

EXHIBIT "F"

Exhibit F to the Affidavit
Of Suba Reid
Sworn on the 3rd day of
April 2014
Commissioner for Taking Oaths

GENERAL SECURITY AGREEMENT

This General Security Agreement dated October 1, 2012 is made by Sun Pac Foods Limited, a corporation incorporated under the laws of the Province of Ontario (the "Borrower") to and in favour of Bridging Capital Inc., a corporation incorporated under the laws of the Province of Ontario (the "Secured Party").

WHEREAS the Secured Party has agreed to make certain credit facilities available to the Borrower pursuant to an offer letter dated as of the date hereof, between the Borrower and the Secured Party (as the same may be amended, supplemented, extended, renewed, restated or replaced from time to time, the "Loan Agreement");

NOW THEREFORE, in consideration of the foregoing promises and the sum of Ten Dollars (\$10.00) in lawful money of Canada now paid by the Secured Party to the Borrower and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the parties hereto agree as follows:

1. SECURITY INTEREST

- (a) For valuable consideration, the Borrower hereby grants, assigns, transfers, mortgages and charges to the Secured Party, as and by way of a fixed and specific mortgage and charge, and grants to the Secured Party a security interest in, all of the Borrower's present and after-acquired personal property including, without limitation, all goods (including inventory and equipment), accounts, chattel paper, documents of title, instruments, intangibles, money, securities and all other investment property now owned or hereafter acquired by or on behalf of the Borrower (and all rights and interests now or hereafter held by or on behalf of the Borrower with respect to any of the foregoing) and also including, without limitation:
 - (i) all accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured, including, without limitation, letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by the Borrower or which may hereafter become due, owing or accruing or growing due to or owned by Borrower (collectively, "Debts");
 - (ii) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (iii) all contractual rights and insurance claims;
 - (iv) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation confidential information, trade-names, goodwill, copyrights, software and all other forms of Intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively, "Intellectual Property") and

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including, without limitation, the Intellectual Property listed in Schedule "A" attached hereto; and

(v) all proceeds of any of the foregoing,

(all of the property described in this paragraph (a) is herein collectively called the "Collateral").

- (b) The grants, assignments, transfers, mortgages, charges and security interests to and in favour of the Secured Party herein created are collectively called the "Security Interest".
- (c) The Security Interest granted hereby shall not extend or apply to, and the Collateral shall not include, the last day of the term of any lease or agreement therefor; however, the Borrower will hold such last day in trust for the Secured Party and upon the enforcement of the Security Interest the Borrower will assign the same as directed by the Secured Party.
- (d) The terms "accessions", "accounts", "chattel paper", "documents of title", "equipment", "goods", "instruments", "intangibles", "inventory", "investment property", "money", "proceeds", and "securities" (including any singular or plural variation of any of the foregoing) whenever used herein shall be interpreted pursuant to the respective meanings given to such words in the *Personal Property Security Act* (Ontario), as amended from time to time (the "PPSA").
- (e) The terms "certificated security", "entitlement holder", "entitlement order", "financial asset", "issuer", "limited liability company", "security", "security certificate", "securities account", "security entitlement", "securities intermediary" and "uncertificated security" (including any singular or plural variation of any of the foregoing) whenever used herein shall be interpreted pursuant to the respective meanings given to such words in the *Securities Transfer Act* (Ontario), as amended from time to time (the "STA"); provided that, when used herein, the terms "certificated security" and "uncertificated security" shall be understood to mean a certificated security or uncertificated security, as the case may be, that is held directly by and registered in the name of or endorsed to the Borrower and not a certificated security or uncertificated security to which the Borrower has a security entitlement.
- (f) Any reference hereinafter to the "Collateral" shall, unless the context otherwise requires, be deemed a reference to the "Collateral or any part thereof".
- (g) All capitalized terms used herein and not otherwise defined shall have the same meanings herein as are ascribed to such terms in the Loan Agreement.

2. INDEBTEDNESS SECURED

The Security interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liability of the Borrower to the Secured Party pursuant to the Loan Agreement (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished

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and thereafter incurred again and whether the Borrower be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient to satisfy all Indebtedness of the Borrower, the Borrower acknowledges and agrees that the Borrower shall continue to be liable for any Indebtedness remaining outstanding and the Secured Party shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower represents and warrants, and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant, that:

- (a) the Collateral is owned by the Borrower free and clear of any and all liens, security interests, charges, leasehold interests or other encumbrances other than encumbrances consented to in writing by the Secured Party and that the Borrower's business operations, its records, and the Collateral are all located at the locations specified in Schedule "B" attached hereto;
- (b) each agreement, if any, that the Borrower may enter into with a securities intermediary which governs any securities account included in the Collateral or to which any Collateral that is investment property may be credited will either (i) specify that the Province of Ontario is the security intermediary's jurisdiction for the purposes of the PPSA and the STA or (ii) is expressed to be governed by the laws of the Province of Ontario; and
- (c) none of the Collateral that is an interest in a partnership or a limited liability company:
 - (i) is dealt in or traded on any securities exchange or in any securities market;
 - (ii) expressly provides by its terms that it is a "security" for the purposes of the STA or any other similar provincial legislation; or
 - (iii) is held in a securities account,

except for any Collateral of which the Secured Party or its nominee has "control" within the meaning of Section 1(2) of the PPSA.

4. COVENANTS OF THE BORROWER

So long as this Security Agreement remains in effect, the Borrower covenants and agrees:

- (a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; not to sell, exchange, transfer, assign, lease, or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Secured Party; provided always that, until an Event of Default, the Borrower may, in the ordinary course of the Borrower's business, sell inventory;

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- (b) to notify the Secured Party promptly of:
 - (i) any change in the information contained herein or in the Schedules hereto relating to the Borrower, the Borrower's business or the Collateral including without limitation:
 - (1) any change in the name of the Borrower;
 - (2) any change in the place of business of the Borrower or, if the Borrower has more than one place of business, in the chief executive office of the Borrower; and
 - (3) any change in the location of the Collateral;
 - (ii) the Vehicle Identification Number (as prescribed by the regulations made under the PPSA for use in registrations under the PPSA), model year, make and model of any motor vehicle (as such term is defined in the regulations made under the PPSA) at any time included in the Collateral which is held as equipment, including in circumstances where the Borrower ceased holding the same as inventory and began holding the same as equipment;
 - (iii) the details of any material claims or material litigation affecting the Borrower or the Collateral; and
 - (iv) any material loss or material damage to the Collateral;
- (c) to keep the Collateral in good order, condition and repair and not to use the Collateral in violation of the provisions of this Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (d) to do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things as may be reasonably requested by the Secured Party of or with respect to the Collateral in order to give effect to this Security Agreement and to pay all costs for searches and filings in connection therewith; and, after the occurrence of an Event of Default under this Security Agreement, the Borrower hereby appoints the Secured Party or any officer or manager from time to time of the Secured Party the irrevocable attorney of the Borrower (with full power of substitution and delegation) to sign all documents and take such action as may be required to give effect to this provision;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Borrower or the Collateral as and when the same become due and payable;
- (f) to insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Secured Party shall reasonably require with loss payable, inter alia, to the Secured Party and the

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Borrower, as insureds, as their respective interests may appear, and to pay all premiums therefore;

- (g) to carry on and conduct the business of the Borrower in an efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Borrower's business as well as accurate and complete records concerning the Collateral, and mark any and all such records and the Collateral at the Secured Party's request so as to indicate the Security Interest and to deliver to the Secured Party from time to time promptly upon request:
 - (i) copies of any documents of title, instruments, chattel paper, securities and any other investment property constituting, representing or relating to the Collateral
 - (ii) all financial statements prepared by or for the Borrower regarding the Borrower's business;
 - (iii) all policies and certificates of insurance relating to the Collateral; and
 - (iv) such information concerning the Collateral, the Borrower and the Borrower's business and affairs as the Secured Party may reasonably request; and
- (h) to notify the Secured Party prior to initiating any insolvency proceeding, the effect of which would be to stay the Secured Party from enforcing security interests created by this Agreement, under the *Bankruptcy and Insolvency Act* (Canada), *Companies' Creditors Arrangement Act* (Canada) or otherwise.

5. COVENANTS OF THE BORROWER - INVESTMENT PROPERTY

- (a) To enable the Secured Party to better perfect and protect its security interest in the investment property included in the Collateral, promptly upon request from time to time by the Secured Party, acting reasonably, the Borrower shall:
 - (i) deliver (or cause to be delivered) to the Secured Party, endorsed to the Secured Party or such nominee as it may direct and/or accompanied by such instruments of assignment and transfer in such form and substance as the Secured Party may reasonably request,
 - (A) any and all certificated securities included in or relating to the Collateral; and
 - (B) any instruments, letters of credit, documents of title and chattel paper included in or relating to the Collateral;
 - (ii) direct the issuer of any and all certificated securities included in or relating to the Collateral as the Secured Party may specify in its request to register the applicable security certificates in the name of the Secured Party or such nominee as it may direct;

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- (iii) direct the issuer of any and all uncertificated securities included in or relating to the Collateral as the Secured Party may specify in its request to register the Secured Party or such nominee as it may direct as the registered owner of such uncertificated securities; and
 - (iv) direct the securities intermediary for any security entitlements or securities accounts included in or relating to the Collateral as the Secured Party may specify in its request to transfer any or all of the financial assets to which such security entitlements or securities accounts relate to such securities account or securities accounts as the Secured Party may specify such that the Secured Party shall become the entitlement holder with respect to such financial assets or the Person entitled to exercise all rights with respect to such securities account.
- (b) Promptly upon request from time to time by the Secured Party, acting reasonably, the Borrower shall give its consent in writing to:
 - (i) the entering into by any issuer of any uncertificated securities included in or relating to the Collateral as the Secured Party may specify in its request of a Control Agreement (as hereinafter defined) with the Secured Party in respect of such uncertificated securities, which consent may be incorporated into an agreement to which such issuer, the Secured Party and the Borrower are parties; and
 - (ii) the entering into by any securities intermediary for any securities accounts or security entitlements included in or relating to the Collateral as the Secured Party may specify in its request, of a Control Agreement with the Agent in respect of such securities accounts or securities entitlement, which consent may be incorporated into an agreement to which such securities intermediary, the Secured Party and the Borrower are parties.
- (c) The Borrower covenants that it will not consent to, and represents and warrants to the Secured Party that it has not heretofore consented to:
 - (i) the entering into by any issuer of any uncertificated securities included in or relating to the Collateral of a Control Agreement that remains in effect at the date hereof in respect of such uncertificated securities with any person other than the Secured Party or such nominee or agent as it may direct; or
 - (ii) the entering into by any securities intermediary for any securities accounts or security entitlements included in or relating to the Collateral of a Control Agreement that remains in effect at the date hereof with respect to such securities accounts or security entitlements with any Person other than the Secured Party or such nominee or agent as it may direct.
- (d) The Borrower shall not enter into any agreement with any securities intermediary that governs any securities account included in or relating to any Collateral that specifies any such securities intermediary's jurisdiction to be a jurisdiction other

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than the Province of Ontario for the purposes of the STA or which is governed by the laws of a jurisdiction other than the Province of Ontario or consent to any amendment to any such agreement that would change such securities intermediary's jurisdiction to a jurisdiction other than the Province of Ontario for the purposes of the STA or its governing law to a jurisdiction other than the Province of Ontario unless it has given the Secured Party at least forty-five (45) days notice of any such agreement or amendment.

- (e) In the event that the Borrower hereafter acquires an interest in any partnership or limited liability company, it will use its best efforts to cause such partnership or limited liability company to declare, pursuant to its constating documents, such interests to be "securities" for the purposes of the STA.
- (f) For the purposes of this Agreement, the term "Control Agreement" means:
 - (i) with respect to any uncertificated securities included in the Collateral, any agreement between the issuer of such uncertificated securities and another Person whereby such issuer agrees to comply with instructions that are originated by such Person in respect of such uncertificated securities, without the further consent of the Borrower; and
 - (ii) with respect to any securities accounts or security entitlements included in the Collateral, an agreement between the securities intermediary in respect of such securities accounts or security entitlements and another Person to comply with any entitlement orders with respect to such securities accounts or security entitlements that are originated by such Person, without the further consent of the Borrower.

6. RIGHTS OF THE SECURED PARTY – INVESTMENT PROPERTY

- (a) The Secured Party shall have the right to have any uncertificated securities or certificated securities included in the Collateral registered in its name or in the name of its nominee; and for such purpose, the Borrower shall comply with Section 5(a) or 5(b) hereof, as applicable, upon the request of the Secured Party.
- (b) The Secured Party shall have the right to become or have its nominee become the entitlement holder with respect to any security entitlements or investment property included in the Collateral; and for such purpose the Borrower shall comply with Section 5(a) hereof upon the request of the Secured Party.
- (c) As the registered holder of any uncertificated securities or certificated securities or the entitlement holder with respect to any investment property included in the Collateral, the Secured Party shall be entitled but not bound by or required to exercise any of the rights that any holder of such securities or such entitlement holder may at any time have. The Secured Party will not be responsible for any loss occasioned by its exercise of any such rights or by its failure to exercise the same within the time limited for the exercise thereof.

7. VERIFICATION OF COLLATERAL

The Secured Party shall have the right at any time, and from time to time, to verify the existence and state of the Collateral in any manner the Secured Party may consider appropriate and the Borrower agrees to furnish all assistance and information and to perform all such acts as the Secured Party may request in connection therewith and for such purpose to grant to the Secured Party or its agents access to all places where the Collateral may be located and to all premises occupied by the Borrower.

8. COLLECTION OF ACCOUNTS

After the occurrence of an Event of Default of the Borrower under this Security Agreement, the Secured Party may notify all or any account debtors of the Security Interest and may also direct such account debtors to make all payments on accounts, chattel paper and instruments forming part of the Collateral directly to the Secured Party. The Borrower acknowledges that any payments on accounts, chattel paper and instruments forming part of the Collateral or other proceeds of the Collateral received by the Borrower from account debtors or other parties, whether before or after notification of the Security Interest to account debtors and whether before or after the occurrence of an Event of Default under this Security Agreement, shall be received and held by the Borrower in trust for the Secured Party and shall be turned over to the Secured Party forthwith upon request by the Secured Party.

9. DISPOSITION OF AMOUNTS

Subject to any applicable requirements of the PPSA and to the rights of the Secured Party or any Receiver (as hereinafter defined) under this Security Agreement or the PPSA or other provisions of law to make deductions in respect of costs, charges and expenses or to apply costs, charges and expenses as a first or prior charge on the proceeds of realization, collection or disposition of the Collateral, all amounts collected or received by the Secured Party or any Receiver pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied on account of the Indebtedness in such manner as the Secured Party, in its sole discretion, deems best or, at the option of the Secured Party, may be held unappropriated in a collateral account or released to the Borrower, all without prejudice to the liability of the Borrower or the rights of the Secured Party or any Receiver hereunder, and any surplus shall be accounted for as required by law.

10. EVENTS OF DEFAULT

The Borrower shall be in default under this Security Agreement upon the occurrence of an Event of Default under the Loan Agreement.

11. ACCELERATION

Upon the occurrence of an Event of Default under this Security Agreement or at any time thereafter, the Secured Party, in its sole discretion, may declare all or any part of the Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind. The provisions of this Security Agreement are not intended in any way to and shall not affect any rights of the Secured Party with respect to any Indebtedness which may now or hereafter be payable on demand.

12. REMEDIES

- (a) Upon the occurrence of an Event of Default under this Security Agreement or at any time thereafter and in accordance with applicable law, the Secured Party may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Secured Party or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of the Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Borrower and not the Secured Party, and the Secured Party shall not be in any way responsible for any misconduct, negligence, or nonfeasance on the part of any such Receiver, his servants, agents or employees. The Secured Party may from time to time fix the Receiver's remuneration. Subject to the provisions of the instrument appointing him, any such Receiver shall have power to take possession of the Collateral, to preserve the Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Borrower and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Collateral (in its existing condition or after any repair, processing or preparation for disposition) in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Receiver may seem reasonable including terms for deferred payment. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Borrower, enter, use and occupy all premises owned or occupied by the Borrower wherein the Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use the Collateral directly in carrying on the Borrower's business or as security for loans or advances or other credit to enable him to carry on the Borrower's business or otherwise, as such Receiver shall, in his discretion, determine. Except as may be otherwise directed by the Secured Party, all amounts received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Secured Party. Every such Receiver may, in the discretion of the Secured Party, be vested with all or any of the rights and powers of the Secured Party.
- (b) Upon an Event of Default under this Security Agreement or at any time thereafter, the Secured Party may make application to a court of competent jurisdiction for the appointment of a Receiver.
- (c) Upon an Event of Default under this Security Agreement or at any time thereafter, the Secured Party may, either directly or through its agents or nominees, exercise any or all of the powers and rights which could be available to a Receiver appointed pursuant to the foregoing subclause (a).
- (d) Upon an Event of Default under this Security Agreement or at anytime thereafter, the Secured Party may take possession of, collect, demand, sue on, enforce, recover and receive the Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default or at any time

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thereafter, the Secured Party may sell, lease or otherwise dispose of the Collateral (in its existing condition or after any repair, processing, or preparation for disposition) in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Secured Party may seem reasonable including terms for deferred payment.

- (e) In addition to those rights granted herein and in any other agreement now or hereafter in effect between the Borrower and the Secured Party and in addition to any other rights the Secured Party or any Receiver may have at law or in equity, the Secured Party shall have, both before and after default, all rights and remedies of a secured party under the PPSA and the Receiver shall have all rights and remedies of a secured party under and to the extent provided in the PPSA. Provided always that, the Secured Party or any Receiver shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, or otherwise dispose of the Collateral or to institute any proceedings for such purposes. Furthermore, neither the Secured Party nor any Receiver shall have any obligation to take any steps to preserve rights against other parties to any security, instrument or chattel paper whether the Collateral or proceeds and whether or not in the Secured Party's or Receiver's possession and shall not be liable or accountable for failure to do so.
- (f) The Borrower acknowledges that the Secured Party or any Receiver may take possession of the Collateral wherever it may be located and by any method permitted by law and the Borrower agrees, upon request from the Secured Party or any such Receiver, to assemble and deliver possession of the Collateral at such place or places as directed.
- (g) The Borrower agrees to pay all costs, charges and expenses reasonably incurred by the Secured Party or any Receiver, whether directly or for services rendered (including reasonable solicitor's and auditor's costs and other legal expenses and Receiver remuneration but not including any internal costs of the Secured Party), in operating any accounts of the Borrower with the Secured Party, in discharging or satisfying any encumbrances, borrowings, taxes and other outgoings affecting the Collateral, in keeping in good standing any encumbrances on the Collateral ranking in priority to the Security Interest created by this Security Agreement, in preparing or enforcing this Security Agreement, in taking custody of, holding, preserving, repairing, processing, preparing for sale, lease or other disposition and selling, leasing or otherwise disposing of the Collateral, in carrying on the business of the Borrower and in enforcing or collecting the Indebtedness; and the Borrower further agrees that all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by the Secured Party or any Receiver, as permitted hereby, shall be a first and prior charge on the proceeds of realization, collection or disposition of the Collateral and shall be secured hereby.
- (h) The Secured Party will give the Borrower such notice or notices, if any, with respect to the disposition of the Collateral as may be required by the PPSA.
- (i) The Receiver and the Secured Party shall have power to make any sale, lease or other disposition of the Collateral as contemplated above in the name and on behalf of the Borrower or otherwise and the Receiver or any officer or manager

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from time to time of the Secured Party is hereby appointed the irrevocable attorney of the Borrower (with full powers of substitution and delegation) for the purpose of making any such sale, lease or other disposition and of executing agreements or documents and taking such action required to complete the same.

- (j) All remedies of the Secured Party at law and hereunder shall be cumulative and not in the alternative.

13. MISCELLANEOUS

- (a) The Borrower hereby authorizes the Secured Party to file such financing statements and other documents and do such acts, matters and things from time to time (including, without limitation, completing and adding or supplementing schedules hereto) as the Secured Party may deem appropriate to perfect and continue the Security Interest, to protect and preserve the Collateral and to realize upon the Security Interest and the Borrower hereby irrevocably constitutes and appoints any officer or manager from time to time of the Secured Party the true and lawful attorney of the Borrower, with full power of substitution and delegation, to do any of the foregoing in the name of the Borrower whenever and wherever it may be deemed necessary or expedient.
- (b) Without limiting any other right of the Secured Party, whenever the indebtedness is immediately due and payable or the Secured Party has the right to declare the indebtedness to be immediately due and payable (whether or not it has so declared), the Secured Party may, in its sole discretion, set off against indebtedness any and all amounts then owed to the Borrower by the Secured Party in any capacity, whether or not due, and the Secured Party shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Secured Party's records subsequent thereto.
- (c) Upon the Borrower's failure to perform any of its obligations hereunder, the Secured Party may, but shall not be obligated to, perform any or all of such obligations, and the Borrower shall pay to the Secured Party, forthwith upon written demand therefor, an amount equal to the expense incurred by the Secured Party in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate set out in the Loan Agreement, without duplication, which amount and interest thereon shall be included in the indebtedness secured hereby.
- (d) The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromises, settle, grant releases and discharges and otherwise deal with the Borrower, debtors of the Borrower, sureties and others and with the Collateral and other security as the Secured Party may see fit without prejudice to the liability of the Borrower or the Secured Party's right to hold and realize the Security Interest. Furthermore, the Secured Party may demand, collect and sue on the Collateral in either the Borrower's or the Secured Party's name, at the Secured Party's option, and may endorse the Borrower's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting the Collateral.

- (e) No delay or omission by the Secured Party in exercising any right or remedy hereunder or with respect to any indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, the Secured Party may remedy any default by the Borrower hereunder or with respect to any indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Borrower. No remedy herein conferred upon or reserved to the Secured Party is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other right and remedy given hereunder or now existing or hereafter to exist at law, in equity or by statute or pursuant to any other agreement or instrument between the Borrower and the Secured Party that may be in effect from time to time.
- (f) The Borrower waives protest of any Instrument constituting Collateral at any time held by the Secured Party on which the Borrower is in any way liable and notice of any other action taken by the Secured Party.
- (g) In any action brought by an assignee of any interest of the Secured Party in this Security Agreement and the Security interest or any part thereof to enforce any rights hereunder, the Borrower shall not assert against the assignee any set-off, claim or defence which the Borrower now has or hereafter may have against the Secured Party.
- (h) Except for any supplements or other schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written Agreement executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.
- (i) Whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given if delivered to the party for whom it is intended at the principal address of such party set forth below or as changed pursuant hereto or if sent by prepaid registered mail addressed to the party for whom it is intended at the principal address of such party set forth below or as changed pursuant hereto:
 - (i) If to the Secured Party:

95 Wellington Street West
Suite 915
Toronto, Ontario
M5J 2N7

Fax: (416) 633-4959

Attention: Brian Champ
 - (ii) If to the Borrower:

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10 Sun Pac Blvd,
Brampton, Ontario
L6S 4R5

Fax: (905) 792-8490

Attention: Csaba Reider

Any notice given by registered mail shall be deemed to have been received by the party to whom the same is addressed on the fifth (5th) Business Day (as hereinafter defined) following the date upon which such notice sent by registered mail has been deposited with the appropriate post office, postage and cost of registration prepaid; provided that any of the parties hereto may change the addressee designated to it from time to time by notice in writing to the other parties. In the event of an interruption in postal service, any notice shall be made by personal service or facsimile. Any notice given by personal service or facsimile shall be deemed to have been received by the party to whom it so delivered on the actual date of delivery or confirmation of facsimile receipt. For the purposes of this Security Agreement, "Business Day" means any day other than a Saturday or Sunday or any other day on which banks are closed for business in Toronto, Ontario.

- (j) This Security Agreement and the Security Interest created hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and is, and is intended to be a continuing Security Agreement and Security Interest.
- (k) This Security Agreement shall not merge in any subsequent security or be taken to be a substitute for any security of any nature whatsoever held by the Secured Party from the Borrower. It is further agreed that the taking of this Security Agreement shall not operate as a merger of the remedies of the Secured Party for payment, satisfaction or performance of the Indebtedness or of the remedies of the Secured Party under any other agreement and notwithstanding this Security Agreement and anything herein contained the said remedies shall remain available and be capable of enforcement against the Borrower and all other persons liable in respect thereof in the same manner and to the same extent as if this Security Agreement had not been made.
- (l) The headings used in this Security Agreement are for convenience only and are not to be considered as part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.
- (m) When the context so requires, the singular number shall be read as if the plural were expressed and vice versa and any reference to gender shall include the masculine, feminine, and neuter gender.
- (n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

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- (o) Nothing herein contained shall in any way obligate the Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness or to make any advance to or to provide any credit accommodation for the Borrower.
- (p) The Security Interest created hereby is intended to attach (i) to existing Collateral when this Security Agreement is signed by the Borrower and delivered to the Secured Party, and (ii) to Collateral subsequently acquired by the Borrower immediately upon the Borrower acquiring any rights in such Collateral. The Borrower and the Secured Party do not intend to postpone the attachment of any Security Interest created by this Security Agreement.
- (q) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein as the same may from time to time be in effect, including, where applicable, the PPSA. The Borrower and the Secured Party irrevocably consent and submit to the non-exclusive jurisdiction of the Ontario Superior Court of Justice and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Security Agreement or in any way connected with or related or incidental to the dealings of the parties hereto in respect of this Security Agreement or the transactions related hereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that the Secured Party shall have the right to bring or respond to any action or proceeding against the Borrower or its respective property in the courts of any other jurisdiction which the Secured Party deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against the Borrower or its respective property).
- (r) Time shall be of the essence of this Security Agreement.
- (s) This Security Agreement shall enure to the benefit of and be binding upon the Secured Party and the Borrower and their respective successors and assigns; provided the Borrower will not assign this Security Agreement without the Secured Party's prior written consent.
- (t) Notwithstanding anything herein to the contrary, to the extent that the provisions of the PPSA impose obligations upon or restrict the rights or remedies herein contained operating in favour of the Secured Party, and which have been waived or varied by the Borrower herein, whether expressly or by implication, but which are by the provisions of the PPSA incapable of waiver or variance by the Borrower, the provisions of the PPSA shall govern and the affected provisions hereof shall be deemed to be amended to the extent necessary to give effect to the said provisions of the PPSA without in any way affecting any other provision or provisions herein.
- (u) The Borrower hereby acknowledges receipt of a copy of this Security Agreement.
- (v) This Security Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall

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be deemed by be an original and all of which taken together shall constitute one and the same agreement. Delivery by facsimile or by electronic transmission in portable document format (PDF) of an executed counterpart of this Security Agreement is as effective as delivery of an originally executed counterpart of this Security Agreement.

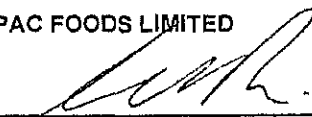
- (w) The Borrower hereby authorizes the Secured Party to file such financing statements and other documents and do such other acts, matters and things from time to time as the Secured Party may deem appropriate, in its sole discretion, to perfect and continue any security interest granted hereunder, and the Borrower hereby irrevocably constitutes and appoints any officer or manager from time to time of the Secured Party the true and lawful attorney of the Borrower, with full power of substitution and delegation, to do any of the foregoing in the name of the Borrower whenever and wherever it may be deemed necessary or expedient by the Secured Party, in its sole discretion. The Borrower hereby waives its right under the PPSA to receive a printed copy of any financing statement or financing change statement relating to this Security Agreement or any verification statement or other statement used by the Registrar (as defined in the PPSA) to confirm the registration of any such financing statement or financing change statement.
- (x) The parties hereby affirm and acknowledge that if there exists any inconsistency between the provisions of this Security Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall, to the extent of such inconsistency, prevail.

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IN WITNESS WHEREOF the Borrower has executed this Security Agreement as of the date first above written.

SUN PAC FOODS LIMITED

Per: 
Name: Csaba Reider
Title: President

I have authority to bind the Corporation.

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SCHEDULE "A"

INTELLECTUAL PROPERTY
TRADEMARKS

Trademarks ~ Canadian	Trademark No.	Registered Owner	Renewal Date
Purrr	TMA280,548	Sun Pac	June 17, 2013
Purrr the Connoisseur Cat food & Design	TMA286,654	Sun Pac	January 6, 2014
Plat du gourmet	TMA288,327	Sun Pac	February 24, 2014
Gourmet Platter	TMA294,078	Sun Pac	August 17, 2014
DERBY	TMA122,872	Sun Pac	July 14, 2021
VITAL	TMA302,277	Sun Pac	April, 26, 2015
BEEF EATER	TMA352,365	Sun Pac	February 24, 2019
Sun Pac	TMA227,875	Sun Pac	May 19, 2023
Sun Pac & Design	TMA310,389	Sun Pac	January 10, 2016
Sun Pac Just Juice & Design	TMA329,434	Sun Pac	July 3, 2017
Sun Crop	TMA259,180	Sun Pac	May 22, 2026
Moisson du soleil	TMA260,992	Sun Pac	July 17, 2026
Fruit Rhapsody	TMA492,505	Sun Pac	April, 7 2013
Ful-O-Fruit	TMA486,241	Ful-O-Fruit inc.	November 25, 2012
AQUALINN	TMA548,639	Sun Pac	July 25, 2016
Fiesta	TMA311,368	McDowell	February 14, 2016
Magic Moments	TMA315,005	McDowell	June 6, 2016
Stuffin' Mix Design	TMA274,338	McDowell	November 26, 2012
Party Animal	TMA270,620	McDowell	July 13, 2020
Snack Attack	TMA398,636	McDowell	May 29, 2022
SAICO	TMA127,198	McDowell	July 13, 2022
Featherweight	TMA195,248	McDowell	November 2, 2018

Trademarks ~ U.S.	Registration Number	Renewal Date
Sun Pac	1,359,405	September 10, 2015
*Sun Pac logo (new)	1,432,099	March 10, 2017
Fruit Rhapsody	2,155,384	May 5, 2018

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SCHEDULE "B"
BORROWER'S LOCATIONS

1. Location of Borrower's Place of Business:
10 Sun Pac Boulevard, Brampton, Ontario, L6S 4R5
2. Locations of Records relating to Collateral (if different from 1 above):
3. Locations of Collateral (if different from 1 above):

EXHIBIT "G"

Exhibit G to the Affidavit
Of Csaba Reider
Sworn on the 3rd day of
April 2014
Commissioner for Taking Oaths



AMENDMENT# 1 TO SUPPLIER TERMS AND CONDITIONS

This Amendment #1 is made as of the 18th day of September, 2013 ("Effective Date") between Sun Pac Foods Limited ("Supplier") and Loblaws Inc. ("Loblaws") (each a "party" and together the "parties")(the "Amendment").

BACKGROUND

- A. Loblaws is interested in developing formulae and specifications for the Control Label Products set out in attached Schedule A and Schedule B and desires to appoint Supplier to assist in the development of the Control Label Products, which Supplier hereby accepts such appointment and agrees to assist in such development;
- B. Once the Control Label Products set out in Schedule A and Schedule B have been developed by Loblaws, Loblaws desires to procure, and Supplier wishes to supply, those Control Label Products pursuant to the terms of the Loblaws Contracts, which include Loblaws's Supplier Terms and Conditions, agreed to between the parties on November 9th, 2010;
- C. It is anticipated that procurement and supply of the Control Label Products, following their joint development by Loblaws and Supplier, will commence on the later of (i) the date which is one year from the Effective Date and (ii) the date Supplier capable of supplying all of the Product skus set out in Schedule's A and B and in the volumes required by Loblaws (such date being the "Production Date"); and
- D. To facilitate the foregoing arrangement, the parties now require certain amendments to the Supplier Terms and Conditions as well as the execution of a Formula Development Agreement attached hereto as Schedule C that is a part of, and integral, to this Amendment.

NOW THEREFORE in consideration of the promises and the covenants and agreements contained in this Amendment and other good and valuable consideration (the receipt and sufficiency of which are hereby irrevocably acknowledged by the parties) Loblaws and Supplier agree as follows:

1. **Term.** This Amendment shall remain in full force and effect for a period of six (6) years from the Effective Date (the "Initial Term"). Thereafter, the Amendment shall renew automatically for one (1) year periods unless a party provides the other party with at least six (6) months' prior written notice of its intention not to renew at the end of the then-current term.
2. **Terms and Conditions:**
 - a. Subject to the terms set out herein, the Terms and Conditions are hereby confirmed in all respects.
 - b. The parties hereby amend certain terms in the Loblaws's Supplier Terms and Conditions that shall apply solely to the Control Label Products set out in this Amendment and, upon execution of this Amendment, the Loblaws's Supplier Terms and Conditions and this Amendment shall be deemed to constitute the entire Loblaws's Supplier Terms and Conditions for said Control Label Products. For clarity, any other Products manufactured, packaged and/or supplied by Supplier shall not be subject to Loblaws's Supplier Terms and Conditions as amended by this Amendment. Unless

otherwise defined herein, all capitalized terms used in this Amendment shall have the respective meanings ascribed thereto in the Loblaw's Supplier Terms and Conditions.

- c. The following Schedules shall be part of, and integral to, this Amendment:
- Schedule A – Control Label Products – Carbonated Beverages
 - Schedule B – Control Label Products – Carbonated Juice Beverages
 - Schedule C – Formula Development Agreement
 - Schedule D – Wind-Down Costs
 - Schedule E – Loblaw Control Brand Artwork Fee Schedule
- d. To the extent conflict exists between the terms of this Amendment and the terms of the Loblaw's Supplier Terms and Conditions, the terms of this Amendment shall prevail.
- e. For the purposes of this Amendment, the determination of whether something is "material" shall be at the sole discretion of Loblaw acting reasonably.
- f. Section 3 of the Loblaw Supplier Terms and Conditions is hereby deleted in its entirety and replaced with the following:

3. Pricing and Payment

3.1 Terms. The pricing, as set out in Schedule A and Schedule B, shall be dead net, FOB Supplier location agreed to by both parties, in full trailer loads, and shall come into effect as of the Effective Date of this Amendment. Payment terms shall be NET 10 Days. Payment for any Product shall not constitute acceptance thereof. In the case of the sale of Product to Loblaw, Supplier agrees to provide Loblaw with all relevant sales and pricing information.

3.2 Favorable Pricing. Supplier represents that no other purchaser of the same or similar products, services and/or deliverables available for sale in Canada is receiving prices, discounts, payment or other material terms that are more favorable to the purchaser than those given to Loblaw hereunder. Where applicable, in the event more favorable terms are granted the more favorable terms or price will apply to any products, services and/or deliverables not yet provided to Loblaw as of the date of such grant or decrease.

3.3 Price Changes. Unless otherwise expressly agreed to by the parties, once an initial Order for Product (the "Original Order") is issued by Loblaw, the price of Product to Loblaw for all future Orders of Product shall remain the same as for the Original Order unless it is varied in accordance with the following terms:

(a) Increases

Supplier may pass through to Loblaw any demonstrated actual and un-inflated increases in Supplier's costs agreed to by both parties in writing for the purchase of raw and packaging materials and/or its fixed costs associated with production and supply of the Control Label Products.

(i) If notice of such increase is given by Supplier and agreed to by both parties, Loblaw shall not (prior to the fee increase going into effect) purchase more than enough inventory to cover thirty (30) days' average case volume movement for the relevant package(s) over the previous 52-week period.

(b) Decreases.

If there is any reduction in Supplier's selling price for the Control Label Products prior to delivery to Loblaw (or, if consistent with Supplier's practice,

if the Product has already been delivered to Loblaw), Supplier agrees that the selling price to Loblaw shall be immediately reduced to such reduced selling price. If payment has already been made to Supplier, Supplier shall, at Loblaw's option, provide a credit on future purchases or refund the difference between the price on the applicable Order and such reduced selling price. Price decreases may be made effective without any prior notice to Loblaw."

- g. Section 4.7 of the Loblaw Supplier Terms and Conditions is hereby deleted in its entirety and replaced with the following:

"4.7 Agreement Termination. The termination of the Amendment shall be as follows:

- (a) In the event that either party is in default of any material term of the Supplier Terms & Conditions as amended by this Amendment (collectively, the "Amendment"), the non-defaulting party may, at its sole discretion, terminate the Amendment, without liability, ninety (90) days after the non-defaulting party provides notice of default to the defaulting party (which notice shall describe the alleged default in reasonable detail), unless such default is cured within thirty (30) days of the defaulting party's receipt of such notice, or if the default is not capable of being cured within such period, unless procedures reasonably satisfactory to the non-defaulting party are put in place by the defaulting party to avoid a similar default in the future. For clarity, if Loblaw terminates the Amendment for Supplier's uncured breach, Loblaw shall not pay any of the Wind-Down Costs set out in the attached Schedule D.
- (b) In the event that Supplier is in default of any standard service level and production quality standards of Loblaw, including those set out in Vendor Operating Standards and Loblaw's Standard Operating Procedures, and such default is not cured to Loblaw's satisfaction acting reasonably within sixty (60) days of the defaulting party's receipt of notice of default, Loblaw may at its sole discretion terminate the Amendment. For clarity, if Loblaw terminates the Amendment for such uncured default of Supplier, Loblaw shall not pay any of the Wind-Down Costs set out in the attached Schedule D. For certainty, Supplier agrees that Supplier's recurring breach of the same standard service level and production quality standards in any twelve (12) month period shall be deemed to be a material breach of the Loblaw contracts and subject to immediate termination without any additional cure period.
- (c) Notwithstanding any other provision of the Amendment, either party (a "terminating party") shall have the right to terminate the Amendment immediately, without liability, upon written notice to the other party (a "non-terminating party") if: (i) the non-terminating party files a petition in bankruptcy under any section or provision of any applicable bankruptcy law; (ii) any involuntary petition in bankruptcy is filed against the non-terminating party; (iii) an order for relief is entered against the non-terminating party in any bankruptcy proceeding; (iv) an order appointing a receiver or trustee for a substantial portion of the non-terminating party's property shall remain in force for thirty (30) days after the entry of such order; (v) the non-terminating party makes an assignment for the benefit of creditors; (vi) any levy or attachment upon a substantial portion of the non-terminating party's property is not satisfied or dissolved within thirty (30) days after the date of such levy or attachment; (vii) the non-terminating party, whether voluntarily or involuntarily, takes advantage of any debtor relief proceedings under any present or future law; or (viii) any insurance that the non-terminating party is required to maintain is terminated without replacement or is materially adversely modified. For clarity, if Loblaw terminates the Amendment

pursuant to this section, Loblaw shall not pay any of the Wind-Down Costs set out in the attached Schedule D.

- (d) Upon the expiration or early termination by Supplier of the Amendment, Loblaw shall, in addition to the payment of any other amounts, within 90 days of receipt of final invoice from Supplier, reimburse Supplier for actual costs that have been pre-approved by Loblaw and incurred by Supplier for: (i) any unused raw materials (for example but not limited to, concentrates and flavour essences); (ii) packaging materials (for example but not limited to, poly labels, wraps, can bodies and related packaging, pre-labelled bottles, and any other packaging that may be used for Loblaw); and (iii) inventories of finished Control Label Products intended to be used by or for Loblaw, whether in the possession of Supplier, its suppliers, co-packers or otherwise, existing at the effective date of expiration or termination, as applicable, which (i) in the case of raw and packaging materials, have been purchased based on forecasts agreed to by both parties, and (ii) in the case of finished Products, have been produced to satisfy Orders. Loblaw may request at its own cost an independent audit to verify all such costs. For clarity, Loblaw shall not pay any of the Wind-Down Costs set out in the attached Schedule D.
 - (e) If the Amendment is terminated for convenience by Loblaw prior to the end of the Initial Term, Loblaw shall pay Supplier the applicable Wind-Down Cost which shall be calculated as follows: The amount specified in attached Schedule D as of the termination date multiplied by the percentage of Supplier's carbonated beverage and carbonated juice beverage business that is dedicated to Loblaw as of the termination date. This Wind-Down Cost shall be a declining amount over the term of the Amendment.
 - (f) After the Initial Term, the Amendment may be terminated, in whole or in part, at any time with 6 months notice for any reason or no reason by Loblaw with notice. Loblaw shall pay Supplier for any Orders delivered prior to the date of termination subject to compliance with the terms and conditions of the Loblaw's Contracts.
 - (g) The obligations contained in this Section shall survive the expiration or early termination of the Amendment.
- h. Section 12.1 of the Loblaw's Supplier Terms and Conditions is hereby deleted in its entirety and replaced with the following:

"Scope of Audit. Loblaw, its agents or designates shall have the right to enter on to the premises of the Supplier, its agents, subcontractors or assignees, as the case may be, and inspect the Supplier's operations, books and records for the purposes of assessing the facilities, property and/or environment which the Products are manufactured, produced and/or stored, as well as confirming compliance with the requirements in the Loblaw Contracts, including, without limitation, the costs built into the Wind-Down table set out in Schedule D of the Amendment, quality control procedures and to confirm that no other purchaser of the same or similar products, services and/or deliverables is receiving prices, discounts, payment or other material terms that are more favorable to the purchaser than those that are given to Loblaw hereunder; provided that confirmation that Supplier is compliant with Section 3.2 shall in all events be performed by Loblaw's chosen third party auditor, whom shall be subject to confidentiality obligations. All such audits will be conducted during regular hours of operation, with such frequency as Loblaw determines, at Supplier's sole cost and expense provided that costs and expenses related to confirmation of Supplier's compliance with Section 3.2 shall be borne by

Loblaws except in circumstances where the difference between Supplier's other customers' prices, discounts or payments and the prices, discounts, or payments provided to Loblaws are greater than 0.5%. While under normal circumstances Loblaws shall provide Supplier notice of any such inspection, Loblaws reserves the right to audit the Supplier on an unannounced basis. The foregoing audit obligations shall not apply to facilities located in Canada or the United States that are used by Suppliers solely in connection with non-Control Label Products, provided that such Suppliers employ a factory certification program based on audit standards, procedures and timetables at least as rigorous as those used by Loblaws for similar products."

9. **Additional Terms:**

a. **Exclusivity**

- i. Schedule A attached to this Amendment sets out a list of carbonated beverage Control Label Products that Supplier will supply to Loblaws, for exclusive distribution in the province of Ontario. Schedule B attached hereto sets out a list of carbonated juice beverage Control Label Products that Supplier will supply to Loblaws, for exclusive distribution in Canada.
- ii. During the term of the Amendment, Supplier agrees that it shall not, directly or indirectly, individually or in partnership, or jointly or in conjunction with or on behalf of any person, whether as principal, agent, shareholder, employee, consultant or otherwise in any manner whatsoever supply any products that are the same or similar to those products set out in Schedule A and/or Schedule B to Wal-Mart and Target or any of their affiliates, if said products will be offered for sale in Canada.
- iii. Following the Production Date and during the term of this Amendment, Loblaws agrees that it shall not, directly or indirectly, individually or in partnership, or jointly or in conjunction with or on behalf of any person, whether as principal, agent, shareholder, employee, consultant or otherwise in any manner whatsoever purchase or otherwise acquire the Control Label Product set out in Schedule A for sale in the province of Ontario, and Schedule B for sale in Canada, from any party other than Supplier for the Loblaws corporate and franchise stores to which Supplier is able to deliver the Control Label Products with at least 70% of shelf life remaining at time of delivery provided Loblaws agrees to order at least 2,000 cases for each SKU it requires (minimum production run) in the timeframe from production to the point where 70% of shelf life will remain.
- iv. All exclusivity obligations of Loblaws under this Amendment are subject to the Supplier continuing to be compliant with the terms of this Amendment.
- v. Notwithstanding the obligations set out in subsection iii above, Loblaws will be permitted from time to time to purchase the Control Label Product set out in Schedule A for sale in the province of Ontario, and Schedule B for sale in Canada, from another party other than Supplier for the Loblaws corporate and franchise stores but only to the extent that Supplier is unable or unwilling to produce and deliver any amount of such Control Label Products.

b. **Right of First Refusal**

- i. If at any time or times during the term of the Loblaws Contracts, Supplier:
 1. develops a new product similar to any of the Control Label Products set out in Schedule A & Schedule B ("Right of First Refusal Products"); and/or
 2. develops innovations in packaging that could be used in connection the Control Label Products ("Right of First Refusal Packaging"),

- ii. Supplier shall provide Loblaw with written notice (the "Offer Notice") of its desire to offer the Right of First Refusal Products and/or the Right of First Refusal Packaging to other purchasers along with any applicable business terms (including, without limitation, specifications, pricing, first delivery timelines), and in such Offer Notice shall request Loblaw to provide Supplier with a written proposal setting out the term and conditions on which Loblaw would be prepared to accept the Right of First Refusal Products and/or Packaging from Supplier.
- iii. Loblaw shall have sixty (60) days from the date of receipt of the Offer Notice (the "Offer Response Period") to provide Supplier with a written response (the "Offer Response") confirming either: (i) that Loblaw is not interested in accepting the Right of First Refusal Product and/or Packaging from Supplier or (ii) setting out the terms and conditions on which Loblaw would be prepared to accept the Right of First Refusal Product and/or Packaging from Supplier. If Loblaw has not delivered an Offer Response to Supplier on or before the end of the Offer Response Period, Loblaw shall be deemed to have confirmed that it is not interested in accepting the Right of First Refusal from Supplier.
- iv. If on or before the end of the Offer Response Period, Loblaw provides an Offer Response setting out the terms and conditions on which Loblaw would be prepared to accept the Right of First Refusal Product and/or Packaging from Supplier, Supplier shall have a period of thirty (30) days (the "Offer Consideration Period") to determine whether it wishes to accept such Offer Response from Loblaw.
- v. If Supplier wishes to accept such offer contained in the Offer Response, Supplier shall provide written notice to Loblaw on or before the end of the Offer Consideration Period and thereafter Loblaw and Supplier shall negotiate the terms and conditions on which Supplier shall supply the Right of First Refusal Product and/or Packaging to Loblaw.

c. Initial Fixed Costs

Supplier will not be subject to New, Redesign & Line Extension, Design Modification, and Minor Artwork Revision fees set out in the Loblaw Control Brand Artwork Fee Schedule with respect to the Control Label Products, a sample of said Schedule attached hereto as Schedule E of this Amendment

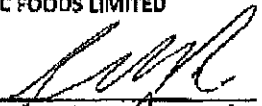
d. Transition

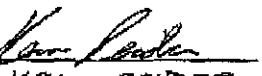
Within two (2) months of the Effective Date, Supplier will provide Loblaw a transition plan (the "Plan") setting out in detail its plans for achieving capacity to produce the Control Label Product and the parties will agree to the volumes of Product Loblaw will be entitled to purchase from a third party for the period up to the Production Date ("Transition Period"). The plan will be updated bi-monthly until the Production Date and will be subject to Loblaw's written approval.

4. **General.** The parties confirm that the terms, covenants and conditions of the Loblaw Supplier Terms and Conditions continue to be in full force and effect, except as modified by this Amendment. All terms and expression when used in this Amendment, unless a contrary intention is expressed, have the same meaning as they have in the Supplier Terms and Conditions. This Amendment shall enure to the benefit of, and be binding upon, the parties thereto and their respective successors and permitted assigns. This Amendment may be signed in one or more counterparts, each of which will be deemed to be an original and all of which when taken together will constitute the same agreement. Both parties agree that the receipt of a facsimile signature in the space provided below will represent final execution and acceptance of the terms and conditions contained in this Amendment. Any copy of this Amendment made by reliable means (e.g. photocopy, scan or facsimile) shall be considered an original.

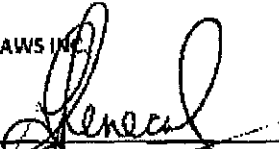
IN WITNESS WHEREOF the parties hereto have caused this Amendment to be executed as of the Effective Date.

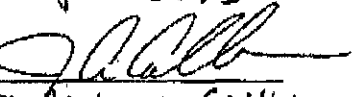
SUN PAC FOODS LIMITED

By: 
Name: ESADA REIDER
Title: PRESIDENT & CEO

By: 
Name: KEVIN REIDER
Title: DIRECTOR, SALES & MARKETING

LOBLAWS INC.

By: 
Name: GARRY SENACAL
Title: VP DSTB

By: 
Name: Andrew Callum
Title: SVP FINANCE

SCHEDULE A - CARBONATED BEVERAGES

BASELINE VOLUME & FEE SCHEDULE

1L x 12	186,227	\$5.77
2L x 8 RPC	2,232,753	\$5.71
355 x 12	6,379,977	\$2.62
355x 18	831,281	\$3.94
355 x 24	20,649	\$5.24
591 x 24	10,364	\$11.40
500 x 6 x 4	71,390	\$6.95

Terms:

Net 10 Days from invoice date

Full trailer loads

Dead net pricing

FOB Sun Pac Facility

Deposit fee for 2L returnable plastic crate ("RPC") shall be charged at a rate of 1 cent per unit as part of the corresponding invoice for product shipped with review and reconciliation of said fees taking place annually.

Pricing based on matching of current formulations including NAFNAC (excluding stevia) and packaging and are subject to change based on a change in formula and/or packaging changes.

Taxes, environmental, recycling deposits or recycling program costs not included.

Reclamation program of 0.5% of sales to be held by Sun Pac.

SCHEDULE A - PRODUCTS

648323 PC FRUIT EXPLOSION
 778077 PC SODA BLOOD ORANGE CUBE
 856715 PC DIET BLOOD ORANGE CUBE
 739241 PC DIET BLOOD ORANGE FM

206892 PC SPK SODA BLOOD ORANGE FM
365104 PC BM SPARKLING WATER LEMON
475416 PC BM SPARKLING WATER LIME
114325 PC BM SPARKLING WATER ORANGE
465778 PC SODA ORANGE
302066 PC CLUB SODA LOW SODIUM
588407 PC COLA LIME
301124 PC TONIC WTR
192548 PC SPARKLING GRAPEFRUIT
193490 PC SPARKLING GRAPEFRUIT DIET
257699 PC SPRITZ UP
241091 PC SPRITZ UP LIGHT
383961 PC DRAFT STYLE ROOT BEER
304344 PC COLA
303240 PC DIET COLA
302074 PC COLA CAFFEINE FREE DIET
224316 PC GINGERALE
221465 PC GINGERALE DIET
284289 PC SPARKLING LEMONADE
655733 PC MOUNTAIN MANIA
671044 PC SPARKLING DIET LEMONADE
406655 PC NEW WAVE COLA
292473 PC NEW WAVE COLA DIET
614501 PC LEMON ICED TEA DIET
589725 PC LEMONADE
752890 PC LEMON ICED TEA
929556 PC SPARKLING POMEGRANATE SODA
603795 PC COLA ZERO CALORIE
751755 PC CITRUS FIZZ SODA
781497 PC SPARKLING LEMONADE FM
747244 PC DIET SPARKLING LEMONADE FM
840182 PC DIET POMEGRANATE FM
741100 PC NEW WAVE COLA FM
716225 PC NEW WAVE DIET COLA FM
647573 PC COLA FM
974848 PC DIET COLA FM
751271 PC CAFFEINE FREE DIET COLA FM
312092 PC TONIC FM
206852 PC CLUB SODA LOW SODIUM
809789 PC ZERO COLA FM
600690 PC DIET ORANGE
652946 PC DIET SPRITZ UP FM
878384 PC SPRITZ UP FM

950922 PC ROOT BEER FM
273244 PC SPARKLING SODA MNGO FP
584954 PC SPARKLING SODA MNGO
107595 PC SPKLNNG SODA DT MNGO FP
885945 PC SPARKLING DIET MNGO
264043 PC CRANBERRY GINGER ALE 12PK
150699 PC CRANBERRY GINGERALE FP
481622 NO NAME POP DIET COLA
223592 NO NAME POP- COLA
786982 PC MULLED APPLE CIDER SPARKLIN
677384 PC MULLED APPLE CIDER SPKLN FP
866444 NO NAME POP GINGERALE
579778 PC SPKLNNG SODA PSNFRUIT FRIDG
677939 PC SPARKLING SODA PSNFRUIT
849578 PC DIET SPARKLING SDA PFRT 3X4
571778 PC DIET GINGERALE FRIDGE
686841 PC SPARKLING SODA DIET LYCHEE
730320 PC SPARKLING LYCHEE FRDGMSTR
781300 PC SPARKLING SODA DIET LYCHEE
307576 PC NEW WAVE COLA DIET
734843 PC DIET SPRITZ UP
809174 PC COLA
728862 PC COLA DIET
322959 PC NEW WAVE COLA
307576 PC NEW WAVE COLA DIET
607297 PC SPRITZ UP
846161 PC GINGER ALE
728277 PC ORANGE
734843 PC DIET SPRITZ UP
884544 PC DIET CAFFEINE FREE COLA
674494 PC CLUB SODA
583803 PC DIET GINGER ALE
728862 PC COLA DIET
322959 PC NEW WAVE COLA
809174 PC COLA
607297 PC SPRITZ UP
846161 PC GINGER ALE
884544 PC DIET CAFFEINE FREE COLA
728277 PC ORANGE
674494 PC CLUB SODA
583803 PC DIET GINGER ALE
528269 PC FREE CLEAR GOLD PEACH WATER
527882 PC FREE CLEAR BLCK CHERRY WTR

634972 PC FREE CLEAR KEY LIME WATER
634980 PC FREE CLEAR BERRIES OF WOODS
459092 PC LOW SODIUM CLUB SODA
699718 PC TONIC WATER
494634 PC FREE AND CLEAR TANGRN LIME
825327 PC FREE AND CLEAR BLCK CURRANT
409665 PCBM SELTZER NATURAL
562157 PCBM SELTZER LEMON
371000 PCBM SELTZER LIME
604107 PCBM SELTZER POMEGRANATE BLBER
879265 PCBM SELTZER CUCUMBER
393713 PC SPRKNG SODA BLOOD ORANGE 2L
464431 PC DIET BLOOD ORANGE SODA 2L
451975 PC COLA DIET
220213 PC COLA
247650 PC GINGER ALE
198234 PC CLUB SODA
256609 PC TONIC WATER
264032 PC GINGER ALE DIET
905301 PC GINGER ALE DIET
303318 PC CARB SPRING WATER
302807 PC CARB SPR WTR LEM/LIME
197696 PC ORANGE
269255 PC COLA DIET CAFFEINE FREE
968548 PC COLA DIET CAFFEINE FREE
283037 PC GINGER BEER
588423 PC COLA KEY LIME
588431 PC ORANGE DIET
320617 PC SPARKLING GRPFRUIT
135922 PC WHITE CREAM SODA
291463 PC CLUB SODA LOW SODIUM
303299 PC COLA KEY LIME
338435 PC SPARKLING CRANBERRY
296309 PC TONIC WATER DIET
226882 PC SPRITZ UP
252174 PC SPRITZ UP LIGHT
378879 PC ROOT BEER DRAFT STYLE
386855 PC SPARKLING LEMONADE
903976 PC SPARKLING LEMONADE
430943 PC GRAPE SODA
663039 PC GRAPE SODA
638507 PC SPRUCE BEER
287016 PC PINK CREAM SODA

669409	PC STRAWBERRY
661976	PC NECTAR
519448	PC SPARKLING GRAPFRUIT DIET
396261	PC DIET CRANBERRY
276722	PC MOUNTAIN MANIA
255484	PC SPARKLING LEMONADE DIET
484449	PC NEW WAVE COLA
613938	PC NEW WAVE COLA
459744	PC SODA DIET NEW WAVE
669482	PC ICED TEA LEMON
220213	PC COLA
471064	PC COLA ZERO CALORIE
934079	PC CITRUS FIZZ
755346	PC CRANBERRY GINGER ALE
836339	NN COLA
708580	PC MULLED APPLE CIDER SPARKLIN
364374	NN DIET COLA
725825	NN GINGERALE
672092	PC DIET SPRKLING SODA PSNFRUIT
836243	PC DIET SPRKLING SODA PSNFRUIT
371826	PC POP 355ML
368587	PC DIET BLOOD ORANGE FM
926019	PC SPK SODA BLOOD ORANGE FM
988390	PC SODA ORANGE
939730	PC TONIC WTR
988732	PC CLUB SODA LOW SODIUM
952665	PC CLUB SODA LOW SODIUM
994924	PC COLA LIME
111623	PC SPARKLING GRAPEFRUIT
164495	PC SPARKLING GRAPEFRUIT DIET
935573	PC DRAFT STYLE ROOT BEER
933837	PC SPRITZ UP
934580	PC SPRITZ UP LIGHT
910238	PC COLA CAFFEINE FREE DIET
910032	PC COLA
910034	PC DIET COLA
936762	PC GINGERALE
988728	PC GINGERALE DIET
362600	PC GRAPE
984126	PC SPRUCE BEER
416861	PC CREAM SODA
979665	PC SPARKLING LEMONADE
662207	PC MOUNTAIN MANIA

687320 PC SPARKLING DIET LEMONADE
247298 PC NEW WAVE COLA
414628 PC NEW WAVE COLA DIET
556885 PC LEMON ICED TEA DIET
762220 PC LEMONADE
561364 PC LEMON ICED TEA
508920 PC SPARKLING DIET POMEGRANATE
342495 PC COLA ZERO CALORIE
608585 PC CITRUS FIZZ SODA
608413 PC DIET ORANGE
110543 PC SPARKLING SODA MNGO
787866 PC SPARKLING DIET MNGO
626710 PC CRANBERRY GINGER ALE 12PK
101460 PC SPARKLING SODA LYCHEE
709608 PC SPARKLING SODA DIET LYCHEE
910032 PC COLA
306823 PC SPRING WATER
313333 PC POP 591ML
376339 PC COLA 591ML
256776 PC DIET COLA 591ML
136298 PC COLA
138029 PC COLA DIET FLAT
139912 PC COLA DIET CAFFEINE FREE
141046 PC SPRITZ UP FLAT
425608 PC NEW WAVE COLA
300977 PC SPRITZ UP CUBE
143189 PC SPRITZ UP DIET FLAT
729366 NO NAME GINGERALE
478229 PC CLUB SODA LOW SODIUM
136298 PC COLA
138029 PC COLA DIET FLAT
478555 PC GINGER ALE FLAT
478210 PC GINGER ALE DIET FLAT
136298 PC COLA
138029 PC COLA DIET FLAT
425608 PC NEW WAVE COLA
499309 PC NEW WAVE COLA DIET
136298 PC COLA
138029 PC COLA DIET FLAT
499309 PC NEW WAVE COLA DIET
425608 PC NEW WAVE COLA
478229 PC CLUB SODA LOW SODIUM
478210 PC GINGER ALE DIET FLAT

264174	PC MIST FLVOURED WTR STRWBERRY
708360	PC MIST FLVOURED WTR LEMON
948191	PC MIST FLVOURED WTR RASPBERRY
870833	PC MIST FLVOURED WTR ORANGE
762871	PC MIST FLVRD WATER PEACH
205466	PC MIST FLVRD WATER ICED TEA
860307	PC SPRKLNK BLK TEA PCH AND GNG
545039	PC SPRKLNK LEMON CRAN ROOIB
211740	PC SPRKLNK GRN TEA CTR AND HNY
384236	PC COLA RED
341330	PC COLA RED DIET
745148	PC GINGER ALE
184192	PC SPRITZ UP

SCHEDULE B - CARBONATED JUICE BEVERAGES

BASELINE VOLUME & FEE SCHEDULE

ITEM	VOLUME	PRICE
250 x 4 x 6	825,528	\$9.69

Terms:

Net 10 Days from invoice

Full trailer loads

Dead net pricing

FOB Sun Pac Facility

Pricing based on matching of current formulations including NAFNAC (excluding stevia) and packaging and are subject to change based on a change in formula and/or packaging changes.

Taxes, environmental, recycling deposits or recycling program costs not included.

Reclamation program of 0.5% of sales to be held by Sun Pac.

SCHEDULE B - PRODUCTS

218054 PC SPARKLING JUICE, TROPICAL PUNCH
956242 PC BM CRANBERRY SPK JUICE
713922 PC 100% JUICE CRANBERRY
277491 PC MOCKTAIL CRANBERRY COSMO
880862 PC SPARKLING JUICE ORANGE TAN
567684 PC SPARKLING JUICE PMGRNT CRAN
160635 PC SPARKLING JUICE PEACH MANGO
533106 PC SPARKLING FRUIT JUICE APPLE
830006 PC SPARKLING JUICE KIWI STRAW
491245 PC SPRKLNJ JUICE, GRAPE
149269 PC SPARKLING FRUIT JUICE APPLE
480863 PC BM SPARKLING JUICE, PEACH MANGO
517420 PC BM SPARKLING J, CRANBERRY POMEGR
410954 PC BM SPARKLING JUICE, KIWI
699548 PC SPRKLNJ JUICE, FRUIT PUNCH
364553 PC SPARKLING FRUIT APPLE RASPBERRY
576125 PC SPARKLING JUICE, MIXED BERRY
579445 PC MOCKTAIL RASPBERRY MARTINI
397804 PC MOCKTAIL MOJITO
533106 PC SPARKLING FRUIT JUICE APPLE
672786 PC MOCKTAIL MARGARITA
544531 PC MOCKTAIL BAY BREEZE
153764 PC MOJITO MOCKTAILS
220732 PC SPARKLING JUICE PMGRNT CRAN
533106 PC SPARKLING FRUIT JUICE APPLE
220732 PC SPARKLING JUICE PMGRNT CRAN
277807 PC BM SPARKLING JUICE, PEACH MANGO
146335 PC BM SPARKLING J, CRANBERRY POMEGR
190989 PC BM SPARKLING JUICE, KIWI

SCHEDULE C

FORMULA DEVELOPMENT AGREEMENT

THIS AGREEMENT is made this 18th day of September, 2013.

BETWEEN SUN PAC FOODS LIMITED ("Co-Packer") and LOBLAWS INC., on behalf of itself and its affiliates (collectively, "Loblaws") regarding the development, on behalf of Loblaws or its customers, of the products listed in the attached Appendix A & Appendix B (the "Product") and incorporated hereto by reference.

In consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the sufficiency of which is acknowledged by the parties, the parties agree as follows:

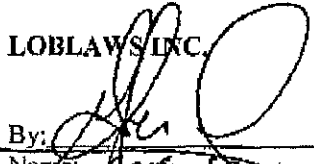
1. **Engagement.** Loblaws is interested in developing formulae and specifications for the Product and has expertise in product development. Loblaws hereby appoints Co-Packer to assist in the development of the Product and Co-Packer hereby accepts such appointment and agrees to assist in such development.
2. **Ownership:** Notwithstanding anything herein to the contrary, Loblaws, alone, shall own all right, title and interest in and to all trademarks, trade names, trade secrets, specifications, formulae, recipes, standards, procedures, new product ideas, and the like relating to the Product (the "Proprietary Information"). This Agreement shall not in any manner constitute a license to Co-packer to use the Proprietary Information of Loblaws except to the extent required to satisfy its obligations under this Agreement. Co-Packer shall in no way challenge or oppose Loblaws's rights in or ownership to the Proprietary Information. To the extent that Co-Packer has intellectual property rights which are incorporated in or necessary for the development and/or fulfillment of the Product or any portion thereof ("Co-Packer's Related Rights"), Co-Packer grants to Loblaws, and Loblaws accepts a perpetual, royalty-free, irrevocable, worldwide, non-exclusive license to use, disclose, reproduce, modify license and distribute Co-Packer's Related Rights.
3. **Product Specifications/Formulations:** All specifications, designs, discoveries, inventions, products, modifications, technical information, procedures, processes, improvements, developments, drawings, notes, documents, information and materials made, conceived, reduced to practice or developed by Co-packer which result from, relate to or arise out of its performance under this Agreement and relate to the Product or Proprietary Information, and all intellectual property rights therein (collectively, the "Work Product") will be owned exclusively by Loblaws. To the extent that the Work Product may be protectable by copyright laws of Canada, copyrights in the Work Product shall be owned exclusively by Loblaws. If ownership of all right, title, and interest of copyrights therein shall not otherwise be deemed to vest exclusively in Loblaws, then


upon written request from Loblaw identifying the Work Product at issue, Co-packer at no charge to Loblaw, shall forthwith: (i) inform Loblaw by written report promptly and fully of such Work Product made or conceived by Co-packer during the Term of this Agreement; (ii) assign to Loblaw the ownership of such rights; (iii) reasonably assist Loblaw or its nominees to obtain, maintain and enforce any Letters Patent for such Work Product as Loblaw may elect; and (iv) execute, acknowledge, and deliver to Loblaw assignments of all of Co-packer's other intellectual property rights in the Work Product in a form satisfactory to Loblaw and its legal counsel.

4. **Protection of Information:** Each party (in such capacity, the "receiving party") agrees that all information it has received or will receive from the other party (in such capacity, the "disclosing party") prior to or during the Term, including information concerning the production and marketing of the Product, the sourcing, acquisition and pricing of raw and packaging materials, pricing, fees, rebates, allowances, payment terms and profit margins, all constitute the sole property of the disclosing party, and the receiving party hereby agrees to keep and hold such information confidential during the Term and following the expiration or earlier termination of this Agreement for any reason, and does further agree that it will not disclose, directly or indirectly, such information to any third party (other than (i) to the receiving party's respective lenders or professional advisors (or, in the case of Co-packer, to its co-packers), or (ii) to the extent that such disclosure is required by law (including for regulatory, tax, customs or other governmental reasons), judicial process or the requirements of any applicable stock exchange or securities commission, provided, however, that to the extent practicable in the circumstances, the receiving party shall promptly advise the disclosing party of any such proposed disclosure in order to permit the disclosing party to seek a protective order or other remedy or waive compliance with this Agreement) or use such information for its own benefit other than in the discharge of its obligations under this Agreement. Upon request, the receiving party will promptly destroy or return to the disclosing party (without retaining any copies thereof) all such information provided by the disclosing party.
5. The obligations in sections 2, 3 and 4 above shall survive the expiration or earlier termination of this Agreement, but shall not apply to information that: (i) at the time of disclosure is in the public domain; (ii) after disclosure, becomes part of the public domain through no violation of this Agreement; (iii) prior to disclosure, was in the possession of or known to the receiving party, or (iv) is acquired from any third party, provided that the receiving party does not know and ought not to have known that it was acquired by such third party directly or indirectly from the disclosing party or its affiliates under an obligation of secrecy.
6. **Notification of Infringement.** Should Co-Packer become aware that a third party is, will or could be infringing the intellectual property rights of Loblaw with respect to the Loblaw Proprietary Information it shall immediately notify Loblaw of same and shall provide assistance to Loblaw with respect to any action Loblaw chooses to take against such third party

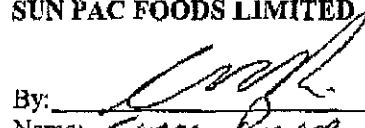
7. **Offending Product.** In the event of a dispute between the parties concerning whether or not a product (the "Offending Product") produced by Co-Packer contravenes Paragraph 2 and/or 3 above, Loblaw, at its option, may notify Co-Packer of the alleged breach of the provisions hereof and request that Co-Packer modify the Offending Product in order for such product not to be in breach of the provisions hereof. Loblaw acknowledges Offending Product will not include such product that is formulated predominately using base ingredients that are, or part thereof, considered industry standard and could not otherwise be formulated (Tonic Water, Flavoured Seltzer, Sparkling Juice). In the event that Loblaw, in its sole discretion, believes that Co-Packer is still in breach of this Paragraph after Loblaw having made such request, Co-Packer, on request from Loblaw, shall forthwith within 10 days of any such request, submit store-bought samples of the Offending Product along with the formulae and specifications thereto to a mutually agreed upon third party independent qualified testing laboratory to conduct such tests as are normal and as such laboratory deems appropriate to determine whether or not the Offending Product was manufactured using any of the Loblaw Proprietary Information. A certificate of such laboratory addressed to the parties indicating such finding shall be binding and final upon both Co-Packer and Loblaw. If such certificate indicates that the Offending Product was manufactured using any of the Loblaw Proprietary Information, Co-Packer shall immediately cease the manufacture, sale and distribution of such Offending Product. The remedies and procedures contained in this Paragraph 7 are in addition to any other remedies Loblaw may have at law. It is expressly agreed that this Paragraph 7 shall survive any termination or expiration of this Agreement
8. **Additional Terms and Conditions.** The terms and conditions of the Loblaw Co-Packing Agreement, the Supplier Agreement, and/or the Supplier Terms and Conditions as amended from time to time, as the case may be, shall form part of and are incorporated by reference into this Agreement. In the event of any conflict or inconsistency between the terms and conditions of this Agreement and those of the Co-Packing Agreement, Supplier Agreement, and/or the Supplier Terms and Conditions, the terms and conditions of this Agreement will govern and prevail to the extent of the conflict or inconsistency.

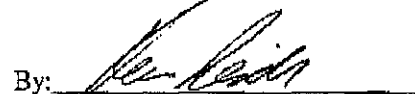
LOBLAWS INC.

By: 
Name: Andy Sargal
Title: SVP DS+B

By: 
Name: ANDREW CALLUM
Title: SVP FINANCE

SUN PAC FOODS LIMITED

By: 
Name: CONRAD REIDLER
Title: President & CEO

By: 
Name: KEVIN REIDER
Title: DIRECTOR SALES & MARKETING

APPENDIX A**Product:**

Item #	Item Name
648323	PC FRUIT EXPLOSION
778077	PC SODA BLOOD ORANGE CUBE
856715	PC DIET BLOOD ORANGE CUBE
739241	PC DIET BLOOD ORANGE FM
206892	PC SPK SODA BLOOD ORANGE FM
365104	PC BM SPARKLING WATER LEMON
475416	PC BM SPARKLING WATER LIME
114325	PC BM SPARKLING WATER ORANGE
465778	PC SODA ORANGE
302066	PC CLUB SODA LOW SODIUM
588407	PC COLA LIME
301124	PC TONIC WTR
192548	PC SPARKLING GRAPEFRUIT
193490	PC SPARKLING GRAPEFRUIT DIET
257699	PC SPRITZ UP
241091	PC SPRITZ UP LIGHT
383961	PC DRAFT STYLE ROOT BEER
304344	PC COLA
303240	PC DIET COLA
302074	PC COLA CAFFEINE FREE DIET
224316	PC GINGERALE
221465	PC GINGERALE DIET
284289	PC SPARKLING LEMONADE
655733	PC MOUNTAIN MANIA
671044	PC SPARKLING DIET LEMONADE
406655	PC NEW WAVE COLA
292473	PC NEW WAVE COLA DIET
614501	PC LEMON ICED TEA DIET
589725	PC LEMONADE
752890	PC LEMON ICED TEA
929556	PC SPARKLING POMEGRANATE SODA
603795	PC COLA ZERO CALORIE
751755	PC CITRUS FIZZ SODA
781497	PC SPARKLING LEMONADE FM
747244	PC DIET SPARKLING LEMONADE FM
840182	PC DIET POMEGRANATE FM
741100	PC NEW WAVE COLA FM
716225	PC NEW WAVE DIET COLA FM

647573 PC COLA FM
974848 PC DIET COLA FM
751271 PC CAFFEINE FREE DIET COLA FM
312092 PC TONIC FM
206852 PC CLUB SODA LOW SODIUM
809789 PC ZERO COLA FM
600690 PC DIET ORANGE
652946 PC DIET SPRITZ UP FM
878384 PC SPRITZ UP FM
950922 PC ROOT BEER FM
273244 PC SPARKLING SODA MNGO FP
584954 PC SPARKLING SODA MNGO
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885945 PC SPARKLING DIET MNGO
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150699 PC CRANBERRY GINGERALE FP
481622 NO NAME POP DIET COLA
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307576 PC NEW WAVE COLA DIET
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728862 PC COLA DIET
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 528269 PC FREE CLEAR GOLD PEACH WATER
 527882 PC FREE CLEAR BLCK CHERRY WTR
 634972 PC FREE CLEAR KEY LIME WATER
 634980 PC FREE CLEAR BERRIES OF WOODS
 459092 PC LOW SODIUM CLUB SODA
 699718 PC TONIC WATER
 494634 PC FREE AND CLEAR TANGRN LIME
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 409655 PCBM SELTZER NATURAL
 562157 PCBM SELTZER LEMON
 371000 PCBM SELTZER LIME
 604107 PCBM SELTZER POMEGRANATE BLBER
 879265 PCBM SELTZER CUCUMBER
 220732 PC SPARKLING JUICE PMGRNT CRAN
 533106 PC SPARKLING FRUIT JUICE APPLE
 220732 PC SPARKLING JUICE PMGRNT CRAN
 277807 PC BM SPARKLING JUICE, PEACH MANGO
 146335 PC BM SPARKLING J, CRANBERRY POMEGR
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 393713 PC SPRKLNK SODA BLOOD ORANGE 2L
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 903976 PC SPARKLING LEMONADE
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 725825 NN GINGERALE
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 836243 PC DIET SPRKLING SODA PSNFRUIT
 371826 PC POP 355ML
 368587 PC DIET BLOOD ORANGE FM
 926019 PC SPK SODA BLOOD ORANGE FM
 988390 PC SODA ORANGE
 939730 PC TONIC WTR
 988732 PC CLUB SODA LOW SODIUM
 952665 PC CLUB SODA LOW SODIUM
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111623 PC SPARKLING GRAPEFRUIT
 164495 PC SPARKLING GRAPEFRUIT DIET
 935573 PC DRAFT STYLE ROOT BEER
 933837 PC SPRITZ UP
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 910238 PC COLA CAFFEINE FREE DIET
 910032 PC COLA
 910034 PC DIET COLA
 936762 PC GINGERALE
 988728 PC GINGERALE DIET
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 143189 PC SPRITZ UP DIET FLAT
 729366 NO NAME GINGERALE

478229 PC CLUB SODA LOW SODIUM
 136298 PC COLA
 138029 PC COLA DIET FLAT
 478555 PC GINGER ALE FLAT
 478210 PC GINGER ALE DIET FLAT
 136298 PC COLA
 138029 PC COLA DIET FLAT
 425608 PC NEW WAVE COLA
 499309 PC NEW WAVE COLA DIET
 136298 PC COLA
 138029 PC COLA DIET FLAT
 499309 PC NEW WAVE COLA DIET
 425608 PC NEW WAVE COLA
 478229 PC CLUB SODA LOW SODIUM
 478210 PC GINGER ALE DIET FLAT
 218054 PC SPARKLING JUICE, TROPICAL PUNCH
 956242 PC BM CRANBERRY SPK JUICE
 713922 PC 100% JUICE CRANBERRY
 277491 PC MOCKTAIL CRANBERRY COSMO
 880862 PC SPARKLING JUICE ORANGE TAN
 567684 PC SPARKLING JUICE PMGRNT CRAN
 160635 PC SPARKLING JUICE PEACH MANGO
 533106 PC SPARKLING FRUIT JUICE APPLE
 830006 PC SPARKLING JUICE KIWI STRAW
 491245 PC SPRKLNJ JUICE, GRAPE
 149269 PC SPARKLING FRUIT JUICE APPLE
 480863 PC BM SPARKLING JUICE, PEACH MANGO
 517420 PC BM SPARKLING J, CRANBERRY POMEGR
 410954 PC BM SPARKLING JUICE, KIWI
 699548 PC SPRKLNJ JUICE, FRUIT PUNCH
 364553 PC SPARKLING FRUIT APPLE RASPBERRY
 576125 PC SPARKLING JUICE, MIXED BERRY
 579445 PC MOCKTAIL RASPBERRY MARTINI
 397804 PC MOCKTAIL MOJITO
 533106 PC SPARKLING FRUIT JUICE APPLE
 672786 PC MOCKTAIL MARGARITA
 544531 PC MOCKTAIL BAY BREEZE
 153764 PC MOJITO MOCKTAILS
 264174 PC MIST FLVoured WTR STRWBERRY
 708360 PC MIST FLVoured WTR LEMON
 948191 PC MIST FLVoured WTR RASPBERRY
 870833 PC MIST FLVoured WTR ORANGE
 762871 PC MIST FLVRD WATER PEACH

205466 PC MIST FLVRD WATER ICED TEA
860307 PC SPRKLNK BLK TEA PCH AND GNG
545039 PC SPRKLNK LEMON CRAN ROOIB
211740 PC SPRKLNK GRN TEA CTR AND HNY
384236 PC COLA RED
341330 PC COLA RED DIET
745148 PC GINGER ALE
184192 PC SPRITZ UP

APPENDIX B

Product:

Item #

Item Name

President's Choice Power Quencher
President's Choice Power Quencher 2

SCHEDULE D – WIND-DOWN COSTS

	2013	2014	2015	2016	2017	2018	2019
January		\$9,777,292.93	\$10,961,289.40	\$8,943,005.61	\$6,757,205.26	\$4,389,984.56	\$1,826,285.72
February		\$11,663,175.50	\$10,799,177.28	\$8,767,438.27	\$6,567,065.92	\$4,184,063.76	\$1,603,273.58
March		\$12,524,520.78	\$10,635,984.43	\$8,590,700.49	\$6,375,658.99	\$3,976,770.14	\$1,378,774.70
April		\$12,372,830.21	\$10,471,703.62	\$8,412,784.45	\$6,182,976.01	\$3,768,094.57	\$1,152,779.16
May		\$12,220,128.37	\$10,306,327.60	\$8,233,682.31	\$5,989,008.48	\$3,558,027.82	\$925,276.98
June		\$12,066,408.52	\$10,139,849.08	\$8,053,386.15	\$5,793,747.83	\$3,346,560.64	\$696,258.12
July		\$11,911,663.87	\$9,972,260.70	\$7,871,888.02	\$5,597,185.44	\$3,133,683.67	\$465,712.46
August		\$11,755,887.59	\$9,803,555.06	\$7,689,179.90	\$5,399,312.63	\$2,919,387.52	\$233,629.84
September	\$2,000,000.00	\$11,599,072.80	\$9,633,724.72	\$7,505,253.72	\$5,200,120.68	\$2,703,662.73	
October	\$3,978,266.85	\$11,441,212.58	\$9,462,762.18	\$7,320,101.37	\$4,999,600.78	\$2,486,499.77	
November	\$5,934,270.43	\$11,282,299.96	\$9,290,659.89	\$7,133,714.67	\$4,797,744.07	\$2,267,889.06	
December	\$7,867,465.86	\$11,122,327.92	\$9,117,410.25	\$6,946,085.40	\$4,594,541.56	\$2,047,820.95	

Wind-Down Costs, means, for the purposes of this Amendment, any unrecovered investment costs incurred by Supplier for the sole purposes of meeting its obligations under this Amendment. All related investment costs must be for products and/or services that were acquired or contracted for by Supplier in order to fulfill its obligations to provide the Control Label Product Loblaw has approved. Both parties agree that the investment costs included in the above table shall be limited to equipment, infrastructure, warehousing, product development, financing, contractual labour, engineering, installation, set-up costs, electrical, Co2, all ancillary equipment, plant trials, travel & expenses related Control Label Product development, freight, film and plates, leases, liquidation costs, inventory. Furthermore, the amounts set out in the above table reflect the total investment costs agreed to by both parties, and that will be amortized over the Initial Term.



CONTROL BRAND ARTWORK FEE SCHEDULE

Factors determining the cost of artwork development are subject to change. They include, but are not limited to:

- Production values (President's Choice versus other control brands)
- Complexity (e.g. single wrap labels versus cartons) and number of printed packaging components per SKU (the quotation itemizes individual components requiring artwork – there can be multiple components per SKU)
- Work duration (project type - new products, revisions to existing products)
- Imagery (i.e. does the design require photography or illustration?)

Artwork Costs by Printed Component:

	BRAND					
	No Name, Exact & Other		President's Choice		President's Choice Premium	
New, Redesign & Line Extension		with Image ¹		with Image ¹		with Image ¹
Carton ¹	\$ 1,440.00	\$ 3,600.00	\$ 2,040.00	\$ 4,740.00	\$ 3,240.00	\$ 5,940.00
Label ²	\$ 1,020.00	\$ 3,180.00	\$ 1,620.00	\$ 4,320.00	\$ 2,820.00	\$ 5,520.00
Bag ³	\$ 1,230.00	\$ 3,390.00	\$ 1,830.00	\$ 4,530.00	\$ 3,030.00	\$ 5,730.00
Design Modification						
Carton ¹	\$ 1,020.00	\$ 3,180.00	\$ 1,445.00	\$ 4,145.00	\$ 2,265.00	\$ 4,985.00
Label ²	\$ 722.50	\$ 2,882.50	\$ 1,147.50	\$ 3,847.50	\$ 1,997.50	\$ 4,697.50
Bag ³	\$ 871.25	\$ 3,031.25	\$ 1,296.25	\$ 3,996.25	\$ 2,146.25	\$ 4,846.25
Minor Artwork Revision						
Carton ¹	\$ 810.00	\$ 2,970.00	\$ 1,148.00	\$ 3,848.00	\$ 1,822.00	\$ 4,522.00
Label ²	\$ 574.00	\$ 2,734.00	\$ 911.00	\$ 3,611.00	\$ 1,586.25	\$ 4,266.25
Bag ³	\$ 692.00	\$ 2,852.00	\$ 1,029.00	\$ 3,729.00	\$ 1,704.38	\$ 4,404.38

¹Photography or illustration
²Carton fees also apply to Merchandising Units, Stand-up Pouches
³Label fees also apply to Oesures, Sacks, Lids
⁴Bag fees also apply to Right Containers, Flexible Film, Paper Bags, Dials

ADDITIONAL CHARGES:

REVISIONS/CHANGES

All information gathered is considered FINAL upon receipt by Loblaws Brands. Fees will be levied for changes causing rework as a result of incorrect or incomplete information.

Incorrect or Incomplete Print Specification/Deadline Charges
 Rate: \$3,000 per affected sku plus cost of rework (Design Modification)

Incorrect or Incomplete Copy Charges
 Rate: \$2,000 per affected sku

RUSH ARTWORK

For artwork projects with a compressed timeline brought on by vendor delays or omissions for which hard-launch deadlines must still be met, a 50% vendor surcharge will be added to the regular artwork costs.

IMAGERY

Single image costs are based on serving suggestion or flavour (ingredient) for an individual sku. For (same) product packaged in different sizes, the same imagery will be re-purposed.

For special requirements: products with imagery requiring moulds, multiple shots, models (pet or people) or complex set creation; price will reflect those specific requirements (on average, 2 to 3 times the cost of standard project).

Re-builing fees (above and beyond original cost of imagery) will be added if product is unavailable at time of scheduled photo shoot.



Re-booking Charges

Rate: \$2,700 for PC products (including PC Premium); \$2,150 for all other brands.

Rush Photography Booking Charges

A 50% premium will be added to the base photography rate for photography bookings that have less than a 2-week lead time.

PRESS SUPERVISION

Press run attendance is at the discretion of LBL based on the project attributes and project type, printing method, printer and printer proofs. Vendor may also request Press Supervision. Costs associated with press supervision occurring with LBL preferred printers will not be charged to the vendor.

Press Supervision Charges at Non-Preferred Printers

Rate: \$500/day (one day minimum) plus applicable expenses (i.e. travel, accommodations and mileage).

GS1 PERPETUAL STORE AUDIT & INVENTORY CHARGES

To maintain marketing images for all control brand products, Loblaws control brand vendors are required to submit packed product samples to GS1 for image collection. If the vendor fails to provide the sample to GS1, we will initiate the GS1 Perpetual Store Audit process in which GS1 will purchase the outstanding product and collect the image. Vendors are subject to additional charges should this process be adopted. Vendors are also subject to annual inventory charges for the maintenance of the image database with GS1.

GS1 Perpetual Store Audit

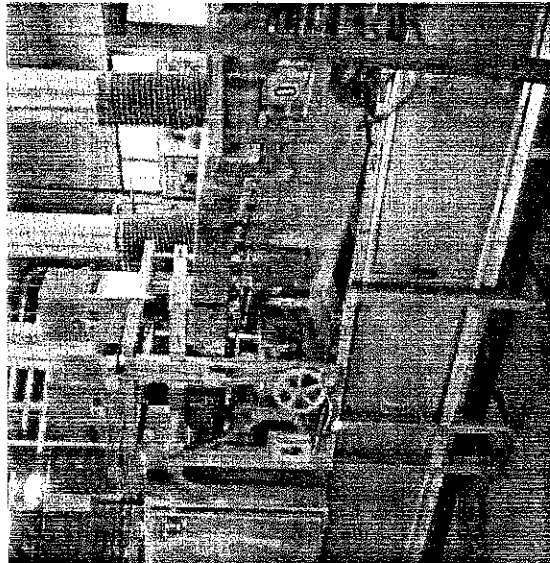
Rate: \$250 per sku

GS1 Annual Inventory

Rate: Photograph image \$10 per sku

Marketing image \$3 per sku

EXHIBIT "H"



Canadian Beverage Manufacturer Set to Turn the Corner with a 6-Year, \$250 Million Contract Request for \$24,200,000 in new financing

October 2013



FIREPOWER
CAPITAL

Please contact: Jim Shone, CFA, MBA
Vice President
jshone@firepowercapital.com
416.802.9655

Exhibit H to the Affidavit
Of Sobha Karber
Sworn on the 3rd day of
April 2014
Commissioner for Taking Oaths

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Confidentiality and Forward-Looking Statements

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Forward-Looking Statements

Information in this Confidential Information Memorandum that is not current or historical factual information may constitute forward-looking assumptions concerning the business, operations and financial performance of the Company (collectively, the "Assumptions"). Many of these Assumptions are based on factors and events that are not within the control of the Company. Forward-looking information is subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the Company currently expects. These risks, uncertainties and other factors include, but are not limited to: the timing and market acceptance of future products, competition in the Company's markets, the Company's reliance on customers, fluctuations in currency and exchange rates, commodity prices or interest rates, the Company's ability to maintain good relations with its employees, changes in the law or regulations regarding the environment or other environmental liabilities, the Company's ability to integrate acquisitions and the Company's ability to protect its intellectual property. While the Company considers these Assumptions to be reasonable based on information currently available, they may prove to be incorrect. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Unless otherwise required by applicable laws, the Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking information to reflect subsequent information, events, results, circumstances or otherwise. Accordingly, the reader is cautioned not to place undue reliance on forward-looking information.

Executive Summary

Our Client is set to turn the corner with a 6-year, \$250 million contract and is seeking \$24,200,000 in new financing

- In November 2011, a successful entrepreneur and former C-level beverage executive purchased a beleaguered beverage manufacturer. ***At the time, the manufacturer was in dire straights, after years of mismanagement and lack of interest from former owners.***
- Under new leadership, the Company has clear visibility into annual sales of \$85+ million and a breakeven point in mid-2014. ***A 6-year, \$250 million contract signed in September 2013 with one of North America's largest retailers underpins this.***
- The Company requires \$24.2 million in a mix of equity (\$13 million) and debt (\$11.2 million) financing to reach \$10 million in EBITDA by 2015.

***Focused execution is expected to deliver
\$60-70 million in EV within 2 years***

History: New ownership takes over in November 2011

The purchase was the first step towards executing on its vision to bring innovation to manufacturing of Private Label beverages.

- In November 2011, **a successful entrepreneur and former C-level beverage executive** purchased a beleaguered beverage manufacturer.
 - From owners who had grown disinterested in the business and had no succession plan.
 - A decade without vision and innovation resulted in poor financial performance and an underutilized infrastructure.
- New ownership made this move with the encouragement of many large purchasers of beverages, who were personal contacts.
 - These prospective customers were looking for alternatives to incumbent beverage manufacturers, whose service levels and pricing had deteriorated significantly.
 - They indicated they would move their business to the Company.
- Because beverage manufacturing is a slow moving industry, the Company has faced significant delays in new customer wins, **including a 6-year \$250 million contract that took at least a year longer than expected to finalize**. It also inherited substantial legacy issues. Consequently, the Company is facing financial difficulties.

A new financing program for our Client to turn the corner
 \$24.2 million in total financing to reach \$10 million in EBITDA by 2015.

Sources of Funds	Uses of Funds
Equity	Supplier credit is capped – short term cash is needed for purchases
Capital asset credit facility	Normalize working capital
	Finance cash burn (2013 and 2014)
	Equipment purchases for CSD contract
	Contingency
	Transaction Fees
Total	Total

This new financing complements a \$1.7 million equipment loan, and a \$7.0 million ABL bridge facility, both already in place. This facility margins 90% of eligible accounts receivable and 75% of NOLV of eligible inventory.

Key Short-Term Assumptions

- The above financing program is in place by the end of January 2014
- The sale of the assets of a non-core unit is completed by the end of December 2013 for \$3.1 million.
- Current ABL lender extends \$1.5 million against proceeds of the asset sale by the end of Sept. 2013, and is repaid in December 2013 when the sale closes.
- The landlord is cooperating by providing \$100k rent relief.

This new financing has tremendous short-term impact

Credit with suppliers is normalized and sufficient working capital is available to fulfill next quarter's orders.

As at June 30, 2013, in \$000s	Actuals	Delta	Normal'd	As at June 30, 2013, in \$000s	Actuals	Delta	Normal'd
Cash	178	8,317	8,495	Bank Indebtedness	983		983
Net Trade A/R	1,132		1,132	A/P Trade	4,204	(3,000)	1,204
Net Raw Materials	1,029		1,029	Accrued Liabilities	306		306
Net Finished Goods	974		974	Payroll	226		226
Provision	(156)		(156)	CP of Long-Term Debt	1,683	557	2,240
Total Inventory	1,847		1,847	CURRENT LIABILITIES	7,401	(2,443)	4,958
Misc Receivables	19		19				
HST Receivable	251		251	Long Term Debt	-	8,960	8,960
Prepays	911		911				
Short Term Loans	74		74	TOTAL LIABILITIES	7,401	6,517	13,918
CURRENT ASSETS	4,413	8,317	11,730				
Investments	190		190	Shareholders' Loans	2,706		2,706
Net PPE	512	11,200	11,712	Share Capital	319	13,000	13,319
LONG TERM ASSETS	702	11,200	11,902	Contributed Surplus/Div	39		39
				Retained Earnings	(5,349)		(5,349)
				SHAREHOLDERS' EQUITY	(2,285)	13,000	10,715
TOTAL ASSETS	5,115	19,517	24,633	TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	5,115	18,517	24,633

- In the base case scenario, this financing provides sufficient capital to reach break-even, with \$2.5 million in contingency.

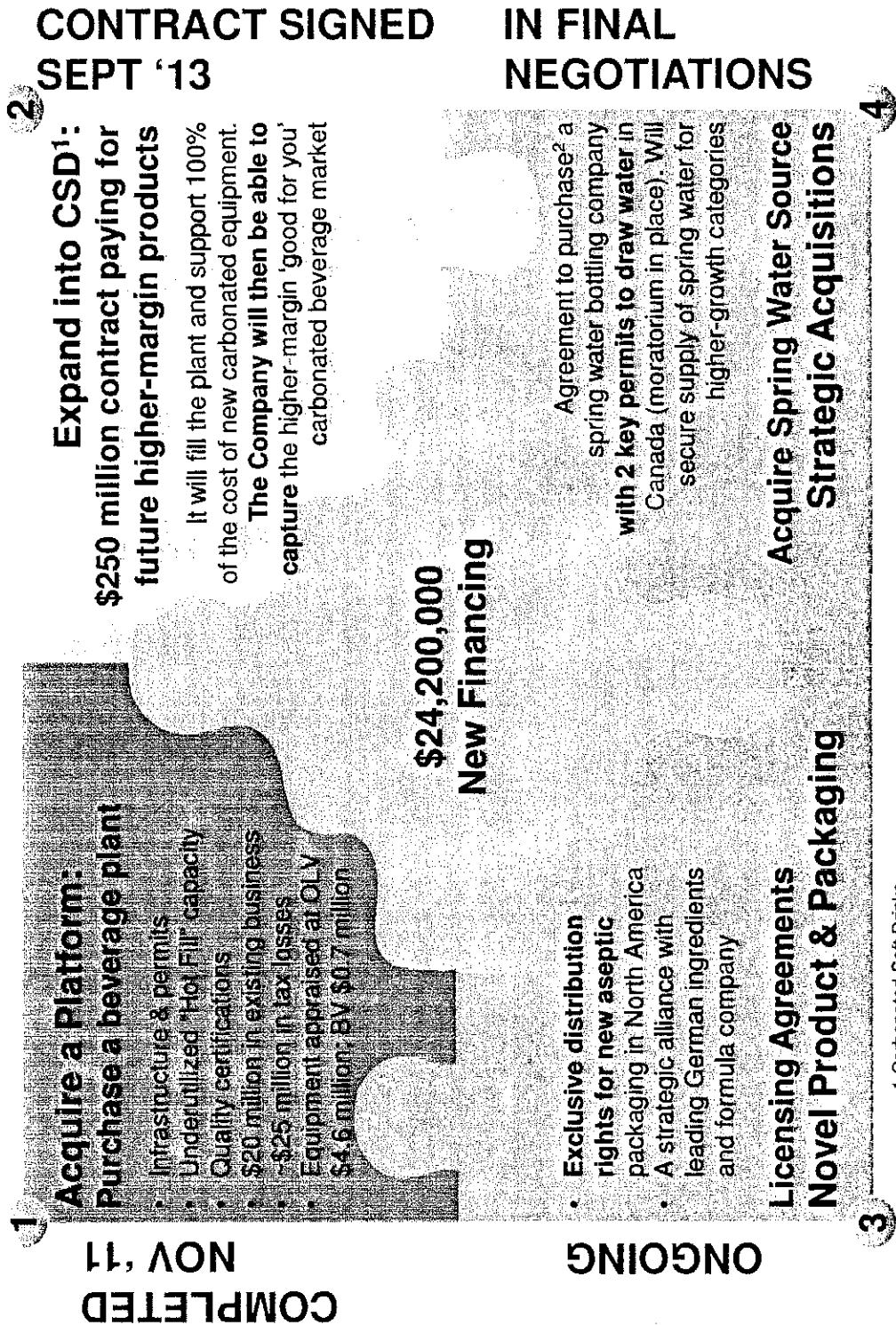
With financing in place, the Company can execute on its vision

New ownership and its seasoned team are ready to go!

**A new generation beverage manufacturer
that brings higher-margin beverage
innovation to Private Labels.**

A well-defined plan to deliver beverage innovation to private labels

Purchasing the beleaguered beverage manufacturer was the first 'puzzle piece' needed to execute on this vision. Financing is the last piece needed to complete the puzzle.



¹ Carbonated Soft Drinks
² Note that the \$19 million financing for the spring water bottler acquisition (see slide 13) is considered separately, as it is set to remain independent from our Client for the foreseeable future.

Acquire a Platform – COMPLETED NOV. '11

The beleaguered plant delivers capacity, quality certifications, \$20 million in existing sales and a 60+ year track record of quality.

Why this platform?

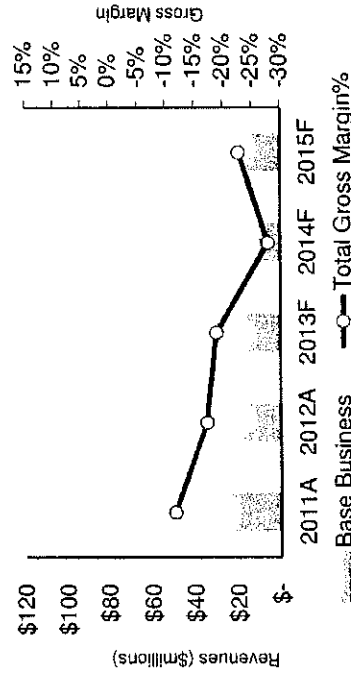
- Massively discounted assets that today would cost about **\$60 million** to replace, creating a significant **barrier to entry**.
- Excellent existing customer base generating \$20 million.
- 355,000 sq.ft. facility **holds the highest industry quality certifications**, a significant **barrier to entry**
- **Large and prime location** boasts warehouse and storage space coupled with close proximity to retailers, access to major highways and intermodal freight.
- **5 “Hot Fill” production lines** that can supply fast growing beverage categories in North America. Expansion opportunity as demand outstrips existing hot-fill capacity.
- One of only two frozen juice producers in Canada.
- Approximately \$25 million in tax loss carry-forwards¹
- Appraisal on hand indicates equipment OLV of \$4.6 million vs. book value of \$0.7 million, which provides surplus of \$3.9 million as at Dec. 31, 2012

¹ estimated; to be confirmed in the audit

Existing Customer Portfolio



The Company currently generates \$20 million in sales from legacy customers

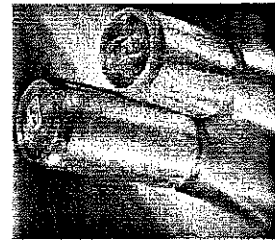


Total Gross Margin is Sales less COGS, factory burden, maintenance, fixed costs, warehousing, inventory reserve and freight.

Expand into CSD – CONTRACT SIGNED SEPT '13

Major CSD production agreement propels volumes past breakeven, and provides foundation to capture higher-margin opportunities in 'good for you' carbonated drinks.

- Our Client and a major North American retailer have finalized the **largest Private Label beverage contract in recent history**.
- Our Client has also won smaller contracts with this retailer worth \$6 million in new sales.
- Contract volumes will absorb fixed costs and overhead, **drive margin expansion, operational efficiencies, financial flexibility, and product offerings**.
- This big win is a testament to the **strength, reputation and execution ability of our Client's management team**.
- Why not just win new Hot Fill business to achieve breakeven volumes? **A Hot Fill contract of similar size simply does not exist in the marketplace**. Hot Fill is a smaller market today than CSD and is dominated by Lassonde.



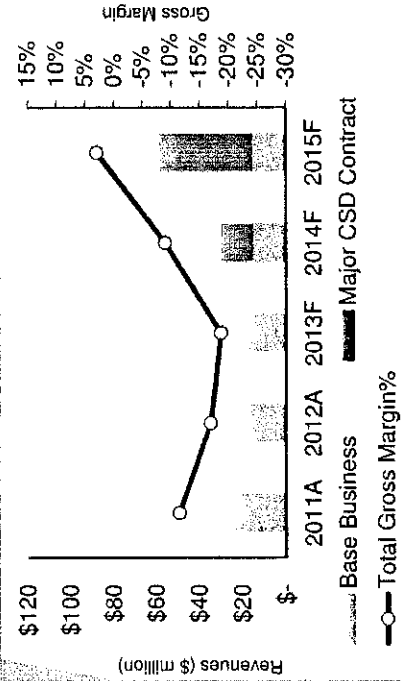
Capacity Fill

CSD contract provides threshold volumes needed to capitalize on growth categories

Major CSD contract details

- The **6-year agreement** is expected to generate, over the 6-year period:
 - \$250 million in sales (\$42 million run rate)¹**
 - \$35 million in EBITDA²**
- Favorable "win-win" contract structure that guarantees lowest price, outlines **minimum volumes** and allow our Client to **pass on commodity pricing increases**.

New volume underpins gross margin improvements in 2014 and 2015



Total Gross Margin is Sales less COGS, factory burden, maintenance, fixed costs, warehousing, inventory reserve and freight.

¹ Sales data provided by retailer
² EBITDA estimated by FPC and management

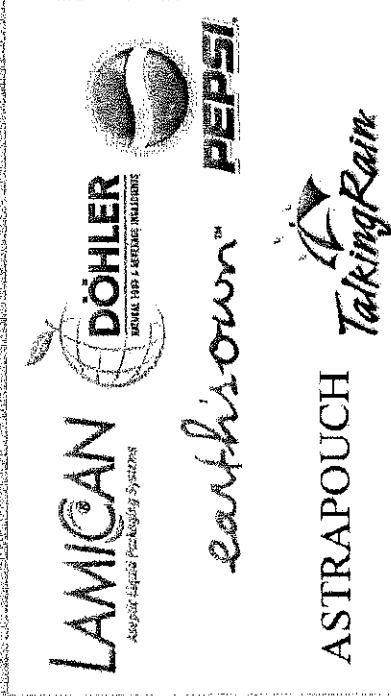
Novel Product & Packaging – ONGOING

Private Labels seek a manufacturer with new concepts to drive their sales; the Company is creating the ideal platform to capitalize on this profitable niche.

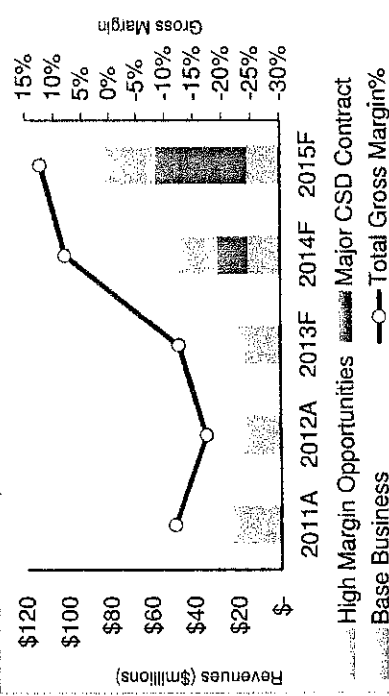
- **Sourcing and developing innovative product and packaging solutions** for the Private Label market is a critical value-add for our Client's customers—they don't have the product development experience that national brands have.
- In order to gain preferential access to new products, our Client has established strategic relationships with global leaders in ingredient and packaging innovation (primarily in Europe and Asia where high levels of competitiveness drive more innovation than in North America)
- Notably, the Company has:
 - ❖ Forged an **alliance with Döhler**, a €1bn European company at the forefront of ingredients, recipes and packaging/format developments.
 - ❖ Secured **North American exclusive licensing** to Lamican's aseptic packaging. Lamican provides a sophisticated alternative to Tetra Pak's 40+ year old technology. The market in North America is estimated at \$750 million.¹
 - ❖ **Advanced negotiations with Astrapouch**, a new consumer packaging solution not yet offered in Hot Fill/aseptic.
 - ❖ Begun talks to produce **Talking Rain**, a 'good for you' carbonated beverage. It grew revenue 344% year over year to \$140 million in sales².

¹ Tetra Pak Annual Report 2011./2012
² BEVNET Magazine; January/February 2013

Key input and co-pack relationships



Innovation ignites gross margin, increasing to 11% of sales in 2015



Total Gross Margin is Sales less COGS, factory burden, maintenance, fixed costs, warehousing, inventory reserve and freight

Strategic Acquisitions – IN FINAL NEGOTIATIONS

Signed LOI to purchase a \$20 million / year spring water bottler, giving the Company exclusive access to rare spring water sources in Canada, and a key to growth

- Spring water as a beverage base has surged in popularity and leads all beverage category growth. The popularity of spring water can be seen in the success of products such as Talking Rain (344% YoY growth¹)
- **There is a moratorium on new spring water permits in its jurisdiction:** Obtaining access to significant spring water volumes is extremely difficult, creating a defensible competitive advantage for our Client.
- To gain control over this key input, **new ownership** has entered into an agreement to **purchase the bottler, and is conditional only on financing** (a separate transaction)

Acquisition Metrics

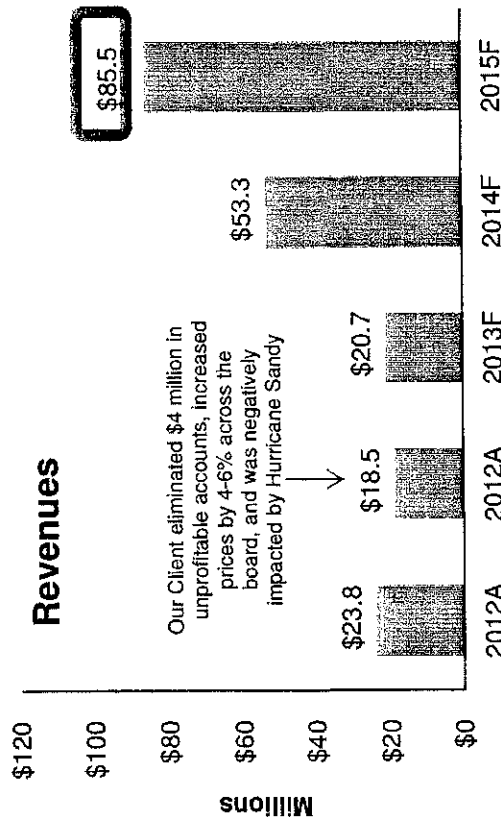
Total Consideration	\$19 million
Purchase Multiple	5.5x 2012 EBITDA 5.1x 5Y avg. EBITDA
Targeted close date	December 2013

Please note that none of the projections in this presentation include the acquisition: our Client and the spring water bottler will remain independent entities.

¹ BEVNET Magazine; January/February 2013

What does this mean for the Company's shareholders?

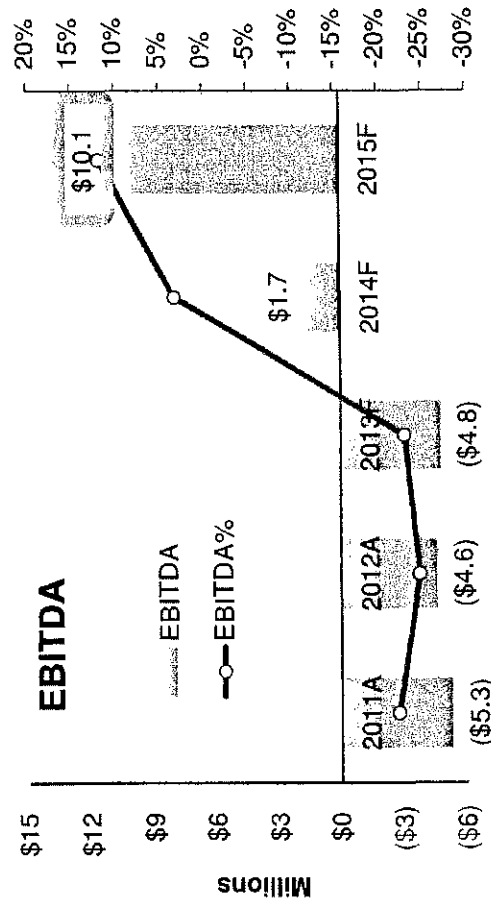
Focused execution should translate into a \$60-70 million valuation in 2 years



\$85 million in revenue by 2015

Our Client has visibility into an \$85 million net sales pipeline in 2015. These sales consist of:

- Existing Hot Fill business: \$17 million
- Major 6-year CSD Private Label contract: \$42 million
- Higher-margin opportunities with innovative products and packaging: \$26 million



\$10.1 million EBITDA supports a \$60-70 million valuation in 2 years' time

Strategics pay above average multiples for disruptive private players in the sector:

- Cott paid 7.1x EBITDA for Cliffstar in 2010¹
- Lassonde Industries paid 6.7x EBITDA in 2011 for Clement Pappas²

At an estimated exit multiple range of 6x to 7x EBITDA, our Client could achieve an **exit of \$60 - \$70 million.**³

Sources and Footnotes:
 1 Cott: Investor Slideshow – Cliffstar Announcement, July 8 2010
 2 Lassonde: Acquisition of Clement Pappas and Company, Inc., July 2011
 3 Multiple adjustment for relative size of our Client compared to the mentioned entities

These projections do NOT include the spring water bottler acquisition. 2011A EBITDA is normalized for acquisition-related expenses.

Financial Results and Projections: P&L

Executing on its growth plan is expected to grow sales to \$85 million and deliver \$10 million in EBITDA by 2015.

[\$]	2011		2012		2013		2014		2015	
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Net Sales	23,797,406	18,505,661	20,720,659	53,282,366	85,524,906					
COGS	26,559,941	21,663,001	23,294,321	48,937,841	74,893,327					
Gross Margin	(2,762,535)	(3,157,340)	(2,573,663)	4,344,525	10,631,579					
SG&A	2,688,974	1,806,596	3,232,613	3,985,732	4,602,365					
Operating Income	(5,451,510)	(4,963,935)	(5,806,276)	(85,707)	6,029,214					
Other	(20,842,826) ¹	-	(2,930,009) ²	444,500 ³	-					
Net Income	15,391,316	(4,963,935)	(2,876,267)	(85,707)	6,029,214					
EBITDA:										
Net Income	15,391,316	(4,963,935)	(2,876,267)	(85,707)	6,029,214					
Depreciation Plant	148,784	83,721	95,298	786,606	2,871,606					
Depreciation Office	-	-	-	20,833	83,333					
Interest and Financing Charges	-	305,413	749,107	577,598	1,082,232					
One-Time Items	(20,842,826)	-	(2,735,009)	444,500	-					
EBITDA	(5,302,726)	(4,574,802)	(4,766,871)	1,743,830	10,066,384					

¹ gain from sale-leaseback of building net of transaction costs

² disposition of non-core assets

³ debt advisory and transaction costs

Financial Results and Projections: Balance Sheet

The financing enables the Company to deliver on its growth plans. The balance sheet ratios will be in line with industry ratios by of 2015.

[\$]	2011		2012		2013		2014		2015	
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Current Assets	12,785,002	4,228,960	6,442,816	17,879,353	24,193,541					
Net PPE and Investments	650,734	713,014	653,969	15,111,573	12,138,050					
Total Assets	13,435,737	4,941,974	7,096,785	32,990,926	36,331,591					
Current Liabilities	3,999,150	4,389,808	9,017,713	13,297,561	13,174,012					
Long Term Liabilities	-	-	-	9,700,000	7,135,000					
Total Liabilities	3,999,150	4,389,808	9,017,713	22,997,561	20,309,012					
Shareholder's Loans	-	2,206,066	2,706,066	2,706,066	2,706,066					
Preferred Equity	-	-	-	12,484,800	13,248,970					
Retained Earnings & Share Capital	9,436,587	(1,653,900)	(4,626,994)	(5,197,501)	67,544					
Total Shareholders' Equity	9,436,587	552,166	(1,920,928)	9,993,365	16,022,579					
Total Liabilities and Shareholder's Equity	13,435,737	4,941,974	7,096,785	32,990,926	36,331,591					
<i>Current Ratio</i>	3.2x	1.0x	0.7x	1.3x	1.8x					
<i>Debt: Equity</i>	0.4x	8.0x	-4.7x	2.3x	1.3x					

¹ Appraisal on hand indicates OLV of \$4.6 million, which provides surplus of \$3.9 million as at December 31, 2012

² Debt includes Current & LT Liabilities; Equity includes Shareholder's Loans, New Equity and Retained Earnings & Share Capital

Risks and mitigating factors

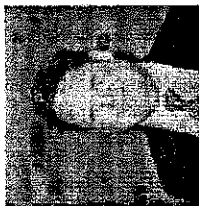
There are risks associated with the Company's growth plan; however, these are largely mitigated as shown below:

Risk	Implication	Mitigation
<p>1 Capacity Utilization</p>	<ul style="list-style-type: none"> The 355,000 sq. ft. facility is one of the largest in Canada and will take a long time to 'fill up' 	<ul style="list-style-type: none"> Our Client just entered into a 6-year contract with one of North America's leading retailer, which will take up 50%+ potential capacity
<p>2 Declining CSD Market</p>	<ul style="list-style-type: none"> The CSD market is in secular decline 	<ul style="list-style-type: none"> Traditional CSD is still a huge market; Private Labels and novel CSD products are bucking the trend and growing
<p>3 Ability to Execute</p>	<ul style="list-style-type: none"> Expanding a plant, and executing on new contracts is not a given 	<ul style="list-style-type: none"> New ownership and the team he assembled have successfully launched 6 new beverage manufacturing lines, worth \$200 million.
<p>4 Significant Leverage</p>	<ul style="list-style-type: none"> In 2014, when most of the new equity will have been spent, leverage becomes an issue 	<ul style="list-style-type: none"> Growth in net income accelerates throughout the year, and shareholders' equity more than doubles
<p>5 Short-Term Working Capital</p>	<ul style="list-style-type: none"> Our Client has maxed its credit limits with its existing suppliers. 	<ul style="list-style-type: none"> Divesting of a non-core asset, for \$3.1 million by the end of December will provide enough runway through the end of the year.

We look forward to your inquiries.

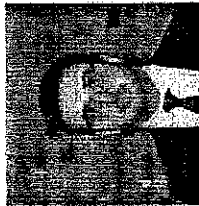
FirePower Capital's Corporate Finance Group is leading this transaction.

- OUR CLIENT SEEKS \$24.2 MILLION WITHIN 6 MONTHS, IN EQUITY AND EQUIPMENT FINANCING
- IT HAS A \$250 MILLION, 6-YEAR CONTRACT FINALIZED WITH A TOP RETAILER IN NORTH AMERICA AND VISIBILITY INTO \$85+ MILLION IN ANNUAL REVENUES



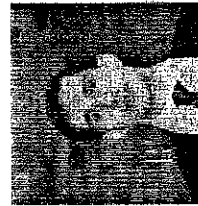
Corporate Finance

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FIREPOWER CAPITAL

FirePower Capital is a corporate finance advisory firm serving the lower middle-market across North America.

We assist small and medium-sized businesses with debt and M&A transactions.

FirePower Capital has excelled at growing successful businesses for over 30 years both directly through capital investments and indirectly by offering strategic guidance and advisory services.

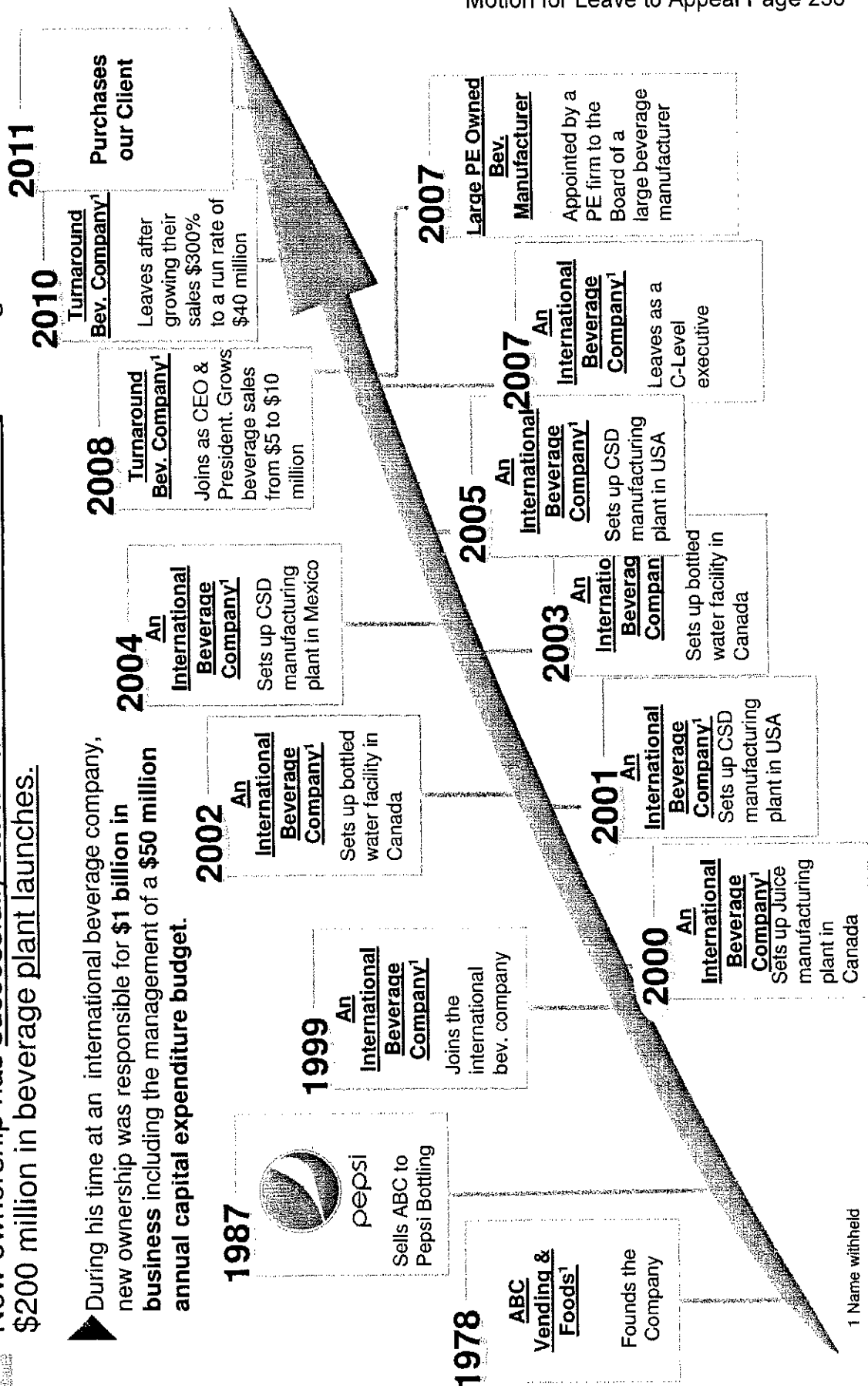
Appendices

- Talented management team
- How the Company's strategy monetizes key industry drivers
 - Key industry drivers
 - Monetization plans

Talented management team with long track record of plant launches

New ownership has successfully started and sold two businesses. Managed \$200 million in beverage plant launches.

During his time at an international beverage company, new ownership was responsible for **\$1 billion in business** including the management of a **\$50 million annual capital expenditure budget**.



¹ Name withheld

Setting the path for a *New Generation Beverage Company*

New ownership's vision of *bringing higher-margin beverage innovation to Private Labels* monetizes fundamental developments in the non-alcoholic beverage industry.

Key Industry Drivers

The rise of Private Labels, at the expense of branded products

Categories are getting more specialized to suit fast changing tastes

North American production capacity is misaligned with consumer needs

Private Labels looking for suppliers that add value

An M&A environment rewarding manufacturers that validate new trends

How to Capitalize

Focused on the development and innovation of private label offerings within untapped segments in both product and packaging

Source and develop innovation in products and packaging, primarily from abroad

Acquire idle capacity that can be up-tooled quickly, and has highest quality certifications

Introduce them to novel products and packaging that yield new revenues for them

Take calculated risks on new, higher-growth products and packaging

Key industry drivers

New ownership finds opportunity in a transitional period for 'traditional' beverages.

<p>The rise of Private Labels at the expense of branded products</p>	<p>Categories are getting more specialized to suit fast changing tastes</p>
<p>Private Label (PL) sales are expected to double in value by 2025 in North America, driven by:</p> <ul style="list-style-type: none"> • Consolidation in food retailing¹; • Consumers trust PL products more than ever before • PL companies playing catch up in North America where they make up 11% of the overall beverage market, compared to 19% in W. Europe². 	<p>Consumers are moving away from traditional beverages & buying new categories requiring Hot Fill / aseptic including:</p> <ul style="list-style-type: none"> • functional/ energy drinks; • good-for-you; and, • ethnic beverages (ready-to-drink teas, etc.). <p>These categories are experiencing double-digit growth—driven by consumers' consciousness of health and performance and choice³</p>
<p>Private Labels looking for suppliers that add value</p>	<p>An MRA environment rewarding manufacturers that validate new trends</p>
<p>Private Labels want alternative suppliers to the incumbents, and are looking to form win-win partnerships. Their customers are asking PLs for new products, but they do not have the same track record and experience of innovation as the national brands. They expect their suppliers to add that kind of value.</p>	<p>Incumbents are not nimble enough to tackle new higher-growth, niche beverage categories.</p> <p>This not only provides ample opportunity to address these segments, but also exit options at attractive multiples.</p>
<p>North American production capacity is misaligned with consumer needs</p> <p>Most new beverage products require "Hot Fill" production capabilities. Therefore, Private Labels are seeking Hot Fill capacity, but there is little such capacity available in North America⁴. Further, large manufacturers are unable to do small runs.</p>	

¹Soda production in the US, IBISWorld, January 2013
²Datamonitor, Defending Against Private Labels,
³Beverage-Digest, January 11, 2013
⁴Company management

How to capitalize on key industry drivers

New management crafted a clear vision and strategy to capitalize on these trends.

Win and structure agreements that further catalyze Private Labels' growth

Create a beverage manufacturing company that has a customer-driven culture and a long-term view. Provide Private Labels with flexibility and transparency of contract terms and pricing. Such qualities are rare in the current environment, which is dominated by a handful of companies that control most of the capacity.

Source and develop innovation in products and packaging, primarily from abroad

Proactively seek new beverage trends through strategic partnerships in Europe and Asia, from where all major product and packaging developments originate (due to the competitiveness of the industry there).

- Seek innovation across ingredients, recipes, formulae, packaging, marketing, etc.

Introduce Private Labels to novel products & packaging that increase sales for them

Become a value-added partner to retailers through the development of Private Label beverage offerings, that meet the growing needs of a diversified population. To be leaders in identifying and anticipating what their customers will search for, and delivering new products and packaging to them in a 'turnkey' manner.

Take calculated risks on new, higher-growth products and packaging

Selectively manufacture new higher-growth products to gain specialized expertise. Large beverage companies have been acquiring mid-market private beverage producers whose footprint disrupts their ability to grow market share.

- In July 2010, Cott acquired Cliffstar for 7.1x EBITDA.
- The following summer, Lassonde purchased Clement Pappas for 6.7x EBITDA².

Acquire idle capacity that can be up-tooled quickly, with highest quality certifications

Acquire a facility and add/up-tool Hot Fill lines, as they are highly sought-after. Many mid-market Hot Fill producers have already been bought by large incumbents. Ensure the facility has a long quality track record with highest industry certifications and standards.

¹ Cott: Investor Slideshow – Cliffstar Announcement, July 8 2010
²Lassonde: Acquisition of Clement Pappas and Company, Inc., July 2011

EXHIBIT "I"

Motion for Leave to Appeal Page 240

Of Csaba Reider

Sworn on the 3rd day of

April 2014

Commissioner for Taking Oaths

5000 YONGE STREET, 10TH FLOOR, TORONTO, CANADA M2N 7E9
www.chaitans.com



REPLY TO: SAM RAPPAS
FILE NO.: 48398
DIRECT: 416-218-1137
FAX: 416-218-1837
EMAIL: samr@chaitans.com

September 5, 2013

VIA REGISTERED MAIL AND FACSIMILE (905) 792-8490

Sun Pac Foods Limited
10 Sun Pac Blvd.
Brampton, ON L6S 4R5

Attention: Csaba Reider, President

Re: *Indebtedness of Sun Pac Foods Limited (the "Borrower") to Bridging Capital Inc., as assigned to 8527504 Canada Inc. (the "Lender")*

Dear Mr. Reider,

We act as solicitors for the Lender. According to our client's records the Borrower is indebted to the Lender pursuant to an Amended and Restated Letter Agreement accepted by the Borrower on January 18, 2013, an Amended and Restated Facility A Demand Grid Promissory Note dated January 18, 2013, and a Facility B Demand Grid Promissory Note dated January 18, 2013 (collectively, the "Loan Documents"). The aggregate outstanding balance owing under the Loan Documents as at the close of business on September 4, 2013 is \$3,950,039.57 for principal, interest and fees, plus costs, the particulars of which are as follows:

Facility A Loan – Principal	\$2,009,680.23
Facility A Loan – Accrued Interest	\$3,756.58
Facility B Loan – Principal	\$1,932,524.00
Facility B Loan – Accrued Interest	\$3,812.10
Pro-rated monthly monitoring fee	\$266.67
TOTAL:	\$3,950,039.57

Additional interest accrues at the default rate of 21% per annum from September 5, 2013 until the date of actual payment.

The indebtedness is payable on demand and is secured by, *inter alia*, a General Security Agreement dated October 1, 2012.

We are advised by our client that the Borrower is in default of the terms of the Loan Documents given that (i) the Borrower is unable to pay its debts as such debts become due; (ii) in the reasonable opinion of the Lender, there is a Material Adverse Change in the



financial condition, ownership or operation of the Borrower; and (iii) the Borrower has breached its reporting covenants under the Loan Documents.

The Lender hereby declares the entire amount of the indebtedness of the Borrower to the Lender under the Loan Documents to be immediately due and payable. Unless the total amount owing as aforesaid together with additional interest accrued and fees and legal costs actually incurred to the date of payment or satisfactory arrangements therefor are made forthwith, the Lender shall take such steps as it deems necessary or advisable to recover payment of the Borrower's indebtedness in full, without further demand upon or notice to the Borrower. Such steps may include enforcement of its security.

Enclosed please find the Lender's Notice of Intention to Enforce Security, which is served upon the Borrower pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Govern yourself accordingly.

Yours truly,
CHAITONS LLP

per Sam Rappos
LAWYER

Enclosure

Cc: Bridging Capital Inc. (via e-mail)

NOTICE OF INTENTION TO ENFORCE A SECURITY
(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)

To: Sun Pac Foods Limited, an insolvent person

Take notice that:

1. 8527504 CANADA INC., a secured creditor, intends to enforce its security on all of the present and after-acquired personal property of Sun Pac Foods Limited.
2. The security that is to be enforced includes a General Security Agreement dated October 1, 2012 (collectively, the "Security").
3. The total amount of indebtedness secured by the Security as at the close of business on September 4, 2013 is \$3,950,039.57 inclusive of principal, interest and fees, plus costs.
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 5th day of September, 2013.

8527504 CANADA INC.,
by its solicitors Chaitons LLP

Per: 
SAM RAPPOS

EXHIBIT "J"

Of Csaba Kender
Sworn on the 3rd day of
April, 2014
Commissioner for Taking Oaths

FORBEARANCE AND AMENDING AGREEMENT

THIS AGREEMENT is made as of the 11th day of September, 2013.

BETWEEN:

8527504 CANADA INC.
a corporation governed by the laws of Canada

("852")

-and-

SUN PAC FOODS LIMITED
a corporation governed by the laws of the Province of Ontario

("Sun Pac")

-and-

LIQUIBRANDS INC.
a corporation governed by the laws of the Province of Ontario

("Liquibrands")

RECITALS:

- A. Bridging Capital Inc. ("BCI") made demand credit facilities available to Sun Pac pursuant to an amended and restated letter agreement accepted by Sun Pac and Liquibrands (collectively, the "Obligors") on January 18, 2013 (the "Loan Agreement");
- B. The Obligors have executed and delivered to BCI the agreements described in Schedule "A" hereto as evidence of and security for their respective indebtedness and obligations to BCI (collectively, the "Security");
- C. BCI has assigned the Loan Agreement and the Security to 852;
- D. Sun Pac is in default of its obligations contained in the Loan Agreement;
- E. 852 has demanded repayment of the indebtedness owing under the Loan Agreement from Sun Pac and issued a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada);

- 2 -

- F. At the request of the Obligors, 852 has agreed to forbear from enforcing the Security, subject to and in accordance with the terms and conditions of this Forbearance Agreement (the "Agreement").

NOW THEREFORE THIS AGREEMENT WITNESSETH that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties agree as follows:

Definitions

1. In this Agreement, defined terms shall have the meanings set out herein and grammatical variations of such terms shall have corresponding meanings.

Acknowledgements

2. Recitals – The parties hereto acknowledge and agree that each of the foregoing recitals are true and accurate both in substance and in fact.
3. Assignment - The Obligors each agree not to contest the validity and enforceability of the assignment of the Loan Agreement and the Security by BCI to 852 and the right of 852 to rely upon same.
4. Liability – Sun Pac acknowledges that as of the close of business on September 4, 2013, the aggregate amount owing to 852 under the Loan Agreement and secured by the Security is \$3,950,039.57 (for principal and interest plus costs) as more particularly described in Schedule "B" attached hereto (collectively, the "Indebtedness"). Furthermore, Sun Pac hereby confirms that it does not dispute its liability to pay the indebtedness on any ground whatsoever, that it has no claim, demand, setoff or counterclaim against 852 on any basis whatsoever, and that there is no matter, fact or thing which may be asserted by it in extinction or diminution of the Indebtedness or result in any bar to or delay in the recovery thereof. If there are any claims for setoff, counterclaim or damages, they are hereby expressly released and discharged.
5. Default – Sun Pac acknowledges and agrees that it is in default of its obligations contained in the Loan Agreement.
6. Security – Each of the Obligors acknowledges and agrees that the Security now held by 852 for payment of the Indebtedness is valid, binding and enforceable against them in accordance with its terms. Each of the Obligors further acknowledges and agrees that the Security shall secure all of their respective obligations and liabilities of related to, arising from or connected with the Loan Agreement in accordance with their respective terms.
7. 852's Rights – Each of the Obligors acknowledges and agrees that except as provided in this Agreement, the Loan Agreement and the Security, 852 (by itself or through its employees, representatives or agents) has not made any promises, or taken any action or omitted to take any action which would constitute a waiver of its right to take any enforcement action in connection with the enforcement of the Security, or which would

- 3 -

estop it from so doing and that no statement, representation, promise, act or omission by 852, BCI or its employees, representatives or agents shall create such a waiver or estoppel unless 852 executes and delivers to the Obligors a written waiver of any such rights.

8. Guarantee – Liquibrands confirms that it has granted the guarantee described in Schedule “A” hereto in favour of BCI, as assigned to 852 (the “Guarantee”). Liquibrands does not dispute its liability on any basis whatsoever under the Guarantee and confirms that it has no claim for setoff, counter-claim or damages on any basis whatsoever against 852. If there are any claims, they are hereby expressly released and discharged. Liquibrands confirms that the Guarantee has not been released, waived or varied, that it is binding upon it and that it is valid and enforceable against it in accordance with its written terms.
9. Demand Letter and BIA Notice - Sun Pac acknowledges receipt of a demand letter sent on behalf of 852 dated September 6, 2013 (the “Demand”) wherein 852 demanded immediate payment of Sun Pac’s indebtedness to 852. Sun Pac acknowledges receipt of a Notice of Intention to Enforce Security dated September 6, 2013 (the “BIA Notice”) issued on behalf of 852 pursuant to Section 244(1) of the *Bankruptcy and Insolvency Act* (Canada). Sun Pac further acknowledges that the Demand and the BIA Notice are valid and effective, and that the time given by 852 for payment was reasonable. Sun Pac agrees not to contest the validity of the Demand, the BIA Notice, or the reasonableness of the time given for payment in any proceeding for any reason whatsoever.

Forbearance

10. 852 agrees not to take any steps to enforce any of the Loan Agreement or Security prior to the earlier of:
 - (a) December 9, 2013; or
 - (b) the occurrence of an Event of Default (as hereinafter defined),

(hereinafter referred to as the “Forbearance Termination Date” and the period commencing on the date hereof and ending on (but excluding) the Forbearance Termination Date is the “Forbearance Period”).

Notwithstanding the foregoing, the Obligors acknowledge that credit pursuant to the Loan Agreement and this Agreement is being provided on a day to day, on demand basis only and that 852 is and shall be under no obligation whatsoever to extend credit pursuant to the Loan Agreement or this Agreement beyond such day to day period. The existing defaults and the rights of 852 arising from such defaults are not waived but are preserved. The continuation of credit is not and shall not be taken as an indication that 852 has waived or acquiesced to the existing defaults or to any other defaults and the right of 852 to immediately enforce the Security in accordance with its terms is unconditional.

- 4 -

Credit Facilities

11. Credit Facilities - 852 agrees to extend, and Sun Pac agrees to accept the following additional demand credit facilities from 852 which shall be deemed to amend, *mutatis mutandis*, the terms of the Loan Agreement (the credit facilities referred to in the Loan Agreement, as amended herein are hereinafter referred to as the "Credit Facilities"):

- (a) Facility C: Demand non-revolving loan of Five Hundred Thousand Dollars (\$500,000) (the "Facility C Loan", with the total advanced under the Facility C Loan being referred to as the "Facility C Principal Amount").
- (b) Facility D: Demand non-revolving loan in the amount of up to 2 times EBITDA of the Breadcrumbs Division (as defined below) (as determined by BDO Canada Transaction Advisory Services, Inc. ("BDO") in its report to Sun Pac and 852 in its sole discretion), less the aggregate amount advanced to Sun Pac under the Facility C Loan (the "Facility D Loan" and collectively with the Facility A Loan, Facility B Loan (each term as defined in the Loan Agreement) and the Facility C Loan, the "Loan").

12. Advance of Facility C Loan

- (a) 852 shall, promptly upon the execution of this Agreement, advance to Sun Pac as a Facility C Loan advance a single advance in the amount of Five Hundred Thousand Dollars (\$500,000) to be deposited in Sun Pac's Disbursement Accounts (as defined in the Loan Agreement) and shall be conditional upon there being no Event of Default under this Agreement and the Loan Agreement.

13. Advance of Facility D Loan

- (a) Provided that 852 has received and is satisfied with the report to be prepared by BDO at the expense of Sun Pac, 852 shall, promptly following the execution of this Agreement, advance to Sun Pac as a Facility D Loan advance a single advance in an amount equal to 2 times EBITDA of the Breadcrumbs Division (as defined below) (as determined by BDO in its report to Sun Pac and 852 in its sole discretion), less the Facility C Principal Amount. Each advance shall be deposited in Sun Pac's Disbursement Accounts and shall be conditional upon there being no Event of Default under this Agreement and the Loan Agreement.

14. Interest Rate - Annual rate of 36% calculated on the daily outstanding balance of the Facilities C and D, and compounded monthly, not in advance and with no deemed reinvestment of monthly payments.

15. Payment - Without limiting the right of 852 to demand repayment at any time, the Facility C Loan and the Facility D Loan shall be indefeasibly repaid in full on the earlier of (i) the Forbearance Termination Date; (ii) the sale of the Breadcrumbs Division; and (iii) demand being made by 852.

Covenants and Agreements

During the Forbearance Period:

16. Principal and Interest Payable – Sun Pac shall continue to pay to 852 all principal and interest payments owing under the Credit Facilities as and when due. Effective as of the date hereof, 852 reserves its right to charge at any time the default rate of interest of 21% with respect to the Facility A Loan and the Facility B Loan in accordance with the Loan Agreement.
17. Payments to Creditors – The Obligors shall utilize their available cash in a manner so as to ensure their continued operation, and not to make any payments out of the ordinary course of business.
18. Agreements Out of Ordinary Course – The Obligors shall not enter into any material agreements out of the ordinary course of business, except with the prior written consent of 852, which consent may be withheld in 852's sole discretion.
19. Remuneration - Except for wages paid in the ordinary course, without the prior written consent of 852, the Obligors shall not make any distributions, directly or indirectly, to or for the benefit of any shareholder, director, officer, employee, any other person not dealing at arm's-length with the Obligors.
20. Sale of Breadcrumbs Division
 - (a) The Obligors shall diligently proceed with the marketing and sale of its croutons and breadcrumbs division that manufactures and produces products under the McDowell Ovens brand (the "Breadcrumbs Division") and shall diligently keep 852 current and up to date with respect to same. The Obligors shall not accept any offer to purchase the Breadcrumbs Division without 852's prior written approval. Each of the Obligors acknowledges that approval by 852 of any such offer is within 852's sole and absolute discretion. The Obligors shall provide 852 with a written update every week following the date of execution of this Agreement setting out the status of the sale efforts. Any proceeds from the sale of the Breadcrumbs Division, net of any reasonable professional fees and commissions, shall be delivered to 852 and used to permanently reduce and repay the Facility C Loan and the Facility D Loan and, if required by 852 in its sole and absolute discretion, the remainder of the Credit Facilities, all as determined by 852 in its sole and absolute discretion.
 - (b) In the event that Sun Pac fails to meet any of the milestones set out in paragraph 31(iv) hereof, Sun Pac undertakes to transfer to 852 or its permitted assign all of the Obligors' property, assets and undertakings with respect to the Breadcrumbs Division in full satisfaction of all obligations owing pursuant to the Facility C Loan and the Facility D Loan plus \$10.00. All documentation with respect to such transfer shall be in form and substance acceptable to 852 acting in its sole discretion.

- 6 -

- (c) As security for the obligations of Liquibrands under this Agreement, the Loan Agreement and the Security, Liquibrands undertakes to execute, as soon as reasonably possible following the date hereof, an option agreement (and any ancillary documents related thereto) in favour of 852 that grants, among other things, the option to 852 or its permitted assign to acquire all of the issued and outstanding shares of Sun Pac held by Liquibrands (the "Shares") for \$10.00. The option shall be exercisable by 852, and Liquibrands shall deliver the Shares to 852 or its assignee endorsed in blank contemporaneously with this Agreement. All documentation with respect to such option agreement shall be in form and substance acceptable to 852 acting in its sole discretion.
21. Capital Expenditures – The Obligors shall not make any capital expenditures without the prior written consent of 852 in its sole discretion.
 22. Encumbrances – The Obligors shall not encumber, sell, transfer, convey, lease or otherwise dispose of any of their respective assets or property out of the ordinary course of business without the prior written consent of 852, which consent may be withheld in 852's sole discretion.
 23. Notice of Default – The Obligors shall, upon coming aware of same, forthwith provide 852 with written notice of the occurrence of an Event of Default hereunder.
 24. Notice of Enforcement – The Obligors shall notify 852 in writing immediately upon receipt of any claim or demand, verbal or written, from any person for the payment of indebtedness (excluding claims or demands for repayment of trade payables in the ordinary course of business that are less than \$25,000) or the seizure or repossession of inventory or equipment, the enforcement of security, or the enforcement of rights by any landlord (including the exercise of any right of distraint or the termination of any lease).
 25. Priority Claims – Except as otherwise consented to in advance in writing by 852, the Obligors shall keep current all of their respective obligations to creditors who may have a lien, charge, security interest or deemed trust in their respective property and assets which may rank in priority to the security held by 852 on such property and assets, including all Priority Claims (as defined in the Loan Agreement).
 26. Proof of Priority Claims – The Obligors shall provide written evidence to 852, forthwith upon request made by 852, that all Priority Claims have been paid, such written evidence to be in a form and content to the satisfaction of 852 in its sole discretion.
 27. Access to Premises, Books and Records – The Obligors shall upon request, permit 852, its representatives or agents, during normal business hours, to enter upon their respective premises to inspect their respective property and assets, and to examine and make copies of all books and records relating thereto including any books and records required by 852, its representatives or agents.
 28. Material Contracts – The Obligors shall not surrender, terminate, repudiate or amend, vary or modify in a manner adverse to 852 acting reasonably, any material contract with

respect to their respective business without the prior written consent of 852 which may be withheld in 852's sole discretion.

29. Notice of Proceedings – The Obligors shall promptly provide 852 with notice of the commencement of any law suit, proceedings or other action brought by any person against any of the Obligors (where such law suit, proceedings or other action the Obligors exceeds \$25,000), and provide 852 with a copy of the relevant pleadings and diligently keep 852 current and up to date with respect to the status of any such law suit, proceeding or other action.
30. Other Agreements – The covenants and other terms and conditions contained in the Security shall continue in full force and effect, except that, to the extent there exists any actual inconsistency between such provisions and the provisions of this Agreement, the provisions of this Agreement shall govern.

Default

31. Events of Default – Any one or more of the following events will constitute an event of default under this Agreement (each an “Event of Default”):
 - (i) the non-payment when due of any principal, interest or other amounts payable by Sun Pac to 852 whether under this Agreement, the Loan Agreement, or otherwise;
 - (ii) a default or breach of any obligation, promise, covenant, term or condition occurs under this Agreement, the Loan Agreement or the Security;
 - (iii) a proceeding is taken by or against any of the Obligors with respect to a reorganization, compromise or arrangement with creditors, or to have any of the Obligors declared bankrupt, or a proceeding is taken to have a receiver, interim receiver, lien trustee, receiver and manager or agent appointed over all or any part of the property and assets of any of the Obligors (including the private appointment of any such receiver, receiver and manager or agent) or an encumbrancer takes possession of all or any part of the property and assets of any of the Obligors;
 - (iv) Sun Pac fails to meet any of the following milestones in respect of the marketing and sale of the Breadcrumbs Division by the corresponding deadline (or such later date as 852 may agree in writing):

Milestone	Deadline
1. Delivery to 852 of a binding sale agreement for the sale of the Breadcrumbs Division, that is acceptable to 852 in its sole and absolute discretion	November 6, 2013
2. Completion of the sale of the Breadcrumbs	December 6, 2013

Division and payment to 852 in accordance with paragraph 20 hereof	
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- (v) any of the Obligors does not observe or perform any of its respective obligations in any document, instrument, agreement or certificate executed and delivered by any of the Obligors to any creditor, other than an unsecured trade creditor and such breach has not been cured to the satisfaction of 852;
 - (vi) any person takes possession of all or any material part of the property of any of the Obligors by distress or execution or similar process is levied or enforced against all or any material part of the property of any of the Obligors;
 - (vii) any of the Obligors commits or allows to occur an act of bankruptcy or makes an unauthorized assignment or bulk sale of its property or assets;
 - (viii) there is a change in the senior management of any of the Obligors without the prior written consent of 852;
 - (ix) there is a change in the *de facto* control of any of the Obligors;
 - (x) if any financial reporting information provided by or on behalf of any of the Obligors to 852 proves to be false, misleading, inaccurate or incorrect in any material respect, or if there is a material failure to provide 852 with such financial reporting or other information as they may require from time to time; and
 - (xi) 852, acting in good faith and upon commercially reasonable grounds, believes that the prospect of payment of the Indebtedness and/or the amounts owing under the Loan Agreement or performance by the Obligors of any of their obligations under this Agreement, the Loan Agreement or the Security is or is about to be impaired or that all or any part of any of the Obligors' property is or is about to be placed in jeopardy.
32. Remedies – In addition to 852's rights and remedies available under the Loan Agreement, the Security, under this Agreement, at law or in equity, upon the occurrence of an Event of Default:
- (a) the balance owing by the Obligors to 852 shall, at the option of 852, become immediately due and payable; and
 - (b) the Loan Agreement and the Security shall, at 852's option, become enforceable in accordance with their terms, including without limitation 852's right to the appointment a private receiver or the court appointment of an interim receiver, national receiver and receiver and manager of the Obligors' respective property, assets and undertaking.

Consent

33. Subject to applicable law, upon the occurrence of an Event of Default, the Obligors each consent to any action by 852 in connection with the enforcement of the Loan Agreement and Security, without the necessity of further notice or demand, and hereby agree not to directly or indirectly commence, carry on, consent to, or be a party in any way to any proceeding which would constrain any such action or which would call into question the validity or enforceability of the Indebtedness, the Credit Facilities, the Loan Agreement and/or the Security. Without limiting the generality of the foregoing, upon or after the occurrence of an Event of Default, the Obligors each hereby irrevocably consent to the making of a bankruptcy order and the private or Court appointment of a receiver or receiver and manager in respect of any or all of the property or assets of the respective Obligors.
34. Concurrently with the execution of this Agreement, the Obligors shall each execute consents in the form attached hereto as Schedule "C" to give effect to the above consents. The consents may be utilized by 852 at any time upon or after the occurrence of an Event of Default, acting in 852's sole and unfettered discretion. The Obligors each authorize 852's or its solicitors to insert the date onto the consents.

Miscellaneous

35. Forbearance Fee – Sun Pac shall pay to 852 the sum of \$50,000 as a forbearance fee (the "Forbearance Fee"), which shall be fully earned on execution of this Agreement and shall be payable as follows: (a) \$25,000 from the initial advance of the Facility C Loan; and (b) \$25,000 on the earlier of (i) the Forbearance Termination Date; (ii) the sale of the Breadcrumbs Division; (iii) demand being made by 852; and the (iv) date of the initial advance of the Facility D Loan. Payment of the unpaid portion of the Forbearance Fee by Sun Pac shall be secured by the Security.
36. Reimbursement – The Obligors agree to reimburse 852 in respect of all reasonable expenses (including reasonable legal fees and disbursements at its solicitors' normal charges and any amounts paid to BDO arising from 852's guarantee of payment of the fees and disbursements owing by the Obligors to BDO pursuant to an engagement letter dated September 5, 2013) which 852 has incurred or will incur in connection with any review of the Loan Agreement and the Security, the negotiation, preparation and administration of this Agreement, and the enforcement of the Loan Agreement and the Security. 852 may pay such expenses directly and the amount so paid shall form part of the indebtedness of the Obligors to 852, shall bear interest from the date of payment at the highest rate payable by Sun Pac for any of the Credit Facilities and shall be secured by the Security.
37. Currency - All amounts referred to in this Agreement are in the lawful money of Canada unless otherwise noted.

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38. Further Assurances – The Obligors, upon request by 852, shall promptly do, make, execute and deliver all such further acts, documents and instruments as 852 may reasonably require to allow 852 to enforce any of its rights under this Agreement and to give effect to the intention of this Agreement.
39. Capacity and Authority – Each of the Obligors represents and warrants to 852 that it has the capacity and authority to enter into and perform its respective obligations under this Agreement.
40. Necessary Proceedings – The execution and delivery of this Agreement and the performance by the Obligors of their respective obligations hereunder have been duly authorized by all necessary proceedings.
41. Headings – The headings contained herein are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
42. Severability – If, in any jurisdiction, any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.
43. Time – Time is of the essence in the performance of the parties' respective obligations.
44. Amendment – No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party, shall be binding unless executed in writing by the party to be bound thereby.
45. Notices – Any notice, consent or approval required or permitted to be given in connection with this Agreement (a "Notice") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile:

(i) in the case of a Notice to 852 at:

77 King Street West
Suite 2925, P.O. Box 322
Toronto, Ontario M5K 1K7

Attention: Natasha Sharpe, President
Facsimile: (416) 633-7902

and with a copy to:

Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

- II -

Attention: Philip L. Taylor
Facsimile: (416)218-1855

(ii) in the case of a Notice to the Obligor:

10 Sun Pac Blvd.
Brampton, Ontario L6S 4R5

Attention: Csaba Reider
Facsimile: (905) 792-8490

46. Assignment – The Obligor may not assign this Agreement or any rights or obligations under this Agreement except with the prior written consent of 852 which may be withheld in 852's sole discretion.
47. Enurement – This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors (including any successor by reason of amalgamation of any party) and permitted assigns.
48. Governing Law – This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
49. Execution and Delivery – This Agreement may be executed in counterparts, and acceptance of this Agreement may be provided by facsimile transmission or email transmission in PDF format and, on such execution and transmission, this Agreement shall be binding on the parties with the same force and effect as if originally executed.
50. Entire Agreement – The Loan Agreement and the Security, together with the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understanding or other agreements, oral or written, express, implied or collateral between the parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

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IN WITNESS OF WHICH the parties have duly executed this Agreement on the date described above.

8527504 CANADA INC.

By:

Name: Natasha Sharpe
Title: President

I have authority to bind the corporation

SUN PAC FOODS LIMITED

By:

Name: Csaba Reider
Title: President

I have authority to bind the corporation

LIQUIBRANDS INC.

By:

Name: Csaba Reider
Title: President

I have authority to bind the corporation

SCHEDULE "A"

1. Amended and Restated Facility A Demand Grid Promissory Note dated January 18, 2013 in the face amount of \$7,000,000 executed by Sun Pac in favour of BCI, as assigned to 852
2. Facility B Demand Grid Promissory Note dated January 18, 2013 in the face amount of \$2,250,000 executed by Sun Pac in favour of BCI, as assigned to 852
3. General Security Agreement dated October 1, 2012 executed by Sun Pac in favour of BCI, as assigned to 852
4. Assignment of Insurance Monies dated October 1, 2012 executed by Sun Pac in favour of BCI, as assigned to 852
5. Guarantee and Postponement dated October 1, 2012 executed by Liquibrands in favour of BCI, as assigned to 852
6. General Security Agreement dated October 1, 2012 executed by Liquibrands in favour of BCI, as assigned to 852

SCHEDULE "B"
INDEBTEDNESS OWING

Loan	Amount
Facility A Loan - Principal	\$2,009,680.23
Facility A Loan - Accrued Interest	\$3,756.58
Facility B Loan - Principal	\$1,932,524.00
Facility B Loan - Accrued Interest	\$3,812.10
Pro-rated monthly monitoring fee	\$266.67
TOTAL:	\$3,950,039.57

SCHEDULE "C"

See attached.

CONSENT

TO: 8527504 CANADA INC.

SUN PAC FOODS LIMITED hereby consents to the private or court appointment of an interim receiver, receiver or receiver and manager in respect of its property, assets and undertaking.

DATED at Brampton, Ontario this 11th day of Sept., 2013

SUN PAC FOODS LIMITED

Per: 

Name: Csaba Reider

Title: President

I have authority to bind the corporation

CONSENT

TO: 8527504 CANADA INC.

LIQUIBRANDS INC. hereby consents to the private or court appointment of an interim receiver, receiver or receiver and manager in respect of its property, assets and undertaking.

DATED at Brampton, Ontario this 11th day of SEPT., 2011

LIQUIBRANDS INC.

Per: 

Name: Csaba Reidcr

Title: President

I have authority to bind the corporation

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE BANKRUPTCY OF
SUN PAC FOODS LIMITED,
a company incorporated under the laws of the Province of Ontario, carrying on business in
the City of Brampton, in the Province of Ontario**

CONSENT

SUN PAC FOODS LIMITED hereby consents to the immediate making of a Bankruptcy Order in respect of its property, assets and undertakings.

DATED at Brampton, Ontario this 11th day of SEPT, 2013

SUN PAC FOODS LIMITED

Per: 

Name: Csaba Reider

Title: President

I have the authority to bind the corporation

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE BANKRUPTCY OF
LIQUIBRANDS INC.,**
a company incorporated under the laws of the Province of Ontario, carrying on business in
the City of Brampton, in the Province of Ontario

CONSENT

LIQUIBRANDS INC. hereby consents to the immediate making of a Bankruptcy Order
in respect of its property, assets and undertakings.

DATED at Brampton, Ontario this 11th day of Sept, 2013

LIQUIBRANDS INC.

Per: 

Name: Csaba Reider

Title: President

I have the authority to bind the corporation

EXHIBIT "K"

Exhibit K to the Affidavit
Of Csaba Reider
Sworn on the 3rd day of
April, 2014
Commissioner for Taking Oaths

STRICTLY PRIVATE & CONFIDENTIAL

September 6, 2013

Sun Pac Foods Limited
10 Sun Pac Blvd.
Brampton, ON L6S 4R5

Attention: Mr. Csaba Reider

Re: Indicative offer for the purchase ("the Transaction") of all of the Assets ("Assets") of McDowell Ovens ("Company") from Sun Pac Foods Limited ("Shareholder")
(All references are to Canadian dollars unless otherwise noted).

Dear Mr Reider,

Furlan's Food Corporation and/or its designate (the "Purchaser"), hereby puts forward its indicative interest in purchasing all of the Assets of the Company from the Shareholder. Neither party makes any representation or warranty, expressed or implied, as to the accuracy or completeness of the information provided to one another, whether directly or to or by representatives. Only those representations or warranties, if any, that are made in the Asset Purchase Agreement ("Asset Purchase Agreement") between the Purchaser and the Shareholder when, as and if it is executed and delivered, and subject to such limitations and restrictions as may be specified in such Asset Purchase Agreement will have any legal or other effect.

This indicative offer, which is non-binding on either party, outlines the basis upon which the Purchaser offers to complete the purchase of the Assets (the "Transaction").

1. Asset Purchase

The Purchaser will purchase one hundred percent (100%) of the Assets of the Company, which will be provided free and clear of all encumbrances and/or liabilities.

2. Purchase Price

The Purchaser will pay total consideration of four (4) times the Company's three (3) year average normalized EBITDA (estimated at \$779k) for the acquisition of the Assets (total estimated purchase price of \$3,116,000), payable in cash on closing.

3. Shareholder's Obligations

The Shareholder agrees or will ensure:

- a) that it has full power and authority to convey the Assets; and
- b) that it will preserve the operations of the Company in its present condition and conduct its affairs in the ordinary course of business.

4. Conditions Precedent to Closing the Purchase

The Transaction will be subject to the following conditions precedent:

- a) the execution and delivery of a definitive Asset Purchase Agreement consistent with the provisions hereof and containing customary representations and warranties (including regarding all obligations, product liability, undisclosed liabilities and contingent liabilities), covenants (including appropriate "no material adverse change in the business" clauses pending closing), conditions of closing and indemnities for transactions of this nature;
- b) a satisfactory economic review by Purchaser of the financial statements and records of the Company. This condition is subject to full disclosure of all relevant information being required of the Company;
- c) the Purchaser shall receive from the Company letters from appropriate parties, if applicable, consenting to the change in control for contracts in place with the Company's customers, supply agreements supporting the Company's business operations, and any other contracts designated by the Purchaser that are necessary to conduct the Company's operations, and any necessary regulatory consents;
- d) all the Assets will be conveyed to the Purchaser free and clear of any liens or encumbrances.

5. Co-operation

In connection with the transaction contemplated herein:

- a) the Company, the Shareholders and the Purchaser will co-operate in good faith with each other in the preparation of all necessary documents, obtaining all necessary consents from third parties and complying with all applicable regulatory requirements;
- b) in connection with, and for the purpose of enabling the Purchaser to complete the Transaction, the Company and the Shareholder will afford the Purchaser and its representatives full access to the books, records, facilities and personnel of, or relating to the Company, and such access to be controlled by the Company acting reasonably; provided the Purchaser shall and it does hereby indemnify and save harmless the Company from any claims of injury to persons or damage or loss of property by persons employed or utilized by the Purchaser in conducting and carrying out surveys and inspections of the Company's lands, buildings and properties and the Purchaser shall return any lands, buildings and properties surveyed or inspected by or for it to the same condition as prior to such survey or inspection; and,
- c) any information obtained by the Purchaser and its representatives will be kept confidential to the extent not in the public domain or required to be disclosed by law, and such information shall be returned forthwith to the Company if the proposed transaction is not completed.

6. Target Closing Date

Closing shall take place within 14 days from the execution of the Asset Purchase Agreement between the parties, with a target Closing Date of October 15, 2013 (the "Closing Date"). Closing may be extended by mutual consent of both parties.

7. Expenses

Each party will be responsible for its own costs and expenses associated with the Transaction regardless of whether the Transaction is completed.

8. Assignment

No party hereto may transfer or assign its rights or obligations hereunder without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed.

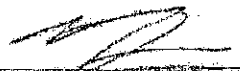
10. Absence of Enforceable Agreement

Except for this Section 10 and Sections 5(c), 7, 8 and 9, which are intended to be binding on the parties, this letter is not intended to create any legal obligation whatsoever on the parties. The parties intend to continue negotiations with a view to preparing and concluding the Transaction.

If you are in agreement with the foregoing, please sign below to indicate such acceptance and return the same to the undersigned. In the event that you do not indicate your acceptance prior to 5:00 pm EST on September 10, 2013, this letter shall be of no further force and effect. This letter may be executed by facsimile in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Yours Truly,

FURLANI'S FOOD CORPORATION

Per: 
Jonathan Kavaja
VP Operations

The foregoing letter of intent of Furlani's Food Corporation is hereby accepted as of this 6th day of September, 2013.



Csaba Reider, on behalf of
SUN PAC FOODS LIMITED
and in his personal capacity as a Shareholder

EXHIBIT "L"



Tel: 416 865 0210
Fax: 416 865 0904
www.bdo.ca

Motion for Leave to Appeal Page 265

BDO Canada Transaction Advisory Services Inc.
123 Front Street W, Suite 1200
Toronto ON M5J 2M2 Canada

September 5, 2013

Csaba Reider
President and Chief Executive Officer
Sun Pac Foods Limited
10 Sun Pac Boulevard
Brampton, ON L6S 4R5

Exhibit L to the Affidavit
Of Csaba Reider
Sworn on the 3rd day of
April
Commissioner for Taking Oaths

Dear Mr. Reider:

This agreement to provide services (the "Agreement") confirms the engagement of BDO Canada Transaction Advisory Services, Inc. ("BDO", "we" or the "Firm") by Sun Pac Foods Limited ("Sun Pac" or "you") to perform certain financial due diligence services in connection with your proposed divestiture of (the "Proposed Transaction") McDowell Ovens assets ("McDowell").

SERVICES

We expect that our services may include, but not be limited to, financial due diligence analyses and inquiries. The specific services to be performed by us (collectively, the "Services") will be established based on discussions with you as the Proposed Transaction progresses and additional information is obtained during the course of the engagement. All Services shall be performed by BDO in good faith, in a competent manner and in accordance with professional accounting standards.

Based upon our discussions with you to date, Appendix A attached hereto is indicative of the scope of the financial diligence work that you want performed in respect of the Proposed Transaction. The specific items on Appendix A that BDO will undertake as part of the Services will be determined in consultation with you. These Services may be changed or modified by mutual agreement of the parties. Such changes shall be agreed to in writing by both parties and charges if applicable will be in accordance with the Fees set out below in this letter.

You specifically acknowledge and agree to the following with respect to the Services:

- a) That the Services may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be solely and exclusively the responsibility of, and made by, Sun Pac. Furthermore, You shall be solely and exclusively responsible for, among other things: (i) making all management decisions and performing all management functions; (ii) designating a competent employee, preferably within senior management, to oversee the Services on behalf of Sun Pac and be our point of contact; (iii) evaluating on behalf of Sun Pac the adequacy and results of the Services; and (iv) accepting responsibility for results of the Services. In connection with the Services, BDO shall be entitled to rely on all representations, decisions, consents and approvals of Sun Pac.
- b) Sun Pac is responsible for obtaining all necessary authorizations and consents from McDowell and its advisors, including, without limitation, McDowell's independent accountants and other



representatives, in order to permit BDO to perform the Services, including disclosure of McDowell confidential information to BDO in connection with the Proposed Transaction.

- c) The Services are limited in nature, and do not encompass all matters relating to McDowell that might be pertinent or necessary to Sun Pac evaluation of the Proposed Transaction. Accordingly, the Services should not be taken to supplant other inquiries and procedures that Sun Pac should undertake for the purpose described above. The sufficiency of the Services to be performed hereunder by BDO is solely the responsibility of Sun Pac. In addition, the nature and scope of pre-acquisition consulting services may vary significantly depending upon the judgment of each company (including, without limitation, the level of risk that Sun Pac is willing to accept) and the type of transaction that is being contemplated. Consequently, BDO will make no representation as to the sufficiency of the Services for Sun Pac purposes. In addition, BDO has no responsibility for performing any services or procedures beyond those agreed to by Sun Pac and BDO or for updating the Services performed.
- d) The performance of the Services does not constitute an audit conducted in accordance with any generally accepted auditing standards, an examination of or any other form of assurance with respect to internal controls, or other attestation or review services in accordance with standards or rules established by any body that promulgates such attest or review standards, including but not limited to the Canadian Institute of Chartered Accountants ("CICA") or the International Auditing and Assurance Standards Board ("IAASB") or other regulatory body, in each case with respect to McDowell or any other entity. Such audit or other attestation or review services, if any, are not covered by the engagement letter to which these terms are attached. Neither BDO nor the results of its work and report findings, ("Report") will express an opinion or any other form of assurance with respect to any matters as a result of the performance of the Services, including, without limitation, concerning the (i) financial statements of McDowell or any financial or other information, or operating or internal controls of McDowell, taken as a whole, for any date or period; (ii) merits of the Proposed Transaction, including, without limitation, the consideration to be paid; (iii) future operations of McDowell; or (iv) fairness of the contemplated terms of the Proposed Transaction.
- e) In the performance of the Services, BDO will not perform any evaluation of internal controls and procedures for financial reporting upon which Sun Pac management can base its assertion in connection with the Sarbanes-Oxley Act of 2002 or related rules or regulations ("Sarbanes-Oxley"). BDO will make no representations or warranties and will provide no assurances that McDowell's disclosure controls and procedures are compliant with the certification requirements of, or McDowell's internal controls and procedures for financial reporting are effective as required by, Sarbanes-Oxley or any other standards or rules, including, without limitation, Sections 302 and 404 of the Sarbanes-Oxley Act of 2002.
- f) McDowell's financial statements, including, without limitation, the application of generally accepted accounting principles ("GAAP") to record the effects of the Proposed Transaction, are the responsibility of management of McDowell. Accordingly, any comments made by BDO relating to the accounting treatment of selected balances or transactions or the application of



GAAP to the Proposed Transaction as a whole are intended to serve only as general guidance to assist Sun Pac to better understand certain accounting matters related to McDowell and the effects of the Proposed Transaction. Such comments are necessarily based on the preliminary understanding by BDO of the pertinent facts and circumstances and on current authoritative literature and are, therefore, subject to change. Such comments do not constitute a report on the application of accounting principles.

- g) The performance of the Services does not constitute (i) a recommendation regarding the acquisition or financing of any McDowell, assets, liabilities, or securities; (ii) a market or financial feasibility study; (iii) a fairness or solvency opinion; or (iv) an examination or compilation of, or the performance of agreed upon procedures with respect to, prospective financial information in accordance with standards or rules established by the CICA, the IAASB or other national standard setters, or other regulatory body. The Services and our Report findings are not intended to be, and shall not be construed to be, "investment advice". It is understood that BDO will not provide, nor be responsible for providing, legal advice hereunder. In addition, financial forecasts are the responsibility of management of Sun Pac or McDowell, as the case may be. In this regard, management of Sun Pac or McDowell, as the case may be, is responsible for representations about its plans and expectations and for disclosure of significant information that might affect the ultimate realization of its forecasted results and BDO has no responsibility therefore or for the achievability of the results forecasted. It is understood and agreed that for purposes of any consultative observations provided by BDO relating to any forward looking information of Sun Pac or McDowell, such observations may be affected by the underlying assumptions or estimates, which inherently may be uncertain, and, though considered reasonable by management of Sun Pac or McDowell as of the date of its preparation, may be subject to a wide variety of McDowell, economic, and competitive risks and uncertainties that may cause actual results to differ materially from those contained in any such forward looking information.
- h) The performance of the Services is heavily dependent upon Sun Pac, McDowell, and their respective advisors having provided BDO not only accurate and complete versions of materials and information requested by BDO, but also upon Sun Pac, McDowell, and their respective advisors having provided all relevant materials and information and answered BDO's questions fully and accurately. BDO has no responsibility for the accuracy or completeness of the information provided by, or on behalf of, Sun Pac or McDowell. This engagement cannot be relied upon to disclose errors or fraud should they exist.
- i) It is understood that the Services may include access to the work of Sun Pac or McDowell's advisors, including, without limitation, statutory auditors, public accounting firms, or to financial statements, financial information, or data reported on by such advisors. In this regard, we call Sun Pac attention to the possibility that advisors may perform procedures concerning the same information or data, and perhaps the same accounts and records, and reach different observations than us for a variety of reasons, including the possibility that additional or different information or data might be provided to them that was not provided



to us, that they might perform different procedures from us, or that professional judgments concerning, among others, complex, unusual, or poorly documented matters may differ.

FEES

The fees for our professional services will be based on the amount of time our professional personnel devote to performing the Services relating to the Proposed Transaction. We will also bill you for reasonable out-of-pocket expenses.

For Services hereunder, our fee estimate is as follows:

Financial Due Diligence	\$24,000 - \$27,000
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The above estimates exclude reasonable out-of-pocket expenses and an administration fee of 4% of the actual fees.

This engagement includes only those services specifically described in Appendix A of this Agreement; any additional services not specified herein will be agreed to in a separate letter.

In the event you request us to, or we are required to, respond to a subpoena, court order, government regulatory inquiries, or other legal process against Sun Pac or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, save where attributable to BDO's negligence or wrongful act in relation to the Services, you agree to compensate us for all time we expend in connection with such response, at the hourly rates set out above, and to reimburse us for all direct out-of-pocket costs that we incur in respect of the same.

Our fees and costs will be billed monthly and are payable upon receipt. If we do not receive any notice of dispute within 10 days of your receipt of the invoice, we will conclude that you have seen the invoice and find it acceptable. Invoices that are unpaid 45 days past the invoice date are deemed delinquent and we reserve the right to charge interest on the past due amount at the lesser of the Bank base rate per annum or (b) the maximum amount permissible by applicable law. Interest shall accrue from the date the invoice is delinquent. We reserve the right to suspend our services, withhold delivery of any deliverables or withdraw from this engagement if any of our invoices are delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation, attorneys' fees.

We will also bill you for direct out-of-pocket expenses, payable upon receipt of an invoice. Our fee estimates will be based on the following assumptions: (1) McDowell's personnel will prepare certain schedules and analyses for us and make available to us documents for our examination as and when requested; (2) we receive all requested cooperation from McDowell and You; (3) there are no significant changes in the procedures, internal controls, accounting systems, key personnel or structure of McDowell; and (4) services are limited to those expressly set forth in Appendix A.



Should we encounter any unforeseen problems that will warrant additional procedures or expense, you will be notified of the situation and the added cost.

COMMUNICATIONS

The nature of the Proposed Transaction will necessitate prompt communication of our findings to you that result from performing the Services as those Services are performed. Therefore, it will not be possible for all of our communications to be in the form of written reports. Accordingly, any information, documents, or other communications provided by BDO, whether in writing or otherwise, including, without limitation, any reports (including, without limitation, our final written report, if any, on the Services performed hereunder) or memoranda issued by BDO, should be considered by Sun Pac in the context of the nature of the Services that we have agreed to provide. Such information, documents, communications, as defined in the procedures if any, and any drafts thereof, including, without limitation, any draft or final reports or memoranda, whether in writing or otherwise, are herein referred to collectively as the "Company Deliverables." For the avoidance of doubt, any communication of significant matter (as specifically agreed between BDO and the Sun Pac) which is not provided in writing shall be confirmed by BDO in writing within 5 days of the original communication.

Sun Pac agrees that the Company Deliverables, including our Report findings, are solely for Sun Pac informational purposes and internal use in connection with the Proposed Transaction, and are not intended to be relied upon by or for the benefit of any person or entity other than Sun Pac. Sun Pac further agrees that none of the Company Deliverables or Report findings shall be circulated, quoted, disclosed, or distributed to, nor will reference to any of the Company Deliverables or Report findings be made to, anyone who is not (1) an employee (with a need to know), a member of management, or a member of the board of directors of Sun Pac, who may use the Company Deliverables solely for purposes of Sun Pac evaluation and implementation of the Proposed Transaction; (2) legal advisors of Sun Pac acting strictly in an advisory capacity to Sun Pac, who may use the Company Deliverables and Report findings solely to assist Sun Pac in connection with Sun Pac evaluation and negotiation of the Proposed Transaction, provided that Sun Pac shall ensure that such legal advisors do not further circulate, quote, disclose, or distribute any of the Company Deliverables or Report findings, or refer to BDO in connection with the Proposed Transaction or any related transaction or any of the Company Deliverables or Report findings; or (3) any other financial or professional advisor of Sun Pac acting strictly in an advisory capacity to Sun Pac, who may use the Company Deliverables or Report findings solely to assist Sun Pac in connection with Sun Pac evaluation of the Proposed Transaction, provided that the Sun Pac shall ensure that such advisors do not further circulate, quote, disclose, or distribute any of the Company Deliverables or Report findings, or refer to BDO in connection with the Proposed Transaction or any related transaction or any of the Company Deliverables or Report findings.

In addition, Sun Pac agrees that it will not refer, generically, by name or otherwise to BDO or the Services in any written materials relating to the Proposed Transaction (the "Written Materials"), including, without limitation, any publicly filed documents, without our prior written consent, which may be withheld in our sole and absolute discretion. Notwithstanding the foregoing, the Sun



Pac may provide Written Materials solely to an employee, member of management, or a member of the board of directors of Sun Pac who has: a) a need to have such Written Materials for internal McDowell purposes; and b) is restricted from further disclosures of the Written Materials by a reasonable and customary non disclosure agreement. Sun Pac assumes any and all liability that results from the disclosure of Written Materials provided for herein, even if BDO consents to such disclosures.

In addition, notwithstanding anything to the contrary contained in this letter, except as otherwise provided in the last sentence of this paragraph, Sun Pac may provide the Report findings to other third parties acceptable to us, provided that prior to such disclosure (1) BDO consents in writing to disclosure to such third party; (2) in the case of a lender, Sun Pac has executed an agreement authorizing, among other things, BDO to disclose information to such third party; and (3) in the case of a lender, such third party has executed a lender access letter. Sun Pac acknowledges and agrees that it and such third party shall be solely responsible for the determination of whether and what information is provided by Sun Pac to such third party and BDO shall have no responsibility therefor. In addition, Sun Pac acknowledges and agrees that it shall not permit any third party to have access to any Company Deliverables or Report findings following the consummation of the Proposed Transaction and expressly agrees to indemnify, hold harmless and release BDO from any and all liability that results from such third party disclosure.

Sun Pac acknowledges and agrees that BDO may suffer damage for which money damages will not be sufficient remedy in the event of a breach of the Communications provisions of this letter. BDO shall be entitled to specific performance and injunctive relief as remedies for any breach or threatened breach of any such provision of this letter, which remedies shall not be deemed to be exclusive remedies for such breach or threatened breach by Sun Pac, but shall be in addition to all other remedies available to BDO at law or in equity.

OWNERSHIP OF WORKING PAPERS

The working papers prepared in conjunction with our engagement are the property of our Firm, constitute confidential information, and will be retained by us in accordance with our Firm's policies and procedures as necessary to comply with professional and regulatory standards.

E-MAIL COMMUNICATION

In connection with this engagement, we may communicate with you or others via e-mail. As e-mails can be intercepted and read, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot ensure that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of e-mail, including any punitive, consequential, incidental, direct, indirect, or



special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information, except where such liability solely results from the negligence or wrongful act of BDO.

CONFIDENTIALITY

We will maintain the strictest confidence with respect to any client's or former client's information. Accordingly, Sun Pac and McDowell's confidential information will not, without your consent, be disclosed to any individuals in our Firm beyond those who are in the local office through which you engaged our services and those individuals from other offices who are involved in performing Services for you. Nor will it be disclosed without your consent to anyone outside the Firm. In the event that we receive a request or demand to disclose any confidential information, we will inform you immediately.

EXCLUSIVITY

BDO and its affiliated entities in other countries will not accept any mandate to provide services to any other person in connection with the acquisition of McDowell, other than with the express written permission of Sun Pac.

FORCE MAJEURE

BDO shall not be liable for any delays or nonperformance resulting from circumstances or causes beyond its reasonable control, including, without limitation, acts or omissions or the failure to cooperate by Sun Pac or McDowell (including, without limitation, entities or individuals under their respective control, or any of their respective officers, directors, employees, other personnel, and agents); fire, epidemic, or other casualty; act of God; strike or labor dispute; war or other violence; or any law, order, or requirement of any governmental agency or authority.

INDEPENDENT CONTRACTOR

It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is, nor shall be considered to be, an agent, distributor, partner, fiduciary, or representative of the other. Neither party shall act or represent itself, directly or by implication, in any such capacity in respect of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

INDEMNIFICATION

Sun Pac shall indemnify, hold harmless and release BDO, member firms of BDO International and their respective partners, employees, subsidiaries, affiliates and agents (the "BDO Group") to the fullest extent permitted by law, from and against any and all claims, damages, losses and liabilities, including, without limitation, reasonable attorney's fees ("Losses") to the extent they arise out of or are based upon this letter, except where such claims, damages losses and liabilities resulted from the negligence or willful misconduct of the BDO Group. BDO Group's maximum liability to Sun Pac



and McDowell for any reason, including BDO Group's negligence, relating to the services under this letter shall be limited to the fees paid to BDO Group for the services or work product giving rise to the liability.

SURVIVAL AND TERMINATION

The agreements, representations, warranties and undertakings of Sun Pac contained in this engagement letter, shall survive the completion or termination of this engagement and consummation of the Proposed Transaction.

MISCELLANEOUS

This letter, together with the Appendices attached hereto, constitutes the entire agreement of the parties hereto with respect to this engagement and supersedes all other oral or written representations, understandings, or agreements relating to this engagement; and may not be amended except by written agreement signed by the parties.

This Agreement is only intended to cover the services specified herein, although we look forward to many more years of pleasant association with Sun Pac. This engagement is a separate and discrete event and any future services will be covered by a separate agreement to provide services.

All or a portion of this engagement may be terminated by either party at any time by giving written notice to the other party not less than ten (10) days before the effective date of termination. BDO may terminate all or a portion of this engagement sooner if: a) required or compelled to in accordance with applicable professional standards or rules established by the CICA or the IAASB, other national standard setters or other regulatory body governing or pertinent to BDO or b) reasonably necessary pursuant to applicable policies of BDO; or c) required for any other reasonable professional considerations. In the event this engagement is terminated pursuant to the foregoing sentence, BDO shall provide Sun Pac notice as soon as reasonably practicable under the circumstances.

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, or published interpretations, but if any provision of this Agreement shall be deemed prohibited, invalid, or otherwise unenforceable for any reason under such applicable laws, regulations, or published interpretations, such provisions shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and such revised provision shall be made a part of this Agreement as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement.

The validity and interpretation of this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario, Canada applicable to agreements made and to be fully performed therein (excluding the conflicts of laws rules). Sun Pac irrevocably submits to the exclusive jurisdiction of the provincial courts located in Ontario, Canada for purpose of any suit, action or other proceeding arising out of this Agreement.



If the above terms are acceptable to you and the Services are in accordance with your understanding, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity to serve you, and we look forward to a continuing relationship.

Yours very truly,
BDO Canada Transaction Advisory Services, Inc.

A handwritten signature in black ink, appearing to read 'Miguel Amaral'.

Miguel Amaral, CPA, CA, CFA
Managing Director

Accepted and Agreed to this _____ day of _____, 2013

Sun Pac Foods Limited

By: _____
Csaba Reider
President and Chief Executive Officer



APPENDIX A

Financial Diligence Scope of Review

The procedures below will cover the last two fiscal years ended December 31, 2011 and 2012 ("FY11" and "FY12") and the latest trailing twelve months ended July 31, 2013 ("TTM FY13")

1. Overview

Meet with Target's officers and management in order to develop an understanding of Target, including its:

- a) History;
- b) Organizational structure;
- c) Product portfolio; and
- d) Financial reporting framework.

2. Consistency of accounting policies

Consider if the following accounting policies have been applied consistently within the historical periods:

- a) Revenue and profit recognition;
- b) Inventory valuation;
- c) Capitalization of costs; and
- d) Provisions.

3. Quality of earnings

Propose potential adjustments to historical EBITDA by considering:

- a) The impact of related party transactions (e.g. sales, rent allocation, etc.);
- b) The impact of normalization items identified by management;
- c) The impact of personal expenses;
- d) The impact of non-recurring professional fees;
- e) The impact of foreign exchange movements;
- f) The impact of changes in allocations (if any);
- g) The impact of management estimates and provisions on historical results (e.g., inventory provisions, allowance for doubtful accounts, etc.);
- h) The impact of gains/losses on disposal of capital assets, if any;
- i) The impact of significant changes in the Company's cost structure;
- j) Other income and expenses; and
- k) Other potential items discovered during diligence.

EXHIBIT "M"

BDC

Project Hansel
Due Diligence Assistance

September 25, 2013

Strictly Private & Confidential

Exhibit M to the Affidavit
Of Carla Kelly
Sworn on the 2nd day of
April, 2013
Commissioner for Taking Oaths

Notice

Notice to any person not authorized to have access to this report

Any person who is not an addressee of this report or who has not signed and returned to BDO Canada Transaction Advisory Services Inc. ("BDO") either a "no-reliance" or an "assumption of duty" release letter is not authorized to have access to this report. We do not accept or assume responsibility to any unauthorized person to whom this report is shown or any other person who may otherwise gain access to it. If any unauthorized person chooses to rely on the contents of this report, they do so entirely at their own risk. Should any unauthorized person obtain access to and read this report, such person accepts and agrees that:

- This report was prepared in accordance with instructions provided by the addressees exclusively for the sole benefit and use of each of them and such other parties whom we expressly agreed in writing may have the benefit of, or rely upon, our work.
- BDO, its partners, employees and agents neither owe nor accept any duty or responsibility to the reader, whether in contract or in tort (including without limitation, negligence and breach of statutory duty), or howsoever otherwise arising. We make no representations regarding this report or the accuracy of the contents including that the information has not changed since the date of this report. We shall not be liable in respect of any loss, damage or expense of whatsoever nature which results from any use the reader may choose to make of this report, or any reliance the reader may seek to place on it, or which is otherwise consequent upon access to this report by the reader.
- Our work has been conducted in accordance with applicable Canadian professional guidance. In other jurisdictions, standards and practice relevant to investigating accountants may be different and may not provide for reporting in the manner contemplated herein. Accordingly this report has not been prepared in accordance with the standards and practice of any professional body in any other jurisdiction.
- This report is not to be referred to or quoted, in whole or in part, in any other document or made available to any third party.



Csaba Reider
 President and Chief Executive Officer
 Sun Pac Foods Limited
 10 Sun Pac Boulevard
 Brampton, ON L6S 4R5

Dear Mr. Reider:

In accordance with your instructions, confirmed in our engagement letter dated September 5, 2013, we have prepared this due diligence report on McDowell Ovens Inc. ("Company"). The scope of our engagement is attached hereto as Appendix 1.

This report is addressed to and intended for the information of the addressees only in connection with a potential divestiture of the Company. Save as expressly provided for in our engagement letter, it is not to be referred to or quoted, in whole or in part, in any other context without our prior written consent.

This report is based on the latest information made available to us as at the completion of our work on September 25, 2013 and we accept no responsibility to update it for events that take place after the date of its issue. We emphasise that our enquiries would not necessarily disclose all matters of significance to you relating to the Company.

BDO Canada Transaction Advisory Services Inc.
 123 Front Street W., Suite 1200
 Toronto, Ontario
 M5J 2M2

We prepared this report from information supplied by and from discussions with the directors, management and employees of the Company. We have not verified the accuracy, reliability or completeness of the information supplied and the procedures that we used to perform the work did not constitute an audit or review made under any generally accepted auditing standards.

Yours truly,

Miguel Amaral
 Managing Director

BDO Canada Transaction Advisory Services Inc.





Glossary

BS	Balance sheet
Company, McDowell	McDowell Owens
EBITDA	Earnings before interest, taxes, depreciation and amortization
FYXX	Fiscal year ended December, 20XX
Headstart	Headstart Employment Solutions Inc.
IS	Income statement
Management	Csaba Reider and Garth Rombough
Sun Pac	Sun Pac Foods Limited
TBQ	To be quantified
TTM	Trailing twelve months



Contents

Individuals in connection
with this report include:

Miguel Amaral
Managing Director,
Transaction Advisory
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T - 416 775 7810
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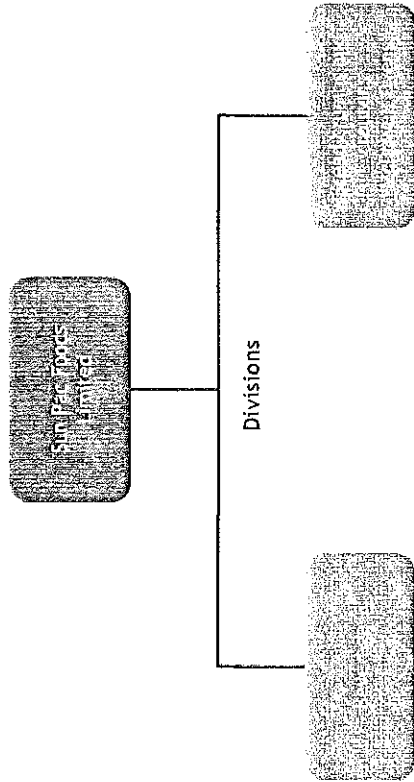
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Executive Summary Business Overview

Business Overview

- Sun Pac Foods Limited currently operates in a 355,000 square foot production and warehouse facility on Sun Pac Boulevard located in Brampton, Ontario. Sun Pac produces branded and private label fruit juice beverages.
- Founded in 1985, McDowell Owens ("McDowell" or "Company") is a division of Sun Pac Foods Limited. It produces croutons and breadcrumbs under its own brands and for Canada's leading private labels.
- Private label sales currently represent approximately 80% of total sales and branded sales represent 20%. The Company produces private label products for companies such as Loblaw, Metro and Walmart.



Basis of Quality of
Earnings analysis





Executive Summary
Summary Financial Statements

Sun Pac has a December fiscal year end and the financial statements are currently unaudited.

All sales reported by McDowell are made to Sun Pac using transfer pricing.

All items produced are sold to Sun Pac at month end and as a result, no finished goods inventory exists with McDowell.

Sales to third parties are made through Sun Pac and are recorded outside the accounts presented throughout this report.

McDowell is a bread crumb and crouton processing division within Sun Pac with a discrete set of accounts.

	[Unaudited] FY 11	[Unaudited] FY 12	[Unaudited] TTM Jun-13
\$'000			
Sales	1,862	1,738	1,764
Cost of goods sold			
Cost of materials	1,702	1,553	1,584
Manufacturing overhead	680	688	759
Manufacturing variance	(540)	(469)	(481)
Material variance	(77)	(72)	(91)
Discounts	(4)	(1)	0
Total cost of sales	1,762	1,700	1,771
Gross margin	100	38	(7)
Gross margin, %	5.4%	2.2%	(0.4%)
Other expenses			
General and admin	2	9	9
Employee fringe benefits	0	0	0
Total other expenses	2	9	9
Net income before taxes	98	30	(16)
Income tax provision	-	-	-
Net income	98	30	(16)
Add back (deduct):			
Depreciation	3	5	5
EBITDA, reported	101	35	(11)
EBITDA, reported %	5.4%	2.0%	(0.6%)

	[Unaudited] 31-Dec-11	[Unaudited] 31-Dec-12	[Unaudited] 30-Jun-13
\$'000			
ASSETS			
Current assets			
Cash	-	-	-
Accounts receivable	-	-	-
Inventory	140	136	127
Prepays	-	-	-
Total current assets	140	136	127
Fixed assets, net	24	23	32
Interco. Sun Pac	2,364	2,417	2,361
Total assets	2,528	2,576	2,521
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable, trade	(66)	(60)	(26)
Accrued liabilities	(30)	(52)	(61)
Income tax payable	(0)	(0)	(0)
Payroll	1	2	(2)
GST payable	(0)	(3)	(3)
Total liabilities	(95)	(113)	(93)
Common shares	(190)	(190)	(190)
Retained earnings	(2,243)	(2,273)	(2,238)
Total liabilities and shareholder's equity	(2,528)	(2,576)	(2,521)

The results throughout this report reflect the operations of McDowell Qvens "McDowell", a division within Sun Pac. This information is identified by a discrete set of accounts in the trial balance and includes certain corporate allocations.

Executive Summary
Key Findings - Financial (1)

Quality of earnings

TTM Jun-13 reported sales of \$1.76 million increased to \$2.49 million after potential adjustments reflecting sales to third party customers and a pro forma adjustment to reflect the current run rate of sales to Walmart.

TTM Jun-13 reported EBITDA of (\$11,000) increased to \$829,000 after potential EBITDA adjustments. This represents an EBITDA level of the Company assuming its operations are integrated with similar operations.

As a percentage of sales, potential adjusted EBITDA (I) is 33.2% in TTM Jun-13. EBITDA (II) is indicative of potential normalized EBITDA assuming the Company's assets operate on a stand-alone basis. Adjustments to determine EBITDA (II) have not been quantified as of the date of this report.

The Company's reported EBITDA and potential adjustments from FY11 to TTM Jun-13, are summarized in the table below:

S:000	FY11		FY12		TTM Jun-13	
	TBQ	TBQ	TBQ	TBQ	TBQ	TBQ
Sales, reported	1,862	1,738	1,764			
Potential sales adjustments	844	838	730			
Potential adjusted sales	2,706	2,576	2,494			
EBITDA, reported	101	35	(11)			
Potential EBITDA adjustments	806	847	840			
EBITDA (I), potential adjusted	906	881	829			
Potential EBITDA (II) adjustments	TBQ	TBQ	TBQ			
EBITDA (II), potential adjusted	TBQ	TBQ	TBQ			
EBITDA (I), potential adj., as a % of adj. sales	33.5%	34.2%	33.2%			
EBITDA (II), potential adj., as a % of adj. sales	TBQ	TBQ	TBQ			

After potential adjustments, TTM Jun-13 reported EBITDA increased from (\$11,000) to \$848,000. Significant potential EBITDA (I) adjustments relate to the following:

- Third party sales: Increase of \$738,000
 - All reported sales at the Company are made to Sun Pac using transfer pricing. Sales to third parties are made by Sun Pac and are recorded in a separate set of trial balance accounts. This adjustment increases sales to reflect sales made to third parties within the respective periods.
- Rent expense: Increase of \$112,000
 - An annual rent expense of \$112,000 is allocated from Sun Pac to the Company. An adjustment is made to remove rent expense from EBITDA (I) as a prospective strategic buyer would have an existing facility would not likely incur additional rent costs relating to McDowell Owens operations.



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**Financial Performance
Quality of Earnings (1)**

	FY 11	FY 12	Jun-13	TTM
Sales, reported	1,862	1,738	1,764	
Potential sales adjustments	844	838	730	
Potential adjusted sales	2,706	2,576	2,494	
EBITDA, reported	101	35	(11)	
Potential EBITDA adjustments	806	847	840	
EBITDA (I), potential adjusted	906	881	829	
Potential EBITDA (II) adjustments	TBQ	TBQ	TBQ	
EBITDA (II), potential adjusted	TBQ	TBQ	TBQ	
EBITDA (I), potential adj., as a % of adj. sales	33.5%	34.2%	33.2%	
EBITDA (II), potential adj., as a % of adj. sales	TBQ	TBQ	TBQ	

- Basis of presentation
- The following quality of earnings adjustments are based on information provided by Management and reflect the operations of McDowell Owens Inc. ("Company") for the fiscal years ended December 31, 2011 and 2012 and the trailing twelve months ended June 30, 2013.
 - The information used as the basis for diligence was obtained from the internal trial balances of Sun Pac. Accounts relating specifically to McDowell are identified on the trial balance.
 - The Quality of Earnings analysis presents potential adjusted EBITDA in two alternatives:
 - EBITDA (I): EBITDA (I) is indicative of potential adjusted EBITDA assuming the Company's operations are integrated with similar operations and therefore benefit from the use of shared services and other corporate resources. These benefits include the use of an existing Finance department and unused facility floor space.
 - EBITDA (II): EBITDA (II) is indicative of potential normalized EBITDA assuming the Company's assets operate on a stand-alone basis. Adjustments to reach EBITDA (II) have not been quantified as of the date of this report as they are heavily dependent upon assumptions which cannot be reasonably estimated at this time.

EBITDA (I) is indicative of potential adjusted EBITDA assuming the Company's operations are integrated with similar operations.

EBITDA (II) is indicative of potential normalized EBITDA assuming the Company's assets operate on a stand-alone basis. Adjustments to reach EBITDA (II) are not quantified as of the date of this report.



**Financial Performance
Quality of Earnings (2)**

Potential adjustments identified during diligence increase TTM Jun-13 EBITDA from (\$11,000) to \$829,000. As a percentage of revenues, adjusted TTM Jun-13 EBITDA is 33.2%.

	FY 11	FY 12	TTM Jun-13
Sales, reported	1,862	1,738	1,764
Potential sales adjustments			
1. Third party sales	749	785	738
2. Walmart sales	124	89	30
3. Private label customer discounts	(27)	(25)	(25)
4. Case allowances	(3)	(11)	(13)
Total potential sales adjustments	844	838	730
Potential adjusted sales	2,706	2,576	2,494
Net income	98	30	(16)
Add (Deduct) back:			
Depreciation	3	5	5
EBITDA, reported	101	35	(11)
EBITDA, rep. as a % of rep. sales	5.4%	2.0%	(0.6%)
Potential EBITDA adjustments			
1. Third party sales	749	785	738
2. Rent expense	112	112	112
3. Utilities	62	50	44
4. Third party labour	(36)	(30)	(32)
5. Private label customer discounts	(27)	(25)	(25)
6. Personnel adjustment	(41)	(41)	(19)
7. Cost of inventory	(1)	(7)	17
8. Walmart sales	56	40	14
9. Case allowances	(3)	(11)	(13)
10. Plant Manager	(66)	(28)	4
Total potential EBITDA (I) adjustments	806	847	840
EBITDA (I), potential adjusted	906	881	829
Stand alone basis			
Rent	TBQ	TBQ	TBQ
Utilities	TBQ	TBQ	TBQ
Distribution network	TBQ	TBQ	TBQ
Finance function	TBQ	TBQ	TBQ
Total potential EBITDA (II) adjustments	TBQ	TBQ	TBQ
EBITDA (II), potential adjusted	TBQ	TBQ	TBQ
EBITDA (I), potential adjusted % of sales	33.5%	34.2%	33.2%
EBITDA (II), potential adjusted % of sales	TBQ	TBQ	TBQ

Potential revenue adjustments:

- Third party sales:** All reported sales at the Company are made by Sun Pac using transfer pricing. Sales to third parties are made by Sun Pac and are recorded in a separate set of trial balance accounts. This adjustment increases sales to reflect sales made to third parties within the respective periods.
- Walmart sales:** In October 2012, the Company began selling two private label bread crumb products to Walmart. Management represents the Company currently supplies approximately 370 Walmart locations, however only ships to three distribution centres in Calgary, Alberta, Cornwall, Ontario and Mississauga, Ontario. A pro forma adjustment is made to increase reported sales to reflect the current annual sales run rate. This adjustment is quantified by multiplying annualized Walmart sales, which have been seasonally adjusted, by each month's percentage of total annual sales.
- Private label customer discounts:** Management represents all customer discounts are recorded in Sun Pac and therefore not reflected in the discrete set of McDowell trial balance accounts which were used as the basis of diligence. Management represents the Company gives a 1.25% discount on gross sales to its private label customers such as Loblaws, Walmart and Metro. This adjustment reduces sales to reflect the discounts given to private label customers.
- Case allowances:** Management represents all customer claims and allowances are recorded in Sun Pac and therefore not reflected in the discrete set of McDowell trial balance accounts. This adjustment reduces sales by the customer claims relating specifically to McDowell that were recorded in the Sun Pac trial balance accounts.

Potential EBITDA adjustments:

- Third party sales:** This adjustment increases EBITDA to reflect sales made to third parties. Because the costs of the product sold internally to Sun Pac are recorded in McDowell's results, 100% of this sales adjustment flows through to EBITDA.
- Rent expense:** Management represents the Company currently occupies 8,000 square feet of the 355,000 square foot facility which represents 2.25% of the entire facility. An annual rent expense of \$112,000 is allocated from Sun Pac to the Company.



Financial Performance
Quality of Earnings (3)

	FY 11	FY 12	TTM Jun-13
Sales, reported	1,862	1,738	1,764
Potential sales adjustments			
1. Third party sales	749	785	738
2. Walmart sales	124	89	30
3. Private label/customer discounts	(27)	(25)	(25)
4. Case allowances	(3)	(11)	(13)
Total potential sales adjustments	844	838	730
Potential adjusted sales	2,706	2,576	2,494
Net income	98	30	(16)
Add (Deduct) back:			
Depreciation	3	5	5
EBITDA, reported	101	35	(11)
EBITDA, rep. as a % of rep. sales	5.4%	2.0%	(0.6%)
Potential EBITDA adjustments			
1. Third party sales	749	785	738
2. Rent expense	112	112	112
3. Utilities	62	50	44
4. Third party labour	(36)	(30)	(32)
5. Private label/customer discounts	(27)	(25)	(25)
6. Personnel adjustment	(41)	(41)	(19)
7. Cost of inventory	(1)	(7)	17
8. Walmart sales	56	40	14
9. Case allowances	(3)	(13)	(13)
10. Plant Manager	(66)	(28)	4
Total potential EBITDA (I) adjustments	806	847	840
EBITDA (I), potential adjusted	906	881	829
Stand alone basis			
Rent	TBQ	TBQ	TBQ
Utilities	TBQ	TBQ	TBQ
Distribution network	TBQ	TBQ	TBQ
Finance function	TBQ	TBQ	TBQ
Total potential EBITDA (II) adjustments	TBQ	TBQ	TBQ
EBITDA (II), potential adjusted	TBQ	TBQ	TBQ
EBITDA (I), potential adjusted % of sales	33.5%	34.2%	33.2%
EBITDA (II), potential adjusted % of sales	TBQ	TBQ	TBQ

- Potential EBITDA adjustments (continued)
- Rent expense (continued):** The allocation was determined prior to the current basis of ownership and Management is not able to provide information to support the amount allocated. As mentioned on page 10 of this report, under "Basis of presentation," EBITDA (I) is presented on the basis that if the Company operates under new ownership, existing facility space would be used to situate the assets. Any rent attributable to the bread crumb and crouton business would be impacted by variables including the ownership of the facility (owned versus leased) and the proportion of space used in relation to total facility space. In a stand-alone scenario, third party rent paid may differ significantly from the allocated amounts. An adjustment is made to remove rent expense from EBITDA (I) as the prospective buyer would have an existing facility to operate the Company.
 - Utilities:** Utilities expense includes hydro, gas and water and similar to rent, represents an allocation from Sun Pac. The allocation was determined by the previous owners and is a consistent percentage of the total utilities expense at Sun Pac. As the prospective buyer would already be operating a facility and already incurring utility costs, this allocation has been removed from EBITDA (I). Any utilities attributable to the bread crumb and crouton business under this scenario would be impacted by the proportion of utilities used in relation to the total facility. In a stand-alone scenario, utilities may differ significantly from the current allocated amounts.
 - Third party labour:** The Company uses Headstart Employment Solutions Inc., ("Headstart"), a third party labour provider for general labour and forklift operators. Currently, general labour and forklift operator hourly rates are \$11.50 and \$16.50, respectively. Based on information provided by Management, effective September 1, 2013, general labour rates will increase to \$13.25 per hour. An adjustment is made, on a pro forma basis, to reflect current labour rates on a go forward basis. This adjustment was quantified using historical general labour hours over the historical periods. Additionally, this adjustment was quantified using party labour expense based on the date in which services are provided as the Company was recording the expense based on invoice date. Despite the recent increase in third party general labour rates, the current rate may not be representative of market rates. Management represents the company and Sun Pac have historically benefitted from below market rates due to a long standing relationship with Headstart. To a third party, Headstart general labour rates may be higher than current rates. During diligence, information to assess the current rate relative to the market rate was not available, however Management represents McDowell continues to benefit from favourable rates pricing from Headstart.
 - Private label customer discounts:** This adjustment reduces EBITDA to reflect discounts given to private label customers. Management represents all customer discounts are recorded in Sun Pac and therefore not reflected in the McDowell trial balance accounts.

Financial Performance Quality of Earnings (4)

	FY 11	FY 12	TTM Jun-13
Sales, reported	1,862	1,738	1,764
Potential sales adjustments			
1. Third party sales	749	785	738
2. Walmart sales	124	89	30
3. Private label customer discounts	(27)	(25)	(25)
4. Case allowances	(3)	(11)	(13)
Total potential sales adjustments	844	838	730
Potential adjusted sales	2,706	2,576	2,494
Net income	98	30	(16)
Add (Deduct) back:			
Depreciation	3	5	5
EBITDA, reported	101	35	(11)
EBITDA, rep. as a % of rep. sales	5.4%	2.0%	(0.6%)
Potential EBITDA adjustments			
1. Third party sales	749	785	738
2. Rent expense	112	112	112
3. Utilities	62	50	44
4. Third party labour	(36)	(30)	(32)
5. Private label customer discounts	(27)	(25)	(25)
6. Personnel adjustment	(41)	(41)	(19)
7. Cost of inventory	(1)	(7)	17
8. Walmart sales	56	40	14
9. Case allowances	(3)	(11)	(13)
10. Plant Manager	(66)	(28)	4
Total potential EBITDA (I) adjustments	806	847	840
EBITDA (I), potential adjusted	906	881	829
Stand alone basis			
Rent	TBQ	TBQ	TBQ
Utilities	TBQ	TBQ	TBQ
Distribution network	TBQ	TBQ	TBQ
Finance function	TBQ	TBQ	TBQ
Total potential EBITDA (II) adjustments	TBQ	TBQ	TBQ
EBITDA (II), potential adjusted	TBQ	TBQ	TBQ
EBITDA (I), potential adjusted % of sales	33.5%	34.2%	33.2%
EBITDA (II), potential adjusted % of sales	TBQ	TBQ	TBQ

Potential EBITDA adjustments (continued)

- Personnel adjustment:** Several employees have transferred from Sun Pac to McDowell and their compensation was not recorded in the appropriate set of accounts to match their division of employment. This adjustment is a pro forma adjustment and reflects the current direct labour employees' compensation in historical periods had they been employed with McDowell at the beginning of January 2011. This adjustment was quantified using quarterly gross pay information obtained from the payroll registers and includes benefits at a rate of 25%.
- Cost of inventory:** All units produced during the month are sold to Sun Pac using transfer pricing. As a result, the Company reports no finished goods inventory as all finished goods reside in Sun Pac. Sun Pac then records the sale of these finished goods to third parties. As the Company sells 100% of goods produced to Sun Pac on a monthly basis, cost of sales reflects production and not sales to third parties. This adjustment records cost of goods sold solely pertaining to external third party sales in historical periods and is quantified using the changes in finished goods inventory levels recorded in Sun Pac.
- Walmart sales:** Similar to the Walmart sales adjustment, EBITDA is adjusted, on a pro forma basis, to reflect the current annual seasonally adjusted sales to Walmart. As the Company does not track direct margin by customer, October 2012 to June 2013 Walmart sales and production data was used to calculate an average direct margin of approximately 45% and is applied to Walmart sales. Costs included in the 45% margin are material and labour cost. Material and labour costs per unit were based on information provided by Management. Costs were calculated per kilogram and kilogram sales were used to quantify adjustments.
- Case allowances:** This adjustment reduces EBITDA by the customer claims relating specifically to McDowell that were recorded in the Sun Pac trial balance accounts.
- Plant Manager:** In June 2012, the Company hired Penny Moore as a Plant Manager. Prior to Penny's employment, Dick Reid served as a part-time Plant Manager, whose compensation was partially allocated to McDowell from Sun Pac and recorded as consulting expense. Management represents a full-time Plant Manager is required to maintain current revenues and to run operations efficiently. A pro forma EBITDA adjustment is made to reflect Penny's salary of \$85,000 and corresponding benefits and to remove Dick's compensation reflected in historical EBITDA. Benefits were quantified as 25% of base compensation as on average, reported benefits historically represent 25% of total salary expense. Details of the EBITDA adjustment are below:

	FY 11	FY 12	TTM Jun-13
Reported base compensation		46	85
Penny Moore		22	4
Dick Reid	40	68	89
Total reported base compensation	40	85	85
Less: current annualized exp.			
Penny Moore		(45)	(17)
Dick Reid		(21)	(12)
Subtotal		(66)	(25)
Benefits @ 25%			
Potential EBITDA adj.			

Financial Performance Quality of Earnings (5)

EBITDA (f) other considerations:

- McDowell employees:** Management notes McDowell's employees devote approximately 10% of their time to Sun Pac, on an annual basis, to assist during peak seasons. However, the labour expense recorded in the discrete set of McDowell trial balance accounts reflects all of the hours worked by these employees, irrespective of which division the time was spent on. Management notes if the Company is sold, additional resources from Headstart may be required by Sun Pac to assist during peak season.
- Synergies:** Potential opportunities to increase EBITDA exist, by way of cost savings, if a prospective owner can provide its own input materials. The Company currently purchases stale bread from Weston Bakeries at \$0.09 per pound and when supply from Weston Bakeries is low, purchases finished bread crumbs from American Breadcrumb at a cost of \$0.24 USD per pound. In FY11, FY12 and TTM Jun-13 bread purchases totaled \$480,000, \$421,000 and \$443,000, respectively. If a prospective owner is able to substitute these purchases with its own supply of stale bread, potential adjusted EBITDA (f) would increase to \$1.4 million, \$1.3 million and \$1.3 million in FY11, FY12 and TTM Jun-13, respectively.
- Top customer trends:** The table opposite outlines the top three customer trends. The most noteworthy trend in top customer sales has been the decline in revenues from Loblaw driven by a volume decline. Management represents Loblaw's volume has declined over the three year period primarily due to a shift in consumer demand away from a traditional breadcrumb to alternatives varieties such as panko or gluten free and due to an increase in competition on the traditional side. Sales to Canada Bread also decline over the periods presented due to lower volumes. Management did not provide comments on the decline in Canada Bread volume nor their expectations of foreseeable sales levels. Should these key customer declining trends continue, EBITDA may be negatively impacted. However, this trend would be partially offset by growing sales to Walmart which increased from \$35,000 to \$110,000 from FY12 to TTM Aug-13. Management notes it expects foreseeable future sales to Walmart to be consistent with the current run rate.

EBITDA (f) other considerations (continued):

3. Top customer trends (continued):

	Sales (\$)			Quantity (cases)			Sales price per case		
	FY11	FY12	TTM Aug-13	FY11	FY12	TTM Aug-13	FY11	FY12	TTM Aug-13
Loblaw	1,676	1,543	1,460	96	86	82	17.51	17.87	17.84
Metro Inc.	456	455	445	23	23	22	19.88	19.87	19.87
Canada Bread	211	194	160	13	11	9	16.85	17.02	17.22
Others	265	321	386	19	25	32	13.86	13.08	11.90
Total	2,608	2,512	2,451	150	145	146	17.35	17.31	16.79
%									
Top 3	89.8%	87.2%	84.2%	87.3%	83.1%	77.8%			
Others	10.2%	12.8%	15.8%	12.7%	16.9%	22.2%			
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EBITDA (ff) other considerations:

- Stand-alone operations:** If the Company's assets operate on a stand-alone basis, additional EBITDA considerations, among others, include:

 - Finance staff:** Management represents the Company's operations would require one finance staff member to be responsible for daily accounting activities and maintaining records. The Company currently uses Sun Pac's finance staff for its daily finance functions. No cost allocations have been made from Sun Pac to McDowell for time spent by the finance staff on McDowell.
 - Facility:** Management represents the Company currently occupies 8,000 square feet of the 355,000 square foot facility which is 2.25% of the facility. Management represents the current annual rent expense at Sun Pac is approximately \$2.95 million. Based on the square footage occupied by McDowell, annual rent expense at a comparable facility would be approximately \$66,000, however this may vary depending on the location and quality of the facility.
 - Distribution network:** The Company currently maintains national accounts with some of its largest customers including Loblaw Metro and Walmart. If the assets are operated on a stand-alone basis, the new operation would need to be able to supply a national distribution network in order for sales to remain at current levels. As these customers account for approximately 80% of total sales, maintaining these existing relationships will be critical for the future profitability of the business.



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Appendix 1 Financial Diligence Scope of Review (1)

The procedures below will cover the last two fiscal years ended December 31, 2011 and 2012 ("FY11" and "FY12") and the latest trailing twelve months ended July 31, 2013 ("TTM FY13").

1. Overview
 - Meet with Target's officers and management in order to develop an understanding of Target,
 - a) History;
 - b) Organizational structure;
 - c) Product portfolio; and
 - d) Financial reporting framework.
2. Consistency of accounting policies
 - Consider if the following accounting policies have been applied consistently within the historical periods:
 - a) Revenue and profit recognition;
 - b) Inventory valuation;
 - c) Capitalization of costs; and
 - d) Provisions.
3. Quality of earnings
 - Propose potential adjustments to historical EBITDA by considering:
 - a) The impact of related party transactions (e.g. sales, rent allocation, etc.);
 - b) The impact of normalization items identified by management
 - c) The impact of personal expenses;
 - d) The impact of non-recurring professional fees;
 - e) The impact of foreign exchange movements;
 - f) The impact of changes in allocations (if any);
 - g) The impact of management estimates and provisions on historical results (e.g., inventory provisions, allowance for doubtful accounts, etc.);
 - h) The impact of gains/losses on disposal of capital assets, if any;
 - i) The impact of significant changes in the Company's cost structure;
 - j) Other income and expenses; and
 - k) Other potential items discovered during diligence.

EXHIBIT "N"

5000 YONGE STREET, 10TH FLOOR, TORONTO, CANADA M2N 7E9
www.chaitons.com



REPLY TO: PHILIP L. TAYLOR
FILE NO.: 48398
DIRECT: 416-218-1125
FAX: 416-218-1855
EMAIL: philip@chaitons.com

PRIVATE & CONFIDENTIAL

October 10, 2013

VIA EMAIL

Sun Pac Foods Limited
10 Sun Pac Blvd.
Brampton, ON L6S 4R5

Attention: Csaba Reider, President

Re: Indebtedness of Sun Pac Foods Limited to Bridging Capital Inc., as assigned to 8527504 Canada Inc. (the "Lender")

Dear Mr. Reider,

We are the solicitors for the Lender. We refer to the amended and restated letter agreement dated January 17, 2013 (the "**Loan Agreement**"), and the forbearance and amending agreement dated September 11, 2013 (the "**Forbearance Agreement**"), each among Sun Pac, the Lender and Liquibrands. Capitalized terms shall have the meanings ascribed to such terms in the Forbearance Agreement unless otherwise defined herein.

We confirm that the Lender has expressed to Sun Pac serious concerns with, *inter alia*, persistent late reporting; draw requests being made in excess of availability; the inclusion of slow moving inventory in the Weekly Borrowing Base Report premised upon inaccurate and changing information; the inclusion of inventory in the Weekly Borrowing Base Report with incorrect values; and persistent failure to meet sales projections. In particular, the Lender has expressed concern in respect of a quantity of Brazilian frozen concentrate (the "**Juice**") that had been rejected by the US FDA prior to the execution of the Loan Agreement. At the time, Sun Pac had advised that the Juice was to be sold to a cruise liner. When asked why the Juice had not been sold some months later, Sun Pac advised that the Juice was going to be repackaged and sold to dollar stores. Months later in response to further enquiry as to why the Juice remained in inventory, Sun Pac advised that it would be blended in to regular product. Given that the Juice remains in inventory and the fact that the Borrower is persistently short on raw material, it has become clear to the Lender that the Juice is not suitable for sale. Furthermore, it has become clear that the Lender can no longer rely on information provided by management.

We further confirm that the Lender has expressed serious concerns with respect to the immediate and long term working capital requirements and the prospects and sustainability of the business of the Borrower.

Exhibit N to the Affidavit
Of Csaba Reider
Sworn on the 3rd day of
April, 2014
Commissioner for Taking Oaths



As you are aware, Sun Pac and Liquibrands acknowledged in the Forbearance Agreement that any credit provided by the Lender pursuant to the Loan Agreement and the Forbearance Agreement was being provided at its discretion on a day to day, on demand basis and that the Lender was and is under no obligation whatsoever to extend any credit or make any further advances to Sun Pac.

Pursuant to the terms of the Loan Agreement, the availability of advances or subsequent advances is subject to and conditional upon, *inter alia*, the Lender being satisfied that there has been no Event of Default and no event that affects or could materially adversely affect the business, assets, liabilities, prospects or operations of Sun Pac. Please be advised that in light of the foregoing, the fact that the exclusion of the Juice from the Facility A Loan Availability has put further strain on the working capital of Sun Pac and the Lender's lack of confidence in management, the Lender has determined that there has been a material deterioration in the prospects and financial condition of Sun Pac.

As a result of the foregoing and the existing Events of Default, which were expressly preserved by the Forbearance Agreement, and in accordance with its rights under the Loan Agreement and the Forbearance Agreement, we hereby notify you that the Lender will not be making any Facility D advances to Sun Pac and that the Facility D availability is hereby terminated.

Yours truly,
CHAITONS LLP


Philip L. Taylor
Partner

c. Bridging Capital (via email)

EXHIBIT "O"

Of Csaba Reider
Sworn on the 3rd day of
April, 2014
Commissioner for Taking Oaths



"Csaba Reider"
<creider@sunpac.com>
10/15/13 05:55 PM

To "Philip L. Taylor" <Philip@chaltons.com>
cc <Vaughn@wildlaw.ca>, "Len Kofman"
<lkofman@bridgingfinance.ca>, "N Sharpe"
<NSharpe@bridgingfinance.ca>, "Jim Shone"
bcc

Subject RE: Sun Pac

Philip, I received your note on Friday October 11th.

I believe the conclusions in your letter are inaccurate and based on incomplete, mistaken or out of date information.

While SunPac is currently experiencing short term working capital challenges, these stem from Bridging's actions in renegeing on the Facility D advances, after SunPac relied on Bridging's financing proposal and commitment for the facility C and D loans, made by Bridging's own initiative, in making certain production and financial plans.

The management of Sun Pac and I have and continue to deal with your client in good faith. I am prepared to address the issues raised in your letter to correct errors and address your client's concerns.

I believe good faith underpins every business relationship and regrettably your letter seems to be Bridging's proposal to abandon its good faith contractual obligations.

Nowhere throughout the very recent dealings in respect of the facility C and D loans were there any material concerns that would warrant Facility D not being funded in my opinion nor was there ever any communication of such a fact to me as President, CEO and Owner. I was not made aware of any material issues in the 3 week time frame from the Forbearance and Amending Agreement and advance of Facility C funding to the time that Facility D was supposed to be funded. Not one phone call, e-mail or conversation from Bridging or the loan committee to me was made to express this. We were always led to believe that we were simply waiting for the release of the BDO Quality of Earnings report and the amount to be funded.

It was on Friday October 4th that Jenny Coco told me that Bridging intended to default primarily because she was "uncomfortable funding" while there was a non - binding letter of intent for the sale of the Bread Crumb business. This despite the fact that in the September 13th agreement Sun Pac has to November 6th to enter a binding sale agreement for the bread crumb business under the terms provided by Bridging.

After my meeting with Jenny Coco, Natasha told me on the phone that she recommended approval of funding and was shocked and disappointed with Jenny's position. In fact she said she was "thrown under the bus by the loan committee" and acknowledged that there was a problem on their end.

I find it very disingenuous that Bridging has any concerns in respect of the prospects for SunPac's business. As you are aware, Bridging agreed to provide interim financing to Sun Pac in anticipation of Sun Pac signing an agreement with Canada's largest food retailer. Sun Pac recently signed the contract and is engaged in negotiations to finance that contract. The gross value of the contract is \$250,000,000. SunPac has delivered on its representation that it would be obtaining this contract. All of that promise

may now fail to be achieved, however, due to Bridging's misrepresentations and renegeing on the facility D loan, which very well cripple Sun Pac and its ability to complete a financing for and performance of this new \$250,000,000. contract.

Employees, landlords, suppliers, customers, regulators, alternative financing sources and Canada's largest food retailer have confidence in Sun Pac and its management. Your assertions to the contrary are inaccurate.

Our business and contractual relationship with Bridging and our good faith performance of our loan obligations do not justify Bridging's default.

Here are the facts from my team;

Persistent late reporting:

- Weekly reporting has been consistently on time.
- Priority Payables monthly reporting was discussed with Bridging months ago and has been consistently on time since April 2013.
- Financial Statement reporting has not been on time primarily due to resource constraints which have been discussed at length with Bridging.

Draw requests being made in excess of availability:

- This specific point has been explained/discussed with Bridging multiple times over recent weeks. Our flow of funds comes in during late Fridays and over the weekend electronically and it is only a timing issue to get the maximum benefit of the draw. It was discussed most recently in an email to Bridging on Oct 1, 2013

The inclusion of slow moving inventory in the weekly borrowing base report premised upon inaccurate and changing information... and all points concerning OJ:

- Below is a description of events over time.

From the fallout of the carbendazim debacle (by the FDA) we had 4 OJ sku's that had been moved to 'on hold' status in inventory. This all took place prior to our engagement with Bridging. The 4 sku's are:

16720-16	SUN PAC US ORANGE JUICE	12X46 OZ	CAN
16722-16	SUN PAC US ORANGE JUICE (BR)	12X46 OZ	CAN
16833-16	SUN PAC US ORANGE JUICE (BR)	12X46 OZ	PLAS
16837-16	SUN PAC US FLORIDA ORANGE JC	12X46 OZ	PLAS

At the commencement of our engagement with Bridging:

- The held inventory for sku's 16720 & 16722 (approx. 5,000 cases) was deemed eligible and therefore included in the BBC because we had an 8,000 case contract with Sysco who services cruise ships out of Florida. This was confirmed/agreed wth GDR Advisory (Sean Rai) and Bridging (Len Kofman) in the original BBC over email.
- The held inventory for sku's 16833 & 16837 (approx. 7,000 cases) was deemed ineligible and therefore excluded in the BBC because at that time we were uncertain of what would be done with the inventory.

During the course of our engagement with Bridging:

- Sales of the held inventory for sku's 16720 & 16722 to Sysco ensued and concluded in May 2013. The weekly reporting provided to Bridging clearly shows the depletion of the eligible cases between Oct 2012 and May 2013.
- In mid Feb 2013 we decided to consume sku's 16833 & 16837 by blending it with OJ concentrate in the production of Selection frozen juices requiring OJ. This opportunity was discussed with GDR Advisory and Bridging and there was agreement that sku's 16833 & 16837 would now be eligible, and was therefore reported as eligible in our BBC effective with the February 13, 2013 reporting package sent to Bridging. Up until this time (about 4.5 months) the held inventory for 16833 & 16837 had been reported as ineligible and excluded from the BBC. In May-June we had temporarily suspended blending 16833 & 16837 into the Selection products mainly because of the constraints under which we had been operating. The plan was always to resume blending as soon as our operating conditions improved. During this time challenges to the eligibility of 16833 & 16837 were raised and resolved, questions were asked and answered regarding the suspension of blending and at no time were we told they were ineligible until Oct 2013. As such 16833 & 16837 continued to be reported as eligible and included in the BBC until then.

Other notes:

- Our weekly reporting to Bridging would have clearly reflected what is outlined above.
- Presumably, GDR Advisory would have substantiated this in their bi-weekly inventory counts/reports and their quarterly audit reviews/reports based on discussions they would have had with Sun Pac employees. Both reports were sent from GDR Advisory to Bridging were never seen by or shared with Sun Pac. As such we do not know what information GDR provided to Bridging nor do we know what reliance Bridging placed on their reports.
- Many discussions/questions with GDR Advisory & Bridging continued re 16833 & 16837 between Oct 2012 and present day.
 - o During the entire scenario of dealing with the carbendazim issue we were highly reliant of direction and guidance from the FDA as to the ultimate resolution of resuming normal business to the USA. This guidance and direction also heavily influenced the potential solutions and ultimate determination of our decisions on dealing with the OJ in our freezer (specifically the OJ in plastic bottles). This took place over several months. During that timeframe many potential solutions were discussed internally and with both GDR Advisory and Bridging including the possibility of selling it through Canadian outlets such as the Dollar Store. Further, during this timeframe the inventory of OJ in plastic bottles was reported as ineligible in our weekly borrowing base.

The inclusion of inventory in the weekly borrowing base report with incorrect values:

- This was explained in a previous email sent to Bridging on Oct 1, 2013.
 - o Re product 16837; the product in the freezer was produced in Mar-Apr of 2012 at which time its cost was approximately \$15.20/case. Even though the 16837 product in the freezer hasn't changed the SKU remained active in our system with ongoing production activity so any changes in cost are only a reflection of that activity and not a result of any manipulation. Since Mar-Apr 2012 the cost of Florida OJ concentrate has fluctuated resulting in variations to the monthly inventory value of product 16837... which have been predominantly below the initial value of \$15.20 per case. In July 2013 the cost of Florida OJ rose and our case cost increased to the \$15.92 which is \$0.70 or 5% over the initial cost of \$15.20 per case. As a result we did inadvertently overdraw by approximately \$1,600.
 - o It should also be noted that between Feb-13 and Jul-13 (up until the increase in Florida OJ concentrate) that the conservatively reported inventory value for 16837 was well below (\$13.70) its original cost of \$15.20 per case

It was known by everyone once the juice was placed in the freezer, it was in suspension and it does not lose its value. It can be used at any time for blending to receive as high a return as possible to any customer in any sales channel except in the United States. In fact we won the Sysco business which supplies the Carnival and Royal Caribbean Cruise Lines this cruising season which begins in November. All of this juice can be sold through.

Management

1. Bridging expectations is to have a borrower that acts in good faith, is honest and represents all good business practises.

SunPac also has expectations of a Lender-Bridging

1. Act in good faith - 100 year old business in continuous operation with 50 people with average tenure 20 plus years

2. Communicate to me directly if there is an issue or any concerns that would jeopardise the business relationship. I received none. Bridging had the benefit of 3rd party audits by GDR as well. It was not shared until recently and I see no material issues identified to warrant the allegations.

3. I take seriously my responsibility as their senior leader that I act responsibly and not in any questionable manner to risk the business and the lives of the employees and their families alongside of all the suppliers and give every opportunity for success.

4. SunPac as the borrower would expect Bridging to take their responsibility seriously as well- before they make a callus possibly an enterprise ending decision. The minimum expectation would be that they communicated any concerns to me directly before they could possibly ruin peoples lively hood including stakeholders.

5. Bridging knew or ought to have known that SunPac was totally relying on Bridging to act in good faith and not to the detriment of SunPac

Facts

1. Natasha is the President of Bridging and was the architect of the facility C and D loans with mile posts, firm purchase agreement by Nov. 6 and completion of the sale of the Bread Crumb division by Dec.6, 2013.

2. Pre-approved by Loan committee before signing and advancing Facility C

3. I gave up significant rights to effectuate the Forbearance and Amending Agreement on the basis of representations from Bridging which appear to have been either negligent, reckless, or disingenuous.

3. No notice to me of any issues before Facility D was in jeopardy of denial

4. In fact Bridging had more positive news and comfort after the loan agreement was signed September 13th that their investment was improved by

A) after a year of negotiation, a 6 year exclusive \$250,000,000 contract is signed by Loblaw

B) BDO confirms Bridging's \$25,000 asset security is worth \$3.4 Million

C) GDR third party reports show no material issues with SunPac

5. Bridging knew or ought to have known as sophisticated lenders that SunPac was critically dependent on the plan which it presented for the Facility C and D loans to:

- A) clear up back orders of \$1m
- B) Provide time needed to firm up selling of the Bread Crumb business that gave SunPac further working capital of \$3.4 M less loan facility C and D
- C) Provide time needed to take Bridging's total facility out by another lender
- D) Provide time to have completed an Equity raise by Firepower
- E) Execute the Loblaw contract

All this has been known to Bridging numerous times by;

- 1. Firepower Capital and Jim Shone in particular
- 2. My team
- 3. Assets review - GDR - reporting to Bridging bi-monthly and quarterly

With all the above it is clear to me that I was not informed of any issues you are describing as material. This all comes after the denial of the Facility D loan by the lending committee after it was approved by Natasha. I as President and CEO was not notified of any issue that could jeopardise the approval that could be construed as "material" enough for denial of the request from the very "architect"(Natasha) to the lending committee. This denial without any communication to me seems to be reckless disregard of the fallout to the SunPac enterprise and to its employees lives.

Without the time necessary that was built into the contract for working capital, Bridging has now surprised us with this denial of Facility D loan. As a result SunPac may not be able to complete the sale of the Bread Crumb business, complete the \$1M in back orders, not have time to replace Bridging as its lender, not have the time to firm up an equity partner and not execute on the Loblaw contract.

With Bridging not communicating any material concerns to me that could have had the Facility D loan denied they effectively became the controlling mind for SunPac in my opinion. With that responsibility comes liability for their actions in my view, that could result in a catastrophic chain of events for SunPac that it may not recover from because of Bridging's actions conducted in isolation.

Bridging as a sophisticated lender knew or should have known SunPac's financial dependence and immediate financial requirements was in the agreement of September 13th.

While I will accept that your response to this will be to counter the facts with assertions as you have described it in your letter, this matter goes far beyond those assertions and selective lifting of words and paragraphs out of the Loan Agreement. SunPac will rely on the facts.

My interest at this point is solely to respond to the allegations in your letter and now I must spend all my time finding a solution to the problem Bridging has created.

My hope is SunPac and Bridging can work together to the benefit of both parties to find a solution.

In this regard, I will be following up with a note to Bridging, that even in this short window there are Private Equity and High Net Worth investors/ funders that are very interested to invest and that might be able to provide a solution.

Cheers,

Csaba Reider
President & CEO
SunPac Foods Limited
Direct Line: 905-789-5160
Sun Pac Foods Plant Tour

Confidentiality Notice

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From: Philip L. Taylor [mailto:Philip@chaitons.com]
Sent: October-11-13 9:45 AM
To: creider@sunpac.com
Cc: 'Vaughn@wildlaw.ca'; 'Len Kofman'
Subject: Sun Pac

Please see attached letter.

Philip L. Taylor
Partner
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www.chaitons.com



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EXHIBIT "P"

CV-13-00192612-0000

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Exhibit P to the Affidavit
Of Csaba Reider
Sworn on the 3rd day of
April, 2013
Commissioner for Taking Oaths

BETWEEN:

SUN PAC FOODS LIMITED and LIQUIBRANDS INC.

Plaintiffs

and

8527504 CANADA INC. and BRIDGING CAPITAL INC.

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANT(S):

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

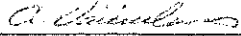
IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

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IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date November 12, 2013 Issued by 
Local Registrar

Address of
court office: 393 University Avenue, 10th Floor
Toronto, Ontario
M5G 1E6

TO: Bridging Capital Inc.
77 King Street West
Suite 2925, P.O. Box 3 22
Toronto, Ontario
M5K 1 K7

8527504 CANADA INC.
BRIDGING CAPITAL INC.
77 King Street West
Suite 2925, P.O. Box 3 22
Toronto, Ontario
M5K 1 K7

CLAIM

1. The plaintiffs claim: *(State here the precise relief claimed.)*
 - (a) the sum of \$100,000,000.00 as general damages for breach of contract, breach of fiduciary duty to the plaintiffs as de facto managers of Sun Pac Foods Limited and waiver of tort; loss of goodwill and loss of future economic value of Sun Pac Foods Limited as a going concern;
 - (b) the sum of \$500,000.00 as exemplary, aggravated and punitive damages;
 - (c) prejudgment interest in accordance with section 128 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
 - (d) post judgment interest in accordance with section 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
 - (e) the substantial indemnity costs of this proceeding, plus all applicable taxes; and
 - (f) such further and other Relief as to this Honourable Court may seem just.

2. The plaintiff, Sun Pac Foods Limited (“Sun Pac”), is a corporation incorporated under the laws of Ontario, known for its production of fruit juices, frozen juices, juice concentrates and other beverage products in Brampton, Ontario, which are distributed throughout Canada, the U.S. and the Caribbean.

3. The plaintiff, Liquibrands Inc. (“Liquibrands”), is a corporation incorporated under the laws of Ontario which owns the shares of Sun Pac.

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4. The defendant, 8527504 Canada Inc. ("852"), is a corporation incorporated under the laws of Canada and is in the private lending business.

5. The defendant, Bridging Capital Inc. ("BCI"), is a corporation incorporated under the laws of Canada and is in the private lending business.

6. Sun Pac began negotiations with Canada's largest food retailer in August, 2012 to manufacture carbonated juice, sports drinks and soft drinks. Long and detailed negotiations commenced and continued during the winter and into the spring of 2013.

7. Sun Pac required interim financing pending completion of the negotiations and approached BCI.

8. BCI made demand credit facilities available to Sun Pac on September, 2012 (the "Loan Agreement").

9. The plaintiffs gave security for the loan. Sun Pac machinery, accounts receivable, equipment and collateral manufacturing operations had a value of approximately \$8,000,000.00.

10. BCI assigned the Loan Agreement and Security to 852.

11. Negotiation of the food retailer contract continued during the spring and summer of 2013 and resulted in a signed agreement dated September 24, 2013. The contract creates potential gross revenue for Sun Pac in the amount of \$250,000,000.00 and a five year exit value of approximately \$70,000,000.00

12. Prior to completion of the food retailer contract 852 demanded repayment of indebtedness owing under the September, 2012 and January, 2013 Loan Agreement from Sun Pac.

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13. 852 agreed to forbear enforcing its security pursuant to a Forbearance Agreement on September 13, 2013 (the "Agreement"). The Agreement was entered into in anticipation of the completion of the food retailer contract and a period of time for financing the purchase of machinery to perform the food retailer contract through to December 6, 2013.

14. On September 4, 2013, Sun Pac owed the defendants \$3,950,039.57. Sun Pac had no other debt other than ordinary course trade supplier invoices.

15. Liquibrands guaranteed \$1,000,000.00 of Sun Pac debt.

16. 852 agreed to finance Sun Pac pending completion of the food retailer contract negotiations and agreed not to enforce its security prior to the earlier of December 9, 2013 or an Event of Default.

17. 852 extended Sun Pac additional demand credit facilities consisting of:

- (a) Facility C: a demand non-revolving loan of Five Hundred Thousand Dollars (\$500,000), and
- (b) Facility D: a demand non-revolving loan in the amount of up to 2 times EBITDA of the Breadcrumbs Division as determined by BDO Canada Transaction Advisory Services, Inc. ("BDO") in its report dated September 25, 2013 to Sun Pac and 852 less the amount advanced to Sun Pac under the Facility C Loan.

18. 852 advanced the Facility C Loan.

19. Sun Pac signed the retailer supply contract on September 24, 2013. Sun Pac met the conditions for an advance on the Facility D loan on October 1, 2013.

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20. On October 1, 2013 the amount available under the Facility D loan was \$1.1 million.

21. On October 4, 2013 the defendants refused to advance the Facility D Loan. The defendants knew or ought to have known acting reasonably that breach of their obligation to advance the Facility D loan endangered the continued operations of Sun Pac until it could arrange financing for execution of the food retailer contract; close the sale of the Breadcrumb Division and continue operations in the ordinary course until December 6, 20113.

22. The defendants continued to take predatory interest on the Facility C loan of 36% calculated on the daily outstanding balance, compounded monthly, not in advance and with no deemed reinvestment of monthly payments.

23. The Facility C Loan and the Facility D Loan were to be repaid the earlier of (i) the Forbearance Termination Date; (ii) the sale of the Breadcrumbs Division; and (iii) demand being made by 852. Repayment is not due.

24. Sun Pac solicited interim financing to repay the defendants. The defendants refused to postpone their security to facilitate the financing notwithstanding their failure satisfy their obligation to fund the Facility D loan.

25. The defendants' management used their lending position to take de facto control of Sun Pac. Sun Pac's management *inter alia*:

- (a) is restrained from entering agreements outside of the ordinary course of business, except with the prior written consent of 852;

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- (b) must market and sell the croutons and breadcrumbs division that manufactures and produces products under the McDowell Ovens brand (the "Breadcrumbs Division");
 - (c) shall not accept any offer to purchase the Breadcrumbs Division without 852's prior written approval and shall deliver to 852 any proceeds of sale;
 - (d) shall not make any capital expenditures without the prior written consent of 852 in its sole discretion;
 - (e) shall not encumber, sell, transfer, convey, lease or otherwise dispose of any of their respective assets or property out of the ordinary course of business without the prior written consent of 852;
 - (f) shall not surrender, terminate, repudiate or amend, vary or modify in a manner adverse to 852 acting reasonably, any material contract with respect to their respective business without the prior written consent of 852 ;
 - (g) deliver a binding sale agreement for the sale of the Breadcrumbs Division, that is acceptable to 852 by November 6, 2013; and
 - (h) complete sale of the Breadcrumbs Division and payment to 852 by December 6, 2013.
26. Liquibrands was obliged on default to transfer the shares of Sun Pac held by Liquibrands (the "Shares") to the defendants for \$10.00.
27. The defendants had discretion to withhold consent to any matters requiring their consent.

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28. The defendants breached the Agreement with the plaintiffs by refusing to fund the Facility D loan.

29. Notwithstanding their default under the Agreement the defendants' management became de facto directors of Sun Pac and directed Sun Pac's operations solely in the defendants' interests in bad faith contrary to the defendants' contractual obligations, the reasonable expectations of the parties and commercially reasonable conduct.

30. It was within the reasonable contemplation of the parties at the time the Agreement was executed that if the defendants breached their obligations to fund the Facility D loan Sun Pac would be unable to find replacement financing to perform the retail contract; unable to continue as a going concern and unable to sell the Breadcrumb Division by December 6, 2013 to satisfy the defendants' loan.

31. It was within the reasonable contemplation of the parties at the time the Agreement was executed that if the defendants breached their obligations to fund the Facility D loan the value of Liquibrands Inc. shares in Sun Pac would be negligible and Liquibrands Inc. would lose approximately \$70,000,000.00 of exit value for Sun Pac in five years.

32. The Agreement granted the defendants authority and powers to demand and receive confidential business, operations and financial information about Sun Pac not otherwise available to any but directors, officers and confidential advisers of a corporation. The Agreement gave the defendants the ability to harm Sun Pac by its breach of the agreement to fund, to devalue Liquibrands shares of Sun Pac and exploit Sun Pac's business affairs in their own interests and contrary to the interests of Sun Pac.

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33. The plaintiffs plead that the defendants demand for and use of confidential business and operations information and the exercise of powers granted the defendants in the Forbearance Agreement created a fiduciary relationship between the defendants and plaintiffs in that:

- (a) The defendants were aware that their financing was intended to bridge the period between the commencement of negotiations of the food retailer contract and the commencement of operations to fulfill the contract;
- (b) The defendants were aware that financing was required to provide working capital for Sun Pac pending permanent financing for the execution of the food retailer contract;
- (c) The defendants demanded and received confidential business information and controlled the use of funds advanced while retaining predatory financing charges;
- (d) The defendants knew that failure to fund the Facility D loan or postpone security for alternative interim financing would cause irreparable damage to the plaintiffs;
- (e) The defendants had and exercised daily management decision making powers to limit the ability of Sun Pac to carry on business other than in the interest of the defendants;
- (f) The defendant knew that alternative financing was impossible without the defendants cooperation and agreement;
- (g) The defendants knew that Sun Pac was vulnerable to financial impairment failing the advance of the Facility D loan or postpone of security for take out financing.

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34. The plaintiffs performed their obligations and provided the defendants with daily and weekly confidential operating financial information, real time information on the negotiation of the contracts for sale of the Breadcrumb Division, financing proposals to third parties containing business plans and revenue expectations, and every other business, financial and operating record in the company.

35. The defendants unjustly enriched itself by wrongfully abusing of their rights as a lender and ignoring their contractual obligations and in equity and good conscience defendants should not be permitted to retain that by which it has been enriched by such abuse.

36. The defendants owed the plaintiffs a duty of honesty and good faith in the performance of the Agreement, in funding the Facility D loan and facilitating the financing necessary to repay the defendants and perform the retail food contract.

37. The plaintiffs put their trust and faith in the defendants to perform their obligations under the lending agreement reasonably, honestly and in good faith; to not perform their obligations in a fashion that eviscerated the very purpose of the Agreement and to use confidential business, operations and financial information only for the purpose for which it was provided, in particular to monitor the execution of the retail contract, the sale of the Breadcrumb business and refinancing Sun Pac with long term financing.

38. The defendants breached their duty of fair dealing and good faith in the performance of the contract in that they failed to act reasonably in asserting their rights under the Agreement and exercised their rights for collateral purposes contrary to the reasonable expectations of the parties and in particular the plaintiffs and in pursuing unforeseen commercially unreasonable conduct even for a predatory lender.

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39. The defendants took over management and control of the plaintiffs and compelled the company to operate solely in the interests of the defendants for the realization of its security notwithstanding the plaintiffs were not in default of the loan agreement and the defendants defaulted in providing the very financing necessary to facilitate the continued success of Sun Pac.

40. The plaintiffs plead that the defendants breached their contract in bad faith; and that in the circumstances of the relationship between the parties, the purpose of the Agreement; the disclosure of confidential information to the defendants; the defendants obligations under the Agreement, the impediments caused by the defendants to refinancing and the failure to fund the Facility D loan absence of default under the Agreement, the defendants breached a fiduciary duty to the plaintiffs arising from the special relationship created by the Agreement.

41. As a result of the defendants' breach, the plaintiffs are unable to sell the Breadcrumbs Division, or start and complete the food retailer contract, and have and will suffer damages as herein claimed in loss of revenue to Sun Pac and loss of profits and dividends to Liquibrands Inc.

42. The plaintiffs propose that this action be tried in Toronto, Ontario.

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November 12, 2013

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Barristers and Solicitors
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M5H 3V9

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Lawyers for the plaintiffs

SUN PAC FOODS LIMITED AND LIQUIBRANDS INC.

-and-

8527504 CANADA INC. and BRIDGING CAPITAL INC.

Plaintiff

Defendant

C.V. - 13 - 0049 2612 - 0000

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
TORONTO**

STATEMENT OF CLAIM

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Fax: (416) 366-0002

Lawyers for the plaintiffs

EXHIBIT "Q"

Exhibit 1 to the Affidavit
Of Leslie Reidy
Sworn on the 3rd day of
April, 2014
Commissioner for Taking Oaths

Court File No. CV13-10331-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE M ADAM)
JUSTICE MESBUR)

TUESDAY, THE 12TH DAY
OF NOVEMBER, 2013

BETWEEN:

8527504 CANADA INC.

Applicant

- and -

SUN PAC FOODS LIMITED

Respondent

APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

ORDER

THIS MOTION made by the Applicant for an Order pursuant to section 243(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 BDO Canada Limited as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Sun Pac Foods Limited (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Len Kofman sworn November 12, 2013 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and counsel for the Respondent, and on reading the consent of BDO Canada Limited to act as the Receiver,

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SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, 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 of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect 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 Receiver's powers and duties, including without limitation those 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 this 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 such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,] 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 and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, 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 any permits, licences, 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 agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into 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; and

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- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each 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 communication 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

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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 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 Records 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 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 this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided 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 statutory or regulatory provisions relating to health, safety or the environment,

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(iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH 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 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

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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.

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 any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

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

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or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the 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 the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. 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 the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge 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, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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18. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its 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 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 \$200,000.00 (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 and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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.

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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.

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

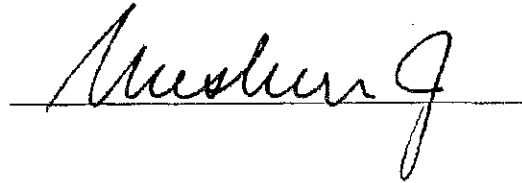
26. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, 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 located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

28. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

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29. 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.



RECEIVED
16 NOV 2013

NOV 12 2013

MB

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that BDO Canada Limited, the receiver (the "Receiver") of the assets, undertakings and properties of Sun Pac Foods Limited acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number ___-CL-_____, 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 Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the 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, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, 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 _____, 20__.

BDO CANADA LIMITED, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____
Name:
Title:

SUN PAC FOODS LIMITED
Respondent
Court File No.

Applicant
and

8527504 CANADA INC.

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

Proceedings commenced at TORONTO

ORDER

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Applicant

-and-

SUN PAC FOODS LIMITED
Respondent

Court File No. CV-13-10331-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

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