

**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**

Typescript of the endorsement of the Honourable Justice Morawetz.

"28 November 2008

R.B. Jones + L. Come for Wasanda
M.D. Abramowitz for Monitor
J.H. Grout for D'Angelo Brands and 1540633
Mr. David Veri (in person + self represented)

At the outset of the hearing Mr. Jones advised that the Motion brought by the Boiler Inspection and Insurance Company of Canada had been withdrawn and the related litigation had been settled with a payment made by the insurer.

The Plans have been put forth by the Secured Creditor Wasanda and the unsecured creditor 834934 Ont. Wasanda has an indebtedness in excess of \$100 million – Wasanda is funding the consideration which is being offered to creditors. In return Wasanda may have an ability to access substantial tax losses of the debtors but, in my view it is not possible to quantify this benefit with any degree of precision. The tax losses could be in the range of \$85 million but there are a number of restrictions including time and non-arms length relationships that could reduce the quantum of the losses.

The Monitor has filed extensive reports which set out the materials sent to creditors which include the information relating to the Meeting of Creditors, the Monitors Recommendation with respect to the Plan, the results of the Meeting, and its recommendation to sanction the Plans.

The Plan offers very modest consideration to the creditors. In simple terms the first \$1000 of a creditors claim will be paid and creditors with claims up to 20,000 have the option of reducing their claim to the \$1000 threshold. Other creditors receive approximately 5¢ on the \$1. No alternative has been presented. The debtors have no unencumbered assets. The liquidation analysis provides that unsecured creditors will receive nothing.

The Monitors Report does provide detail on the issue of the tax losses, and the fact that Wasanda may have access to those losses if the Plan is approved. If Wasanda is able to utilize the losses – it can be said that the losses are being acquired for a modest payment. However for the purposes of this Plan it is appropriate to consider the offer from the standpoint of the unsecured creditors. They have the option of either accepting the modest proposal or rejecting it. They have voted overwhelmingly in support of the proposal and the Plan now comes before the Court to be sanctioned. Mr. Jones, in his factum sets out the required test.

I am satisfied having reviewed the record that there has been strict compliance of the debtor company and the Applicants with all statutory requirements and there has been adherence to previous orders in these proceedings. I am also satisfied that nothing has been done or purported to have been done in the Plan that has not been authorized by the CCAA.

There has been an issue raised [by] Mr. Veri, a former employee of D'Angelo Brands on the conduct of certain individuals involved with the applicants such that it may have impacted the voting of certain creditors. Simply put, he raised a concern that certain employees felt threatened or pressured into voting for the Plan. No evidence was put forth to support his statements. The Monitor advised that it had followed up with Mr. Veri with respect to these concerns and the Monitor concluded that it was not able to confirm any impropriety on the part of the applicants. Mr. Veri has raised a legitimate issue, but in the absence of any evidence to support his statements and in view of the fact that, such actions – even if proven – does[sic] not result in any alternative proposal the Court is not in a position to deny the motion to sanction based on Mr. Veri's concerns.

The Plan is not perfect and it is far from perfect, but it does not have to be perfect. It has to be fair + reasonable and in light of the fact that there is no real alternative and taking into account the overwhelming support of the creditors as outlined in the Monitor's Report, I am able to conclude that, in the circumstances, the Plans are fair + reasonable and as a result an order shall issue in the form presented, sanctioning both Plans and approving the 8th and 9th Reports of the Monitor.

Morawetz J.”

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-BREWERS

Court File No. 07-CL-7283

28 NOV 2008

28 November 2008

R. B. Jones & L. Corne

for Wasanda

M. D. Manning for Toronto

J. H. Grant for D'Angelo Brands

and 1540633.

Mr. David Veit & in person & self represented

At the outset of the hearing

Mr. Jones advised that the

Motion brought by Mr. Portel

ONTARIO

SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD
(Plan Sanction)

AYLESWORTH LLP

Barristers & Solicitors

Ernst & Young Tower

Toronto-Dominion Centre

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

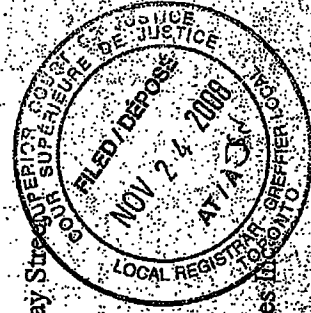
Toronto, ON M5K 1H1

Lisa S. Corne (LSUC 27974M)

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Solicitors for Wasanda Enterprises Inc. (Ontario)



Inspection and Invoice copies & Cashier
had been withdrawn and the related
liability had been settled with
a payment being made by the
insurer.

The Plan above has been put forth
by the Licensed Creditors ^{Wesander and}
the unsecured creditors ⁸³⁴⁴³⁴ ~~Wesander~~
Wesander has a indebtedness of
over \$100 million - Wesander
is making the creditors which is
being offered to creditors. In
action Wesander may have an
ability to assess substantial
losses of the debtors, but,
in my view, it is not possible
to quantify this benefit with
any degree of precision. The
losses could be in the
range of \$85 million but
there are a number of restrictions
including time and provisions

length relationship that ~~could~~ could reduce the quantum of the losses.

The Minutes has cited extensive reports which set out ~~the~~ ^{the} materials set to ~~be~~ ^{creditors} ~~submitted~~, which

~~the~~ include ~~the~~ ^{the} information relating to the Treaty of Creditors;

~~the~~ ^{the} Minutes recommends ^{with respect to the Plan} the results of the Meeting, ^{(2) its recommendation to sanction the Plan.}

The Plan offers very modest considerations to the creditors.

In simple terms the first \$1000 of a creditors claim will be paid and creditors with claims up to 20,000 have the option of redeeming their claim to the \$1000 threshold. Other creditors

Wanderer may have access to these
loans if the Plan is approved.

If Wanderer is able to utilize
the loans - it can be said that
the loans ~~are~~ are being approved
for a modest payment. However for
the purposes of this Plan it is
appropriate to consider the offer
from the standpoint of the increased
credits. They raise the question of
either accepting the modest proposal
or rejecting it. They have voted
unanimously in support of the
proposal and the Plan now comes before
the Court to be sanctioned.
~~Mr. Jones, in his speech, sets out~~
that ~~to~~ the credits

Mr. Jones, in his facta acts out
 the required part.
 I am satisfied, that having reviewed
 the record that there has been strict
 compliance by the debtor company and
 its Applicants with all statutory requests
 and there has been adherence to
 previous orders in these proceedings.
 I am also satisfied that nothing
 has been done or purported to have
 been done to the Plan that has

6. The terms and conditions to which the reorganization is made subject by the Order have been complied with.
 Les conditions que l'ordonnance impose à la réorganisation ont été respectées.

These articles are submitted under section 186 of the Business Corporations Act and are signed in duplicate.
 Les présents statuts sont déposés en vertu de l'article 186 de la Loi sur les sociétés par actions. Ils sont signés en double
 exemplaire.

1540633 Ontario Inc.

Name of Corporation / Dénomination sociale de la société

By/
 Par:

Signature / Signature

Description of Office / Fonction

not authorized by the CCAA.

There has been an issue raised
 Mr. Veri, a former employee of
 D'Angelo Bros. that the conduct
 of certain individuals
 involved with the applicants

such that it may have impacted the
votes of certain auditors. Despite that,
he raised a concern that certain employees
felt threatened or pressured into voting
for the Plan. No evidence was put forth
to support his statements. The Trust
advised that it had followed up with
Mr. Vei with regard to these concerns
and the Trust concluded that it
was not able to confirm ~~the~~ any
impropriety on the part of the employees.

Mr. Vei has raised a legitimate
issue, but in the absence of any
evidence to support his statements and
in view of the fact that, such
actions - even if proven - does not
result in any attenuation proposal
the Court is not in a position to
along the motion to sustain based
on Mr. Vei's concerns.

The Plan is not perfect ^{it is far from perfect} but
it does not have to be perfect.

It has to be fair + reasonable
and in light of the fact that
there is no real alternative
and taking into account the
overwhelming support of the creditors
~~as~~ as outlined in the Trustee's
Report, I am able to conclude
that in the circumstances, the
Plan ^{is} ~~is~~ fair + reasonable and
as a result we will
issue in the form presented,

satisfying both Plans and approving
the 8th + 9th Reports of the Trustee.

