

CANADA)
PROVINCE OF SASKATCHEWAN)

IN THE QUEEN'S BENCH
JUDICIAL CENTRE OF REGINA

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

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT FOR THE CREDITORS OF CIC
PULP LTD. in its capacity as a general partner of MEADOW LAKE PULP LIMITED PARTNERSHIP
and

MEADOW LAKE PULP LTD. in its own capacity as agent and nominee for Meadow Lake Pulp
Limited Partnership

BETWEEN:

CIC PULP LTD., operating as MEADOW LAKE PULP LIMITED PARTNERSHIP
and MEADOW LAKE PULP LTD.

APPLICANTS

- and -

HSBC BANK CANADA, INVESTMENT SASKATCHEWAN INC.,
101069101 SASKATCHEWAN INC., GUSCO HANDEL G. SCHARFELD & CO.,
MILLAR WESTERN INVESTMENTS (SASKATCHEWAN) LTD.,
MILLAR WESTERN HOLDINGS (MEADOW LAKE) LTD.
and MILLAR WESTERN INDUSTRIES LTD.

RESPONDENTS

SEVENTH REPORT OF THE RECEIVER

FEBRUARY 6, 2018

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INTRODUCTION

- 1) On October 1, 2007 the Court of Queen's Bench of Saskatchewan granted an Order (the "**Receivership Order**") placing CIC Pulp Ltd. operating as Meadow Lake Pulp Limited Partnership and Meadow Lake Pulp Ltd. (collectively "**MLPLP**") into receivership. RSM Richter Inc. ("**Richter**") was appointed as Receiver and Manager (the "**Receiver**").
- 2) Richter was previously appointed monitor (the "**Monitor**") of MLPLP pursuant to an Order of this Honourable Court made on December 28, 2005 (the "**CCAA Order**") granting MLPLP protection under the *Companies' Creditors Arrangement Act* ("**CCAA**"). The Monitor was discharged on October 29, 2007.
- 3) On January 11, 2007, the Court approved the sale of MLPLP's pulp mill (the "**Mill**") to Meadow Lake Mechanical Pulp Inc. ("**MLMP**"). The sale closed on January 23, 2007 in accordance with the purchase and sale agreement.
- 4) On December 2, 2011 Richter merged with Ernst & Young Inc. ("**EY**"). By Order of this Honourable Court dated December 8, 2011, EY was substituted in place of Richter as Receiver of MLPLP.
- 5) The Receiver last reported to this Honourable Court (the "**Sixth Report**") in October 2013. Since the date of the Sixth Report, the Receiver and its legal counsel, McDougall Gauley LLP ("**MG**"), have worked with CIC Asset Management Ltd. ("**CIC**") and MLMP to arrange for the Non-Acquired Lands to be transferred back to CIC from MLMP.
- 6) Robert Taylor, formerly of EY, transferred his practice to Deloitte Restructuring Inc. ("**Deloitte**") in August 2016. On August 10, 2016 pursuant to an Order of the Court of Queen's Bench of Alberta, a copy of which is attached as Appendix "**A**", Deloitte was substituted in place of EY in respect of all Alberta based files where Mr. Taylor was acting as Court Officer, Trustee or Private Receiver. Mr. Taylor has remained responsible for the administration of the MLPLP receivership although the file has not yet been transferred to Deloitte.
- 7) Capitalized terms not defined in this seventh report (this "**Report**") are as defined in all Reports and Orders previously issued in respect of these receivership proceedings.
- 8) The Receiver holds certain amounts in its trust account which it proposes to distribute to the priority creditor, 101069101 Saskatchewan Ltd. ("**101**"). The amounts are described later in this Report.
- 9) At the time of the October 2013 application the Receiver filed what it anticipated to be its final report. Due to the extent of the time between that application and the transfer of the Non-Acquired Lands from MLMP to CIC (on October 25, 2017), the Receiver is providing this further Report rather than only filing a Certificate.

Purpose

- 10) The purpose of this Report is to:
 - a) Provide an update on the administration of the receivership since the Sixth Report; and
 - b) Respectfully recommend that this Honourable Court:

- i) approve the transfer of the MLMP receivership estate to Deloitte effective August 10, 2016;
- ii) approve the final distribution of the remaining funds held by the Receiver to 101;
- iii) approve the Receiver's Final Statement of Receipts and Disbursements;
- iv) approve the Receiver's actions to date;
- v) approve the fees and disbursements of the Receiver and those of its legal counsel incurred since the date of the Sixth Report (including their respective anticipated further fees and disbursements);
- vi) discharge the Receiver after disbursement of all funds held by the Receiver and concluding all remaining administrative matters; and
- vii) provide such further and other relief that this Honourable Court considers just and warranted in the circumstances.

Terms of Reference

- 11) In developing this Report the Receiver has relied upon unaudited financial information, MLPLP's books and records, records provided by MLPLP's secured creditors and discussions with former management. The Receiver has not performed an audit or other verification of such information. An examination of MLPLP's financial forecasts as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material, and as such the Receiver expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Receiver in preparing this Report.

Currency

- 12) All dollar amounts in this Report are in Canadian dollars, unless otherwise indicated.

OVERVIEW

Background

- 13) As described above, the Receiver last reported to this Honourable Court (the "**Sixth Report**") in October, 2013. On October 11, 2013 this Honourable Court granted an Order authorizing the Receiver to, *inter alia*:
- a) enter into the agreement to be made among the Receiver, MLMP and CIC (the "**Non-Acquired Lands Agreement**");
 - b) pay to 101 the balance of the amounts held by the Receiver, less a holdback (the "**Holdback**") in the amount of \$500,000;
 - c) pay to 101 the balance of the Holdback, following payment by the Receiver from the Holdback of further costs and expenses in respect of remaining

matters in the receivership including (i) the execution and delivery by the Receiver of the Non-Acquired Lands Agreement, (ii) the distribution of funds to 101, (iii) completing final GST returns (iv) providing a final report to the Official Receiver, and (v) obtaining an Order discharging the Receiver.

and approving:

- d) the professional fees, receipts and disbursements of the Receiver and its legal counsel incurred to the date of the Sixth Report of the Receiver; and
 - e) the Receiver's reported actions to date in respect of administering the receivership and as described in the Receiver's reports to the Court filed in this matter, and those of its legal counsel.
- 14) The October 11, 2013 Court Order also provided that upon the Receiver filing a certificate (the "**Certificate**"), a copy of which is attached as Appendix "**B**" to this Report, EY may apply for an Order seeking the following relief:
- a) unconditionally and absolutely discharging the Receiver as receiver of the property and assets of MLPLP;
 - b) a declaration that on the evidence before the Court, (i) the Receiver has satisfied its obligations under and pursuant to the terms of Orders granted in the within proceeding, (ii) EY, in its capacity as set forth in these proceedings, shall not be liable for any act or omission on its part, or any reliance thereon, including without limitation, any act or omission pertaining to the discharge of its duties in these proceedings from time to time or with respect to any other duties or obligations, save and except for in cases of fraud, gross negligence or willful misconduct on its part, or with leave of the Court, and (iii) subject to the foregoing, any claims against the Receiver in connection with the performance of its duties are hereby stayed, extinguished and forever barred;
 - c) that no action or other proceeding shall be commenced against EY in any way arising from or related to its capacity or conduct as Receiver, except with prior leave of this Court on notice to the Receiver and upon such terms as the Court may direct;
 - d) the Receiver is authorized to destroy all of MLPLP's books and records in the possession of the Receiver and those located at the Mill; and
 - e) the Receiver is at liberty to apply for further advice, assistance and direction as may be necessary to give full force and effect to and in carrying out the terms of this Order.
- 15) The Non-Acquired Lands Agreement among the Receiver, MLMP and CIC took significantly longer to negotiate than was anticipated, due to related easement considerations. It was not until October 17, 2017 that the Non-Acquired Lands Agreement was executed and not until October 25, 2017 when the Non-Acquired Lands were transferred from MLMP to CIC. For that reason, rather than simply file the Certificate, the Receiver chose to prepare and file this Report.
- 16) To facilitate the Court's review of this application, the next part of this Report provides a high-level description of the relevant events, and repeats for the Court's convenience a number of matters described in the Sixth Report.

- 17) MLPLP operated a pulp mill located near Meadow Lake, Saskatchewan. The Mill's marketing and administrative functions were provided under contract by Millar Western Forest Products Ltd. ("**MWF**"). The pulp produced by MLPLP was sold primarily in Europe, Asia and the United States.
- 18) MLPLP had insufficient cash to continue its operations and consequently the CCAA Order was sought and granted.
- 19) Initially a restructuring of MLPLP appeared possible such that a plan of compromise and arrangement was being considered and a Court-sanctioned claims process was approved by this Honourable Court on September 13, 2006. Unfortunately, MLPLP was unable to restructure its financial affairs, the claims process was suspended and a marketing process for the sale of the business was undertaken.
- 20) The Monitor entered into a purchase and sale agreement (the "**PSA**") with MLMP. On January 11, 2007 this Honourable Court approved the sale of the Mill to MLMP. The sale transaction closed on January 23, 2007.
- 21) On January 19, 2007 this Honourable Court made an Order (the "**Distribution Order**") authorizing the distribution of proceeds realized from the sale of the Mill to certain secured parties.
- 22) Certain assets were not included in the sale (the "**Non-Purchased Assets**") that totalled approximately \$45.4 million and comprised accounts receivable (\$19.2 million), finished goods inventory (\$24.8 million) and various other assets including deposits (\$1.4 million). MLPLP, with the assistance of the Monitor and then subsequently the Receiver, realized on the Non-Purchased Assets.
- 23) Pursuant to the Receivership Order, the MLPLP Funds held by the Monitor were, in effect, transferred to the Receiver. As at the date of receivership, approximately \$38.9 million and US\$1.7 million was transferred to the Receiver.
- 24) The Mill used a water recovery pond (the "**Recovery Pond**") integral to its pulp production process. As at the time of the sale of the Mill, there was concern that the Recovery Pond's liner may have been breached and that it was leaking (and perhaps contaminating) MLPLP's property and nearby groundwaters. The Recovery Pond matter was addressed in the Purchase and Sale Agreement with MLMP.
- 25) MLMP estimated the cost to repair the Recovery Pond at \$2.0 million. The consultant retained by the Receiver, SLR Consulting (Canada) Ltd. ("**SLR**"), concluded that MLMP's cost estimate was reasonable. Accordingly, an agreement was reached (the "**Release and Settlement Agreement**") whereby MLPLP would pay MLMP the sum of \$2.0 million (from the funds held by the Receiver) in settlement of this matter. The Release and Settlement Agreement was approved by this Honourable Court on December 22, 2008.
- 26) MLPLP's Landfills were located on the Non-Acquired Lands. A Phase I Environmental Site Assessment ("**ESA**") was obtained by MLPLP in January 2007 which indicated there were environmental issues associated with the Non-Acquired Lands. A Phase II ESA was undertaken which confirmed that there was some environmental contamination associated with the Landfills and a program was established to address the environmental contamination.
- 27) The Receiver was not in a position to distribute the funds it held to CIC or to 101 until such time as the program to address the environmental contamination was put in

place. Sufficient funds were set aside to deal with the environmental contamination and the Saskatchewan Ministry of Environment ("**SME**") agreed with the program and the funding.

- 28) The environmental contamination was assessed as low; however, a capping of the Landfills and a long-term monitoring program was recommended by SLR. This Honourable Court approved the retention of Saskcon Repair Services Ltd. to undertake the necessary repairs and remediation of the Landfills by Order dated August 10, 2009. The Landfill capping was concluded in the summer of 2010 and SME was satisfied with the Landfill capping.
- 29) SME requested that a preliminary decommissioning plan be prepared in respect of the Landfills. A Landfill Closure Plan was established to address costs for the ongoing groundwater sampling program and a contingency plan. It was agreed between CIC and SME that \$4.9 million of the funds held by the Receiver would be distributed by the Receiver and held by CIC in a separate trust account with the beneficiary of the trust account being the Government of Saskatchewan as represented by SME.
- 30) As a result of the agreement between CIC and SME, SME agreed that the Receiver could make a partial distribution of funds it held to 101 and CIC. On March 23, 2011 this Honourable Court approved the distribution of \$30.1 million (\$25.6 million to CIC and \$4.5 million to 101) plus interest accruing from and after February 28, 2011.
- 31) On May 13, 2011 this Honourable Court approved the payment of \$4.9 million to CIC to be held by CIC and distributed in accordance with the CIC and SME agreement.
- 32) The PSA contained an Option Agreement granting MLMP the option to purchase the Non-Acquired Lands for \$1.00 exercisable until January 23, 2017. The Landfills are located on the Non-Acquired Lands.
- 33) The Receiver contacted MLMP in the summer of 2011 and advised that the environmental matters in respect of the Non-Acquired Lands had been addressed, that the Receiver was attempting to wind up the administration of the receivership, and inquired if MLMP was interested in exercising the Option Agreement.
- 34) It was the Receiver's understanding that MLMP needed to conduct some additional due diligence on the Non-Acquired Lands. Subsequent to concluding its due diligence MLMP provided the Receiver with a form of transfer authorization in respect of the Non-Acquired Lands in January 2012.
- 35) MLMP exercised the option, the Receiver executed the transfer authorization and MLMP registered such transfer authorization in respect of the Non-Acquired Lands at the Saskatchewan Land Titles Registry such that MLMP became the registered owner thereof.
- 36) In June 2012 MLMP's legal counsel contacted the Receiver's legal counsel advising it was MLMP's understanding that the Non-Acquired Lands were to have been subdivided, such that MLMP would acquire only a portion of the Non-Acquired Lands under the option.
- 37) In December 2009 there was email correspondence between the Receiver and MLMP which indicated that MLMP wanted to subdivide the Non-Acquired Lands. However, no further correspondence was received by the Receiver in respect of any subdivision of the Non-Acquired Lands. A subdivision of the Non-Acquired Lands was not addressed

in the PSA. As outlined in paragraph 35 above, MLMP acquired (and became the registered owner of) all of the Non-Acquired Lands.

- 38) MLMP advised the Receiver it did not wish to acquire the portion of the Non-Acquired Lands where the Landfills are located. The Receiver discussed this matter with CIC and CIC agreed that the portion of the Non-Acquired Lands where the Landfills are located would, upon subdivision and subject to other elements of the proposed transaction and to the acceptability to CIC of the formal agreement (the "**Non-Acquired Lands Agreement**"), be transferred to CIC from MLMP. There were conditions to such transfer including that: i) there had been no additional environmental contamination or risk of environmental contamination since the date MLMP became the registered owner of the Non-Acquired Lands; ii) appropriate fencing was to be installed on all four sides of the subdivided property; and iii) MLMP grant an easement (to be registered against and run with the land) over other lands owned by MLMP to provide access to the Landfills and a link to the adjacent highway (which among other matters will meet all terms and conditions of the Landfill monitoring program).
- 39) SLR was engaged to assess whether there had been any additional environmental contamination or risk of environmental contamination since the date MLMP became registered owner of the Non-Acquired Lands. SLR opined that there had been no additional environmental contamination or risk thereof since MLMP became the registered owner of the Non-Acquired Lands.
- 40) MLMP applied to the Regional Municipality of Meadow Lake for approval to subdivide the Non-Acquired Lands such that the portion of the Non-Acquired Land containing the Landfills could be transferred back to CIC and MLMP would retain the remainder of the Non-Acquired Lands.
- 41) Unfortunately, due to the configuration of the Non-Acquired Lands, the Regional Municipality of Meadow Lake would not agree to its subdivision. Consequently, MLMP suggested that all of the Non-Acquired Lands should be transferred back to CIC. CIC agreed to such transfer provided that the conditions outlined in paragraph 38 were met.
- 42) During the course of arranging for the transfer of the Non-Acquired Lands from MLMP to CIC, there were delays in respect of the installation of the required fencing and issues raised in respect of certain easements affecting the Non-Acquired Lands. There were initial concerns that the access road to the Non-Acquired Lands was not passible year round and there was an easement on the Non-Acquired Lands allowing water drainage from the Mill onto the Non-Acquired Lands that was contributing to the erosion of the walls of the Landfills which could cause adverse effects to the environment.
- 43) These matters took a significant amount of time to address. As previously noted in this Report, it was not until October 17, 2017 that MLMP and CIC reached an agreement for the Non-Acquired Lands to be transferred from MLMP to CIC, and such lands were transferred on October 25, 2017.

PROFESSIONAL FEES

Receiver's Fees and Disbursements

- 44) The Receiver, in its Sixth Report, outlined its fees and expenses incurred in respect of the administration of the receivership up to the date of the Sixth Report. A summary of the Receiver's issued invoices was attached to the Sixth Report.
- 45) The Receiver also noted in its Sixth Report that it had incurred an additional amount of approximately \$13,500 (excluding GST) in fees and expenses that had not yet been billed. The fees and expenses incurred by the Receiver were approved by this Honourable Court on October 11, 2013.
- 46) Since the date of the Sixth Report the Receiver has billed and been paid approximately \$66,300 (excluding GST) to June 26, 2016 which includes the unbilled amount noted in paragraph 45. A summary of the invoices issued since the date of the Sixth report is attached as Appendix "C". The Receiver has incurred approximately \$12,500 (excluding GST) in additional fees and expenses that have not been billed and anticipates it will incur an additional \$6,500 (excluding GST) in respect of finalizing all administrative matters and obtaining its discharge. The accounts of the Receiver are calculated based on hours spent at rates established by each professional based on their respective qualifications and experience.

Legal Fees and Disbursements

- 47) The Receiver, in its Sixth Report, outlined the legal fees and disbursements of MG incurred over the course of the receivership. A summary of MG's issued invoices was attached to the Sixth Report.
- 48) It was also noted in the Sixth Report that MG had incurred an additional \$3,500 (excluding GST) in fees and expenses that had not yet been billed. The fees and expenses incurred by MG were approved by this Honourable Court on October 11, 2013.
- 49) Since the date of the Sixth Report MG has billed approximately \$60,000 (excluding GST) to February 5, 2018 which includes the unbilled amount noted in paragraph 48. A summary of the legal invoices issued since the date of the Sixth report is attached as Appendix "D". MG has been paid approximately \$56,600 (excluding GST), has a receivable of approximately \$3,400 (excluding GST), and anticipates it will incur an additional \$3,500 (excluding GST) in respect of finalizing all administrative matters and seeking the discharge of the Receiver. The accounts of legal counsel are calculated based on hours spent at rates established by each professional based on their respective qualifications and experience.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

- 50) Attached as Appendix "E" is a copy of the Receiver's Statement of Receipts and Disbursements (the "SRD") for the period October 1, 2007 to February 5, 2018. The SRD reflects amounts received and disbursed by the Receiver over the course of the receivership and the amount currently held by the Receiver.
- 51) During the CCAA proceedings, the Monitor requested MG provide a legal opinion on the validity and enforceability of the respective security held by MLPLP's primary secured creditors: HSBC, CIC, 101, Crown Investments Corporation of Saskatchewan ("Crown Investments") and MWF. The debt and security of Crown Investments was

assigned to CIC. The priority of the various security was set out in the Monitor's Thirteenth Report dated January 18, 2007.

- 52) HSBC and the Regional Municipality of Meadow Lake were previously paid in full subsequent to closing the sale of the Mill to MLMP in January 2007.
- 53) On March 23, 2011, May 13, 2011 and October 11, 2013 this Honourable Court approved distributions from the MLPLP Funds held by the Receiver of \$30.1 million plus accrued interest, \$4.9 million and all but \$500,000 held by the Receiver respectively. The Receiver has distributed \$42.8 million to date, comprising \$26.1 million to CIC, \$11.8 million to 101 and \$4.9 million to CIC in accordance with the Landfill Closure Plan and Trust Agreement.
- 54) 101 is owed in excess \$13.5 million as at December 31, 2017, comprising principal and accrued interest. Consequently, the balance of priorities among the registered secured creditors is not relevant to the distribution of the proceeds given the significant shortfall to be experienced by 101.
- 55) The Receiver proposes that a final distribution of the funds held be made to 101 subject to paying the final fees and expenses of the Receiver and its legal counsel in connection with concluding the administration of the receivership.

OTHER

- 56) The Receiver has prepared MLPLP's quarterly financial statements since its appointment and provided them to CIC for its reporting purposes. The Receiver will prepare the December 31, 2017 year end financial statements which must be provided to CIC by January 15, 2018. Once the Receiver has been discharged it will no longer prepare MLPLP's financial statements and it is the Receiver's view that once it is discharged, should additional financial statements be required, they will be prepared by CIC.

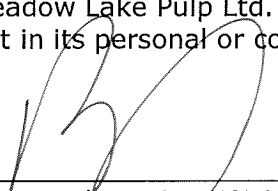
CONCLUSIONS AND RECOMMENDATIONS

- 57) The Receiver has now completed all but for a few minor matters in its administration of the receivership.
- 58) The Receiver believes that upon distributing the remaining funds, completing the final GST returns, completing the December 31, 2017 year end financial statements, providing a final report to the Official Receiver and closing the Receiver's trust account, there is no further purpose for the receivership, and is therefore of the view that it should be discharged from its mandate.
- 59) The Receiver, therefore, respectfully recommends that this Honourable Court grant the relief described in paragraph 10 b) above.

All of which is respectfully submitted at Calgary, Alberta this 6th day of February, 2018.

DELOITTE RESTRUCTURING INC.

Solely in its capacity as
Court appointed Receiver and Manager of
CIC Pulp Ltd., operating as
Meadow Lake Pulp Limited Partnership
and Meadow Lake Pulp Ltd.
and not in its personal or corporate capacity



Robert J. Taylor, FCA, FCPA, CIRP, LIT, CFE
Senior Vice-President

APPENDIX "A"

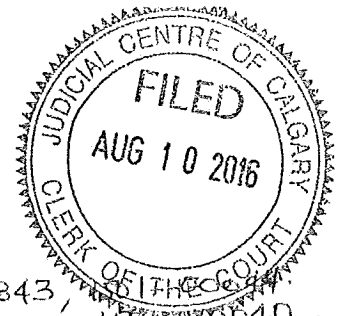
Original 25-1272588

I hereby certify this to be a true copy of the original File

Dated this 10 day of Aug/16

[Signature]
for Clerk of the Court

Clerk's stamp:



1001-07852, 1201-05843, 1501-06640

COURT FILE NUMBER

ALL THOSE FILE NUMBERS LISTED ON THE ATTACHED SCHEDULE "A"

COURT OF QUEEN'S BENCH OF ALBERTA

CALGARY

JUDICIAL CENTRE

IN THE MATTER OF THE BANKRUPTCY OR PROPOAL OR RECEIVERSHIP OR CCAA OR TRUSTEESHIP OF THOSE ENTITIES LISTED IN THE ATTACHED SCHEDULE "A"

DOCUMENT

ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Dentons Canada LLP
15 Flr-850 2 Street SW
Calgary AB T2P 0R8
Attn: David W. Mann
Ph. 403 268-7097 Fx. 403 268-3100
File No. 169706-7

DATE ON WHICH ORDER WAS PRONOUNCED: AUGUST 10, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY ALBERTA

NAME OF JUDGE WHO MADE THIS ORDER: MADAM JUSTICE K.M. HORNER

ORDER

UPON the application of Robert J. Taylor ("**Mr. Taylor**") and upon hearing counsel for Mr. Taylor;

AND WHEREAS Mr. Taylor has left the firm of Ernst & Young LLP (and its insolvency operation, Ernst & Young Inc. (collectively, "**EY**")) and has joined Deloitte LLP (and its insolvency operation, Deloitte Restructuring Inc.);

AND WHEREAS Mr. Taylor, a licenced Trustee in Bankruptcy, through EY is appointed:

- (a) by numerous orders of the Court of Queen's Bench of Alberta, as an officer of the Court, including but without limitation, appointments as a receiver, a receiver-manager, an interim receiver, a monitor, or other court appointed agent or representative (the "**Court Officer**") with respect to a number of open Alberta Court of Queen's Bench files;
- (b) as the Trustee in Bankruptcy or Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") (the "**Trustee**") with respect to a number of open Alberta Court of Queen's Bench files; and

- (c) as an agent or privately appointed receiver and/or manager (the "**Private Receiver**") with respect to a number of open Alberta Court of Queen's Bench files,

all of which are further described in Schedule "A" to this Order (collectively the "**Subject Files**");

AND WHEREAS Mr. Taylor requires the Subject Files to continue under his administration through Deloitte Restructuring Inc. and therefor transfer the appointments of the Subject Files to Deloitte Restructuring Inc.

IT IS ORDERED THAT:

1. Deloitte Restructuring Inc. ("**Deloitte**") is substituted in place of EY, as Court Officer, Trustee or Private Receiver (collectively the "**Insolvency Professional**") with respect to all of the Subject Files.
2. The requirement for a separate Notice of Motion and supporting Affidavits to be filed in the Court file of each of the Subject Files be waived.
3. The requirement for notification of this application to any party, including proven creditors within the Subject Files, be waived.
4. The requirement and responsibility for taxation of EY's accounts in respect of the Subject Files, from the initial date of appointment of EY (or predecessor of EY) as Insolvency Professional respecting the Subject Files through to the completion of the administration and discharge of EY, is hereby assigned and transferred to Deloitte.
5. The requirement for taxation of the accounts of EY in respect of the Subject Files is hereby waived.
6. EY be discharged as Insolvency Professional of the Subject Files without prejudice to the rights of the Superintendent of Bankruptcy or other professional body, to commence or pursue any professional conduct matters relating to the Subject Files, and:
 - (a) without having to certify to the court that it has observed all of the terms as provided by Rule 61(2) of the BIA; and
 - (b) without having to undertake to keep all estate books, records and documents as provided by Rule 68 of the BIA.
7. Deloitte is now required to observe all the terms provided by Rule 61(2) of the BIA, keep all estate books, records and documents as provided by Rule 68 of the BIA, obtain from the former trustee all books, estate records, documents including work in progress, billing or time records in support of any claims made for time charges and advances on fees made by the former trustee, and detailed trial balances (electronic or otherwise) from the date of bankruptcy or proposal showing all the funds received and disbursed since the initial appointment of EY or another party as Insolvency Professional respecting the Subject Files, notwithstanding Deloitte assuming responsibility for the Subject Files as at the date of this Order.

8. The requirement for notification of the discharge of EY as Insolvency Professional, together with other statutory notices to proven creditors, the bankrupt(s), debtors, the court and the Office of the Superintendent of Bankruptcy, be waived.
9. The Clerk of the Court shall accept a copy of this Order to be filed in the Court for each of the Subject Files where a court file is required to be opened.
10. To the extent that EY has given security in cash or by bond of a guarantee company pursuant to s.16(1) of the BIA (the "**Security**"), such Security shall be transferred from EY to Deloitte and any party holding such Security is hereby directed to take all steps necessary to effect such transfer. Upon transfer, Deloitte shall assume, and EY shall be relieved of, all obligations respecting the Security.
11. Upon being presented with a filed copy of this Order, the Registrar of the Land Titles Office (Alberta) shall amend any encumbrance registered against title by EY to replace EY with Deloitte as the party having registered the said encumbrance and, in this regard, the Registrar of Land Titles shall comply with this Order forthwith notwithstanding section 191(1) of the *Land Titles Act* (Alberta).

"Karen Horner"
Justice of the Court Of Queen's Bench of
Alberta

Schedule "A"

Trustee

Name	Estate #
Bedford Calgary Industries Inc	25-1272588
P3C Manufacturing Group Inc	25-1402739
Canadian Sahara Energy	25-1418982
Bow Valley Electrical Services Ltd	25-1475745
Iona Contractors Ltd	25-1475756
Western Construction & Combustion Services	25-1475758
Watts Mechanical Services Ltd.	25-1552898
Green Learning Foundation	25-1921428
Miramar Giant Mine Ltd	24-113024
Pioneer Exploration Inc	25-050276
Intertech Surveys Ltd	25-055035
MSI Medical Services International Canada Ltd	25-068042
Peters, George Clinton Boyce	25-072231
Docherty, Francis Gordon	25-076357
Wild Rose Furniture Manufacturing Ltd	25-087448
Bolder Graphics Incorporated	25-087576
Deforest, Lamert Donald	25-090422
Chell, Cameron Street	25-093509
Sightus Inc	25-093560
B.O.T.B Corp	25-093611
Canadian Institute for Petroleum Industry Development	25-093693
Mountain Bike City Inc	25-094613
Magnus Energy Inc	25-1080668
San Juan Resources Inc	25-1080991
Oasis Spas Inc	25-1164726
EmberClear Corp.	25-2119793
Gamet Resources Inc.	25-2101174
Kyoto Fuels Corporation	25-2053219
MCL Development Corp.	25-1917527
903355 Alberta Inc	25-1271977

Receivership

Name	Estate #
Wild Rose Furniture Manufacturing LTD	25-087551
Bolder Graphics Incorporated	25-088666
Hearthwood II Limited Partnership	25-093890
Hearthwood I Limited Partnership	25-093891
Hearthwood III Limited Partnership	25-093892
Hearthwood I Developments GP Ltd	25-093893
Hearthwood II Developments GP Ltd	25-093894
Hearthwood III Developments GP Ltd	25-093895
SCI Bridge II Finance Corp	25-093896
Signature Capital Inc.	25-093897
CONB Development Corp.	25-093898
CONC Finance Corporation	25-093899
CONB Capital Corp	25-093900

Weststone Finance Corp	25-093901
Allan Beach Developments GP Ltd	25-093902
Weststone Development Corp	25-093903
Signature UEC Capital Inc	25-093904
Urban Elements Centre GP Ltd	25-093905
Poplar Grove Developments GP Ltd	25-093906
Summer Place GP Ltd	25-093907
Metro West I GP Ltd	25-093908
Metro West II GP Ltd	25-093909
Urban Elements Centre Limited Partnership	25-093910
Summers Place Limited Partnership	25-093911
Fir Crest Finance Corp	25-093912
Fir Crest Resort Development GP Ltd	25-093913
A Virginia Wilson Holdings Ltd	25-093914
Birch Bay Developments GP Ltd	25-093915
SCI Finance Corp	25-093916
Fir Crest Capital Corp	25-093917
Allan Beach Ltd	25-093918
Poplar Grove Limited Partnership	25-093919
Signature Lethbridge Fairview Capital Corp	25-093920
Francois Capital Corp	25-093921
Beaches West Capital Corp	25-093922
Signature US Sunbelt Capital Corp	25-093923
Signature US Sunbelt Investment Corp	25-093924
Birch bay Developments Limited Partnership	25-093925
Fir Crest Resort Development LP	25-093926
SLRV Finance Corp	25-093927
P3C Manufacturing Inc	25-094084
PCC Communications Inc	25-094085
Bow Valley Electrical Services Ltd	25-094110
IONA Contractors Ltd	25-094111
Inter Project Systems Inc	25-094112
Western Construction & Combustion Services Inc	25-094113
RBT Electric Ltd	25-094114
Envision Engineering & Contracting Inc	25-094115
Landex Construction Inc	25-094116
Platinum Investment Trust	25-094277
Barrier Reef Resources Ltd	25-094441
Kyoto Fuels Corporation	25-094455

Companies Creditors Arrangement Act

Name	Court File #
Medican Group of Companies	1001-07852
Unity Builders Group of Companies	1201-05843

Other Court Appointments

The Estate of Marcy Rogers	DA01-011371
The Estate of David Sayles	ES01-095987
Dixie Energy Ltd.	1501-00044
Patel et al	1501-00040
The Estate of Margaret Elizabeth ("Betty") Bolinger*	1302-00004

* As supplemented by a specific transition order.

Clerk's stamp:



COURT FILE NUMBER 1302-00004
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE DRUMHELLER
PLAINTIFF(S) SUSAN JANE BRAGG and ALLEN BOLINGER
DEFENDANT(S) MARGARET ELIZABETH ("Betty") BOLINGER,
ROBERT DALE BOLINGER and DONNA-MAY
BOLINGER
DOCUMENT ORDER
ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT Dentons Canada LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Attention: David Mann
Ph. (403) 268-7097 Fx. (403) 268-3100
File No.: 169706-7
DATE ON WHICH ORDER WAS PRONOUNCED: August 10, 2016
LOCATION WHERE ORDER WAS
PRONOUNCED: Calgary, Alberta
NAME OF MASTER/JUDGE WHO MADE
THIS ORDER: Justice Karen Horner

ORDER

UPON the application of Mr. Robert Taylor ("Mr. Taylor"); AND UPON reading the Order of Justice Sisson made September 27, 2013 (the "Sisson Order"); AND UPON reading the Enduring Power of Attorney (the "Power of Attorney") of Margaret Elizabeth ("Betty") Bolinger ("Betty Bolinger");

AND UPON noting that this Honourable Court has approved the transfer of various files under the administration of Mr. Taylor from Ernst & Young Inc. to Deloitte Restructuring Inc. ("Deloitte") by Order granted the date hereof (the "Transfer Order"); AND UPON noting that the transfer of the appointment in the within matter is subject to the approval of a co-Trustee to handle certain matters that Deloitte is not able to administer as a result of various conflicts; have been transferred by Order of the Court; AND UPON noting the consent of Mr. Stephen J. Allan ("Mr. Allan") to act as trustee in respect of certain of the assets of Betty Bolinger pursuant to an appointment letter attached hereto as Schedule "A" (the "Appointment Letter");

APPENDIX "B"

RECEIVER CERTIFICATE

TO: Local Registrar
Court of Queen's Bench, Judicial Centre of Regina
2425 Victoria Avenue, Regina, Saskatchewan, S4P 0S7

RE: Q.B.G. No. 2131 of 2005
In the matter of the Receivership of CIC Pulp Ltd., operating as Meadow Lake Pulp Limited Partnership and Meadow Lake Pulp Ltd. (collectively, "MLPLP")

This certificate is being provided pursuant to paragraph 8 of the Order granted by the Honourable Mr. Justice D.P. Ball on October ____, 2013 (the "Order").

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Order.

Ernst & Young Inc., in its capacity as receiver of MLPLP (the "Receiver"), hereby certifies that (i) the Receiver has been advised by each of Meadow Lake Mechanical Pulp Inc. and CIC Asset Management Inc. that the SLR Report is in form and content acceptable to them and that they had entered into either the Easement Agreement or the Lands Easement Agreement (in each case as such terms are defined in the agreement made as of October 1, 2013 among Meadow Lake Mechanical Pulp Inc., CIC Asset Management Inc. and the Receiver), (ii) the Receiver has paid or distributed, or is in a position to pay or distribute the balance of funds held by the Receiver (after the payment of further costs and expenses of and in respect of the receivership) to 101069101 Saskatchewan Ltd. and (iii) the Receiver has completed the remaining matters in the receivership (other than the Receiver providing a final report to the Official Receiver and obtaining a further Order of this Honourable Court).

Dated this ____ day of _____, 20__.

ERNST & YOUNG INC., in its capacity as receiver of CIC Pulp Ltd., operating as Meadow Lake Pulp Limited Partnership and Meadow Lake Pulp Ltd.

Per: _____

Name: _____

Title: _____

APPENDIX "C"

**In the Matter of the Receivership of
Meadow Lake Pulp Limited Partnership
Summary of Receiver's Invoices
For the Period October 1, 2013 to February 5, 2018
\$ CAD**

Date	Invoice Number	Amount
June 26, 2016	CA12C500000626	25,859.50
June 10, 2014	CA0189864123	24,060.00
October 25, 2013	CA0189764314	16,397.50
Total		<u>66,317.00</u>

APPENDIX "D"

**In the Matter of the Receivership of
Meadow Lake Pulp Limited Partnership
Summary of Legal Counsel's Invoices
For the Period October 1, 2013 to February 5, 2018
\$ CAD**

Date	Invoice Number	Amount
February 5, 2018	575630	3,399.08
August 31, 2017	564915	3,945.84
November 29, 2016	545839	10,504.38
November 24, 2015	521489	2,394.96
June 23, 2015	511884	869.47
January 29, 2015	502324	1,704.75
October 31, 2014	495581	2,244.10
June 30, 2014	489359	1,347.65
July 30, 2014	479352	4,092.59
October 31, 2013	471112	29,529.51
		<u>60,032.33</u>

APPENDIX "E"

Meadow Lake Pulp Ltd. Partnership - In Receivership
Statement of Receipts and Disbursements
October 1, 2007 to February 5, 2018
(Unaudited)

	<u>Notes</u>	<u>CDN\$ Account</u>	<u>US\$ Account</u>
Receipts			
Cash Transferred from Monitor		38,892,279	1,658,993
Transfer from MLPLP USD Trust Account	1	3,451,877	-
Refunds	2	2,359,297	-
Interest		2,393,449	24,595
Accounts Receivable	3	890,792	2,084,444
GST Refunds		2,405,409	-
Total Receipts		<u>50,393,104</u>	<u>3,768,033</u>
Disbursements			
Transfer to MLPLP CDN Trust Account		-	3,377,538
Settlement with MLMP - Water Recovery Pond	4	2,000,000	-
Purchase Price Adjustment - Sale to MLMP	5	1,606,854	-
Landfill Capping Costs	6	1,254,950	-
CIC - Millar Western Settlement Funds	3	847,852	-
Consulting Fees	7	411,776	-
Receiver's Fees		359,475	-
Legal Fees - Receiver's counsel		113,806	-
Legal Fees - CIC's counsel		170,064	-
Operating Expenses		207,082	256,609
Vendor Commissions		-	132,280
GST Paid		131,178	-
Audit Fees		86,359	-
Insurance		19,656	-
Property Taxes		3,831	-
Bank Charges		1,910	1,606
Telephone Expense		837	-
Payment to secured creditor - CIC		26,124,754	-
Payment to secured creditor - 101069101 Saskatchewan Ltd.		11,780,689	-
Payment to secured creditor - CIC re Landfill Closure Plan		4,900,000	-
Total Disbursements		<u>50,021,072</u>	<u>3,768,033</u>
Cash on hand, February 5, 2018		<u>372,032</u>	<u>-</u>

Meadow Lake Pulp Limited Partnership - In Receivership
Notes to Statement of Receipts and Disbursements
October 1, 2007 to February 5, 2018
(Unaudited)

1. The US\$ account was closed by the Receiver subsequent to concluding all US\$ transactions.
2. Represents refunds comprising a recovery in respect of a class action lawsuit related to the pricing of hydrogen peroxide purchased by Meadow Lake Pulp Limited Partnership ("MLPLP") (\$1,399,849.79) and refunds of deposits placed by the Monitor to procure ongoing supplies and services for the pulp mill (\$959,447.15).
3. Includes \$847,851.97 paid by Millar Western Forest Products Ltd. ("MWF") in April 2009 and subsequently paid to CIC Asset Management Inc. ("CIC") in respect of certain amounts owed in connection with a settlement between MWF and CIC.
4. Settlement amount paid to Meadow Lake Mechanical Pulp ("MLMP") the purchaser of the pulp mill, to address the repairs in respect of the water recovery pond.
5. Closing adjustments in respect of the sale to MLMP. Comprised mainly of unfunded future reforestation fees owed by MLPLP to the company that harvested wood for MLPLP.
6. Costs to complete capping of the landfills.
7. Paid to SLR Consulting (Canada) Ltd. for engineering services, environmental reports, landfill capping and ground water monitoring.