

CANADA

SUPERIOR COURT

PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL
COURT N°: 500-11-044114-136
FILE N°: 41-1698291

IN THE MATTER OF THE PROPOSAL OF LES ALIMENTS NEWLAND NORTH AMERICA INC., a company, having its head office at 1000 Saint-Charles Avenue, Suite 901, Vaudreuil-Dorion, Quebec, J7V 8P5

DEBTOR

AMENDED PROPOSAL

We, **LES ALIMENTS NEWLAND NORTH AMERICA INC.**, hereby submit the following proposal pursuant to the *Bankruptcy and Insolvency Act*.

1. For the purposes hereof:

“**ACT**” means the *Bankruptcy and Insolvency Act*;

“**APPROVAL OF THE PROPOSAL**” means the approval of the PROPOSAL by the prescribed majority of the CREDITORS of the COMPANY, and by an order of the COURT which is executory and for which all delays to appeal have expired;

“**CLAIM**” has the meaning given to such term in section 2 of the ACT, and shall also include any claim of any PERSON against the COMPANY with regard to any debt, liability or obligation of any kind owed to such PERSON arising out of the COMPANY’s current restructuring, disclaimer or termination of any contract, lease, employment agreement or any other agreement, whether written or oral, by the COMPANY, as well as any claims by any GOVERNMENTAL AUTHORITY arising directly or indirectly from APPROVAL OF THE PROPOSAL, including all claims related to TAXES, to the goods and services tax and to provincial sales taxes payable following a reduction of or arrangement concerning the liability of the COMPANY inherent to the APPROVAL OF THE PROPOSAL and all claims (real or projected) resulting from application of articles 79 to 80.04 of the *Income Tax Act* (Canada) (or equivalent provisions in the relevant provincial tax laws) with regard to the COMPANY and related to the APPROVAL OF THE PROPOSAL;

“**COMMITTEE**” means the committee formed of at most three (3) individuals pursuant to paragraph 9 hereof;

“**COMPANY**” means Les Aliments Newland North America Inc;



“COURT” means the Superior Court of Quebec (Commercial Division), District of Montreal;

“CREDITOR” means any PERSON having a CLAIM or a claim against the DIRECTORS and may, where the context requires, include the assignee of a CLAIM or a trustee, interim receiver, receiver, receiver and manager, or other PERSON acting on behalf of such PERSON. A CREDITOR shall not include a PERSON entitled to a CLAIM for PROPOSAL COSTS;

“DIRECTORS” means all of past and present directors and officers of the COMPANY and any other PERSON deemed to have acted in such capacity;

“EXCLUDED IP” means all of the COMPANY’s right, title and interest to the names “Newland North America Foods”, “Aliments Newland North America Inc.”, as well as the marks, trademarks, designs and other intellectual property relating to those names;

“GOVERNMENTAL AUTHORITY” means any (i) provincial, federal, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, board, official, minister, bureau or agency, domestic, (ii) subdivision, agent, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

“GROSS AMOUNT” means C \$2,000,000, to be paid in accordance with the terms of the SALE TRANSACTION;

“INTERIM RECEIVER” means Richter Advisory Group Inc. and Blumer Lapointe Tull & Associés Inc., in their capacity as joint interim receivers for the COMPANY;

“LESSORS CLAIMS” means the CLAIMS of lessors of real property for the damage resulting from the resiliation or termination of a lease with the COMPANY following receipt of a notice pursuant to s. 65.2 of the Act. Such CLAIMS shall be limited to the actual losses suffered by such lessors as result of that resiliation or termination;

“NET AMOUNT” means the GROSS AMOUNT less the RESERVE and after payment of all PROPOSAL COSTS, POST-FILING OBLIGATIONS, the SECURED CLAIMS, the PRIORITY CLAIMS, and all other amounts to be paid in priority to the UNSECURED CLAIMS;

“NEWCO” means a company to be designated by Jonathan Morgan;



"NOTICE OF INTENTION" means the notice of intention to make a proposal pursuant to the ACT, which notice was filed on December 18, 2012;

"ORDINARY CREDITORS" means those PERSONS having UNSECURED CLAIMS against the COMPANY, including, for greater certainty, PERSONS having LESSORS' CLAIMS;

"PERSON" means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, trustee, unincorporated organization, joint venture, governmental body or agency, or any other entity;

"POST-FILING OBLIGATIONS" means all unpaid obligations incurred by the COMPANY in the course of its activities since the filing of the NOTICE OF INTENTION, and those which it foresees up to the moment of execution of the PROPOSAL;

"PRIORITY CLAIMS" means all CLAIMS which must by the ACT be paid in priority to all other CLAIMS sharing in the estate of an insolvent debtor;

"PROPOSAL" means the present amended proposal, which replaces the proposal previously filed by the Company, as it may be further amended;

"PROPOSAL COSTS" means all fees, costs, undertakings and obligations of the TRUSTEE, and all the legal fees due to its advisors or those of the COMPANY and accounting fees relating to or resulting from the NOTICE OF INTENTION, the PROPOSAL and/or the TRANSACTION, and shall also include the fees, costs, undertakings and obligations of the INTERIM RECEIVER and counsel to the INTERIM RECEIVER for services rendered up to the date of completion of their respective duties under the PROPOSAL;

"PROPOSAL MEETING" means the meeting of CREDITORS of the COMPANY in order to consider the PROPOSAL;

"RESERVE" has the meaning set forth in paragraph 8 hereof;

"SALE TRANSACTION" means a transaction pursuant to which NEWCO acquires all of the assets and property of the COMPANY, other than the EXCLUDED IP and claims and rights provided for in Section 10 hereof for a purchase price of \$2,000,000 plus applicable taxes, such purchase price to be reduced by the net proceeds realized from the Company's assets prior to the conclusion of the SALE TRANSACTION, the whole in accordance with the terms reflected in the Memorandum of Understanding agreed to between the TRUSTEE, the INTERIM RECEIVER, and Jonathan Morgan, on behalf of NEWCO;

"SECURED CLAIMS" means CLAIMS of SECURED CREDITORS;



“SECURED CREDITORS” has the meaning given in the ACT;

“SETTLEMENT DATE” means May 3, 2013, being the date on which the GROSS AMOUNT is to be paid, as it may be extended by the COMMITTEE;

“TAXES” means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a GOVERNMENTAL AUTHORITY, including (a) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, anti-dumping, countervail, excise, severance, stamp, occupation, or premium tax, (b) all withholdings on amounts paid to or by the relevant PERSON, (c) all employment insurance premiums, Canada, Quebec and any other pension plan contributions or premiums, (d) any fine, penalty, interest, or addition to tax, (e) any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee, and (f) any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law;

“TRUSTEE” means Richter Advisory Group Inc. / Richter Groupe Conseil Inc. (formerly RSM Richter Inc.) licensed trustee, acting as trustee to the PROPOSAL;

“UNSECURED CLAIMS” means the CLAIMS of any CREDITOR, which are not SECURED CLAIMS, PRIORITY CLAIMS, CLAIMS for PROPOSAL COSTS or POST-FILING OBLIGATIONS, including CLAIMS of any kind whatsoever, whether due or not on the date of the filing of the NOTICE OF INTENTION, including contingent or unliquidated CLAIMS resulting from any transaction concluded by the COMPANY prior to the filing of the NOTICE OF INTENTION and, as the case may be, all damages or other amounts due to the coming into force of the PROPOSAL that could be claimed by any CREDITOR of the COMPANY;

2. The SECURED CLAIMS shall be paid in priority to any other CLAIMS from the GROSS AMOUNT.
3. The amounts:
 - (a) due to Her Majesty the Queen in right of Canada or of any province, which are subject to a demand under subsection 224(1.2) of the *Income Tax Act* or of any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection



224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or of any provision of provincial legislation essentially similar to the foregoing provisions as provided in paragraph 60(1.1)(c) of the ACT, and that were outstanding at the time of the filing of the NOTICE OF INTENTION shall be paid in their entirety, without interest, from the GROSS AMOUNT, within six months after the APPROVAL OF THE PROPOSAL;

- (b) which employees (past and present) would be entitled to receive pursuant to paragraph 136(1)(d) of the ACT if the COMPANY had been declared bankrupt on the date of the APPROVAL OF THE PROPOSAL shall be paid in their entirety immediately after the APPROVAL OF THE PROPOSAL from the GROSS AMOUNT.
4. The PROPOSAL COSTS shall be paid from the GROSS AMOUNT in priority to all CLAIMS other than the SECURED CLAIMS.
 5. The PRIORITY CLAIMS, without interest or penalty, shall be paid in their entirety from the GROSS AMOUNT in priority to all UNSECURED CLAIMS, within sixty (60) days following the APPROVAL OF THE PROPOSAL.
 6. The POST-FILING OBLIGATIONS shall be paid in the ordinary course of business.
 7. Each ORDINARY CREDITOR shall receive, in full and final payment of its UNSECURED CLAIM, without interest or penalty:
 - (a) By way of interim dividend within ninety (90) days of the APPROVAL OF THE PROPOSAL, a pro rata share of the balance of the NET AMOUNT available for distribution
 - (b) By way of final dividend thereafter when reasonably determined to be appropriate by the Trustee, a pro rata share of the proceeds of : (i) any realization of the EXCLUDED IP, and (ii) any remedy taken pursuant to Section 10 hereof to attack or set aside a preference, transfer at undervalue, or other fraudulent preference or transaction at the moment the dividend is to be paid less any amount set aside for the RESERVE paid or to be paid as herein provided; and
 - (c) When so decided by the COMMITTEE or, if no such COMMITTEE is in place, when the TRUSTEE so decides it is reasonable to pay any other interim dividend(s).



8. In order to proceed with the payments set forth in Section 7 (a) above, the COMPANY and TRUSTEE are hereby authorized to set up a reasonable reserve fund included as part of the GROSS AMOUNT as may be determined by the TRUSTEE in its sole discretion acting reasonably (the "RESERVE"). The RESERVE is to be funded from amounts on hand, the collection of receivables and sale of assets by the COMPANY to be held by the TRUSTEE to ensure the payment by the COMPANY of any and all PROPOSAL COSTS and obligations which may arise from the contestation of CLAIMS, and the fees, costs and disbursements of the TRUSTEE and its legal counsel and experts relating to any remedy taken by the TRUSTEE pursuant to Section 10 hereof.

9. The COMPANY consents to the creation of a committee which shall be formed of at most three (3) individuals designated by the CREDITORS at the PROPOSAL MEETING, if they so wish. The COMMITTEE shall have the following powers:
 - (a) to advise the TRUSTEE with respect to the administration of the PROPOSAL;
 - (b) to waive any default in the execution of the PROPOSAL, excluding without limitation, extending the SETTLEMENT DATE;
 - (c) to confirm that the COMPANY has satisfied all of the terms and conditions of the PROPOSAL; and
 - (d) to adjourn the payment of all dividends to ORDINARY CREDITORS provided for hereunder.

10. Sections 95 to 101 of the ACT will apply to the PROPOSAL, and the TRUSTEE will have the power to attack or set aside a preference, transfer at undervalue, or other fraudulent preference or transaction pursuant to those sections or arts. 1631ss of the Civil Code of Quebec. For greater certainty Section 101.1 of the ACT shall not apply in respect of the present PROPOSAL.

Notwithstanding the foregoing, the TRUSTEE and the CREDITORS do upon the APPROVAL OF THE PROPOSAL waive all rights and any remedies they have or may have to set aside, review or otherwise attack, whether such SUBJECT TRANSACTIONS could be attacked under Sections 95 to 101 of the ACT, or pursuant to Articles 1631 ss of the Civil Code of Quebec, any payments, transfers of property, or provisions of services made, any charge on property created by, any obligation assumed by, or any transaction entered into by the DEBTOR (a "SUBJECT TRANSACTION") in favour of Jonathan Morgan or 7258500 Canada Inc.



Furthermore, provided PJ Impex Inc. discharges any and all hypothecs, security interests or other liens it holds on the COMPANY's property, which discharge is a condition of this PROPOSAL, the TRUSTEE and the CREDITORS do hereby waive all rights and any remedies they have or may have to set aside, review or otherwise attack, any SUBJECT TRANSACTION entered into between the COMPANY and PJ Impex Inc., and such waiver shall remain binding upon the TRUSTEE and the CREDITORS notwithstanding any subsequent annulment of the PROPOSAL or any assignment by, or bankruptcy of, the DEBTOR. The TRUSTEE, duly authorized by the CREDITORS, shall forthwith enter into a contract with PJ Impex Inc. to such effect.

11. Upon the APPROVAL OF THE PROPOSAL, all CREDITORS of the COMPANY will be deemed to have released, and to have given a full and final discharge of all rights, claims or other recourses of any nature whatsoever which they had, have, or could have had against the COMPANY, its DIRECTORS, its legal counsel, financial advisors, management, representatives, agents and assigns, including without limitation, as regards the DIRECTORS, of any and all CLAIMS for which they would be under any law liable in their capacity as DIRECTORS for the payment of such CLAIMS.
12. All amounts payable under the PROPOSAL shall be remitted to the TRUSTEE so that it may distribute the dividends pursuant to the PROPOSAL.
13. For greater clarity, the CREDITORS in the event of acceptance of the PROPOSAL and subject to the Court approving the PROPOSAL as provided for in the definition of "APPROVAL OF THE PROPOSAL" do approve and ratify the SALE TRANSACTION, so long as the GROSS AMOUNT is received by the TRUSTEE on or before the SETTLEMENT DATE. In the event the GROSS AMOUNT is not received by the SETTLEMENT DATE, the TRUSTEE shall move to have the PROPOSAL set aside and the COMPANY adjudged bankrupt. It is understood that the TRUSTEE shall be under no obligation to apply for ratification of the PROPOSAL until and unless the GROSS AMOUNT is paid and received by the SETTLEMENT DATE.



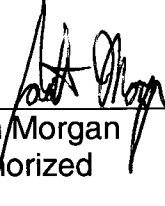
IN CASE OF DISCREPANCY BETWEEN THE FRENCH AND ENGLISH
VERSIONS OF THE PROPOSAL, THE ENGLISH VERSION SHALL PREVAIL.

MADE IN MONTREAL, QUEBEC, THIS 9th DAY OF APRIL, 2013.



Witness

**LES ALIMENTS NEWLAND NORTH
AMERICA INC.**



By: Jonathan Morgan
Duly authorized