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November 10, 2008

To Attached Service List


**RE: Mintz & Partners Limited Re: D'Angelo Brands Ltd.
and 1540633 Ontario Inc. O/A Steelback Breweries
Our File No.: 81165**

Please find enclosed our Responding Motion Record of the Monitor, for the motion returnable November 13, 2008, served upon you pursuant to the *Rules of Civil Procedure*.

Yours very truly,

KRONIS, ROTSZTAIN, MARGLES, CAPPEL

Per:


Mervyn D. Abramowitz
MDA:kb
Encls.

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF AN APPLICATION BY WASANDA ENTERPRISES INC.
UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED AND BUSINESS CORPORATIONS ACT,
R.S.O. 1990, c.B-16, AS AMENDED**

**AND IN THE MATTER OF A PLAN OR PLANS OF COMPROMISE
OR ARRANGEMENT TO BE PROPOSED IN RESPECT OF
D'ANGELO BRANDS LTD. AND 1540633 ONTARIO INC.
O/A STEELBACK BREWERIES**

**RESPONDING MOTION RECORD
OF THE MONITOR, MINTZ & PARTNERS LIMITED
(Distribution of Reserve Funds)
(returnable November 13, 2008)**

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF AN APPLICATION BY WASANDA ENTERPRISES INC.
UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36,
AS AMENDED AND *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, C. B-16, AS
AMENDED**

**AND IN THE MATTER OF A PLAN OR PLANS OF COMPROMISE OR
ARRANGEMENT
TO BE PROPOSED IN RESPECT OF D'ANGELO BRANDS LTD. AND
1540633 ONTARIO INC. O/A STEELBACK BREWERIES**

**EIGHTH COURT REPORT OF MINTZ & PARTNERS LIMITED
IN ITS CAPACITY AS MONITOR OF THE DEBTORS
NOVEMBER 10, 2008**

BACKGROUND AND PROCEEDINGS

1. Pursuant to an order (the "Initial Order") dated November 15, 2007 of the Honourable Madam Justice Pepall of the Ontario Superior Court of Justice, Commercial List (the "Court"), Mintz & Partners Limited was appointed monitor (the "Monitor") under the *Companies' Creditors Arrangement Act* ("CCAA") of D'Angelo Brands Ltd. ("D'Angelo Brands") and 1540633 Ontario Inc. o/a Steelback Breweries ("154") (each, a "Debtor" or collectively, the "Debtors").
2. Pursuant to the terms of the Initial Order, a stay of proceedings was granted until December 15, 2007 (the "Stay Period") preventing the creditors of the Debtors from taking any steps to commence or continue proceedings against the Debtors or enforce any remedies the creditors may have had against the Debtors with respect to payment of any amounts outstanding to the creditors.

3. The application for the Initial Order was made by Wasanda Enterprises Inc. ("Wasanda" or the "Applicant") and consented to by the Debtors. Wasanda is the Debtors' primary secured and largest creditor. In addition, Wasanda is the Debtor in Possession ("DIP") Lender under these proceedings and the majority shareholder of D'Angelo Brands, Inc. ("DBI"), a Nevada Corporation, which owns, directly or indirectly, the Debtors.
4. The Debtors operated one or more distinct businesses within the food and beverage industry in Ontario. As outlined below, the primary business operations of the Debtors have been sold.
5. On December 10, 2007, an Order was made by the Honourable Mr. Justice Siegel (the "December 10, 2007 Order"), among other things, (i) extending the Stay Period to February 13, 2008, (ii) approving the terms of the Key Employee Retention Program ("KERP") and authorizing the Debtors to enter into and perform their obligations under the KERP, and (iii) requiring that York Warehousing & Distribution Worldwide Inc., SJM Logistics and Confederation Freezers (collectively, the "Warehousers") release all D'Angelo Brands product (excluding Arizona Branded product) and that any proceeds from the sale of said products be held by the Monitor until further order of the Court.
6. On February 13, 2008, an Order was made by the Honourable Madam Justice Hoy (the "February 13, 2008 Order"), among other things, (i) extending the Stay Period to May 16, 2008, (ii) authorizing the Monitor to pay D'Angelo Brands certain funds held by the Monitor in trust and requiring D'Angelo Brands to pay certain settlement funds in accordance with the settlement arrangements entered into by D'Angelo Brands and the Warehousers, (iii) approving certain transactions contemplated by an Agreement of Purchase and Sale dated January 31, 2008 (the "215 Purchase Agreement") between D'Angelo Brands and 2156775 Ontario Inc. ("215") with respect to the disposition of certain assets of D'Angelo Brands and authorizing and directing the Monitor to pay over to D'Angelo Brands the deposit monies being held by the Monitor under the terms of the 215 Purchase Agreement on the Closing Date, as that term is defined in the 215 Purchase Agreement, (iv) vesting in 215 all of the rights, title and interest, if any, of D'Angelo Brands in and to the purchased assets, upon the delivery by the Monitor of a Certificate confirming that all amounts payable by 215 pursuant to the terms of the 215 Purchase Agreement have been paid, all covenants to be performed by 215 pursuant to the terms of the 215 Purchase Agreement have been performed and all conditions of closing have been satisfied or waived, and (v) sealing the Purchase Agreement pending completion of the purchase transaction contemplated therein.

7. On March 7, 2008, an Order was made by the Honourable Madam Justice Hoy (the "Claims Procedure Order") approving a procedure to provide for (i) the identification, submission and determination of claims against the Debtors and their officers and directors, (ii) the publication of notice to creditors in the Globe & Mail, and (iii) the barring of claims not filed. A copy of the Claims Procedure Order is attached as "Appendix A".
8. An Order was made by the Honourable Mr. Justice Cumming on April 15, 2008 (the "Brewery Asset Approval and Vesting Order"), among other things, (i) approving the sale transaction contemplated by a Purchase and Sale Agreement dated April 10, 2008 (the "SBI Agreement") between the Debtors and Steelback Brewery Inc. ("SBI"), subject to a further sale and marketing process to be conducted by the Monitor in accordance with the bidding procedures attached to and forming part of the SBI Agreement (the "Bidding Procedures"), (ii) authorizing and directing the Monitor to conduct a sale and marketing process, in accordance with the Bidding Procedures, and (iii) upon issuance of a Monitor's Certificate, vesting in SBI all of the Debtors' rights, title and interests in and to certain brewery assets.
9. Also on April 15, 2008, an Order was made by the Honourable Mr. Justice Cumming approving a sale by 154 of a redundant piece of equipment known as a cooling tower to Greenfield Ethanol Inc. ("Greenfield"), and vesting in Greenfield all of 154's rights, title and interests therein and thereto.
10. On May 14, 2008, an Order was made by the Honourable Mr. Justice Morawetz (the "Third Stay Extension and Distribution Order"), among other things, (i) extending the Stay Period to September 12, 2008, provided that a progress report is filed by the Monitor by July 21, 2008, and (ii) authorizing and directing the Monitor to distribute to Wasanda, from monies held from the sale of certain assets of the Debtors to SBI, all funds required to satisfy and repay all indebtedness, interest, fees, liabilities and obligations of the Debtors outstanding from time to time under and pursuant to the DIP credit facility extended by Wasanda pursuant to the Initial Order.
11. Also on May 14, 2008, an Order was made by the Honourable Mr. Justice Morawetz which made certain clerical amendments to the Brewery Asset Approval and Vesting Order.
12. On July 23, 2008, an Order was made by the Honourable Mr. Justice Morawetz (the "July 23, 2008 Distribution Order"), among other things, authorizing and directing the Monitor to distribute to Wasanda (i) the net proceeds in the hands of the Monitor received from the completion of the sale transaction to SBI, (ii) from the net proceeds received by the Monitor from any future sale of the Debtors' remaining assets, such amounts as may be required to repay the Debtors' secured

indebtedness to Wasanda, subject to the Monitor's right to reserve such amounts as it may determine appropriate to satisfy the Administration Charge and the Directors' Charge (as defined in the Initial Order) and the secured claims of the City of Brampton as against the land and buildings owned by D'Angelo Brands, located at 14 Brewster Road, Brampton, and (iii) from the net proceeds in the hands of the Monitor received from the sale of the assets of Brasserie Steelback Inc. ("Brasserie"), all funds required to satisfy and repay all indebtedness, interest, fees, liabilities and obligations of the Debtors outstanding from time to time under and pursuant to the DIP credit facility extended by Wasanda pursuant to the Initial Order. A copy of the July 23, 2008 Distribution Order is attached as "**Appendix B**".

13. On September 11, 2008, an Order was made by the Honourable Mr. Justice Morawetz (the "Plan Filing Order"), among other things, (i) authorizing Wasanda to file separate plans of compromise or arrangement in respect of the Debtors (the "Plan" or "Plans"), (ii) authorizing Wasanda to call, hold and conduct separate meetings of the unsecured creditors of each Debtor for the purpose of considering, and if deemed advisable, approving the Plans, and (iii) extending the Stay Period to and until December 10, 2008.

PURPOSE OF EIGHTH REPORT

14. This Monitor's eighth report (the "Eighth Report") is being filed in connection with the Applicant's motion for an order, among other things, authorizing and directing the Monitor to pay to Wasanda the funds held by the Monitor in connection with the RMI Reserve, as hereinafter defined, first in repayment of any obligations in respect of the DIP credit facility and second in repayment of the secured indebtedness owing to Wasanda.
15. The Eighth Report is also being filed in connection with the motion of Robbie Manufacturing, Inc. ("RMI") for, among other things,:
 - (i) an order directing payment to RMI of the RMI Reserve, as hereinafter defined, or in the alternative, an order for directions as to determination of the entitlement to the RMI Reserve;
 - (ii) an order for inspection and production of the records of D'Angelo Brands and 154; and
 - (iii) leave, if required, to commence proceedings against D'Angelo Brands under s. 248 of the Ontario Business Corporations Act ("OBCA") for the purpose of claiming the RMI Reserve and relief ancillary thereto.
16. In developing the Eighth Report, the Monitor has relied upon unaudited financial and other information from and discussions with the management of the Debtors, Wasanda, RMI and their legal counsel.
17. The Eighth Report discusses the following matters:
 - A. RMI Reserve
 - B. Status of the sale of the Debtors' remaining assets
 - C. Status of Plans of Compromise or Arrangement, Creditor Meetings and Sanction Hearing
 - D. Monitor's Receipts and Disbursements
 - E. Debtors' Receipts and Disbursements
 - F. Monitor's Activities

G. Recommendations

A. RMI Reserve

18. As outlined above, the Claims Procedure Order approved a procedure to provide for, among other things, the identification, submission and determination of claims against the Debtors and their directors and officers and the barring of claims not filed by April 30, 2008.
19. On April 29, 2008, RMI filed a proof of claim against D'Angelo Brands and the directors and officers of D'Angelo Brands as an unsecured creditor with a claim in the amount of U.S. \$351,546.17. A copy of RMI's proof of claim has been provided to this Honourable Court, but has not been provided to the service list so as to prevent the disclosure of any confidential information that may be contained within RMI's proof of claim.
20. In paragraphs 4 and 5 of Schedule A to RMI's proof of claim, RMI purports to reserve its right to amend its proof of claim by stating the following:
 - "4. This [proof of claim] is without prejudice to any right that Robbie may have to assert charges, security interests, trust or other claims in equity or otherwise and howsoever arising, (i) in the assets, property and undertaking of D'Angelo Brands Ltd., and/or (ii) against the Directors and Officers of D'Angelo Brands Ltd."
 - "5. Robbie hereby reserves its rights to amend or withdraw this Proof of Claim at any time."
21. On May 27, 2008, based on the information provided with RMI's proof of claim and related discussions with D'Angelo Brands, the Monitor allowed RMI's unsecured claim to the extent of CDN \$265,915.36, as against D'Angelo Brands only. The Monitor disallowed RMI's claim against the directors and officers of D'Angelo Brands on the basis that there was no evidence to support the claim and, in any event, the nature of the claim against the directors and officers was such that the claim could not be compromised under the CCAA. With the receipt of additional information from RMI and D'Angelo Brands, the Monitor agreed on June 4, 2008 to allow RMI's full claim amount of CDN \$344,796.48 (U.S. \$351,546.17 x 0.9808), as against D'Angelo Brands only. The Monitor reaffirmed its position that RMI's claim against the directors and officers of D'Angelo Brands was disallowed.

22. RMI appealed the Monitor's disallowance of the claim against the directors and officers, but subsequently agreed to withdraw its claim against the directors and officers and advance it outside of the Claims Process, if it so chooses.
23. On July 22, 2008, the day prior to the hearing of the motion in respect of the July 23, 2008 Distribution Order, legal counsel to RMI contacted the Applicant's legal counsel and the Monitor's legal counsel by e-mail and objected to the relief sought by the Applicant.
24. In the above referenced e-mail communication, RMI's legal counsel states that RMI has amended its proof of claim to assert a constructive trust claim ranking in priority to secured claims and the right to do so was reserved in RMI's proof of claim. Further, RMI's legal counsel requested that a \$400,000 reserve be established from future distributions to address RMI's constructive trust claim on a without prejudice basis (the "RMI Reserve").
25. Wasanda and the Debtors agreed to the establishment of the RMI Reserve, to be held by the Monitor, on a without prejudice basis.
26. The Monitor, as a neutral party, agreed to hold the RMI Reserve and is currently holding \$400,000 in respect of the RMI Reserve.
27. On September 29, 2008, RMI delivered a draft, unissued statement of claim against both D'Angelo Brands and Wasanda.
28. On October 31, 2008, RMI delivered a Notice of Motion returnable November 13, 2008 within these proceedings seeking payment of the RMI Reserve to it along with other relief. Part of that other relief included an order granting "[l]eave, if required, to commence proceedings against [D'Angelo Brands] under s. 248 of the OBCA solely for the purpose of claiming the RMI Reserve and relief ancillary thereto...." RMI also notes in its Notice of Motion that it "reserved the rights to assert trust claims against the assets of [D'Angelo Brands] and [154]".
29. In the Monitor's view, the RMI Reserve should be paid to Wasanda for three reasons.
30. First, pursuant to the July 23, 2008 Distribution Order, the Monitor was authorized and directed to pay to Wasanda the net proceeds of any future sale of the Debtors' assets. This includes the funds that constitute the RMI Reserve.

31. Second, while it is correct that Wasanda and RMI agreed to establish a reserve in respect of RMI's constructive trust claim, that claim as against the Debtors has been extinguished pursuant to the Claims Procedure Order. Pursuant to the Claims Procedure Order, all persons asserting claims against the Debtors were required to set out the aggregate claims in a proof of claim delivered to the Monitor by April 30, 2008, failing which the creditor would be barred from asserting such claim against the Debtors and the claim would be forever extinguished. The Claims Procedure Order does not provide for a reservation of rights by any creditor in respect of any claims and, in the Monitor's view, such a reservation of rights is contrary to the clear provisions of the Claims Procedure Order. Further, to permit creditors to reserve their rights with respect to additional claims that could then be asserted sometime in the future would undermine the entire claims process and indeed the restructuring process. As well, at no point did the Monitor ever agree that RMI was or would be permitted to assert any further claim beyond the Claims Bar Date or reserve any rights to amend its proof of claim beyond the Claims Bar Date.
32. Third, RMI is asserting a constructive trust claim against Wasanda. Any claim against Wasanda is outside of these CCAA proceedings. RMI's claim against the Debtor has already been determined and allowed in accordance with the Claims Procedure Order.
33. Accordingly, the Monitor recommends that:
 - (i) the funds in the RMI Reserve be paid to Wasanda; and
 - (ii) leave not be granted to RMI to commence proceedings against D'Angelo Brands as requested by RMI in its Notice of Motion nor any ancillary relief be granted in respect of such proceedings.

B. Status of the sale of the Debtors' remaining assets

34. As previously reported to this Court, D'Angelo Brands ceased its operations in December 2007 and sold its primary business assets, consisting of machinery and equipment, raw material inventory and related trademarks, to 215 as authorized by the February 13, 2008 Order. All of the business assets of 154 were sold to SBI, as authorized by the Brewery Asset Approval and Vesting Order. Other assets, such as finished goods inventory and accounts receivable, have been realized upon by the Debtors in the normal course. Real property owned by D'Angelo Brands, consisting of land and a building located at 14 Brewster Road, Brampton, Ontario (the "Brewster Property") and a

greenhouse located at 148 Farrell Drive, Tiverton, Ontario, (the "Tiverton Greenhouse") have been made available for sale by the D'Angelo Brands.

35. The Monitor has been advised by D'Angelo Brands that it has entered into a binding agreement for the sale of the Brewster Property (the "Brewster Agreement") that is to be completed by January 6, 2009, subject to Court approval. D'Angelo Brands and the Applicant are expected to return to Court within the next few weeks to seek an Order, among other things, approving the Brewster Agreement.
36. D'Angelo Brands has made the Tiverton Greenhouse available for sale, but to date, no acceptable offers have been received.

C. Status of Plans of Compromise or Arrangement, Creditor Meetings and Sanction Hearing

37. In respect of each of the Debtors and pursuant to the Plan Filing Order, the Monitor mailed on September 29-30, 2008 to all unsecured creditors with proven claims ("Affected Creditors"), a Notice of Meeting of Affected Creditors, a report of the Monitor on the Plan, a copy of the Plan, a summary of the key terms of the Plan, a voting letter, a proxy, and an election form.
38. On October 30, 2008, the Applicant prepared an amended plan of compromise or arrangement in respect of each of the Debtors (the "Amended Plan" or collectively, the "Amended Plans"). The amendments contained in the Amended Plans were of a technical nature and did not affect the amount of the proposed distributions to Affected Creditors.
39. Separate meetings of Affected Creditors were held on October 30, 2008 to review, consider and vote on each Amended Plan. Each Amended Plan was approved by the requisite majority of Affected Creditors, representing two-thirds in value of claims voting in person, by proxy or voting letter.
40. The Monitor has been advised by the Applicant that a motion for a Sanction Order in respect of the Amended Plans is scheduled to be heard on November 28, 2008. The Monitor will prepare a further report to this Honourable Court in connection with this hearing.

D. Monitor's Receipts and Disbursements

41. Attached as "Appendix C" is the Monitor's Statement of Receipts and Disbursements as at October 31, 2008.
42. The Monitor has received, in trust, approximately \$9.5 million in asset realizations from the Debtors and a subsidiary corporation, Brasserie. Of the \$9.5 million received, the Monitor has distributed \$4.5 million to Wasanda in repayment of DIP advances (as authorized and directed by the Third Stay Extension and Distribution Order and the July 23, 2008 Distribution Order), \$4.2 million to Wasanda in repayment of pre-filing secured advances (as authorized and directed by the July 23, 2008 Distribution Order) and approximately \$402,000 to D'Angelo Brands in respect of the 215 Purchase Agreement and the sale of the Debtors' assets held by Warehouseurs (as authorized and directed by the February 13, 2008 Order).
43. The Monitor is currently holding approximately \$427,000 in trust, comprised of the following:

	(\$000's)
Sale of Brasserie assets (1)	27
Sale of inventory and collection of amounts receivable (2)	400
Total	427

Notes:

1. Amount will be paid to Wasanda in repayment of DIP advances made to the Debtors, as authorized by the July 23, 2008 Distribution Order.
2. Funds are being held by the Monitor in connection with the RMI Reserve.

E. Debtors' Receipts and Disbursements

44. The Monitor is reviewing the Debtors' disbursements on an on-going basis. On a weekly basis, the Monitor is reviewing the Debtors' summary of receipts and disbursements, cash flow variance analysis, bank reconciliations and working capital balances.

D'Angelo Brands

45. In the Applicant's September 8, 2008 motion materials, a cash flow forecast from D'Angelo Brands indicated that it expected to generate a net cash deficiency of \$342,000, prior to any advances from its DIP Lender, for the period September 1, 2008 to October 31, 2008. The actual cash deficiency was only \$213,000, resulting in a positive cash flow variance of approximately \$129,000 primarily

due to lower than forecast operating costs and professional fees. A summary schedule comparing actual results to forecast is attached hereto as "Appendix D".

46. On a cumulative basis from the CCAA filing of November 15, 2007 to October 31, 2008, D'Angelo Brands has generated a net cash deficiency of approximately \$1.2 million, prior to any DIP advances. Over this period, D'Angelo Brands has received DIP financing from Wasanda of \$1.388 million, prior to ongoing interest and costs, of which \$1.233 million has been repaid pursuant to the Third Stay Extension and Distribution Order and the July 23, 2008 Distribution Order.
47. As at October 31, 2008, Wasanda's outstanding DIP advances to D'Angelo Brands, net of repayments, amount to \$155,000, prior to ongoing interest and costs.
48. A summary of receipts and disbursements for the period November 15, 2007 to October 31, 2008 is attached hereto as "Appendix E".

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49. In the Applicant's September 8, 2008 motion materials, a cash flow forecast from 154 indicated that it expected to generate a net cash deficiency of \$357,000, prior to any advances from its DIP Lender, for the period September 1, 2008 to October 31, 2008. The actual cash deficiency was only \$163,000, resulting in a positive cash flow variance of approximately \$194,000 primarily due to lower than forecast operating costs and professional fees. A summary schedule comparing actual results to forecast is attached hereto as "Appendix F".
50. On a cumulative basis from the CCAA filing of November 15, 2007 to October 31, 2008, 154 has generated a net cash deficiency of approximately \$3.2 million, prior to any DIP advances. Over this period, 154 has received DIP financing from Wasanda of \$3.362 million, prior to ongoing interest and costs, of which \$3.232 million has been repaid pursuant to the Third Stay Extension and Distribution Order and the July 23, 2008 Distribution Order.
51. As at October 31, 2008, Wasanda's outstanding DIP advances to 154, net of repayments, amount to \$130,000, prior to ongoing interest and costs.
52. A summary of receipts and disbursements for the period November 15, 2007 to October 31, 2008 is attached hereto as "Appendix G".

F. Monitor's Activities

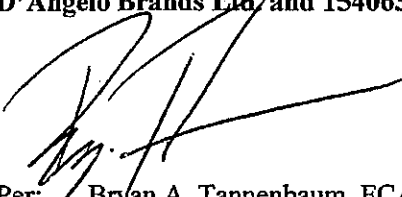
53. Since its Seventh Report, the Monitor's activities have included, among other things, the following:
- (i) Attending in Court on September 11, 2008 regarding the Applicant's motion for an order, authorizing Wasanda to file the Plans, authorizing Wasanda to call, hold and conduct separate creditor meetings and extending the Stay Period to and until December 10, 2008;
 - (ii) Reviewing the Debtors' progress regarding the sale of certain real property and excess inventory;
 - (iii) Assisting the Debtors in their discussions with Canada Revenue Agency in connection with potential GST refunds;
 - (iv) Discussions with creditors regarding the status of the CCAA proceedings;
 - (v) Discussions with the Debtors and certain creditors with respect to disputed claims;
 - (vi) Reviewing the draft statements of claim and notice of motion issued by RMI and maintaining the RMI Reserve;
 - (vii) In respect of each Debtor, preparing a Notice of Meeting of Affected Creditors and report of the Monitor on the Plan,
 - (viii) In respect of each Debtor, mailing the Notice of Meeting of Affected Creditors, the report of the Monitor on the Plan, a copy of the Plan, a summary of the key terms of the Plan, a voting letter, a proxy, and an election form in accordance with the September 11, 2008 Order;
 - (ix) Reviewing draft copies of the Amended Plans and providing the Monitor's comments thereon to Wasanda and the Debtors;
 - (x) Chairing separate Meetings of Affected Creditors on October 30, 2008;
 - (xi) Reviewing receipts and disbursements and working capital balances on an ongoing basis; and
 - (xii) Preparing the Eighth Report for this Honourable Court and providing recommendations with respect to the Order sought by the Applicant and the Order sought by RMI.

G. Recommendations

54. The Monitor recommends that this Honourable Court authorize and direct the Monitor to pay to Wasanda the funds in the RMI Reserve and not grant leave to RMI to commence proceedings against D'Angelo Brands nor any ancillary relief in respect of such proceedings.

All of which is respectively submitted this 10th day of November, 2008 by:

Mintz & Partners Limited
In its capacity as Monitor of
D'Angelo Brands Ltd and 1540633 Ontario Inc. o/a Steelback Breweries



Per: Bryan A. Tannenbaum, FCA, FCIRP
President

MINTZ-#462693.DOC

APPENDIX

A

Court File No. 07-CL-7283

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

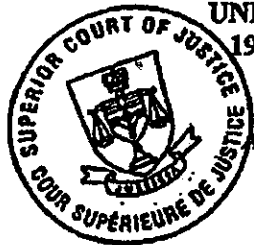
THE HONOURABLE

FRIDAY, THE 7TH

JUSTICE HOY.

DAY OF MARCH, 2008

IN THE MATTER OF AN APPLICATION BY WASANDA ENTERPRISES INC.
UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED AND BUSINESS CORPORATIONS ACT,
R.S.O. 1990, c.B-16, AS AMENDED



AND IN THE MATTER OF A PLAN OR PLANS OF COMPROMISE
OR ARRANGEMENT TO BE PROPOSED IN RESPECT OF
D'ANGELO BRANDS LTD. AND 1540633 ONTARIO INC.,
O/A STEELBACK BREWERIES

ORDER

(Claims Procedure)

THIS MOTION, made by Wasanda Enterprises Inc. (the "Applicant"), pursuant to the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCA"), for an Order approving a procedure to provide for:

- (a) The identification, submission and determination of claims against D'Angelo Brands Ltd. and 1540633 Ontario Inc., o/a Steelback Breweries (collectively, the "Debtors"), and certain claims against the Debtors' officers and directors;
- (b) The publication of notice to creditors; and
- (c) The barring of claims not filed,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, and the Third Report of Mintz & Partners Limited (the "Monitor"), and on hearing submissions of counsel to the Applicant, the Debtors and the Monitor and on being advised that the Service List was served with the Motion Record herein.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein be and is hereby abridged and that the motion is properly returnable today and service on any interested party other than those parties served is hereby dispensed with.

CLAIM PROCEDURE

2. **THIS COURT ORDERS** that this Order is made to provide for the identification, submission and determination of claims, the publication of notice to creditors, and for the barring of claims not filed, or not properly filed in accordance with the claims procedure, notwithstanding that a plan of compromise or arrangement (the "Plan") has not been filed by the Debtors or the Applicant.

Notice of Claims

3. **THIS COURT ORDERS** that the Monitor, after consultation with the Debtors, shall cause a Proof of Claim and Instruction Letter, substantially in the form attached hereto as Schedule "A", and a copy of this Order (the "Claims Package") to be sent to each known creditor of the Debtors by prepaid mail on or before March 14, 2008.

4. **THIS COURT ORDERS** that the Monitor shall cause a notice, substantially in the form attached hereto as Schedule "B" (the "Notice to Creditors"), to be placed in the Globe and Mail (National Edition) prior to March 21, 2008.

5. **THIS COURT ORDERS** that the Monitor shall cause the Notice to Creditors and the Claims Package to be posted on the Monitor's Website from March 21, 2008 until the Claims Bar Date (as defined herein).

6. **THIS COURT ORDERS** that the Monitor shall send a copy of the Claims Package to any person requesting such material, as soon as practicable.

Proofs of Claim

7. **THIS COURT ORDERS** that any person asserting a Claim (as hereinafter defined) against one or both of the Debtors or any D & O Claim (as hereinafter defined) against any director or officer of the Debtors, shall set out its aggregate Claim in the Proof of Claim, substantially in the form attached as Schedule "A", and deliver the Proof of Claim to the Monitor at the address set forth in paragraph 18 hereof so that it is received by no later than 5:00 p.m. (Toronto time) on April 14, 2008 (the "Claims Bar Date").

8. **THIS COURT ORDERS** that for the purpose of this Order, the following terms shall have the following meanings:

- (a) A "Claim" includes any right of a person against one or both of the Debtors in connection with any indebtedness, liability or obligation of any kind whatsoever of the Debtors and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including without limitation, any claim arising from or caused by the repudiation by the Debtors of any contract, lease or other agreement, whether written or oral, any claim made or asserted against the Debtors through any affiliate, associate or related person as such terms are defined in the Business Corporations Act, R.S.O. 1990, c. B-16, as amended, or any right or ability of any person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future with respect to any matter, action, cause or chose in action based in whole or in part on facts which existed on or prior to November 14, 2007, together with any other claims of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3; provided that "Claim" shall not include any "Excluded Claim"

- (b) "D & O Claim" means any rights or claims of any person against one or more of the directors or officers of the Debtors which arose or arises prior to November 15, 2007, in connection with or as a result of such director's or officer's position as a director or officer, or supervision or management of or involvement with the Debtors, including any claim arising from the failure of any Debtor to make payments in respect of:
- (i) Wages, salaries, employee and pension benefits, vacation pay, bonuses, and expenses, employee source deductions in respect of employment insurance, Canada Pension Plan, Quebec Pension Plan and income taxes;
 - (ii) Goods and Services Tax; and
 - (iii) Realty, municipal, business or other taxes payable in priority to the claims of secured creditors.
- (c) "Excluded Claims" means:
- (i) any claims of the DIP Lender secured by the DIP Lender's charge (as defined in the Initial Order);
 - (ii) any claim of the Monitor or its counsel or counsel for the Debtors or counsel for the Applicant secured by the Administration Charge (as defined in the Initial Order);
 - (iii) any claim by a director or officer secured by the Directors' Charge (as defined in the Initial Order); and
 - (iv) any claims or rights with respect to goods or services supplied to the Debtors on or after November 15, 2007.

9. **THIS COURT ORDERS** that any person who does not deliver a Proof of Claim in respect of a Claim or D & O Claim by the Claims Bar Date in accordance with paragraph 7 hereof, or such later date as the Debtors, the Applicant, and the Monitor and such creditor may agree, shall be forever barred from:

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- (a) asserting such Claim against the Debtors and the Claim shall be forever extinguished;
- (b) asserting such D & O Claim against the directors or officers of the Debtors and such D & O Claim shall be forever barred;
- (c) attending or voting at any meeting of creditors called to consider or approve a Plan;
- (d) receiving any distribution pursuant to any Plan; and
- (e) shall not be entitled to receive any further notice in respect of these proceedings.

Determination of Claims

10. THIS COURT ORDERS that the Monitor, with the assistance of the Debtors and the Applicant, shall review each Proof of Claim received by the Claims Bar Date, or which may be filed thereafter with the permission of the Debtors, the Applicant and the Monitor, or pursuant to an Order of this Court, and the Monitor shall accept, revise or disallow, in whole or in part, the claims set out therein.

Notice of Revision or Disallowance

11. The Monitor shall send, by courier, facsimile transmission or electronic mail to the relevant address or number listed for the creditor, or its representative, on the Proof of Claim, a Notice of Revision or Disallowance in the form attached as Schedule "C" as soon as a Claim or D & O Claim has been revised or disallowed by the Monitor and by no later than 7 days prior to any scheduled meeting of creditors to vote on and consider the Plan ~~which~~ ⁴⁷

Notice of Appeal

12. THIS COURT ORDERS that any person who intends to dispute a Notice of Revision or Disallowance shall serve upon the Applicant, the Debtors and the Monitor, and file with this Court, within ~~seven (7)~~ ^{fourteen} calendar days from the date of the Notice of Revision or Disallowance sent by the Monitor, or such later date as this Court may order, a Notice of Motion appealing the

an
May 30, 2008 ✓

shall not be scheduled

prior to June 10, 2008)

fourteen an ✓

claim determination, returnable before a Judge of this Court presiding over the Commercial List on ~~May 14~~ June 20, 2008.

13. **THIS COURT ORDERS** that where a creditor receives a Notice of Revision or Disallowance and fails to deliver a Notice of Appeal to this Court within the time limited above, the value and nature of such creditor's Claim or D & O Claim for all purposes in these proceedings, in respect of any Plan, or in any bankruptcy of the Debtors, shall be deemed to be as set out in the Notice of Revision or Disallowance and such value and nature, if any, shall constitute such creditor's claim for voting and distribution purposes in these proceedings, under any Plan and in any bankruptcy of the Debtors.

Voting of Disputed Claims

14. **THIS COURT ORDERS** that, where the Claim or D & O Claim of any creditor has not been finally determined prior to the date of any creditors' meeting at which the creditor is to vote by reason of the creditor applying to have the value of its Claim or D & O Claim determined by this Court, or for any other cause, the Applicant, the Debtors and the Monitor, shall either:

- a) for the purpose of voting on any Plan only, accept the creditor's determination of the value of the claim and conduct the vote of the creditors;
- b) conduct the vote of the creditors and record the fact that the creditor's vote is in dispute and report the results of the vote to this Court;
- c) provide a formula or other method for dealing with such disputed Claims or D & O Claims only for the purposes of voting on any Plan, subject to the approval of this Court; or
- d) deal with the matter as this Court may otherwise direct.

Notice of Transfer or Assignment

15. **THIS COURT ORDERS** that if, after the earlier of (a) the date of filing a Proof of Claim, and (b) the Claims Bar Date, the holder of a Claim or D & O Claim, or any subsequent holder thereof who has been acknowledged by the Monitor, transfers or assigns a Claim or D & O Claim to another person, neither the Debtors, the Applicant nor the Monitor shall be

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obligated to give notice to or to otherwise deal with the transferee or assignee of the Claim or D & O Claim as the creditor in respect thereof unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, have been delivered to the Monitor, the Debtors and the Applicant. Thereafter, such transferee or assignee shall, for all purposes hereof, constitute the holder of such Claim or D & O Claim, and shall be bound by notices given and steps taken in respect of such Claim or D & O Claim in accordance with the provisions of this Order.

16. **THIS COURT ORDERS** that if, after the earlier of (a) the date of filing a Proof of Claim, and (b) the Claims Bar Date, the holder of a Claim or D & O Claim, or any subsequent holder thereof who has been acknowledged by the Monitor, transfers or assigns the whole of such claim to more than one person or part of such claim to another person or persons, such transfer or assignment shall not create a separate claim and such claim shall continue to constitute and be dealt with as a single claim notwithstanding such transfer or assignment. Neither the Debtors, the Applicant, nor the Monitor shall, in each such case, be bound to recognize or acknowledge any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim or D & O Claim only as a whole and then only to and with the person last holding such Claim or D & O Claim, provided such creditor may, by notice in writing delivered to the Applicants, Monitor, and the Debtors, direct that subsequent dealings in respect of such Claim or D & O Claim, but only as a whole, shall be with a specified person and in such event, such person shall be bound by any notices given or steps taken in respect of such Claim or D & O Claim with such person in accordance with the provisions of this Order.

17. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and under the Initial Order, shall assist the Applicant and the Debtors in connection with the administration of the claims process provided for herein, and is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this Order.

18. **THIS COURT ORDERS** that any notice or communication required to be delivered pursuant to the terms of this Order shall be in writing and may be delivered by electronic mail,

except as otherwise provided in this Order

At

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facsimile transmission, personal delivery, courier or prepaid mail addressed to the respective parties as follows:

- (a) If to the Monitor, to:
Mintz & Partners Limited
1 Concord Gate
Suite 200
North York, ON M3C 4G4

Attention: Tony Zaspalis
Facsimile: 416-644-4303
Email: tzaspalis@deloitte.ca
- (b) If to a creditor or a claimant, to the last recorded address appearing in the books of the Debtors or in any Proof of Claim filed.
- (c) If to the Debtors, to:
D'Angelo Brands Ltd.
and 1540633 Ontario Inc.,
o/a Steelback Breweries
14 Brewster Road
Brampton, ON L6T 5B7

Attention: Ari Huber
Facsimile: 905-794-0289
Email: ahuber@steelbackbrewery.com
- (d) If to the Applicant, to:
Wasanda Enterprises Inc.
c/o Aylesworth LLP
222 Bay Street
18th Floor
Toronto, ON M5K 1H1

Attention: Lisa Come
Facsimile: 416-865-1398
Email: lcome@aylaw.com

19. **THIS COURT ORDERS** that in the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be delivered by email, facsimile transmission, personal delivery or courier and any notice or other communication given or made by prepaid mail within the five (5) business day period immediately preceding the commencement of such interruption, unless

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actually received, shall be deemed not to have been delivered. All such notices and communications shall be deemed to have been received, in the case of notice by email, facsimile transmission, personal delivery or courier prior to 5:00 p.m. (local time) on a business day, when received, if received after 5:00 p.m. (local time) on a business day or at any time on a non-business day, on the next following business day, and in the case of a notice mailed as aforesaid, on the fourth business day following the date on which such notice or other communication is mailed.

Binding Effect of Claims Procedure

20. **THIS COURT ORDERS** that the calling for claims and the claims procedure contemplated in this Order, as may be amended or supplemented by this Court from time to time, shall be binding and effective in any bankruptcy of the Debtors.

21. **THIS COURT ORDERS** that nothing in this Order shall constitute or be deemed to constitute an allocation or assignment of Claims into particular classes and that the determination of classes of creditors, if any occurs, for voting and distribution purposes shall be as established in any Plan filed by the Applicant or the Debtors or by further order of this Court.

22. **THIS COURT ORDERS** that the Applicant, the Debtors or the Monitor may, from time to time, apply to this Court for directions in the discharge of the Monitor's powers and duties hereunder or in respect of the proper execution of this Order.

23. **THIS COURT ORDERS** that any person affected by this Order may apply to this Court to vary or rescind this Order or seek other relief, on notice to the Applicant, the Debtors, and the Monitor and any other person likely to be affected by the relief sought.

Monitor's Report

24. **THIS COURT ORDERS** that the activities of the Monitor as described in the Third Report be and are hereby approved.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

MAR 10 2008

PER/PAR: *lv*

Soni U
Registrar, Superior Court of Justice

Schedule "A"
Proof of Claim

**D'ANGELO BRANDS LTD. and 1540633 ONTARIO INC. o/a STEELBACK
BREWERIES ("STEELBACK") (COLLECTIVELY, THE "DEBTORS")**

A. Particulars of Creditor: _____

(1) Full Legal Name of Creditor: _____

(2) Full Mailing Address of Creditor: _____

(3) Telephone Number of Creditor: _____

(4) Facsimile Number of Creditor: _____

(5) E-mail Address of Creditor: _____

(6) Attention (Contact Person): _____

B. Particulars of Original Creditor from Whom You Acquired Claim, if Applicable:

(1) Have you acquired this Claim by assignment?

Yes [] No []

(if yes, attach documents evidencing assignment)

(2) Full Legal Name of original creditor(s):

C. Claim:

I, [name of Creditor or authorized representative of the Creditor], do hereby certify that I am a Creditor of/hold the position of of the Creditor and have knowledge of all the circumstances connected with the Claim described herein; and

The Creditor claims the following (Check and complete appropriate category):

- 1. Claim Against D'Angelo Brands Ltd.
- 2. Claim Against Steelback
- 3. Claim Against Director or Officer of D'Angelo Brands Ltd.
- 4. Claim against Director or Officer of Steelback.

D. Particulars of Claim:

Is your claim secured?

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Yes[] No[]

The Particulars of the undersigned's total Claim or D & O Claim are attached.

(Provide full particulars of the Claim and D & O Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim and D & O Claim, name of any guarantor(s) which has guaranteed the Claim and D & O Claim, and amount of Claim and D & O Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by one or more of the Debtors to Creditor or title retention arrangement with one or more of the Debtors and estimated value of such security or title retention arrangement).

THIS PROOF OF CLAIM MUST BE RETURNED TO AND RECEIVED BY THE MONITOR BY 5:00 P.M. (TORONTO TIME) ON THE CLAIMS BAR DATE (APRIL 14th 2008) AT THE FOLLOWING ADDRESS: AH
P-619
303

DATED AT: Toronto, Ontario this 19th day of March, 2008.

MINTZ & PARTNERS LIMITED
(Mintz & Partners now part of Deloitte.)
1 Concorde Gate, Suite 200
Toronto ON M3C 4G4 Canada

Attention: Anna Koroneos
Telephone: (416) 644-4432
Facsimile: (416) 644-4303
Email: akoroneos@deloitte.ca

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Court File No. 07-CL-7283

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF AN APPLICATION BY WASANDA ENTERPRISES INC.
UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED AND BUSINESS CORPORATIONS ACT,
R.S.O. 1990, c.B-16, AS AMENDED**

**AND IN THE MATTER OF A PLAN OR PLANS OF COMPROMISE
OR ARRANGEMENT TO BE PROPOSED IN RESPECT OF
D'ANGELO BRANDS LTD. AND 1540633 ONTARIO INC.
O/A STEELBACK BREWERIES**

INSTRUCTION LETTER

A. - Claims Procedure

By order dated March 7, 2008 (the "Claims Procedure Order") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "CCAA"), the Honourable Justice ● authorized Mintz & Partners Limited in its capacity as Court-appointed Monitor (the "Monitor") of D'Angelo Brands Ltd. and 1540633 Ontario Inc. o/a Steelback Breweries (collectively, the "Debtors") to conduct a claims process (the "Claims Procedure"). For your information, there is currently no proposed plan under the CCAA. The Debtors are currently formulating a plan and creditors who file a proof of claim, which is accepted, will be given notice of the plan when the same is finalized. Defined terms which are not defined herein shall have the meaning ascribed thereto in the Claims Procedure Order.

A copy of the Claims Procedure Order and a Proof of Claim form are enclosed. This letter provides instructions for responding to or completing the Proof of Claim.

The Claims Procedure is intended for any person asserting:

claims of any kind or nature whatsoever against the Debtors, based in whole or in part on facts existing on November 14, 2007, including any Claim arising as a result of or in

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connection with the repudiation or termination on or after November 15, 2007, by one or both of the Debtors of any contract, lease or other agreement in existence prior to November 15, 2007; or

claims against any director or officer of the Debtors which arose prior to November 15, 2007, in connection with or as a result of such director's or officer's position as such, or supervision or management of the Debtors.

If you have any questions regarding the Claims Procedure, please contact the Court-appointed Monitor at the address provided below.

All enquiries with respect to the Claims Procedure should be addressed to:

Mintz & Partners Limited
 Court-appointed Monitor of the Applicant
 1 Concord Gate
 Suite 200
 North York, ON
 M3C 4G4

Attention: Anna Koroneos
 Telephone: 416-644-4432
 Facsimile: 416-644-4303
 Email: akoroneos@deloitte.ca

B. - For Creditors Submitting a Proof of Claim

If you believe that you have a claim against the Debtors or their respective directors or officers, you will have to file a Proof of Claim with the Monitor. Claims against the Debtors and their directors and officers must be received by 5:00 p.m. on April 14, 2008. ^{AM 14 36 - 31}

CLAIMS WHICH ARE NOT RECEIVED BY April 14th at 5:00 p.m. WILL BE BARRED AND EXTINGUISHED FOREVER.

Additional Proof of Claim forms can be found on the Monitor's website at www.mintzca.com/dangelo or www.mintzca.com/steelback or obtained by contacting the Monitor at the address indicated above and providing particulars as to your name, address,

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facsimile number and email address. Once the Monitor has this information, you will receive, as soon as practicable, additional Proof of Claim forms.

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Schedule "B"

**NOTICE TO CREDITORS OF
D'ANGELO BRANDS LTD. AND
1540633 ONTARIO INC.
o/a STEELBACK BREWERIES
(hereinafter collectively referred to as the "Debtors")**

RE: NOTICE OF CLAIMS PROCEDURE FOR THE DEBTORS AND THEIR OFFICERS AND DIRECTORS PURSUANT TO THE COMPANIES' CREDITORS ARRANGEMENT ACT (THE "CCAA")

PLEASE TAKE NOTICE that this notice is being published pursuant to an order of the Honourable Justice ● of the Ontario Superior Court of Justice dated March 7, 2008 (the "Order"). Any person who believes that it has a claim against the Debtors or any claim against one or more officer or director of the Debtors arising as a result of the director's or officer's position prior to November 15, 2007, as such, or management or supervision or involvement with the Debtors which arose or is based in whole or in part upon matters in existence prior to November 15, 2007 should send a Proof of Claim to Mintz & Partners Limited, in its capacity as the Court-appointed Monitor of the Debtors, to be received by 5:00 p.m. (Toronto Time) on April 24, 2008 (the "Claims Bar Date").

CLAIMS WHICH ARE NOT RECEIVED BY THE CLAIMS BAR DATE WILL BE BARRED AND EXTINGUISHED FOREVER.

Proofs of Claim and additional information regarding the Debtors' CCAA proceedings may be obtained on the website of the Court-appointed Monitor at www.mintzca.com/dangelo or www.mintzca.com/steelback.

Dated at Toronto, Ontario this day of , 2008.

MINTZ & PARTNERS LIMITED
(Mintz & Partners now part of Deloitte.)
1 Concorde Gate, Suite 200
Toronto ON M3C 4G4 Canada

Attention: Anna Koroneos
Telephone: (416) 644-4432
Facsimile: (416) 644-4303
Email: akoroneos@deloitte.ca

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Schedule "C"

Notice of Revision or Disallowance

TO: *[insert name and address of creditor]*

MINTZ & PARTNERS LIMITED (the "Monitor"), has reviewed your Proof of Claim dated the day of _____, 2008, and has revised or rejected your claim for the following reasons:

[Please see attached]

Subject to further dispute by you in accordance with the provisions of the Claims Procedure, your Claim will be allowed as follows:

Claims as Filed	Affected Claim as Allowed

If you intend to dispute this Notice of Revision or Disallowance, you must, no later than seven (7) days after the delivery of this notice, bring a Motion seeking to appeal the Monitor's determination by serving a Notice of Motion seeking to appeal the Monitor's determination. Your Motion must be returnable on ~~May~~ *June 20* 15, 2008 and served on:

(a) the Monitor at:

MINTZ & PARTNERS LIMITED
 1 Concorde Gate
 Suite 200
 Toronto ON M3C 4G4
 Canada

Attention: Tony Zaspalis
 Facsimile: 416-644-4303
 Email: tzaspalis@deloitte.ca

with a copy to:

KRONIS ROTSZTAIN MARGLES CAPPEL
 25 Sheppard Avenue West
 Suite 700
 Toronto, ON M2N 6S6
 Canada

Attention: Mervyn D. Abramowitz
 Facsimile: 416-225-3910
 Email: mabramowitz@krmc-law.com

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(b) **WASANDA ENTERPRISES INC.**
c/o Aylesworth LLP
Barristers & Solicitors
222 Bay Street
18th Floor, P.O. Box 124
Toronto, ON M5K 1H1
Canada

Attention: Lisa Corne
Facsimile: 416-865-1398
Email: lcorne@aylaw.com

(c) **D'ANGELO BRANDS LTD.**
and **STEELBACK BREWERIES**
14 Brewster Road
Brampton, ON L6T 5B7
Canada

Attention: Ari Huber
Facsimile: 905-794-0289
Email: ahuber@steelbackbrewery.com

If you do not bring a Motion appealing, the value of your Claim or D & O Claim shall be deemed to be as set out in this Notice of Revision or Disallowance.

DATED at Toronto, this _____ day of _____, 2008.

MINTZ & PARTNERS LIMITED

Per: Authorized Signing Officer

IN THE MATTER OF AN APPLICATION BY WASANDA ENTERPRISES INC. UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND BUSINESS CORPORATIONS ACT, R.S.O. 1990, c.B-16, AS AMENDED

AND IN THE MATTER OF A PLAN OR PLANS OF COMPROMISE OR ARRANGEMENT TO BE PROPOSED IN RESPECT OF D'ANGELO BRANDS LTD. AND 1540633 ONTARIO INC., O/A STEELBACK BREWERIES

Court File No. 07-CL-7283

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**ORDER
(Claims Procedure)**

AXLESWORTH LLP
Barristers & Solicitors
Ernst & Young Tower
Toronto-Dominion Centre
P.O. Box 124, 18th Floor, 222 Bay Street
Toronto, ON M5K 1H1

Richard B. Jones (LSUC No. 11575V)
Tel: 416-777-4022

Lisa S. Corne (LSUC 27974M)
Tel: 416-646-4608
Fax: 416-865-1398

Solicitors for Wasanda Enterprises Inc.

APPENDIX

B



Court File No. 07-CL-7283

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.
JUSTICE MORAWETZ

)
)
)
WEDNESDAY, THE 23RD
DAY OF JULY, 2008

**IN THE MATTER OF AN APPLICATION BY WASANDA ENTERPRISES INC.
UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED AND BUSINESS CORPORATIONS ACT,
R.S.O. 1990, c.B-16, AS AMENDED**

**AND IN THE MATTER OF A PLAN OR PLANS OF COMPROMISE
OR ARRANGEMENT TO BE PROPOSED IN RESPECT OF
D'ANGELO BRANDS LTD. AND 1540633 ONTARIO INC.,
O/A AS STEELBACK BREWERIES**

**ORDER
(Distribution of Sale Proceeds)**

THIS MOTION, made by Wasanda Enterprises Inc. ("Wasanda"), for an Order, *inter alia*, approving an interim distribution to Wasanda of the proceeds realized from the sale of certain assets by D'Angelo Brands Ltd. and 1540633 Ontario Inc. (collectively, the "Debtors"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of Wasanda, the affidavit of Glen A. Huber sworn July 17, 2008 and the Sixth Report of the Monitor, Mintz & Partners Limited (the "Monitor"), and on hearing the submissions of counsel for Wasanda, the Monitor, and the Debtors,

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this Motion is properly returnable today and requirement for service of the Notice of Motion and of the Motion Record upon any party not served is dispensed with.

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2. **THIS COURT ORDERS** that the Sixth Report of the Monitor and the activities of the Monitor as set out therein are hereby approved.

DISTRIBUTION OF SALE PROCEEDS


3. **THIS COURT ORDERS AND DECLARES** that the Monitor is hereby authorized and directed to distribute to Wasanda (i) the net proceeds in the hands of the Monitor received from the completion of the sale to Steelback Brewery Inc. of certain brewery assets of the Debtors; (ii) the net proceeds received by the Monitor from the future sale of the Debtors' remaining assets, such amounts as may be required to repay the Debtors' secured indebtedness to Wasanda, subject to the Monitor's right to reserve such amounts as it may determine appropriate to satisfy the Administration Charge and the Director's Charge (as defined in the Initial Order of this Court dated November 15, 2007) and the secured claims of the City of Brampton as against the land and buildings owned by D'Angelo Brands Ltd., located at 14 Brewster Road, Brampton.

4. **THIS COURT ORDERS AND DECLARES** that the Monitor is hereby authorized and directed to distribute to Wasanda, from the net proceeds in the hands of the Monitor received from the sale of the assets of Brasserie Steelback Inc., all funds required to satisfy and repay all indebtedness, interest, fees, liabilities and obligations of the Debtors outstanding from time to time under and pursuant to the Debtor-in-Possession credit facility extended by Wasanda pursuant to the Initial Order of this Court dated November 15, 2007.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUL 23 2008

Joanne Nicoara
PER/PAR:  Registrar, Superior Court of Justice

IN THE MATTER OF AN APPLICATION BY WASANDA ENTERPRISES INC. UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND BUSINESS CORPORATIONS ACT, R.S.O. 1990, c.B-16, AS AMENDED

AND IN THE MATTER OF A PLAN OR PLANS OF COMPROMISE OR ARRANGEMENT TO BE PROPOSED IN RESPECT OF D'ANGELO BRANDS LTD. AND 1540633 ONTARIO INC., O/A STEELBACK BREWERIES

Court File No. 07-CL-7283

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

ORDER
(DISTRIBUTION OF SALE PROCEEDS)

AYLESWORTH LLP

Barristers & Solicitors

Ernst & Young Tower

Toronto-Dominion Centre

P.O. Box 124, 18th Floor, 222 Bay Street

Toronto, ON M5K 1H1

Lisa S. Corne (LSUC 27974M)

Tel : 416-646-4608

Fax: 416-865-1398

Solicitors for Wasanda Enterprises Inc.

APPENDIX

C

Mintz & Partners Limited

Court Appointed Monitor re: D'Angelo Brands Ltd. and 1540633 Ontario Inc. o/a Steelback Breweries
 Summary of Receipts and Disbursements (in trust)
 For the period up to October 31, 2008

Receipts

Proceeds from Sale of Brewery Assets to Steelback Breweries Inc.	\$ 8,000,020.00
Net proceeds from sale of Brasserie Steelback Inc. assets	654,500.70
Deposit on Sale of Assets to 2156775 Ontario Inc.	297,000.00
Proceeds from sale of inventory held by 3rd party warehouseurs	104,031.00
Sale of inventory and collection of amounts receivable	400,000.00
Interest earned	<u>35,164.71</u>
Total Receipts	<u>\$ 9,490,716.41</u>

Disbursements

Repayment to Wasanda of DIP Advances	\$ 4,465,000.00
Repayment to Wasanda of pre-CCAA secured advances	4,196,280.92
Payments to DBL re: sale to 2156775 Ontario Inc.	297,000.00
Payments to DBL re: 3rd party warehouseurs	104,031.00
Payments to DBL re: interest earned	992.03
Bank charges	<u>10.00</u>
Total Disbursements	<u>\$ 9,063,313.95</u>

Balance held in trust	<u>\$ 427,402.46</u>
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Source of cash held:	\$ 400,000.00	RMI Reserve
	<u>27,402.46</u>	Sale of Brasserie Steelback, interest earned
	\$ 427,402.46	Total

APPENDIX D

D'Angelo Brands Ltd.
Summary of Receipts and Disbursements (\$000) - Actual to Forecast
For the period September 1, 2008 to October 31, 2008

	Sept 1, 2008 to Oct 31, 2008		
	Actual	Forecast (1)	Variance Favourable (Unfavourable)
Opening Cash Balance per Books	16.0	16.0	-
Receipts			
Receipts from P&S Agreement with 2156775 Ontario Inc.	68.4	68.4	-
Others	5.5	-	5.5
Total Receipts	<u>73.9</u>	<u>68.4</u>	<u>5.5</u>
Disbursements			
Salaries, Wages & Benefits	41.8	34.8	(7.0)
Operating Expenses	78.5	105.4	26.9
Professional Fees re CCAA	93.0	186.9	93.9
Consulting Restructuring re CCAA	21.5	31.5	10.0
Payments to Monitor of asset realizations	52.3	52.3	-
Total Disbursements	<u>287.1</u>	<u>410.9</u>	<u>123.8</u>
Change in Net Cash Flow before Advances	<u>(213.2)</u>	<u>(342.5)</u>	<u>129.3</u>
Closing Cash Balance before Advances	<u>(197.2)</u>	<u>(326.5)</u>	<u>129.3</u>
Advances from DIP Lender, net of Debtor repayments	<u>225.0</u>	<u>326.5</u>	<u>101.5</u>
Ending Cash Balance per Books	<u>27.8</u>	<u>-</u>	<u>27.8</u>
Add: Outstanding Cheques	2.5		
Less: Outstanding Receipts	<u>-</u>		
Ending Cash Balance per Bank	<u><u>30.3</u></u>		

Notes:

(1) Forecast as per Applicant's September 8, 2008 motion materials.

(2) Funds held by the Monitor in respect of the RMI Reserve.

APPENDIX E

D'Angelo Brands Ltd.
Summary of Receipts and Disbursements (\$000) - Actual
For the period November 15, 2007 to October 31, 2008

	<u>Actual</u>
Opening Cash Balance per Books	(158.7)
Receipts	
Accounts Receivables Collections and Sale of Finished Goods	1,569.4
Receipts from P&S Agreement with 2156775 Ontario Inc.	537.8
Other	96.1
Total Receipts	<u>2,203.3</u>
Disbursements	
Ingredients	185.8
Salaries, Wages & Benefits	1,074.6
Operating Expenses	1,029.6
Professional Fees re CCAA	663.9
Consulting Restructuring re CCAA	149.8
Fixed assets	99.7
Payments to Monitor of asset realizations	201.4 (1)
Total Disbursements	<u>3,404.8</u>
Change in Net Cash Flow before Advances	<u>(1,201.5)</u>
Closing Cash Balance before Advances	(1,360.2)
Advances from DIP Lender, net of Debtor repayments	<u>1,388.0</u> (2)
Ending Cash Balance per Books	27.8
Add: Outstanding Cheques	2.5
Less: Outstanding Receipts	<u>-</u>
Ending Cash Balance per Bank	<u><u>30.3</u></u>

Notes:

1 Funds held by the Monitor in respect of the RMI Reserve.

2 As at October 31 2008, the Monitor has repaid \$1.233 million pursuant to the Third Stay Extension and Distribution Order and the July 23, 2008 Distribution Order. The outstanding DIP Loan as at October 31, 2008 was \$155,000.

APPENDIX F

1540633 Ontario Inc.

Summary of Receipts and Disbursements (\$000) - Actual to Forecast
For the period September 1, 2008 to October 31, 2008

	Sept 1, 2008 to Oct 31, 2008		
	Actual	Forecast (1)	Variance Favourable (Unfavourable)
Opening Cash Balance per Books	32.4	32.4	-
Receipts			
Sales Collections	1.4	-	1.4
Other receipts/GST refunds	206.6	198.6	8.0
Total Receipts	208.0	198.6	9.4
Disbursements			
Salaries, Wages & Benefits	35.8	34.8	(1.0)
Operating Expenses	(1.3)	46.6	47.9
Professional Fees re CCAA	86.1	183.9	97.8
Consulting Restructuring re CCAA	21.4	31.5	10.1
Advances to Brasserie Steelback Inc.	29.9	60.0	30.1
Payment to Monitor of asset realizations	198.6	198.6	-
Total Disbursements	370.5	555.4	184.9
Change in Net Cash Flow before Advances	(162.5)	(356.8)	194.3
Closing Cash Balance before Advances	(130.1)	(324.4)	194.3
Advances from DIP Lender, net of Debtor repayments	165.0	324.4	159.4
Ending Cash Balance per Books	34.9	-	34.9
Add: Outstanding Cheques	9.3		
Less: Outstanding Receipts	-		
Ending Cash Balance per Bank	44.2		

Notes:

- 1 Forecast as per Applicant's September 8, 2008 motion materials.
- 2 Funds held by the Monitor in respect of the RMI Reserve.

APPENDIX G

1540633 Ontario Inc.
 Summary of Receipts and Disbursements (\$000) - Actual
 For the period November 15, 2007 to October 31, 2008

	<u>Actual</u>
Opening Cash Balance per Books	(173.5)
Receipts	
Sales Collections Net of TBS Charges	698.3
Other receipts/GST refunds	252.8
Total Receipts	<u>951.1</u>
Disbursements	
Ingredients	56.7
Packaging	191.4
Outside Packing and Tankering	8.2
Salaries, Wages & Benefits	1,216.2
Operating Expenses	1,247.3
Professional Fees re CCAA	617.9
Consulting Restructuring re CCAA	238.2
Advances to Brasserie Steelback inc.	173.6
Fixed assets	24.0
Taxes AGCO & Excise	132.6
Payment to Monitor of asset realizations	198.6 (1)
Total Disbursements	<u>4,104.7</u>
Change in Net Cash Flow before Advances	<u>(3,153.6)</u>
Closing Cash Balance before Advances	(3,327.1)
Advances from DIP Lender, net of Debtor repayments	<u>3,362.0 (2)</u>
Ending Cash Balance per Books	34.9
Add: Outstanding Cheques	9.3
Less: Outstanding Receipts	<u>-</u>
Ending Cash Balance per Bank	<u><u>44.2</u></u>

Notes:

1 Funds held by the Monitor in respect of the RMI Reserve.

2 As at October 31 2008, the Monitor has repaid \$3.232 million pursuant to the Third Stay Extension and Distribution Order and the July 23, 2008 Distribution Order. The outstanding DIP Loan as at October 31, 2008 was \$130,000.

IN THE MATTER OF AN APPLICATION BY WASANDA ENTERPRISES INC. UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND BUSINESS CORPORATIONS ACT, R.S.O. 1990, c.B-16, AS AMENDED

AND IN THE MATTER OF A PLAN OR PLANS OF COMPROMISE OR ARRANGEMENT TO BE PROPOSED IN RESPECT OF D'ANGELO BRANDS LTD. AND 1540633 ONTARIO INC. O/A STEELBACK BREWERIES

Court File No.: 07-CL-7283

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**RESPONDING MOTION RECORD
OF THE MONITOR
(RETURNABLE NOVEMBER 13, 2008)**

**KRONIS, ROTSZTAIN,
MARGLES, CAPPEL**
Barristers and Solicitors
700-25 Sheppard Avenue West
Toronto, Ontario, M2N 6S6

Mervyn D. Abramowitz (28325R)
Tel: (416) 225-8750
Fax: (416) 225-3910

Solicitors for the Monitor, Mintz & Partners
Limited