Mail	

(IF MORE THAN 2 PARTIES INVOLVED, ADD ADDITIONAL SIGNATURES AND PARTICULARS ON REVERSE OR SEPARATE PAGE)

To be submitted to: Commercial List Office, 330 University Avenue, 7th Floor, Toronto Ontario Fax to: (416) 327-6228
 You may also convert to PDF and email to Toronto.CommercialList@jusc.gov.on.ca

Endorsement/Disposition See attached Yellow Endorsement Form.
*Adjourned based on verbal settlement
 Further 9:30 to schedule if adjourned*

Commercial Form A

[Handwritten Signature]

Court w/ Mark
 via email / more
 May 5th/11

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

H S B C
Plaintiff(s)
AND
Ellen's Food Group.
Defendant(s)

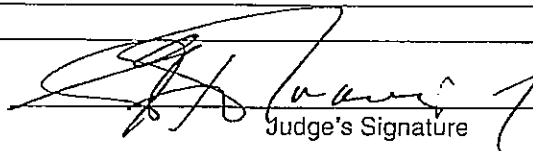
Case Management Yes No by Judge: _____

Counsel	Telephone No.:	Facsimile No.:
<u>D. Nunes</u>	<u>416 304 1616</u>	<u>416-304-132</u>
<u>A. Harkes</u>	<u>416-469-0366</u>	<u>416 469-0321</u>

- Order Direction for Registrar (No formal order need be taken out).
- Above action transferred to the Commercial List at Toronto (No formal order need be taken out)
- Adjourned to: _____
- Time Table approved (as follows):

Matter referred to Friday June 24, 2011
at 9:30 before me.
Parties have agreed that Bank's agent
to have access in the interim period
to debtor's premises
for inspection purposes.

June 6, 2011
Date


Judge's Signature

Additional Pages _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

H. S. B. C.

Plaintiff(s)

AND

Ellen's Food Group Inc.

Defendant(s)

Case Management Yes No by Judge: _____

Counsel	Telephone No.:	Facsimile No.:
D. Nunes for HSBC	416 304 0592	416 304 1318
A. Nabas	416 269-0366	416-269-0321

- Order Direction for Registrar (No formal order need be taken out)
 Above action transferred to the Commercial List at Toronto (No formal order need be taken out)

- Adjourned to: _____
 Time Table approved (as follows):

Ms. Nabas requests an adjournment until Tuesday
 June 28, 2011 indicating that \$200,000 will have
 been paid to HSBC by that time. ~~with~~
 further efforts to negotiate a side of
 business interest. Counsel also advises
 that \$100,000 will be paid
 by 1⁰⁰ a 2⁰⁰ pm today.
 Motion to commence at 2¹⁵ pm today.

June 24 / 2010
Date


Judge's Signature

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

H. S. B. C.

Plaintiff(s)

AND

Elleri Food Group Inc.

Defendant(s)

Case Management Yes No by Judge: _____

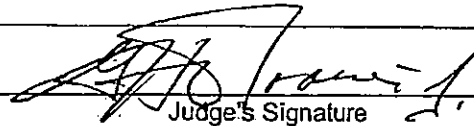
Counsel	Telephone No.:	Facsimile No.:
D. Nunes for HSBC	416 304 0592	416 304 1313
A. Nabas	416 269-0366	416-269-0321

- Order Direction for Registrar (No formal order need be taken out)
 Above action transferred to the Commercial List at Toronto (No formal order need be taken out)

- Adjourned to: _____
 Time Table approved (as follows):

*Ms. Nabas requests an adjournment until Tuesday
 June 28, 2011 indicating that \$200,000 will have
 been paid to HSBC by that time. - with
 further efforts to negotiate a sale of
 business interest. Counsel also advises
 that \$100,000 will be paid
 by 1⁰⁰ a 2⁰⁰ pm today.
 Matter to commence at 2¹⁵ pm. today,
 Adj to June 28, 2011 at 9³⁰ am. on terms attached.*

June 24 / 2010
Date


Judge's Signature

HSBC

10-CL-9031

[Handwritten scribble]

✓

ELLEN'S FOOD GROUP INC.

THE PARTIES HAVE AGREED, ON CONSENT, TO THE
ADJOURNMENT OF THE RECEIVERSHIP APPLICATION
RETURNABLE JUNE 24, 2011 ON THE FOLLOWING TERMS:

- ① THE RESPONDENT SHALL PAY, BY WAY OF BANK DRAFT, \$50,000 MADE PAYABLE TO HSBC BANK CANADA;
- ② THE RESPONDENT SHALL PAY, BY WAY OF BANK DRAFT OR CERTIFIED CHECK, \$150,000 MADE PAYABLE TO HSBC BANK CANADA BY NO LATER THAN 5:00 PM ON TUESDAY, JULY 27, 2011;
- ③ THE RECEIVERSHIP APPLICATION IS ADJOURNED UNTIL TUESDAY, JUNE 28, 2011 TO A 2:30 CHAMBERS APPOINTMENT

[Handwritten signature]
solicitor to the respondent

[Handwritten signature]
SOLICITOR FOR THE APPLICANT

(4) THE APPLICANT'S AGENT MAY ATTEND
AT THE 30 SIRS CRESCENT PREMISES
PRIOR TO THE APPLICATION'S RETURN ON
JUNE 28, 2011.

[Handwritten initials]

[Handwritten signature]
Solicitor for EFGI

[Handwritten signature]

SOLICITOR FOR THE
APPLICANT

JUNE 24, 2011

Court File Number: 10-CL-9031

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

HSBC

Plaintiff(s)

AND

Ellie's Food Group Inc.

Defendant(s)

Case Management Yes No by Judge: _____

Counsel	Telephone No.:	Facsimile No.:
<u>D. Nunes for HSBC</u>	<u>416-304-0592</u>	<u>416 304 1313</u>
<u>A. Hobbs</u>	<u>416-869-0366</u>	<u>416 869-0326</u>

- Order Direction for Registrar (No formal order need be taken out).
- Above action transferred to the Commercial List at Toronto (No formal order need be taken out)

- Adjourned to: _____
- Time Table approved (as follows):

Adj to 9:30 am, July 27, 2011

Responding parties has paid the \$200,000

referred to in order of June 24, 2011 and

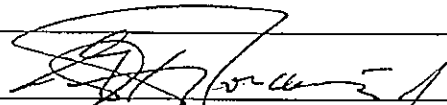
has agreed to sell further assets.

Parties to report update on July 27, 2011

if hearing time needs to be extended

parties will advise Comm. Officer.

Jan 28 2011
Date


Judge's Signature

Additional Pages _____

Motion
Adjournment

COUNSEL SLIP

COURT FILE NO: 10-9031-00CL

DATE: JULY 27, 2011

TITLE OF PROCEEDING: HSBC v. ELLEN'S FOOD GROUP INC.

NO. ON LIST: 2

COUNSEL FOR:
PLAINTIFF(S): D. NUNES, THORNTON BROOK FINNIGAN LLP
APPLICANT(S):
PETITIONER(S): FOR HSBC

PHONE/FAX NO.
T: (416) 304-0592
F: (416) 304-1313

COUNSEL FOR:
DEFENDANT(S):
RESPONDENT(S):

27 July 11
Matter adjourned to a 9:30 a.m.
appointment to be taken out with Reo CL
D/C

John J.

Exhibit “E”

Danny Nunes

From: john_borch@hsbc.ca
Sent: Wednesday, March 21, 2012 7:02 AM
To: Ellen Pun
Cc: Danny Nunes; Maggie Lam
Subject: Re: Forbearance Agreement & \$75,000 payment

Importance: High

Ellen,

You are in default of the Forbearance Agreement dated January 31, 2012 as the \$75,000 payment due on March 10, 2012 has not been received by the Bank. Please remit forthwith or the Bank will consider enforcement action.

John

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|----->
|From:      |
|----->
|>-----|
|-----|
| John Borch
|
|>-----|
|-----|
|----->
|To:        |
|----->
|>-----|
|-----|
| "Ellen Pun" <ellenpun@ellensgroup.com>
|
|>-----|
|-----|
|----->
|Cc:        |
|----->
|>-----|
|-----|
| "Danny Nunes" <DNunes@tgf.ca>; "Maggie Lam" <maggie_lam@bellnet.ca>
|
|>-----|
|-----|
|----->
|Date:      |
|----->
|>-----|
|-----|
| 02/13/2012 03:37 PM CST
|
|>-----|
|----->
```

|Subject: |
|----->

>----->
----->
|Forbearance Agreement & \$75,000 payment
|
>----->
----->

Ellen,

Attached is the Bank's acknowledgement of the signed Forbearance Agreement dated January 31, 2012 as well as our confirmation that the CAD 75,000.00 payment has been received and will be applied to the Leasing facility tomorrow.

[attachment "Forbearance Agreement - Fully Executed - Jan 31 2012.pdf.zip"
deleted by John Borch/HBCA/HSBC]

Regards,

John Borch
North America Risk
Assistant Vice-President | HSBC Bank Canada
70 York Street, 3rd Floor
Toronto, Ontario, M5J 1S9

Phone. 416-868-3832
Fax. 416-868-3812
Email. john_borch@hsbc.ca
Internet. <http://www.hsbc.ca>

|----->
|From: |
|----->

>----->
----->
|John Borch/HBCA/HSBC
|
>----->
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|To: |
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|"Ellen Pun" <ellenpun@ellensgroup.com>
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|Cc: |
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|"Danny Nunes" <DNunes@tgf.ca>, "Maggie Lam" <maggie_lam@bellnet.ca>
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|Date: |
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|10/02/2012 02:58 PM
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|Subject: |
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|Re: Loan Repayment
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Ellen,

Thanks for your email confirming the signing of the FA and the first payment of \$75K due today.

I wish to clarify what was discussed with Maggie. The Bank will forgive the interest owing on the personal line of credit on the following conditions:

- 1) The lease balance plus legal fees owing (currently \$646,443.84) is repaid in full no later than March 12, 2012, and
- 2) The principal balance owing on the personal line of credit (ie. \$91,281.26) plus any outstanding and unbilled legal fees is repaid in full no later than May 11, 2012, with a minimum of 50% paid by April 12, 2012.

Regards,

John Borch
North America Risk
Assistant Vice-President | HSBC Bank Canada
70 York Street, 3rd Floor
Toronto, Ontario, M5J 1S9

Phone. 416-868-3832

Fax. 416-868-3812
Email. john_borch@hsbc.ca
Internet. http://www.hsbc.ca

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| From: |
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| "Ellen Pun" <ellenpun@ellensgroup.com>
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| To: |
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| John Borch/HBCA/HSBC@HSBC02
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| Cc: |
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| "Danny Nunes" <DNunes@tgf.ca>, "Maggie Lam" <maggie_lam@bellnet.ca>
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| Date: |
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| 10/02/2012 02:03 PM
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| Subject: |
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| Re: Loan Repayment
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Hi John,

The first installment cheque in the amount of \$75,000 and the signed Forbearance Agreement has been sent to you by courier today.

I understand my accountant, Maggie Lam, discussed with you on Wednesday about the possibility of paying off the outstanding lease balance upon receipt of financing from another bank and you have agreed to the following terms:

- (1) There are no interest or penalties on early repayment of the outstanding lease balance (including HST & professional fees);
- (2) If (1) above is settled, all interest and related costs on the personal line of credit will be waived;
- (3) The line of credit in the amount of \$91,281.26 will be repaid by two installments, the first one will be due within the 30 days from settlement of (1) above;

Trust the above are satisfactory to you.

Ellen

From: john_borch@hsbc.ca
Sent: Monday, January 23, 2012 5:12 PM
To: Maggie Lam
Cc: Danny Nunes ; Ellen Pun
Subject: Re: Loan Repayment

Hi Maggie,

The proposed repayment in full of 9 payments of CAD75,000 per month plus a final balance payment is satisfactory to the Bank. This is to be documented by way of a revised Forbearance Agreement which TGF will prepare.

Please note I am travelling on business this Tues and Wed and I will be back in the office on Thurs.

Regards,

John Borch
North America Risk
Assistant Vice-President | HSBC Bank Canada
70 York Street, 3rd Floor
Toronto, Ontario, M5J 1S9

Phone. 416-868-3832
Fax. 416-868-3812
Email. john_borch@hsbc.ca
Internet. <http://www.hsbc.ca>

From: "Maggie Lam" <maggie_lam@bellnet.ca>

To: John Borch/HBCA/HSBC@HSBC02

Cc: "Ellen Pun" <ellenpun@ellensgroup.com>, "Danny Nunes" <DNunes@tgf.ca>

Date: 23/01/2012 04:59 PM

Subject Loan Repayment
:

Dear John,

Further to our conversation last week regarding the repayment plan of the following indebtedness owed by Ellen and her company:

- Ellen's Food Group Inc	\$643,904.84	
- Ellen personal		91,281.26
Total		\$735,186.10

Based on our discussion, we agreed that the above total amount is to be repaid in 10 instalments subject to my discussion with Ellen upon her return from Hong Kong.

I discussed the above repayment plan with Ellen and she agreed with our proposal. She agreed to repay the above amount in the following manner:

9 instalments of \$75,000 each	\$675,000.00	
Final balance payment		60,186.10
Total		\$735,186.10

The repayment will be made on the 10th of each month commencing February, 2012. The final payment will be made on November 10, 2012.

Trusting the above repayment plan is acceptable to you.

Regards,

Maggie Lam, CA

Leung Lam & Company,
Chartered Accountants,
255 Duncan Mill Road, Suite 303
Toronto, Ontario
M3B 3H9

Tel: 416-510-8333
Fax: 416-510-8336

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Danny Nunes

From: john_borch@hsbc.ca
Sent: Tuesday, May 15, 2012 6:36 AM
To: Maggie Lam; Ellen Pun
Cc: Danny Nunes
Subject: Re: Payment

Maggie/Ellen,

Authorized yet again on an exception basis.

If you are trying to manage cash flow carefully and require working capital, may I suggest you obtain alternate long-term financing with lower monthly payments.

John

From: "Maggie Lam" [maggie_lam@bellnet.ca]
Sent: 05/14/2012 11:36 AM AST
To: John Borch
Cc: "Ellen Pun" <ellenpun@ellensgroup.com>
Subject: Payment

Hi John,

I called you last week regarding Ellen `s payment that was due on May 10. I left you a message and have not heard from you.

I called on behalf of Ellen to request postponement of the \$75,000 payment for three weeks, ie until May 31. The reason is that Ellen `s Food Group Inc (the Federal plant) started operating about a month ago and it is financing its own operations. We are trying to manage the cash flow as carefully as possible to ensure the success of the business.

Hope you will accept her request.

Regards,

Maggie Lam, CA

*Leung Lam & Company,
Chartered Accountants,
255 Duncan Mill Road, Suite 303
Toronto, Ontario
M3B 3H9*

*Tel: 416-510-8333
Fax: 416-510-8336*

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"ÉCONOMISEZ LE PAPIER ? PENSEZ-Y À DEUX FOIS AVANT D'IMPRIMER!"

Danny Nunes

From: john_borch@hsbc.ca
Sent: Wednesday, August 08, 2012 3:09 PM
To: Ellen Pun
Cc: raquel_brown@hsbc.ca
Subject: Re: Payment - 2ND REQUEST

Regards,

John Borch

North America Risk
Assistant Vice-President | HSBC Bank Canada
70 York Street, 3rd Floor
Toronto, Ontario, M5J 1S9

Phone. 416-868-3832
Fax. 416-868-3812
Email. john_borch@hsbc.ca
Internet. <http://www.hsbc.ca>

From: John Borch/HBCA/HSBC
To: "Ellen Pun" <ellenpun@ellensgroup.com>
Cc: Raquel Brown/HBCA/HSBC@HSBC02
Date: 07/08/2012 01:27 PM
Subject: Re: Payment

Ellen,

I have returned from vacation today...Raquel never received the CAD 75,000 payment due July 31. Where is it?

Also, the August 10th payment of CAD 75,000 is due on August 10th as well...

Regards,

John Borch

North America Risk
Assistant Vice-President | HSBC Bank Canada
70 York Street, 3rd Floor
Toronto, Ontario, M5J 1S9

Phone. 416-868-3832
Fax. 416-868-3812
Email. john_borch@hsbc.ca
Internet. <http://www.hsbc.ca>

From: John Borch/HBCA/HSBC
To: "Ellen Pun" <ellenpun@ellensgroup.com>

Cc: Raquel Brown/HBCA/HSBC@HSBC02
Date: 26/07/2012 09:56 PM
Subject: Re: Payment

Ellen,

Please send your \$75,000 payment due July 31 to the attention of Raquel Brown in our department.

I will be out of the office next week, returning on Aug 7th

John

From: John Borch/HBCA/HSBC
To: "Ellen Pun" <ellenpun@ellensgroup.com>
Date: 07/11/2012 10:38 AM
Subject: Re: Payment

Authorized.

There will be no further extensions past July 31, 2012.

The next payment of CAD 75,000 will be due on August 10, 2012 as per the terms of the accepted Forbearance Agreement.

Regards,

John Borch
North America Risk
Assistant Vice-President | HSBC Bank Canada
70 York Street, 3rd Floor
Toronto, Ontario, M5J 1S9

Phone. 416-868-3832
Fax. 416-868-3812
Email. john_borch@hsbc.ca
Internet. <http://www.hsbc.ca>

From: "Ellen Pun" <ellenpun@ellensgroup.com>
To: John Borch/HBCA/HSBC@HSBC02
Date: 11/07/2012 10:35 AM
Subject: Re: Payment

Hi, John,

Please extend the payment until July 31. I am not able to ensure the payment will be made on July 24th. Your consideration is much appreciated.

Maggie has now joined our firm on a consulting basis and she will remind me to make such payments.

Regards,

Ellen

From: john_borch@hsbc.ca
Sent: Tuesday, July 10, 2012 6:44 PM
To: [Ellen Pun](#)
Subject: Re: Payment

Ellen,

I will extend the due date of the July 10 payment of CAD 75,000 for 2 weeks until July 24. Please ensure the payment is a bank draft or certified cheque.

John

From: "Ellen Pun" [ellenpun@ellensgroup.com]
Sent: 07/10/2012 06:06 PM AST
To: John Borch
Subject: Payment

Hi John,

Since we just paid \$150,000 payment, is it possible to postpone the July payment till the end of the month? I will continue to honor my commitment as I have in the past.

Your consideration is much appreciated.

Regards,

Ellen

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Danny Nunes

From: john_borch@hsbc.ca
Sent: Wednesday, September 19, 2012 12:23 PM
To: Ellen Pun
Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

Importance: High

Ellen,

As we just discussed and as mentioned numerous times in the past, all payments made to the Bank are to be either a certified cheque or a bank draft.

I confirm you will deliver a bank draft to my office no later than 4:00pm tomorrow in the amount of CAD150,000 in replacement of the cheque that was returned insufficient funds.

Regards,

John Borch

North America Risk
Assistant Vice-President | HSBC Bank Canada
70 York Street, 3rd Floor
Toronto, Ontario, M5J 1S9

Phone. 416-868-3832
Fax. 416-868-3812
Email. john_borch@hsbc.ca
Internet. <http://www.hsbc.ca>

From: "Ellen Pun" <ellenpun@ellensgroup.com>
To: John Borch/HBCA/HSBC@HSBC02
Date: 19/09/2012 11:47 AM
Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

John,

Please call me , I have very urgent things to discuss with you.

Thanks

Ellen

From: john_borch@hsbc.ca
Sent: Wednesday, September 12, 2012 11:19 AM
To: maggielam@rogers.com
Cc: Ellen Pun
Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

Maggie,

I confirm your proposed payments of CAD 150,000.00 on Sept 14/12 and CAD 30,526.24 on Sept 28/12.

The legal fee balance is CAD 95,615.56 as per the attached spreadsheet.

This spreadsheet has been amended based on your August 14, 2012 email regarding a few discrepancies. Please ensure the legal fees are repaid no later than Nov 30, 2012 as you had indicated previously. Once the lease AND the legal fees are paid, the Bank will release its security over the equipment.

Please also confirm when the personal line of credit will be repaid. The PLOC has an outstanding balance of \$102,400.66 as at Sept 12, 2012.

Regards,

John Borch

North America Risk
Assistant Vice-President | HSBC Bank Canada
70 York Street, 3rd Floor
Toronto, Ontario, M5J 1S9

Phone. 416-868-3832
Fax. 416-868-3812
Email. john_borch@hsbc.ca
Internet. <http://www.hsbc.ca>

From: maggieplam@rogers.com
To: John Borch/HBCA/HSBC@HSBC02
Cc: Ellen Pun <ellenpun@ellensgroup.com>
Date: 11/09/2012 04:54 PM
Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

Hi John,

Further to our conversation this morning, we will forward a cheque in the amount of \$150,000 on September 14, 2012 and the balance of 30,526.24 by the end of this month to settle the outstanding lease balance.

Once again, thank you very much for your consideration.

Regards,

Maggie

From: "john_borch@hsbc.ca" <john_borch@hsbc.ca>
To: maggieplam@rogers.com
Cc: Ellen Pun <ellenpun@ellensgroup.com>
Sent: Monday, August 13, 2012 2:56:16 PM
Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012
Agreed. Please send certified funds in the amount of CAD180,526.24 on August 31, 2012.
Also please advise what legal bills you are missing. Regards,
John Borch North America Risk Assistant Vice-President | HSBC Bank Canada
70 York Street, 3rd Floor

From: maggieplam@rogers.com
To: John Borch/HBCA/HSBC@HSBC02
Cc: Ellen Pun <ellenpun@ellensgroup.com>
Date: 13/08/2012 11:37 AM
Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

Hi John, Further to our telephone conversation, Ellen's outstanding balances will be paid off in the following manner: (i) August 31, 12 - \$180,526.24 for lease # 230857.2; (ii) Sept 30, 12 - \$33,000 for legal fee; (iii) Oct 31, 12 - \$33,000 for legal fee; (iv) Nov 30, 12 - \$32,729.90 for balance of legal fee; Trusting the above settlement is satisfactory to you as discussed. Please forward all legal fee invoices for 2012 for claiming of HST purpose. Thank you! Maggie **From:** "john_borch@hsbc.ca" <john_borch@hsbc.ca>

To: Maggieplam@rogers.com
Cc: Ellen Pun <ellenpun@ellensgroup.com>
Sent: Friday, August 10, 2012 3:15:13 PM
Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

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Danny Nunes

Subject: FW: Ellen's Foods - Fw: 150k Payment - Past Due

----- Forwarded by John Borch/HBCA/HSBC on 17/10/2012 11:04 AM -----

From: John Borch/HBCA/HSBC
To: "Ellen Pun" <ellenpun@ellensgroup.com>
Date: 02/10/2012 02:11 PM
Subject: Re: 150k Payment - Past Due

Send \$50k now.

From: "Ellen Pun" [ellenpun@ellensgroup.com]
Sent: 10/02/2012 01:52 PM AST
To: John Borch
Subject: Re: 150k Payment - Past Due

Hi John,

I had sufficient funds to cover the \$150,000 cheque at the time we issued the cheque to you but someone went to the bank to certify a cheque. That's why your cheque was returned as NSF. Our cash flow is really tight now as last week was payroll week. Can we settle the outstanding balance in smaller amounts, such as \$50,000 monthly payments? Hope this is acceptable to you.

Thank you!

Ellen

From: john_borch@hsbc.ca
Sent: Monday, October 01, 2012 11:53 AM
To: Ellen Pun ; maggielam@rogers.com
Subject: 150k Payment - Past Due

What is happening??

Regards,

John Borch
North America Risk
Assistant Vice-President | HSBC Bank Canada
70 York Street, 3rd Floor
Toronto, Ontario, M5J 1S9

Phone. 416-868-3832
Fax. 416-868-3812
Email. john_borch@hsbc.ca
Internet. <http://www.hsbc.ca>

From: John Borch/HBCA/HSBC
To: "Ellen Pun" <ellenpun@ellensgroup.com>
Date: 28/09/2012 07:12 AM
Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

Just send me the \$150,000 bank draft.

From: "Ellen Pun" [ellenpun@ellensgroup.com]
Sent: 09/27/2012 07:16 PM AST
To: John Borch
Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

John,

I'm so sorry can't return your call , because I haven't your phone no.

I will call you to-morrow.

Thanks
Ellen

From: john_borch@hsbc.ca
Sent: Wednesday, September 19, 2012 12:23 PM
To: Ellen Pun
Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

Ellen,

As we just discussed and as mentioned numerous times in the past, all payments made to the Bank are to be either a certified cheque or a bank draft.

I confirm you will deliver a bank draft to my office no later than 4:00pm tomorrow in the amount of CAD150,000 in replacement of the cheque that was returned insufficient funds.

Regards,

John Borch
North America Risk
Assistant Vice-President | HSBC Bank Canada
70 York Street, 3rd Floor
Toronto, Ontario, M5J 1S9

Phone. 416-868-3832
Fax. 416-868-3812
Email. john_borch@hsbc.ca
Internet. <http://www.hsbc.ca>

From: "Ellen Pun" <ellenpun@ellensgroup.com>
To: John Borch/HBCA/HSBC@HSBC02
Date: 19/09/2012 11:47 AM

Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

John,

Please call me , I have very urgent things to discuss with you.

Thanks

Ellen

From: john_borch@hsbc.ca

Sent: Wednesday, September 12, 2012 11:19 AM

To: maggielam@rogers.com

Cc: [Ellen Pun](#)

Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

Maggie,

I confirm your proposed payments of CAD 150,000.00 on Sept 14/12 and CAD 30,526.24 on Sept Sept 28/12.

The legal fee balance is CAD 95,615.56 as per the attached spreadsheet.

This spreadsheet has been amended based on your August 14, 2012 email regarding a few discrepancies. Please ensure the legal fees are repaid no later than Nov 30, 2012 as you had indicated previously. Once the lease AND the legal fees are paid, the Bank will release its security over the equipment.

Please also confirm when the personal line of credit will be repaid. The PLOC has an outstanding balance of \$102,400.66 as at Sept 12, 2012.

Regards,

John Borch

North America Risk

Assistant Vice-President | HSBC Bank Canada

70 York Street, 3rd Floor

Toronto, Ontario, M5J 1S9

Phone. 416-868-3832

Fax. 416-868-3812

Email. john_borch@hsbc.ca

Internet. <http://www.hsbc.ca>

From: maggielam@rogers.com

To: John Borch/HBCA/HSBC@HSBC02

Cc: Ellen Pun <ellenpun@ellensgroup.com>

Date: 11/09/2012 04:54 PM

Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

Hi John,

Further to our conversation this morning, we will forward a cheque in the amount of \$150,000 on September 14, 2012 and the balance of 30,526.24 by the end of this month to settle the outstanding lease balance.

Once again, thank you very much for your consideration.

Regards,

Maggie

From: "john_borch@hsbc.ca" <john_borch@hsbc.ca>

To: maggieplam@rogers.com

Cc: Ellen Pun <ellenpun@ellensgroup.com>

Sent: Monday, August 13, 2012 2:56:16 PM

Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

Agreed. Please send certified funds in the amount of CAD180,526.24 on August 31, 2012.

Also please advise what legal bills you are missing. Regards,

John Borch North America Risk Assistant Vice-President | HSBC Bank Canada

70 York Street, 3rd Floor

Toronto, Ontario, M5J 1S9

Phone. 416-868-3832 Fax. 416-868-3812 Email. john_borch@hsbc.ca Internet. <http://www.hsbc.ca>

From: maggieplam@rogers.com

To: John Borch/HBCA/HSBC@HSBC02

Cc: Ellen Pun <ellenpun@ellensgroup.com>

Date: 13/08/2012 11:37 AM

Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

Hi John, Further to our telephone conversation, Ellen's outstanding balances will be paid off in the following manner: (i) August 31, 12 - \$180,526.24 for lease # 230857.2; (ii) Sept 30, 12 - \$33,000 for legal fee; (iii) Oct 31, 12 - \$33,000 for legal fee; (iv) Nov 30, 12 - \$32,729.90 for balance of legal fee; Trusting the above settlement is satisfactory to you as discussed. Please forward all legal fee invoices for 2012 for claiming of HST purpose. Thank you! Maggie **From:** "john_borch@hsbc.ca" <john_borch@hsbc.ca>

To: Maggieplam@rogers.com

Cc: Ellen Pun <ellenpun@ellensgroup.com>

Sent: Friday, August 10, 2012 3:15:13 PM

Subject: Re: Ellen's Food Group - Lease Balance O/S as at July 11, 2012

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***** "SAVE PAPER - THINK BEFORE YOU PRINT!" "ÉCONOMISEZ LE PAPIER ? PENSEZ-Y À DEUX FOIS AVANT D'IMPRIMER!"

Exhibit "F"



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Canadian Pacific Tower
Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Danny M. Nunes
T: 416-304-0592
E: dnunes@tgf.ca
File No. 100-333

June 27, 2012

VIA EMAIL

Ellen's Food Group Inc.
25 Centurian Drive
Suite 203
Markham, ON L3R 5N8

Attention: Ellen Pun

Dear Madam:

Re: Indebtedness of Ellen's Food Group Inc. (the "Company") and Ellen Pun to HSBC Bank Canada (the "Bank")

As you know, we act as counsel to the Bank with respect to the indebtedness owing to the Bank by the Company pursuant to a certain leasing facility. We also act as counsel to the Bank with respect to your personal indebtedness to the Bank pursuant to a certain line of credit.

The Bank and the Company initially entered into a forbearance agreement dated November 23, 2010 (the "**November 2010 Forbearance Agreement**") whereby the Bank agreed to forbear from enforcing its rights and remedies in respect of the Company's indebtedness to the Bank provided that the indebtedness was repaid, in full, by no later than January 31, 2011. As a term and condition of the November 2010 Forbearance Agreement, the Company executed a consent (the "**Consent**") in favour of the Bank for the appointment of a receiver over the property, assets and undertaking (the "**Property**") of the Company which was to be held in escrow and was only to become effective upon the occurrence of a Forbearance Terminating Event or the passage of the Forbearance Deadline (as defined in the November 2010 Forbearance Agreement).

The indebtedness owing to the Bank was not repaid, in full, by January 31, 2011 and the Bank and the Company have subsequently entered into forbearance agreements in April 2011, July 2011 and January 2012. On a couple of occasions, the Bank has been advised by you or Ms. Maggie Lam, the Company's accountant, that certain parties were interested in purchasing certain of the Companies' assets and that the proceeds from the sale would be used to repay, in full, the Company's indebtedness, as well as your personal indebtedness, to the Bank.

In late May 2012, Ms. Lam advised the Bank that you expected to receive an offer in early June but despite the Bank's request to see a copy of the agreement of purchase and sale or even a letter of intent to purchase the assets, none has been forthcoming.

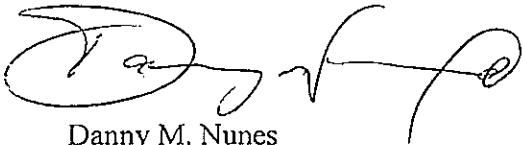
Pursuant to the terms of the forbearance agreement dated January 31, 2012 (the “**Forbearance Agreement**”), the Bank agreed to forbear from enforcing the security held by the Bank from the Company, as well as your personal guarantee, provided certain terms and conditions were satisfied. Among those terms and conditions, the Company is to pay the Bank \$75,000.00 on the 10th of each month for a period starting in February 2012. As at this letter’s date, the Bank has not received payment for the months of May and June and, as such, the Company is in default under the terms of the Forbearance Agreement.

If the Company fails to pay to the Bank the outstanding arrears under the Forbearance Agreement in the amount of \$150,000.00 by **5:00 PM on June 29, 2012**, the Bank will bring a motion to enforce the Consent and have a receiver appointed by the Court over the Company’s Property.

If you have any questions, please contact the undersigned.

Yours truly,

Thornton Grout Finnigan LLP



Danny M. Nunes
DMN/mm

cc: John Borch, *HSBC Bank Canada (via email)*
Maggie Lam, *Leung Lam & Company (via email)*

Exhibit "G"



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Canadian Pacific Tower
Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Danny M. Nunes
T: 416-304-0592
E: dnunes@tgf.ca
File No. 100-333

October 18, 2012

VIA EMAIL

Ellen's Food Group Inc.
25 Centurian Drive
Suite 203
Markham, ON L3R 5N8

Attention: **Ellen Pun**

Dear Madam:

Re: Indebtedness of Ellen's Food Group Inc. (the "Company") and Ellen Pun to HSBC Bank Canada (the "Bank")

As you know, we act as counsel to the Bank with respect to the indebtedness owing to the Bank by the Company pursuant to a certain leasing facility. We also act as counsel to the Bank with respect to your personal indebtedness to the Bank pursuant to a certain line of credit.

The Bank and the Company have entered into a number of forbearance agreements, the most recent of which is dated January 31, 2012 (the "**Forbearance Agreement**"). Pursuant to the terms of the Forbearance Agreement, the Bank agreed to forbear from enforcing the security held by the Bank from the Company, as well as your personal guarantee, provided certain terms and conditions were satisfied. Among those terms and conditions, the Company was to pay the Bank \$75,000.00 on the 10th of each month for a period starting in February 2012 until the indebtedness, both of the Company and your personal indebtedness, was repaid, in full.

On various occasions, payments under the forbearance agreement have been provided well past the 10th of each month. The most recent cheque, in the amount of \$150,000 on account of the Company having already failed to make an earlier payment, was returned to the Bank marked NSF. Further to your discussions with John Borch of the Bank, you were advised that all further payments were to be made either by way of bank draft or certified cheque.

On October 2, 2012, you asked the Bank for the indulgence of being able to make further payments in the amount of \$50,000 as opposed to \$75,000, as set out in the Forbearance Agreement. You were advised that the Bank would grant the indulgence on the condition that payment was received promptly.

tgf.ca



Thornton Grout Finnigan LLP

2.

As of this letter's date, the Bank still has not received payment from the Company in the amount of \$50,000 and, thus, the Company is in default under the terms of the Forbearance Agreement.

If the Company fails to make the \$50,000 payment by **5:00 PM on October 19, 2012**, the Bank will bring a motion to enforce the consent signed by the Company allowing for the appointment of a receiver over the Company's property.

If you have any questions, please contact the undersigned.

Yours truly,

Thornton Grout Finnigan LLP

A handwritten signature in black ink, appearing to read 'Danny M. Nunes', written over a horizontal line.

Danny M. Nunes
DMN/mm

cc: John Borch, *HSBC Bank Canada (via email)*

Exhibit “H”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

ELLEN'S FOOD GROUP INC.

Respondents

CONSENT TO ACT AS RECEIVER

Deloitte & Touche Inc. hereby consents to act as receiver on terms substantially as provided in the Order contained in the Application Record of HSBC Bank Canada dated December 7, 2012.

Dated at Toronto this 21st day of November, 2012.

DELOITTE & TOUCHE INC.

Per: _____

Paul M. Cisset, CA, CMAA
SENIOR VICE-PRESIDENT

HSBC BANK CANADA

and

Applicant

ELLEN'S FOOD GROUP INC.

Respondents

Court File No. CV-10-9031-00CL

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

Proceedings commenced at Toronto

**THIRD SUPPLEMENTARY AFFIDAVIT
OF JOHN BORCH**

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Fax: 416-304-1313

Lawyers for HSBC Bank Canada