

CANADA
Province of Quebec
District of Valleyfield
Division No.:
Court No.:
File No.:

SUPERIOR COURT
In Bankruptcy and Insolvency

IN THE MATTER OF THE PROPOSAL OF:

JIRAH MILLING INC./MOULAGE JIRAH INC., a duly incorporated company having its principal place of business at 2780 North River Road, Ormstown, Province of Quebec, J0S 1K0

Debtor

- and -

RSM RICHTER INC.
2 Place Alexis Nihon, Suite 1820
Montréal, Quebec H3Z 3C2

Trustee

PROPOSAL

(Section 50(2) of the *Bankruptcy and Insolvency Act*)

The undersigned, **Jirah Milling Inc./Moulage Jirah inc.**, the Insolvent Person named above, hereby submits the following Proposal to its creditors under the *Bankruptcy and Insolvency Act*:

1. DEFINITIONS

Definitions: The following definitions apply to this proposal, subject to any incompatibility with the Act:

- 1.1. **"Act"**: means the Bankruptcy and Insolvency Act.
- 1.2. **"Approval"**: means Court Approval of the Proposal pursuant to subsection 60(5) of the Act, by a judgement that has become *res judicata*.
- 1.3. **"Court"**: means the Superior Court of Quebec, sitting in bankruptcy division for the district of Valleyfield.
- 1.4. **"Crown Claims"**: means only, to the explicit exclusion of any other claim of Her Majesty in Right of Canada or a province or her agents, Claims of Her Majesty in Right of Canada or a province which were owed by the insolvent person on the Proposal Date for amounts which could be claimed under subsection 224(1.2) of the Income Tax Act or any provincial legislative provision substantially identical to the provisions of this paragraph.
- 1.5. **"Employees Claims"**: means only, to the explicit exclusion of any other claims of the employees of the Insolvent Person, the claims of the employees according to subsection 60(1.3) of the Act.

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- 1.6. **“Insolvent Person”**: means **Jirah Milling Inc./Moulage Jirah inc.**
- 1.7. **“Pension Plan Claims”**: means only, to the explicit exclusion of any other claims for amounts payable by the Insolvent Person to any plan, the claims for amounts pursuant to subsection 60(1.5) of the Act that are payable by the Insolvent Person who participates in a prescribed pension plan for its employees.
- 1.8. **“Priority Claims”**: means the claims described in paragraphs 136(1)(a) to 136(1)(j) of the Act which the Act requires to be paid in priority to all other claims, with the exception of the Proposal Fees and Costs.
- 1.9. **“Proposal”**: means this proposal, or any amended proposal following modifications thereto.
- 1.10. **“Proposal Date”**: means the date of the present Proposal filed on October 12, 2011.
- 1.11. **“Proposal Fees and Costs”**: means the fees for the work of the Trustee with respect to the Proposal and any amended proposal, including, without limitation, the expenses, losses and obligations of the Trustee with respect to the Proposal and any amended proposal, legal fees, as well as out of pocket disbursements.
- 1.12. **“Secured Claims”**: means the claims of the secured creditors, as that term is defined in section 2 of the Act.
- 1.13. **“Trustee”**: means **RSM Richter Inc.**, in its capacity as trustee acting *in* the proposal of **Jirah Milling Inc./Moulage Jirah inc.**
- 1.14. **“Unsecured Claims”**: means provable claims of any nature whatsoever within the meaning of the Act, including all present and future claims and undertakings, whether or not due on the Proposal Date, including potential and unliquidated claims (once they are liquidated in accordance with the Act) stemming from (1) any obligation or liability incurred by the Insolvent Person prior to the Proposal Date, including, without limiting the generality of the foregoing, offers to purchase, promises to purchase, movable or immovable leases, contracts to purchase, options and financial undertakings with which the Insolvent Person has not expressly agreed to comply after the Proposal Date and (2) any obligation or liability to which the Insolvent Person may become subject after the Proposal Date as a result of any effect or consequence following the Proposal including any penalties, its Approval by the Court or its implementation, to the exclusion of the Secured Claims, Crown Claims, the outstanding obligations referred to in paragraph 3.1. of the Proposal, Prior Claims and Professional Fees and Costs.

2. SETTLEMENT OF SECURED CLAIMS

- 2.1. Settlement in full according to the existing agreements or agreements to be negotiated.

3. SETTLEMENT OF UNSECURED CLAIMS

- 3.1. **Current obligations**: The obligations of the Insolvent Person with respect to goods supplied, services rendered or other consideration given to the Insolvent Person after the Proposal Date shall be paid in full by the Insolvent Person during the normal course of business in compliance with its undertakings, on market conditions, without exceeding the fair market value thereof.

- 3.2. **Crown Claims:** Crown Claims shall be paid in full with interest and related penalties pursuant to applicable laws, regulations and orders-in-council within thirty (30) days of the Approval, as the case may be.
- 3.3. **Employees Claims:** Employees Claims shall be paid in full within thirty (30) days of the Approval, as the case may be.
- 3.4. **Pension Plan Claims:** the Pension Plan Claims shall be paid in full within thirty (30) days of the Approval, as the case may be.
- 3.5. **Priority Claims:** Priority Claims shall be paid in priority to all unsecured claims within thirty (30) days of the Approval, as the case may be.
- 3.6. **Proposal Fees and Costs:** The Proposal fees and costs will be paid directly by the Insolvent Person.
- 3.7. **Unsecured Claims:** the payment of claims payable, which are not referred to above in paragraph 3.1, in full and final settlement without interest or penalty will be as follows:
 - 3.7.1. Total amount of **one hundred thousand dollars (\$100,000.00)**, less the payment of the claims referred to in subsections 3.2., 3.3., 3.4. and 3.5 payable to the Trustee no later than 60 days after the Approval.
 - 3.7.2. The amount referred to in paragraph 3.7.1. shall be distributed by the Trustee on a pro rata of the Unsecured Claims.

4. OTHER PROVISIONS

- 4.1. **Trustee:** All amounts payable under the Proposal shall be paid to the Trustee, who shall pay the dividends, the whole in accordance with the terms of the Proposal and the Act, subject to any instructions it may receive from the Court.
- 4.2. **Claims against the directors:** The acceptance of the proposal by the creditors shall serve as a release of all claims against past and present directors, including Mr. Andrew Eastwood and Ms. Crystal Daulton, for which they may be liable under subsection 50(13) of the *Bankruptcy and Insolvency Act*.
- 4.3. **Appointment of inspectors:** The Insolvent Person accepts the setting up of an office of not more than five (5) inspectors to be named by the Creditors at the general meeting of creditors called to consider the Proposal.

The powers of the inspectors hereunder shall be limited to the following:

- a) Advise the Trustee with respect to the steps to be taken under the Proposal, as the Trustee may request from time to time, including with respect to legal proceedings involving the recovery of preferential payments or the settlement thereof with the creditors who received them.
- b) Authorize the deferral of any payment under paragraph 3.7. of the Proposal, in whole or in part, at their complete discretion; to the extent such extension is authorized by the office of the inspectors, it shall be deemed to be in the interests of both the Creditors and the Insolvent Person.


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The inspectors shall exercise their powers as long as the Trustee has not issued the certificate stating that the debtor has fully complied with the terms of the Proposal, in accordance with subsection 65.3. of the Bankruptcy and Insolvency Act.

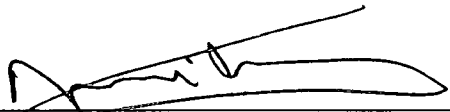
In case of difference, the English version of the Proposal will prevail over French version.

Dated at ^{ORANGEVILLE O.N.} ~~Montreal~~, Province of Quebec, this 12th day of October, 2011

JIRAH MILLING INC./MOULAGE JIRAH INC.



Andrew Eastwood
President



Witness