

April 24, 2008

Court File No. 08-CL-7415

IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
COTTON GINNY INC., CG OPERATIONS (H/O) LIMITED,  
CG OPERATIONS I LIMITED, CG OPERATIONS II LIMITED

*April 24/08*  
*Mr. P. Shea for CGI*  
*Ms. L. Gelsky vice for Omnes etc.*  
*Mr. M. Arowity for Monitor*  
*Ms. J. Wadden for CFC*  
*Mr. D. Thorndock for Black Sea*  
*Mr. D. Coppe for Effigy*

*The matter is supported by the  
SIP lender and by the  
Monitor. It is supported  
by the bonded groups  
and by Effigy.*

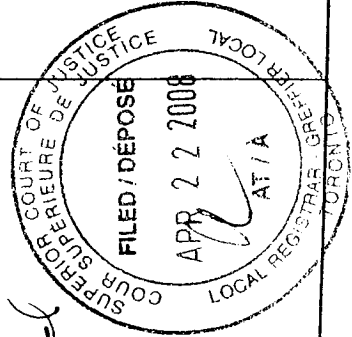
ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)  
  
(PROCEEDING COMMENCED AT TORONTO)

MOTION RECORD  
Returnable April 24, 2008

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Solicitors for Cotton Ginny Inc.



Having reviewed the 5<sup>th</sup> + 7<sup>th</sup> Reports  
of the Trustee and having heard the  
submission I am satisfied that  
Cotton being <sup>continues</sup> ~~maintains~~ to work in good  
faith and with due diligence and that  
an extension of the stay to the requested  
date of July 16/08 is warranted.

I also note that Cotton being does  
pose significant cash flow issues to which  
the Trustee has referred to in the  
Reports. ~~As the situation deteriorates~~  
It is expected that if the situation  
deteriorates a further report will  
be filed.

The Trustee has requested that  
the Initial ~~Order~~ Order be amended  
to extend the Administrator Charge  
to cover all of the assets  
of the Companies, including  
the Guaranteed Funds relating

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT  
ACT, R.S.C. 1985, c. C-36, AS AMENDED

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OR ARRANGEMENT OF COTTON GINNY INC.,  
CG OPERATIONS (H/O) LIMITED, CG OPERATIONS I LIMITED,  
CG OPERATIONS II LIMITED

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PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF TONY CHAHINE  
Sworn April 24, 2008

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Solicitors for the Respondents

Mndy May 5 at 2<sup>15</sup> p.m.  
Council are to coordinate the  
delivery of materials. It is noted  
that insofar as this issue relates  
to professional fees that the  
Company is acknowledged that  
\$50,000 currently allocated for  
professional fees as set out  
- paragraph 22 of the 7<sup>th</sup> Report  
relate to financing costs in connection  
with the 2<sup>15</sup> Capital LLC  
facilities and will be reclassified.

to the Effigy judgment. These funds  
are ~~total~~ being held by the  
Sheriff = Brongton. This request  
of the Trustee was only raised  
in the 7<sup>th</sup> Report which was  
circulated late yesterday. The  
amendment is opposed by Effigy

The issue has not been raised  
in a formal notice of Motion -  
nor has Effigy had the opportunity  
to fully consider its position  
which may include filing materials  
It is premature to deal with this  
issue today. ~~to~~ However, in view  
of the cash flow situation, it is  
a matter that should be  
heard on a timely basis and  
arrangements have been made to  
have this issue heard on

~~In~~

~~Also~~

also

The lawyer + and the Toronto are directed  
to provide <sup>(to any</sup> interested party who  
requests same) a breakdown of the  
claims filed against CG H/O.

An order shall issue in the  
form submitted, extending the  
stay period to May 16 /08

[subject to  
edit if  
isped]

A. J. Brown J.