

Schedule "J"



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 2800, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

December 21, 2007

Michael McGraw
Dir: 416-863-4247
michael.mcgraw@blakes.com

VIA E-MAIL

Reference: 72396/2

Michael McIntosh
Maynards Industries Ltd.
Suite 202, 5409 Eglinton Avenue West
Toronto, Ontario M9C 5K6

Joel D. Farber
Fogler, Rubinoff LLP
95 Wellington Street West
Suite 1200, Toronto-Dominion Centre
Toronto, Ontario M5J 2Z9

Dear Sirs:

Re: Genfast Manufacturing Company ("Genfast")
Re: Auction Services Agreement dated July 12, 2007 (the "Agreement")
Re: Genfast premises located at 225 Henry Street, Building 5, Brantford, Ontario (the "Premises")
Re: Vacation of the Premises

KPMG Inc. in its capacity as court-appointed Receiver of Genfast (the "Receiver") has been advised by Strathallen & Capital Corp., landlord of the Premises (the "Landlord"), that the Premises are not vacant, are not currently in a clean and broom-swept condition and as such, the Landlord will not accept the keys from the Receiver transferring possession to the Landlord. In particular, significant amounts of equipment still remain on the Premises and generally, the Premises need to be properly cleaned.

Further, we have also been advised by Maynards Industries Ltd. ("Maynards") that it does not believe that it will be in a position to vacate the Premises by Saturday, December 22, 2007 at 11:59 p.m. EST, as required under Section 1(b) of the Agreement and that a further ten (10) days will be required before Maynards will be in a position to vacate the Premises and leave it in the condition required pursuant to the Agreement.

Accordingly, further to my letter dated December 17, 2007, you are once again put on notice that as of Saturday, December 22, 2007 at 11:59 p.m. EST, Maynards is responsible for all costs and expenses arising from its continued occupation of the Premises, including, but not limited to, occupation rent, utilities, insurance and security. As you are aware, these costs for the Premises are approximately \$250,000 per month. The Landlord has advised that these costs will not be reduced during Maynards' extended occupancy.

Further, as outlined in my letter dated December 17, 2007, the Receiver reiterates its request that Maynards address any and all concerns as set out in the Landlord's letter dated December 11, 2007 and any other actions which are required to repair any damage and generally return the Premises to the condition required pursuant to the Agreement. Finally, the Receiver repeats its request that Maynards make arrangements for a final walk-through with representatives of the Receiver and the Landlord prior to vacating the Premises.

12175668.1

Should you have any questions or wish to discuss this further, please do not hesitate to contact myself or the Receiver.

Yours very truly,


Michael McGraw

MQM:lt
Enclosure.

c: Nick Brearton
Brad Newton

Schedule "K"

From: Mike McIntosh [mailto:MMcIntosh@maynards.com]
Sent: December 22, 2007 9:50 AM
To: MCGRAW, MICHAEL; jdf@foglerrubinoff.com
Cc: Brearton, Nick N; Newton, Brad; CHOW, MILLY; LWilliams@tgf.ca
Subject: RE: Genfast/Maynards: Vacation of Premises

We now plan on being out of the premises by December 24th, 07.
Please arrange for an inspection for Monday afternoon December 24th.

Mike McIntosh

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or any action taken or omitted to be taken in reliance on it, is prohibited
and may be unlawful. When addressed to our clients any opinions or advice
contained in this email are subject to the terms and conditions expressed in
the governing KPMG client engagement contract.

Schedule "L"

----- Original Message -----

From: Newton, Brad

To: Alex Mc Lellan <amclellan@strathallen.com>; akrausz@strathallen.com
<akrausz@strathallen.com>

Cc: Brearton, Nick N; 'Mike McIntosh' <MMcIntosh@maynards.com>

Sent: Sat Dec 22 11:24:51 2007

Subject: FW: Genfast/Maynards: Vacation of Premises

Andy,

Per the email below, Maynards intends to vacate the premises on Monday afternoon. Please let me know who can attend for the landlord on Monday December 24, 2007 for the tour of the premises.

Mike,

Please let me know what time on Monday afternoon you intend to have the tour.

Regards,

Brad Newton, CA, CBV, CIRP

Vice President

KPMG Inc.

21 King Street West, Suite 510

Hamilton, ON L8N 3R1

Ph: (905) 523-2202

Fax: (905) 523-2200

email: bradnewton@kpmg.ca

Schedule "M"

----- Original Message -----

From: Andy Krausz <akrausz@rogers.blackberry.net>
To: Newton, Brad
Sent: Sun Dec 23 09:19:30 2007
Subject: Re: Genfast/Maynards: Vacation of Premises

As I understood from Alex there was no way that the building would be ready for turnover this year.

I will call you on Monday and will try to have someone available for the inspection on the 24th.

Regards

Andy
Andy Krausz

Strathallen Capital Corp
Tel: (416)922-5553 ext.412

Suite 2000, 2 Bloor Street West
Toronto, ON M4W 3E2

Schedule "N"

Genfast Manufacturing Company Summary of Heating System Repairs owing by Maynards

| | |
|---------------------------------|----------------------------|
| BML Multi-Trades invoice W62688 | \$ 1,243.20 |
| A.C.S. invoice 9712333 | 3,608.88 |
| A.C.S. invoice 9712334 | <u>2,130.20</u> |
| Total | <u>\$ 6,982.28</u> |
| <u>D. Webster wages</u> | |
| Regular earnings | \$ 3,609.45 |
| Statutory Holiday pay | 880.69 |
| Employer CPP | 215.60 |
| Employer EI | <u>108.75</u> |
| Total | <u>\$ 4,814.49</u> |
| Total Heating System Repairs | <u><u>\$ 11,796.77</u></u> |



BML Multi Trades Group Ltd.
 32 Ryan Place, P.O. Box 1627
 Brantford, Ontario N3T 5V7
 Toll Free: 1-800-261-0877
 Tel: (519) 756-4150
 Fax: (519) 756-5885



www.bmlmultitrades.ca

| | |
|--|--|
| <p>Sold To: KPMG IN (GENFAST) 21 KING ST WEST SUITE 510 HAMILTON, ON L8N 3R1 Att: BRAD NEWTON</p> | <p>INVOICE</p> <p>Invoice Number: W62688 Invoice Date: Jan 15/08 Terms: NET 30 Customer Code: KPM003 Reference: Customer Order: Work Order #: 058385 Work Order Type: Elect Serv Job Location: Genfast-Brantford Called By: Doug Webster Starting Date: Dec 28/07 Ending Date: Jan 13/08</p> |
| <p>Job Location: Genfast-Brantford 905-523-9200</p> | |

| Description | Qty | Price | Total |
|---|-----|--|-----------------|
| <p>Work Performed PLC system for fans not running CHECKED PLC SYSTEM/WIRING EXHAUST FAN STARTERS ARE INTERMI CHECKED ALL WIRING, REPLACED I/O BOARDS WITH KNOWN WORKING, REPLACED MAIN PROCESSOR WITH KNOWN WORKING. NO PROBLEMS FOUND , POSSIBLE PROGRAMMING ISSUE</p> | | | |
| Total Labour | | | 1,184.00 |
| <p style="text-align: center;">- CONDITIONS -</p> <p>TERMS OF PAYMENT ARE 30 DAYS FROM DATE OF INVOICE. DRAWS SHALL BE SUBMITTED MONTHLY TOTHE CUSTOMER. INTEREST ON UNPAID AMOUNTS SHALL ACCRUE AT THE RATE OF 1.5% PER MONTH (18% PER ANNUM),</p> | | <p>Subtotal 1,184.00</p> <p>GST/BN# (R100625623) 59.20</p> | |
| | | Total Invoice | 1,243.20 |

A.C.S.

Automated Control Systems
 3540 Commerce Court
 Burlington, ON
 L7N 3L7 (905) 637-2226

Invoice

| | |
|-----------|-------------|
| Date | Invoice No. |
| 1/03/2008 | 9712333 |

| |
|---|
| Bill To |
| KPMG Inc 21 King Street West, Suite 510 Hamilton, ON L8N 3R1 |

| |
|---------|
| Ship To |
| |

| | | | |
|--------------------|----------------|-----|---------|
| P.O.No. | Terms | Rep | Project |
| as per Brad Newton | Due on receipt | GN | |

| Description | Quantity | Rate | Amount |
|--|----------|--------|-----------------|
| Emergency Service Call for G Nicholson - Dec 28th 2007 to Genfast. | 4.5 | 105.00 | 472.50 |
| Travel Time | 1 | 65.00 | 65.00 |
| Travel Expense = Km * Rate | 104 | 0.50 | 52.00 |
| 1771 - ASB Remote IO adapters | 3 | 900.00 | 2,700.00 |
| Shipping charges to Rush Deliver | 1 | 150.00 | 150.00 |
| SUBTOTAL | | | 3,439.50 |
| Business Number: 139572606 | | | |

| | |
|-----|--------|
| GST | 169.38 |
| PST | 0.00 |

| | | |
|---------------------------------|--------------|-------------------|
| INVOICE IS PAYABLE UPON RECEIPT | Total | \$3,608.88 |
|---------------------------------|--------------|-------------------|

A.C.S.

Automated Control Systems
 3540 Commerce Court
 Burlington, ON
 L7N 3L7 (905) 637-2226

Invoice

| | |
|-----------|-------------|
| Date | Invoice No. |
| 1/09/2008 | 9712334 |

| |
|---|
| Bill To |
| KPMG Inc 21 King Street West, Suite 510 Hamilton, ON L8N 3R1 |

| |
|---------|
| Ship To |
| |

| | | | |
|--------------------|----------------|-----|---------|
| P.O.No. | Terms | Rep | Project |
| as per Brad Newton | Due on receipt | GN | |

| Description | Quantity | Rate | Amount |
|--|----------|--------|-----------------|
| Total Hours for labour to troubleshoot DH+ and R I/O cabling at Genfast for 3 Electricians | 15 | 85.00 | 1,275.00 |
| Travel Time | 2.5 | 65.00 | 162.50 |
| Travel Expense = Km * Rate | 200 | 0.50 | 100.00 |
| Feet of Belden Blue Hose cable | 320 | 0.70 | 224.00 |
| Total Hours for G Nicholson on site | 1.5 | 105.00 | 157.50 |
| Travel Time | 1 | 65.00 | 65.00 |
| Travel Expense = Km * Rate | 104 | 0.50 | 52.00 |
| SUBTOTAL | | | 2,036.00 |
| Business Number: 139572606 | | | |

| | |
|-----|-------|
| GST | 94.20 |
| PST | 0.00 |

| | | |
|--|--------------|-------------------|
| Terms: Net 30 days, 1.5% per month, 18% per annum on overdue accounts. | Total | \$2,130.20 |
|--|--------------|-------------------|

Schedule "O"

-----Original Message-----

From: "MCGRAW, MICHAEL" <MICHAEL.MCGRAW@blakes.com>
Date: Mon, 24 Dec 2007 11:20:06
To: <akrausz@rogers.blackberry.net>
Cc: <nbrearton@kpmg.ca>, "Newton, Brad" <bradnewton@kpmg.ca>, "CHOW, MILLY"
<MILLY.CHOW@blakes.com>, "E. Patrick Shea" <patrick.shea@gowlings.com>
Subject: Genfast: Vacation of Premises

Mr. Krausz:

As per your e.mail messages yesterday with Brad Newton of KPMG Inc., court-appointed Receiver of Genfast Manufacturing Company ("Genfast"), the Receiver has advised you that Maynards Industries Limited ("Maynards") intends to be vacating the premises at approximately 4:00 p.m. today. The Receiver fully expects that this will occur today as scheduled immediately after today's walk-through.

While the Receiver has repeatedly reminded Maynards of its obligations under its Auction Services Agreement with the Receiver (the "Agreement"), the Receiver expects that when Maynards vacates the premises this afternoon, Maynards will not have fully satisfied its obligations pursuant to the Agreement, to, among other things, repair, restore and clean up the premises to the condition it was in when it commenced the auction process. However, while the Receiver can claim against Maynards for breach of its obligations under the Agreement, the Receiver has no ability under the Agreement or otherwise to compel Maynards to complete these repairs and clean up.

The Receiver continues to be prepared to discuss reasonable arrangements and a timetable to complete any reasonable repairs and clean up with the Landlord. However, given the the position that Maynards has taken, and the quantum of the occupancy costs for the premises for which we understand Strathallen Capital Corp. (the "Landlord") is unwilling to reduce, the Receiver will have no choice but to surrender possession of the premises and disclaim Genfast's lease with the Landlord immediately following Maynard's vacation of the premises this afternoon. Upon the Receiver's surrender of the premises and disclaimer, the Receiver will have no further obligations to the Landlord for any further occupation costs with respect to the premises, including, but not limited to, rent, utilities, security and insurance.

Should you have any questions or wish to discuss this further, including arrangements to complete any reasonable repairs and clean up, please contact Nick Brearton of KPMG. Thank you.

Michael McGraw
Blake, Cassels & Graydon LLP
Commerce Court West
Toronto, ON M5L 1A9

Tel: 416.863.4247
Fax: 416.863.2653
E-mail: michael.mcgraw@blakes.com

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Schedule "P"

-----Original Message-----

From: Andy Krausz [mailto:akrausz@rogers.blackberry.net:
<mailto:akrausz@rogers.blackberry.net>]
Sent: Monday, December 24, 2007 2:23 PM
To: MCGRAW, MICHAEL
Cc: nbrearton@kpmg.ca; Newton, Brad; CHOW, MILLY; E. Patrick Shea
Subject: Re: Genfast: Vacation of Premises

I was very surprised to receive your email.

The Landlord did not agree to attend any walk through of the premises or to deal with the surrender of the premises from the Receiver today.

The Receiver was fully aware of the fact that I was out of town since Dec 17. The landlord's rep. attended at the premises on Dec 21 at which time it was clear that a lot of work remained before the landlord would take possession. The Receiver was aware that I would be out of town through the holidays and there was no one at our office to deal with this matter until after the holidays and that our site office was closed as of Dec 21.

If the Receiver wishes to accept possession of the premises from Maynards in the current state, that is the Receiver's business, but the landlord will not accept possession from the Receiver until the premises are put into the agreed state and are properly cleaned and all damage repaired.

We assume that the Receiver will ensure that the premises are properly secured until the landlord accepts possession from the Receiver in the new year.

Regards
Andy Krausz

Strathallen Capital Corp
Tel: (416)922-5553 ext.412

Suite 2000, 2 Bloor Street West
Toronto, ON M4W 3E2

Schedule "Q"

From: Farber, Joel [mailto:jdf@foglerrubinoff.com]

Sent: Monday, December 24, 2007 2:55 PM

To: MCGRAW, MICHAEL; mmcintosh@maynards.com

Cc: nbrearton@kpmg.ca; bradnewton@kpmg.ca; CHOW, MILLY; LWilliams@tgf.ca

Subject: Re: Genfast:

I have spoken with McIntosh - Maynards will be vacating today and has fully complied with its obligations under the ASA. Maynards has no further obligations for occupancy or repair. The receiver is welcome to inspect the premises right now as Maynards will be leaving soon. Maynards has no responsibility concerning the availability of the Receiver or the landlord.

Schedule "R"

-----Original Message-----

From: MCGRAW, MICHAEL

To: akrausz@strathallen.com; Shea, Patrick

CC: nbrearton@kpmg.ca; Newton, Brad; CHOW, MILLY; LWilliams@tgf.ca; Spizzirri, Frank

Sent: Mon Dec 24 19:32:13 2007

Subject: RE: Genfast: Vacation of Premises

Patrick/Andy:

This is in response to your e.mail messages dated today with respect to the position of the Landlord regarding the vacation of the premises and the condition of same.

Notwithstanding that a representative of the Landlord was not made available to conduct a walk-through of the premises, representatives of Maynards and the Receiver conducted an inspection of the premises this afternoon. Please be advised that, as expected, Maynards has vacated the premises. Accordingly, on behalf of the Receiver, we hereby advise that the Receiver, effective immediately, surrenders possession of the premises to and disclaims the Genfast lease agreement with the Landlord. As such, as supported by the case law, the Receiver is no longer occupying the premises and therefore, is no longer responsible for any and all occupation costs associated with occupation of the premises. As a representative of the Landlord's office was not available today, please contact Nick Brearton of KPMG as soon as possible to arrange for delivery of the keys.

Given the holiday season, and without prejudice to the Receiver's position that it is no longer occupying the premises, the Receiver will continue to maintain security, utilities and insurance for the premises until no later than January 2, 2008, which, effective 12:01 p.m. on December 25, 2007 and thereafter will be for the account of the Landlord. You are hereby on notice that, as of 11:59 p.m. on January 2, 2008, the Receiver will cease insurance coverage, security and utilities on the premises, and will advise the appropriate providers that the Landlord will be directly responsible as of that date.

The Receiver's position remains that there is no agreement with the landlord with respect to the condition of the premises upon surrender of possession by the Receiver. However, the Receiver remains willing to make itself available for a final inspection of the premises with the Landlord as soon as possible prior to January 2, 2008 to confirm the condition of the premises. Please contact Mr. Brearton to arrange for such inspection.

As previously advised, I am available by e.mail and will be in the office all day Thursday and Friday to discuss.

Have a safe and happy holiday.

Mike

Michael McGraw
Blake, Cassels & Graydon LLP
Commerce Court West
Toronto, ON M5L 1A9

Tel: 416.863.4247

Fax: 416.863.2653

E-mail: michael.mcgraw@blakes.com

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Schedule "S"

-----Original Message-----

From: Shea, Patrick <Patrick.Shea@gowlings.com>
To: MCGRAW, MICHAEL; akrausz@strathallen.com <akrausz@strathallen.com>
CC: nbrearton@kpmg.ca <nbrearton@kpmg.ca>; bradnewton@kpmg.ca <bradnewton@kpmg.ca>; CHOW, MILLY; LWilliams@tgf.ca <LWilliams@tgf.ca>; fspizzirri@casselsbrock.com <fspizzirri@casselsbrock.com>
Sent: Mon Dec 24 20:01:34 2007
Subject: Re: Genfast: Vacation of Premises

Thank you for your e-mail.

Who is responsible for occupation costs, security and insurance from 25 December until the premises are properly cleaned, all damage is repaired, etc is a matter that will be determined by the Court.

The landlord does not accept the surrender of the premises or the disclaimer of the lease and will continue to hold the Receiver responsible for all occupation costs, security and insurance.

Please provide copies of the case law referenced in your e-mail. We are not aware of any cases that stand for the proposition that a Receiver can unilaterally surrender possession of premises it has occupied without conducting repairs and placing the premises in an agreed state (or the state required by the lease).

Michael, your typically aggressive approach to matters is, once again, leading your client down a route that will lead to unnecessary and contentious litigation. One would think that a much more cooperative approach would be appropriate in the circumstances. For example, given that you are taking the position that all costs are for the landlord as 25 December and the Receiver was made aware early on that a representative of the landlord would not be available until 7 January, why would the Receiver not keep security and insurance in place until the landlord is able to replace them rather than only until 2 January? You might want to keep in mind that the Receiver is an officer of the Court that owes all stakeholders, including the landlord, a duty of care, the landlord has been very cooperative and that Strathallen is a landlord who the Receiver is likely to have to deal with on future insolvency matters.

Schedule "T"

From: MCGRAW, MICHAEL
Sent: Monday, December 24, 2007 8:39 PM
To: 'Farber, Joel'; mmcintosh@maynards.com
Cc: nbrearton@kpmg.ca; bradnewton@kpmg.ca; CHOW, MILLY; LWilliams@tgf.ca
Subject: RE: Genfast:

Joel:

This will acknowledge receipt of your e.mail message below.

Further to our e.mail messages below, the Receiver and a representative of Maynards completed an inspection of the premises this afternoon. Contrary to your e.mail message, it is apparent from this inspection that Maynards has not complied with its obligations under the Agreement to repair, clean and generally return the premises to the condition it was in when Maynards was first granted access. In particular, there remains oil in the heat treating oven, there are bolts that still need to be blown off and the floors have not been left in a clean and broom swept condition, amongst other things.

Accordingly and as previously advised, the Receiver reserves all of its rights and remedies against Maynards for any and all costs of repairing and cleaning the premises and any and all occupation costs after 11:59 p.m. on Saturday, December 22, 2007.

Thanks

Mike

Michael McGraw
Blake, Cassels & Graydon LLP
Commerce Court West
Toronto, ON M5L 1A9

Tel: 416.863.4247
Fax: 416.863.2653
E-mail: michael.mcgraw@blakes.com

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Schedule "U"

From: Shea, Patrick [mailto:Patrick.Shea@gowlings.com]
Sent: Wednesday, December 26, 2007 5:08 PM
To: CHOW, MILLY; MCGRAW, MICHAEL; akrausz@strathallen.com
Cc: nbrearton@kpmg.ca; bradnewton@kpmg.ca; LWilliams@tgf.ca; fspizzirri@casselsbrock.com
Subject: Re: Genfast: Vacation of Premises

OK. Since your position is that this should be resolved by our clients - and I agree - I confirm we aren't going to resolve this before our client is back on 7 Jan 2008 and able to do an inspection of the premises.

Our client will, of course, continue to hold the Receiver liable for occupation costs, insurance and rent until the landlord has agreed to accept the surrender of the premises or the Court orders that the Receiver was not liable to pay same. We assume the insurance and security will remain in place until the issue is resolved. Who must pay for it is an issue that can be addressed later (by the Court if necessary).

As for "personal attacks". I merely stated a fact that Michael typical aggressive style would likely lead to litigation if not checked. His letter to our client on 19 Dec 2007 and the e-mails on 24 Dec 2007 threatening to cut off insurance and security on short notice over the holidays are examples of how, in my experience Michael handles matters and it results in problems - especially when he chooses to communicate directly with clients rather than through counsel.

Schedule "V"

-----Original Message-----

From: "CHOW, MILLY" <MILLY.CHOW@blakes.com>
Date: Wed, 26 Dec 2007 18:04:08
To: "Shea, Patrick" <Patrick.Shea@gowlings.com>, "MCGRAW, MICHAEL"
<MICHAEL.MCGRAW@blakes.com>, <akrausz@strathallen.com>
Cc: <nbrearton@kpmg.ca>, <bradnewton@kpmg.ca>, <LWilliams@tgf.ca>,
<fspizzirri@casselsbrock.com>
Subject: RE: Genfast: Vacation of Premises

Patrick, as I have noted repeatedly, the Receiver will contact your client to expedite resolutions of the issue and I expect that your client will act reasonably in that regard.

As I understand it, it is not necessary for Andy to be personally in attendance for the inspection as he was not there for the initial scheduled inspection on December 21st; I'm hopeful that our clients can find a way to work this out. As for your last comment, I

really don't see why you feel compelled on each email to express your personal feelings and your experiences on other files with Mike. Why is this necessary or relevant to the issues? Can we please just stick to the substantive issues and move forward.

Milly

Milly Chow
Partner
milly.chow@blakes.com: <mailto:milly.chow@blakes.com>
Dir: 416.863.2594
Cell: 416.716.2279

Schedule "W"

----- Original Message -----

From: Andy Krausz <akrausz@rogers.blackberry.net>
To: CHOW, MILLY <MILLY.CHOW@blakes.com>; Shea, Patrick <Patrick.Shea@gowlings.com>;
MCGRAW, MICHAEL <MICHAEL.MCGRAW@blakes.com>; Andy Krausz <akrausz@strathallen.com>
Cc: Brearton, Nick N; Newton, Brad; LWilliams@tgf.ca <LWilliams@tgf.ca>;
fspizzirri@casselsbrock.com <fspizzirri@casselsbrock.com>
Sent: Thu Dec 27 07:41:40 2007
Subject: Re: Genfast: Vacation of Premises

I was fully aware on what took place on the 21st and pictures were taken of the premises by the onsite manager. He informed me that the premises would not be ready for us to take possession. The receiver has not attempted to contact me but I will call Nicholas today or tomorrow.

I do want to be present at the next inspection.

Regards
Andy Krausz

Strathallen Capital Corp
Tel: (416)922-5553 ext.412

Suite 2000, 2 Bloor Street West
Toronto, ON M4W 3E2

Schedule "X"

KONIDIS, MARIA

From: Brearton, Nick N [nbrearton@kpmg.ca]
Sent: Thursday, December 27, 2007 4:47 PM
To: akrausz@strathallen.com; CHOW, MILLY; Patrick.Shea@gowlings.com; MCGRAW, MICHAEL
Cc: Newton, Brad; LWilliams@tgf.ca; fspizzirri@casselsbrock.com
Subject: Re: Genfast: Vacation of Premises

Andy,

For completeness it should be noted that during our discussion the Receiver took issue with your assertions that there is an agreement as to the condition the building would be left in and that an inspection of the building by the Landlord was a precondition of the Receiver being able to vacate the building. In addition, our walk through on Jan 7 is to identify remaining concerns you may have as to the conditions of the building; the Receiver did not commit to any repairs (having said that, I am also not ruling that out).

The Receiver will put top priority on the heating repair.

Regards,
Nick

Sent from my BlackBerry Wireless Handheld

----- Original Message -----

From: Andy Krausz <akrausz@rogers.blackberry.net>
To: Brearton, Nick N; Andy Krausz <akrausz@strathallen.com>; milly.chow@blakes.com <milly.chow@blakes.com>; Patrick.Shea@gowlings.com <Patrick.Shea@gowlings.com>; michael.mcgraw@blakes.com <michael.mcgraw@blakes.com>
Cc: Newton, Brad; LWilliams@tgf.ca <LWilliams@tgf.ca>; fspizzirri@casselsbrock.com <fspizzirri@casselsbrock.com>
Sent: Thu Dec 27 16:02:02 2007
Subject: Re: Genfast: Vacation of Premises

Your email deals with only part of the discussions we had today. I did agree that Doug Webster and anyone he needs to contract should get on with the work of getting the heating sytem fully operational as soon as possible and that the receiver should continue to clean up the building in accordance with the list of items that were agreed upon. The list of items is the responsibility of the receiver regardless whether Maynards or the receiver had to do the work. The landlord looks to he receiver for all atems to be completed. This all is on a without prejidue basis as it relates to the rights of the receiver and the landlord with respect to occupancy and the state of the building.

Doug Webster is most familiar with the computer system for the heating and the receiver has agreed that the system will be up and running at the receivers cost.

The receiver and the landlord will have a walk through on the 7th of January to establish what remains to be completed on the list for occupancy by the landlord.

I also mentioned that inconveresation prior to December 21 we agreed to have a

walk through one week before the turnover of the building by the receiver to the landlord. On the december 21st the building was not in an acceptable state for turnover.

It is imperative that the receiver instruct their personel to deal with the lack of heat in yher premises and continue to finish the clean up of the premises in accordance with the list.

Regards
Andy Krausz

Strathallen Capital Corp
Tel: (416)922-5553 ext.412

Suite 2000, 2 Bloor Street West
Toronto, ON M4W 3E2

-----Original Message-----

From: "Brearton, Nick N" <nbrearton@kpmg.ca>
Date: Thu, 27 Dec 2007 14:46:00
To: <akrausz@strathallen.com>, <milly.chow@blakes.com>, <Patrick.Shea@gowlings.com>, <michael.mcgraw@blakes.com>
Cc: "Newton, Brad" <bradnewton@kpmg.ca>, <LWilliams@tgf.ca>, <fspizzirri@casselsbrock.com>
Subject: Re: Genfast: Vacation of Premises

I have just got off the phone with Andy. We have agreed that the Receiver will, at its cost, repair the communication lines associated with the heating system and clean-up the building (specifically the Receiver will arrange to have the oil removed from the one pit, bolts protruding from the floor blown off, scrap bins and a tank removed, and the floor swept and made clean). This will be done on a "without prejudice" basis to both the Landlord and the Receiver with respect to the issue of occupancy and the condition the building is to be left in at the time of vacancy. Andy, if I have in any way mischaracterized our discussion please advise.

Regards,
Nick

Schedule "Y"

Genfast Manufacturing Company Summary of Environmental clean up costs owing by Maynards

Safety-Kleen invoice

Disposals relating to Maynards

| | |
|------------------------------------|--------------|
| 1,100 Litre totes of oil and water | \$ 6,225.03 |
| Drums of oil and sludge | 2,850.30 |
| 20L pails of oil | 126.68 |
| 120L pail of machine coolant | 366.70 |
| 60L drum of absorbent | <u>91.75</u> |

Total \$ 9,660.46

Maynards portion of Transport & surcharges

| | |
|--|--------------|
| Total charges | \$ 15,794.31 |
| Maynards charges as a % of total charges | 61.16% |

Total transport and surcharges \$ 2,387.56

Maynards portion of transport and surcharges 1,460.33

Total Maynards Environmental costs \$ 11,120.79

Note: This figure is included in the Receiver's expense reserve of \$40,000 in the 8th Court Report

Safety-Kleen
 January 18, 2007
 Proposal Number: 48346

| Disposal | Quantity | Size | Price | Extension |
|--|----------|------------|----------|------------|
| 1100 Litre totes oil and water | 9 | Each | \$691.67 | \$6,225.03 |
| Drums of glycol | 3 | Each | \$158.35 | \$475.05 |
| Drums of oil and sludge | 18 | Each | \$158.35 | \$2,850.30 |
| 20L pails of oil | 4 | Each | \$31.67 | \$126.68 |
| 120L pail of machine coolant | 2 | Each | \$183.35 | \$366.70 |
| 1 gallon paint | 87 | Containers | \$7.10 | \$617.70 |
| 10L paint | 2 | Containers | \$18.35 | \$36.70 |
| 20L paint | 5 | Containers | \$53.35 | \$266.75 |
| 1 gallon thinners | 6 | Containers | \$7.10 | \$42.60 |
| 1/2 pint paint | 20 | Each | \$2.95 | \$59.00 |
| 1 gallon stain | 4 | Containers | \$7.10 | \$28.40 |
| 60L drum absorbent | 1 | Each | \$91.75 | \$91.75 |
| Gaylor of household cleaners, silicone, caulking, glass cleaners | 1 | Each | \$958.35 | \$958.35 |
| Drums of Potassium hydroxide and water | 2 | Each | \$458.35 | \$916.70 |
| Gaylord of automotive fluids-brake fluid, glycol, trans fluid | 1 | Each | \$825.00 | \$825.00 |
| Hydrochloric acid | 24 | Gallons | \$10.45 | \$250.80 |
| Nitric acid | 1 | Gallon | \$10.45 | \$10.45 |
| Muriatic acid | 4 | Gallons | \$10.45 | \$41.80 |
| Sulphuric acid | 2 | Gallons | \$10.45 | \$20.90 |
| "Rust-a-rest" | 1 | Gallon | \$7.10 | \$7.10 |
| 2 gallon cans of gasoline | 4 | Each | \$15.00 | \$60.00 |
| 1 gallon Isopropyl alcohol | 6 | Containers | \$7.10 | \$42.60 |
| 1L acid neutralizer | 1 | Litre | \$7.10 | \$7.10 |
| 2 gallon methanol | 3 | Containers | \$15.00 | \$45.00 |
| 20L pails "cimcool" | 2 | Pails | \$75.00 | \$150.00 |
| 20L pail "Z-99" | 1 | Pail | \$75.00 | \$75.00 |
| 2 1/2 gallon cupric sulfate pentahydrate | 1 | Containers | \$41.70 | \$41.70 |
| 5L "speed cleaner" | 1 | Containers | \$25.00 | \$25.00 |
| 20L pail spray cleaner | 1 | Pail | \$75.00 | \$75.00 |
| 2 x 20 pound bags of asbestos | 60 | Pound | \$0.50 | \$30.00 |
| Bulk Waste oil & absorbant | 1 | Each | \$91.75 | \$91.75 |
| Bulk Waste oil & lubricants | 3 | Each | \$158.35 | \$475.05 |
| Bulk Waste Caustic | 1 | Each | \$458.35 | \$458.35 |

| Transportation | Quantity | Size | Price | Extension |
|----------------|----------|--------|------------|------------|
| Transportation | 1 | Charge | \$1,042.00 | \$1,042.00 |

| Materials and Fees | Quantity | Size | Price | Extension |
|-----------------------------------|----------|--------|---------|-----------|
| Rental of over packs as needed | 1 | Each | 158.35 | 158.35 |
| 8% Energy/Security/Fuel Surcharge | 1 | Charge | 1345.56 | 1345.56 |

| | | | | |
|-----------------------|--|--|--|--------------------|
| Project Total: | | | | \$18,340.22 |
|-----------------------|--|--|--|--------------------|

Schedule "Z"

From: Andy Krausz [mailto:akrausz@strathallen.com]
Sent: Friday, January 11, 2008 3:59 PM
To: Brearton, Nick N; 'Shea, Patrick'
Cc: 'Alex Mc Lellan'
Subject: FW:

Nicholas,

This is the list we compiled to the 8th of January but have found more items, one being noted in my email to you today. We will provide updated lists if required.

With respect to the utilities this will confirm that we will transfer the utility accounts to our name effective January 15th 11:59 pm. We will forward to you correspondence required for the transfer, in any. As owner we may just have to phone for the transfer to take place.

As a note we just got a price in on the festoon that was damaged on the 25 ton crane and the pendant control that was ripped from another crane which are both more than double the cost we had estimated in our settlement amount. The two items will be in excess of \$5,000 including tax.



STRATHALLEN
CAPITAL CORP

Andy Krausz
p: 416.922.5553 x 412
f: 416.922.6667
bb: 647.282.2820
e: akrausz@strathallen.com

Suite 2000, 2 Bloor Street West | Toronto ON | M4W 3E2
www.strathallen.com

From: Alex Mc Lellan [mailto:amclellan@strathallen.com]
Sent: Thursday, January 10, 2008 12:33 PM
To: Andy Krausz
Subject:

.....
The information in this email is confidential and may be legally privileged.
It is intended solely for the addressee. Access to this email by anyone else
is unauthorized.

If you are not the intended recipient, any disclosure, copying, distribution
or any action taken or omitted to be taken in reliance on it, is prohibited
and may be unlawful. When addressed to our clients any opinions or advice
contained in this email are subject to the terms and conditions expressed in
the governing KPMG client engagement contract.
.....

7/8/2008

Building #5 (formally Genfast)

List of deficiencies as of January 8, 2008

- 1. The building was to be broom swept and clean. All contaminates caused by the removal of equipment to be cleaned from area and disposed of in a proper manner.**

The main floor area was not left in a broom swept condition as was agreed. (Oil spills and debris).

The washrooms, change rooms and offices were also not left in a broom swept condition as agreed. Rooms were left with various furniture, lockers, air conditioner, computers, equipment and garbage.

Damage to the office walls was incurred due to removal furnishings.

Extensive damage to the main office flooring (Carpet and tile).

- 2. All bolts and fasteners to be flush to floor. All damage incurred by removal of equipment to be repaired.**

A count of over 100 bolts and various conduits and pipes were not ground flush.

An area on the north/west of plant had scoring on the concrete floor due to the removal of equipment.

- 3. All electrical wires and/or air/water/other lines disconnected, removed and/or capped to the buss bar/ nearest wall.**

This was not done, conduits were cut, leaving exposed wiring that has a potential of being live. This would not meet Hydro inspection or Ministry of Labour standards for safety. Trays and conduits for the carrying of wires to machinery were not removed. Panels and controls were not removed in some cases.

- 4 All internal chain link fencing to be removed.**

A section at the center of the building and a section at the waste oil door were not removed.

- 5. All modular and prefab offices related to the manufacturing process to be removed.**

A portable office was left at the "Stores Area" in the center of the building.

- 6. All machinery and auxiliary equipment, i.e. electrical, gas, compressed air etc. to be removed.**

A receiving tank and associated piping for an air compressor was left at the "Maintenance Area".

- 7. Oil and solvent area on north side of building to be cleaned and free of contamination this includes all sump pits.**

This area was not cleaned and sump pit not checked.

- 8. Area around outside of building to be cleared of any and all waste, scrap metal, garbage etc.**

The paved area on the north side has refuge from the ovens pushed onto the grass and close to a storm water culvert.

The canvas tank storage unit has been partially removed but the canvas and supports etc. have been left.

Garbage around Garb orator left.

Skid of damaged pressboard left.
- 9. Damage to Overhead Crane #9 North West.**

Control pendant ripped off with control wiring left exposed.
- 10. Damage to Overhead crane 25t south.**

Control festoon and pendant control ripped off.
- 11. Damage to electrical panels.**

The switch gear for exhaust fans have been moved off their mountings leaving the panel in a dangerous condition. Conduits are not properly fastened and protected.
- 12. Approximately 100 30"x30" wooden pallets have been left on site.**
- 13. Pit at south/west of building requires removal of piping /debris/oil removed.**
- 14. Damage to AMU units due to control wiring damage during removal of equipment.**

On.A.M.U. #4 and A.M.U #8. 50HP 600V 1770rpm Motors were damaged and need to be rewound also the contactor and overloads require to be replaced.

During this same occurrence several other units were damaged and some have been repaired with minor problems (mainly fuses) the cost to date to troubleshoot and repair.

The work to the remainder of the units is still ongoing and should be resolved in the next few days. Cost for these units is as yet unknown.

It is to be noted that this type of fault may have future consequences on all the motors affected as a result more motors may require rewinding.
- 15. Electrical safety violations.**

Shipping Dept.: Contactor box by panel #4, wires intact no cover-Live.

Dock door#10: electric exposed for dock operator.-Live.

Sump pump area: conduits damaged leaving wiring exposed.-Live.

Header Dept.: panel on column has wires exposed.

Heat Treat west: 600V feed to splitter and switches for pumps.-Live.

Inspection Dept.: 600V feed to splitter and switches.-Live.

#2 Heat Treat control room: A/B panel boards.-Live.

Compressor Room: 100A feed and splitter to disconnects.-Live.

Column#C4: Disconnect, stands and lights.-Live.

Column#A51: by door #15, power feeds from buss duct still intact.

Main Buss Duct: Where machinery was connected conduit has been cut and not properly removed. This has still to be checked for safety concerns.

16. On A.M.U. units 120 feet of the walkway Grip Strut channels were removed.

This is part of the building assets and integral to the building heating system and could only be accessed from inside the building stairway the outside ladder access being locked.

A more detailed inspection needs to be done but it should be noted that the overall removal of equipment was done with no regard for leaving the electrics in a safe and proper manner. An Inspection by the Electrical Safety Authority should be done to verify the safety of the building.

Estimated cost to correct deficiencies \$90,000.00

An agreement was made by Strathallen Capital Corp. and The Receiver that the responsibility of the office carpet and the filling of the pits would be taken by Strathallen Capital Corp. and that the seventeen overhead cranes to be left on site as Strathallen property.

That two coils may if necessary, be left at the premises until no later than January 31, 2008 at no rental cost to the Receiver.

That one trailer owned by OSS containing various lubricants and chemicals may be stored at the premises until no later than January 7, 2008.

That the Receiver will arrange to have the residual oil removed from the furnace pits as quickly as possible and that the Landlord will not charge the Receiver rent while the residual oil is being removed from the premises.

That the Dust collectors (4) remain on site after the closing date, on the understanding that they will be removed before the 31st January 2008.

Allow the ducting for the dust collectors (4) inside the plant to remain, on the understanding that the entry holes be sealed to the satisfaction of Strathallen Capital Corp. Inc.

Allow machinery and fork trucks belonging to Electro Plating Services (Gary Sayers) to remain on site until the 28th December 2007.

Allow the removal of pipes etc. in the trenches to be done at a later date but no later than the 31st January 10, 2008.

Schedule "AA"

Court File No. 07-CL-6926

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) TUESDAY, THE 16TH
JUSTICE CAMPBELL) DAY OF JANUARY, 2008

B E T W E E N:

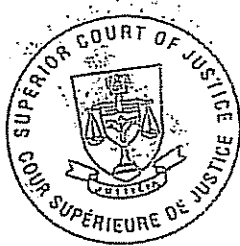
**LASALLE BUSINESS CREDIT, A DIVISION OF
ABN AMRO BANK N.V., CANADA BRANCH**

Applicant

- and -

GENFAST MANUFACTURING COMPANY

Respondent



ORDER

THIS MOTION, made by counsel for LaSalle Business Credit, a Division of ABN AMRO Bank N.V., Canada Branch (the "Bank") and KPMG Inc. in its capacity as the Court-appointed Receiver of Genfast Manufacturing Company ("the Receiver"), was heard this day at 330 University Avenue, Toronto, Ontario.

UPON READING the Eighth Report of the Receiver dated January 11, 2008 (the "Report"), and upon hearing the submissions of counsel for the Bank, the Receiver of Genfast Manufacturing Company (the "Company"), the Monitor, the United Steel Workers of America (the "USW"), MNP Corporation, General Fasteners Company, Utica Leaseco, LLC ("Utica") and PricewaterhouseCoopers, the administrator of the Genfast Manufacturing Company Retirement Plan for Salaried Employees and the administrator of the Genfast Manufacturing Company Bargaining Unit Pension Plan Members of United Steel Workers of America (the "Pension Administrator");

1. **THIS COURT ORDERS AND DECLARES** that the time for service and filing of the Notice of Motion and the materials therein be and is hereby abridged, if necessary, and that all persons requiring notice of this Motion have been duly served with notice thereof, and that the service including the form, manner and time thereof be and is hereby validated, and that further service thereof be and is hereby dispensed with.
2. **THIS COURT ORDERS AND DECLARES** that the Report be and is hereby approved and accepted and that the activities and conduct of KPMG Inc., in its capacity as the Receiver, to date, as more particularly described in this Report, be and are hereby approved.
3. **THIS COURT ORDERS AND DECLARES** that any claim of privilege over the Records (as defined in the Fifth Report of the Receiver dated October 29, 2007) by all parties, including, but not limited to, the Shareholders (as defined in the Report), has been waived.
4. **THIS COURT AUTHORIZES AND DIRECTS** the Receiver to destroy any and all Records of the Company which either predate October 2001 or relate to shipping, inspection, sales, quality, purchasing, freight, timesheet and accounts receivable records of the Company located at Iron Mountain (as defined in the Report) but:
 - (a) any records which are marked "Human Resources", "Accounting", "Payroll" shall not be destroyed prior to the completion of production and examinations with respect to the Disputed Pension Claims (as defined in the Report) except with the written consent of the Pension Administrator or by further Order of this Court; and
 - (b) any Records which are marked "Accounting", "Sales", "Purchasing" and "Shipping" and all Records after 2003 shall not be destroyed except with the written consent of the USW or by further Order of this Court, with any review of the records by the USW to be conducted pursuant to a timetable to be agreed upon between the Receiver and the USW.

5. **THIS COURT ORDERS AND DECLARES** that the security held by the Bank is valid and enforceable against the property, assets and undertaking of the Company and, subject to the Charges described at paragraph 18-24 of the Order of the Honourable Mr. Justice Campbell dated April 5, 2007, is first ranking in priority to all other liens, claims and encumbrances of any kind, other than:
- (a) any claim asserted by MNP Corporation, General Fasteners Company or Utica Leaseco, LLP; or
 - (b) any liens, claims or encumbrances or trusts asserted by persons who have not received notice of this motion
- and which arise by operation of statute, common law, equity, or as determined by a court of competent jurisdiction, to the extent that these are determined by a court of competent jurisdiction, to be payable in priority to or *pari passu* with the Bank's security.
6. **THIS COURT ORDERS AND DECLARES** that the Receiver is hereby authorized and directed to reserve from the funds in the possession of the Receiver the amount of U.S. \$1,263,278.00 (the "Lease One Reserve") and the amount of U.S. \$656,905.00 (the "Lease Two Reserve") together with any accrued or occurring interest (the Lease One Reserve and the Lease Two Reserve are collectively referred to herein as the "Priority Dispute Reserves"), as defined in the Report, and to hold and not distribute the Priority Dispute Reserves pending further Order of this Court.
7. **THIS COURT ORDERS AND DECLARES** that notwithstanding paragraph 5, the priority in respect of the Priority Dispute Reserves is subject to agreement between the Applicant and Utica or further Order of this Court.
8. **THIS COURT ORDERS AND DECLARES** that notwithstanding paragraph 6 of this Order, the Receiver is hereby authorized and directed to distribute the Lease One Reserve or otherwise comply with an Order (from which all rights of appeal have expired, or in the event appeals have been instituted, all such appeals have been finally disposed of), rendered by this Honourable Court as a result of the motion heard


October 30, 2007 to determine priority to those funds, or as agreed to in writing by the Bank and Utica.

9. **THIS COURT ORDERS AND DECLARES** that the Receiver was in occupation of the Premises no later than January 15, 2008 and that the Receiver is no longer responsible for occupancy costs, including utilities and security after January 15, 2008, provided, however, that the issue of the Receiver's occupation, if any, and liability for occupancy costs, if any, including security and utilities, for the period between December 25, 2007 and January 15, 2008 is all without prejudice to the Landlord and the Receiver's positions with respect to liability for occupancy costs and damages for that period, which determination of liability is subject to further order of the Court or agreement between the Landlord and the Receiver.
10. **THIS COURT ORDERS AND DIRECTS** that the Receiver shall discontinue the security and utilities in respect of the Premises as at 11:59 p.m. on January 15, 2008, nunc pro tunc, all without prejudice to the Receiver's right to claim a credit (against amounts which are determined to be owed by the Receiver to the Landlord for occupancy costs or for damages, repairs or clean up costs), reimbursement or refund of any costs of the security and utilities from the Landlord in respect of the Premises incurred by the Receiver for the period between December 25, 2007 and January 15, 2008 and the Landlord's position to dispute the same, which claims are subject to further order of the Court or agreement between the Landlord and the Receiver.
11. **THIS COURT ORDERS AND DECLARES** that the Receiver is hereby authorized and directed to reserve from the funds in the possession of the Receiver the amount of CDN\$366,000.00 (the "Landlord Reserve") in respect of the maximum amount of the Receiver's liability to the Landlord (as defined in the Report) in connection with the Receiver's occupation of the Premises, which reserve is broken down into the following sub-reserves: (a) the maximum liability, if any, for disputed occupancy costs, including utilities and security, for the period from December 25, 2007 and January 15, 2008 shall be CDN\$266,000, (b) the maximum, if any, for alleged damages and repairs to and clean

up in respect of the Premises shall be CDN\$90,000, and (c) the maximum liability, if any, for the Landlord's legal costs shall be CDN\$10,000, as described in the Report, and to hold and not distribute the Landlord Reserve pending further Order of this Court with respect to the Receiver's liability, if any, to the Landlord with respect to such amounts and distribution of the Landlord Reserve, and the establishment of the Landlord Reserve shall be without prejudice to the Receiver's right to dispute that the Receiver has any liability to the Landlord with respect to such amounts.


12. **THIS COURT ORDERS AND DECLARES** that the Receiver is hereby authorized and directed to reserve from the funds in the possession of the Receiver the amount of \$320,542.55 (the "CCAA Payables Reserve"), as described in the Report, and hold and not distribute the CCAA Payables Reserve pending further Order of this Court.
13. **THIS COURT ORDERS AND DECLARES** that, subject to the Bank's obligation to disgorge any amount if it, by subsequent Order of a Court of competent jurisdiction, is found to have been overpaid, the Receiver is authorized and directed to forthwith distribute and pay U.S. \$13,606,457.45 to the Bank to be applied by the Bank to repay in full all indebtedness secured by the DIP Charge (as defined in the Report), with the balance to be applied by the Bank as a permanent reduction of the Bank's remaining indebtedness.
14. **THIS COURT ORDERS AND DECLARES** that, notwithstanding the pendency of these proceedings, or the provisions of any federal or provincial statute, the distribution of the funds in accordance with this Order shall be binding on the Trustee in Bankruptcy of the Company and shall not be voidable by creditors or claimants of the Company, nor shall the payments constitute nor be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances or other reviewable transactions under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor do they constitute conduct which is oppressive, unfairly prejudicial to or which unfairly disregards the interest of any person.

15. **THIS COURT ORDERS** that nothing in this Order shall be construed as or has the effect of limiting or extinguishing any claim, right of action, defence, or counterclaim available to the Bank, Utica, MNP Corporation, General Fasteners Company, Craig Stormer or Thomas Klein in the U.S. Litigation (as defined in the Report).



ENTERED IN THE OFFICE OF THE CLERK OF THE COURT AT TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JAN 17 2008

PER/PAR: 

LASALLE BUSINESS CREDIT,
A DIVISION OF ABN AMRO BANK N.V.,
CANADA BRANCH
Applicant

v.

GENFAST MANUFACTURING COMPANY

Respondent

Court File No. 07-CL-6926

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding Commenced at TORONTO

ORDER

BLAKE, CASSELLS & GRAYDON LLP
Barristers and Solicitors
Box 25, Commerce Court West
Toronto, Ontario M5L 1A9

Milly Chow - LSUC#354111D
Phone: (416) 863-2594

Michael McGinn - LSUC#46679C
Phone: (416) 863-4247
Fax: (416) 863-2653

Solicitors for KPMG Inc. in its capacity as
Receiver of the property, assets and undertaking of
Genfast Manufacturing Company

Schedule "BB"

Schedule BB

Genfast Manufacturing Company
Landlord Reserve
As at April 30, 2008

| | Notes | Reserve per Receiver's 8th Court Report | Adjustments | Revised reserve |
|---|-------|---|---------------------|--------------------|
| Rent | (1) | \$ 123,000 | \$ 21,251 | \$ 144,251 |
| Reserve for alleged damages and fees | | 100,000 | - | 100,000 |
| Security charges December 25 to January 15, 2008 | (2) | 21,000 | (21,000) | - |
| Estimated Hydro December 25, 2007 to January 15, 2008 | (2) | 20,000 | (20,000) | - |
| Estimated Gas December 25, 2007 to January 15, 2008 | (2) | 102,000 | (102,000) | - |
| | | <u>\$ 366,000</u> | <u>\$ (121,749)</u> | <u>\$ 244,251</u> |

Notes:

(1) The Receiver has increased the Landlord Reserve by \$21,250, representing rent for the period December 23 and 24, 2007 which the Receiver has not yet paid, along with a correction to the original rent estimate included in the Landlord Reserve.

(2) The Receiver has made payments with respect to utilities and security costs for the period December 25, 2007 to January 15, 2008 in the amount of \$53,561, which include security in the amount of \$18,180, hydro in the amount of \$13,312 and gas in the amount of \$22,069. These costs were included in the initial Landlord Reserve estimate for CDN\$143,000. Accordingly, we have deducted these costs from the Landlord Reserve as the actual amounts have now been paid by the Receiver.