

**IN THE COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
JUDICIAL CENTRE OF SASKATOON**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF
COPPER SANDS LAND CORP., WILLOW RUSH DEVELOPMENT CORP., PRAIRIE
COUNTRY HOMES LTD., MIDTDAL DEVELOPMENTS & INVESTMENTS CORP.,
JL DEVELOPMENTS & INVESTMENTS CORP., AND MDI UTILITY CORP.**

APPLICANTS

**FIRST REPORT OF THE MONITOR
DELOITTE RESTRUCTURING INC.**

January 16, 2018

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INTRODUCTION

1. On November 15, 2017, Copper Sands Land Corp. (“**CSLC**”), Willow Rush Development Corp. (“**Willow Rush**”), Midtdal Developments & Investments Corp. (“**MDI**”), Prairie Country Homes Ltd. (“**Prairie Country**”), JJI Developments & Investments Corp. (“**JJI**”), and MDI Utility Corp. (collectively the “**Companies**” or the “**Applicants**”) filed for protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). The Honourable Justice Gabrielson reserved his decision at the November 15, 2017 hearing (the “**Initial CCAA Hearing**”).
2. On November 21, 2017, Justice Gabrielson rendered his decision (the “**November 21, 2017 Fiat**”) wherein he concluded that the Applicants’ initial CCAA application was premature, and adjourned the matter to December 7, 2017. The November 21, 2017 Fiat is attached hereto as Exhibit “A”.
3. As detailed in paragraphs 25 and 26 of the November 21, 2017 Fiat, the adjournment was to provide the Applicants with time to provide more certainty around the closure of the Willow Rush Lands sale (as defined in the Pre-Filing Report of the Monitor), provide the Applicants with an opportunity to file further materials concerning completion of the water and wastewater treatment facility and its commissioning (the “**Utility Facility**”), and provide additional time for the objecting secured creditors, namely Affinity Credit Union 2013 (“**Affinity**”), Industrial Properties Regina Ltd. (“**IPRL**”), and 101297277 Saskatchewan Ltd. (“**7277**”) (collectively the “**Respondents**”) to obtain any land appraisals believed necessary and to provide same to the Court.
4. At the request of counsel for IPRL, the December 7, 2017 hearing was adjourned to December 11, 2017 (the “**December 11, 2017 Hearing**”).
5. At the December 11, 2017 Hearing, Justice Gabrielson heard arguments from both the Respondents and the Applicants as to the appropriateness and merits of a CCAA proceeding, and again reserved his decision. On December 20, 2017, Justice Gabrielson

rendered his decision (the “**December 20, 2017 Fiat**”), which is attached hereto as Exhibit “**B**”.

6. The December 20, 2017 Fiat granted the following orders:
 - a. The initial order (the “**Initial Order**”) of the Applicants as filed with the Court on December 11, 2017 (attached hereto as Exhibit “**C**”);
 - b. An order authorizing the Applicants to obtain interim financing from Staheli Construction Co. Ltd. (“**Staheli**” or the “**DIP Lender**”) up to \$1,250,000 (the “**DIP Facility**”) with a priority first charge upon the Applicants’ assets;
 - c. An order appointing Deloitte Restructuring Inc. as monitor (the “**Monitor**”);
 - d. An order pursuant to section 36 of the CCAA authorizing and approving the sale of the Willow Rush Lands to 102035126 Saskatchewan Ltd. (the “**Purchaser**”) and vesting in the Purchaser all rights, title, and interest free and clear of all liens, charges and encumbrances upon completion of the transaction (the “**Sale Approval and Vesting Order**”) (attached hereto as Exhibit “**D**”); and,
 - e. An order sealing the Pre-Filing Confidential Report (the “**Pre-Filing Confidential Report**”) of the Monitor, the confidential documents contained in the supplementary affidavit of Jaimey Midtdal sworn December 6, 2017 (the “**Supplemental Midtdal Affidavit**”), and the affidavits of Peter Lawrek and Samantha Lawrek sworn December 6, 2017.
7. The Initial Order provides, *inter alia*, for the following:
 - a. No proceeding (the “**Proceeding**”) or enforcement process (the “**Enforcement**”) in any court or tribunal shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the business or property of the Applicants, except with the written consent of the Applicants and the Monitor, or with leave of the Court, and any and all Enforcement or Proceedings currently underway against or in respect of the Applicants or affecting the business or the

property of the Applicants are hereby stayed and suspended pending further Order of the Court until and including January 19, 2018 (the “**Stay Period**”).

- b. All persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Applicants, are hereby restrained until further order of the Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of the Initial Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by the Court.
 - c. No person shall discontinue, fail to honor, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, license or permit in favor of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or with leave of the Court.
8. Deloitte Restructuring Inc., in its capacity as Proposed Monitor, provided this Court with two reports dated November 10, 2017, a Pre-Filing Report (the “**Pre-Filing Report**”) and the Pre-Filing Confidential Report in connection with the Applicants’ application for protection under the CCAA. A copy of the Pre-Filing Report (without exhibits) is attached as Exhibit “**E**” to this first report of the Monitor (the “**First Report**”).
 9. Pursuant to the Initial Order, the Monitor has made the Initial Order and other information related to the CCAA proceedings available on its website at www.insolvencies.deloitte.ca/en-ca/coppersands (the “**Monitor’s Website**”).

PURPOSE

10. The purpose of this First Report is to provide information pertaining to the initial activities of the Companies and the Monitor since the granting of the Initial Order. More specifically, this First Report contains information in respect of the following:
 - a. A summary of the Monitor's activities since the granting of the Initial Order on December 20, 2017;
 - b. The status of the Companies' operations and key stakeholder relationships;
 - c. The Companies' debtor in possession financing (or interim financing);
 - d. An update on the Companies' cash flow forecast and comments on variances between actual results compared to forecast for the period ended January 14, 2018;
 - e. The activities of the Companies since the Initial Order with respect to restructuring the operations of the Applicants; and
 - f. The Applicants' request for an extension of the Stay Period.

TERMS OF REFERENCE

11. In preparing this First Report, the Monitor has relied upon unaudited interim financial information, the Applicants' books and records, the initial affidavit of Jaimey Midtdal ("**Ms. Midtdal**") sworn on November 9, 2017 (the "**Initial Midtdal Affidavit**"), the Supplemental Midtdal Affidavit, the Confidential Affidavit of Ms. Midtdal sworn on December 6, 2017 (the "**Confidential Midtdal Affidavit**"), the Affidavit of Ms. Midtdal sworn on January 2, 2018 (the "**January 2, 2018 Midtdal Affidavit**"), the Affidavit of Ms. Midtdal sworn on January 16, 2018 (the "**Second Supplemental Midtdal Affidavit**"), and discussions with management ("**Management**") and their financial and legal advisors.
12. The financial information of the Companies has not been audited, reviewed or otherwise verified by the Monitor as to its accuracy or completeness, nor has it necessarily been

prepared in accordance with generally accepted accounting principles and the reader is cautioned that this First Report may not disclose all significant matters about the Applicants. Additionally, none of the Monitor's procedures were intended to disclose defalcations or other irregularities. If the Monitor were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Monitor's attention. Accordingly, the Monitor does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this First Report.

13. The financial projections attached to this First Report were prepared by Management (except where noted). Although the Monitor has reviewed the assumptions underlying the projections for reasonableness, financial projections, by their nature, are dependent upon future events, which are not susceptible to verification. Actual results will vary from the information presented and the variations may be material. The Monitor has not prepared a compilation as contemplated by Section 4250 of the Chartered Professional Accountants of Canada Handbook.
14. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this First Report. Any use which any party makes of this First Report, or any reliance or decision to be made based on this First Report, is the sole responsibility of such party.
15. Unless otherwise stated, all monetary amounts contained in this First Report are expressed in Canadian dollars.
16. Capitalized terms used in this First Report but not defined herein are as defined in the Pre-Filing Report.

MONITOR'S ACTIVITIES SINCE THE GRANTING OF THE INITIAL ORDER

17. Since the date of the Initial Order, the Monitor's activities have included the following:

- a. Established the Monitor’s Website and made available the Initial Order, certain application materials, service list, and list of creditors with claims against the Applicants;
 - b. Prepared and issued notices required under the Initial Order, including the following creditor correspondence and notices:
 - i. Mailed the notice to creditors (the “**Notice to Creditors**”) to 17 of the Companies’ creditors on December 22, 2017 with respect to the CCAA proceedings. A copy of the Notice to Creditors is attached hereto as Exhibit “**F**”; and
 - ii. Issued the notice to the Office of the Superintendent of Bankruptcy in the prescribed form as required under section 23(1)(f) of the CCAA.
 - c. Held ongoing discussions with Management and the Companies’ legal counsel regarding the Companies’ business and financial affairs, including the cash flow statement for the period ending February 18, 2018 filed with the Court in connection with the Companies’ initial application (the “**Initial Cash Flow**”), restructuring activities, creditor matters, and other matters relating to the CCAA proceedings generally;
 - d. Attended to inquiries from creditors of the Companies;
 - e. Continued monitoring of the business and financial affairs of the Companies in accordance with the Initial Order; and
 - f. Prepared for and attended the January 10, 2018 leave to appeal hearing before a Judge of the Court of Appeal For Saskatchewan (the “**Leave to Appeal Hearing**”) via conference call.
18. The Monitor is monitoring the receipts and disbursements of the Companies on a weekly basis with the full cooperation of Management. Consequently, cash flow forecasts will be updated regularly following the weekly variance analysis.

19. For reasons that will be further discussed below, as at the date of this First Report, the Monitor has not been able to comply with its statutory obligation to publish notice of the CCAA proceedings once a week, for two consecutive weeks, in the *Regina Leader Post*, the *Saskatoon Star Phoenix*, and the *Globe and Mail* National edition (as required by paragraph 45(a) of the Initial Order). As further detailed in the Second Supplemental Midtdal Affidavit, the Monitor has requested that the Applicants provide funding in the approximate amount of \$15,000 to complete the Court ordered advertising. However, as the Respondents have vigorously opposed the Applicants drawing on the Court approved DIP Facility, the Applicants have not been able to provide the Monitor with the necessary funds to complete the advertising.
20. Furthermore, in an effort to conserve cash resources once the DIP Facility is drawn upon, as detailed in the Second Supplemental Midtdal Affidavit, the Applicants have requested that the Monitor consider options to reduce the costs of advertising the CCAA proceedings, and are seeking direction from the Court as to whether and to what extent lower cost alternatives to advertising the CCAA proceedings in another manner would be acceptable. As the Companies' operations are all in the Province of Saskatchewan, having to only advertise in the *Regina Leader Post* and *Saskatoon Star Phoenix* (and avoiding the costs of publishing notice in the *Globe and Mail* National edition) will reduce advertising costs by approximately \$10,000. The Monitor is of the view that the Applicants' request is reasonable.

STAKEHOLDER UPDATE

21. On December 21, 2017, the day after the granting of the Initial Order, the Monitor received e-mail correspondence (the "**December 21, 2017 E-mail**") from Diana Lee ("**Ms. Lee**") from the law firm of Kanuka Thuringer LLP, legal counsel representing IPRL, advising that IPRL was intending to apply for leave to appeal both the Initial Order and the Sale Approval and Vesting Order. The December 21, 2017 E-mail further advised that both Affinity and 7277 would also likely be applying for leave to appeal, and further requested that the Applicants confirm that they would not draw down any of the Court approved DIP Facility prior to the Leave to Appeal Hearing. The December 21, 2017 E-mail is attached hereto as Exhibit "**G**".

22. On December 22, 2017, Jeff Lee (“**Mr. Lee**”) from the law firm of MLT Aikins LLP, legal counsel representing the Applicants, responded via letter to Ms. Lee (the “**December 22, 2017 MLT Letter**”), attached hereto as Exhibit “**H**”. The December 22, 2017 MLT Letter advised that, provided that IPRL (and any other party intending to apply for leave to appeal) served and filed all materials of its application for leave to appeal (and any other relief sought in the Court of Appeal) on or before January 4, 2018, the Applicants would refrain from accessing the DIP Facility until January 11, 2018. As the Respondents satisfied this request, the Applicants did not draw upon the DIP Facility prior to the Leave to Appeal Hearing.
23. The Leave to Appeal Hearing was heard before the Honorable Justice Herauf on January 10, 2018, and Justice Herauf reserved his decision on the Respondents’ leave to appeal applications. At the Leave to Appeal Hearing, Justice Herauf ordered that the Initial Order in the CCAA proceedings was stayed pending delivery of his decision as to the leave to appeal applications (which decision was to be delivered on January 15, 2018), declined to grant a stay of the Sale Approval and Vesting Order as requested by the Respondents, and requested that he be informed on January 12 or 13, 2018 as to the status of the Willow Rush Lands transaction which was to close on January 12, 2018 (as required by the Sale Approval and Vesting Order).
24. On January 15, 2018, Justice Herauf rendered his decision (the “**January 15, 2018 Fiat**”), which is attached hereto as Exhibit “**I**”. For the reasons included therein, Justice Herauf concluded that the Respondents had shown that the grounds of the appeal were of significant importance to the parties, were *prima facie* meritorious, and that granting leave to appeal would not unduly hinder the CCAA proceedings. Accordingly, leave to appeal was granted and the stay in relation to the Initial Order pronounced by Justice Herauf at the Leave to Appeal Hearing was to remain in effect until counsel made submissions to the Court on the nature and effect of a stay pending the disposition of the appeal.
25. As at the date of this First Report, the Monitor was advised that counsel would be making submissions to Justice Herauf on January 18, 2018 via conference call in order to

determine what, if any portions of the Initial Order would continue to be stayed pending the appeal hearing expected to occur during February 2018.

26. The Companies' other stakeholders continue to generally support the ongoing operations of the Companies during these CCAA proceedings, which primarily comprise the ongoing operation of the CSLC mobile home park (the "**Mobile Home Park**"):

a. Suppliers

The Monitor has been advised by Management that the suppliers have been generally supportive of the Companies post-filing and continue to supply goods and services on commercially reasonable terms.

b. Tenants

Management has advised that no issues have been raised by the existing tenants of the Mobile Home Park since the date of the Initial Order.

c. Employees

Management has advised that the existing employees of the Companies remain committed to the Companies during the restructuring efforts. Management has further advised that Canada Revenue Agency ("**CRA**") payroll source deductions are being remitted on a timely basis since the date of the Initial Order. The Monitor has also been contacted directly by CRA and is in the process of facilitating a requested payroll audit.

DEBTOR IN POSSESSION FINANCING

27. As detailed in the Initial Midtdal Affidavit, and as further detailed in the Pre-Filing Report, the Applicants secured a DIP Facility commitment letter (the "**DIP Term Sheet**") from the DIP Lender in the amount of \$1,250,000. The DIP Term Sheet is attached hereto as Exhibit "**J**".

28. Paragraph 33 of the Initial Order authorized the Applicants to obtain and borrow under a credit facility from Staheli in order to finance the Applicants' working capital requirements, restructuring costs, and other general corporate purposes and capital expenditures, provided that the borrowings under such credit facility did not exceed

\$1,250,000. Further, the Initial Order also granted the DIP Lender a charge (the “**Interim Financing Charge**”) on the property of the Applicants to secure amounts advanced by the DIP Lender under the DIP Facility.

29. As detailed above, given the Leave to Appeal Hearing, the stay of the Initial Order by Justice Herauf, and the objections raised by the Respondents, the Applicants have not drawn down any portion of the DIP Facility as at the date of this First Report.
30. However, based on the Revised Cash Flow (further defined below), in order for the Applicants to continue to pursue their restructuring under the CCAA and file a plan of arrangement, it will be necessary for the Applicants to access the DIP Facility.
31. The Monitor notes that funding under the DIP Facility is required on an urgent basis, and the quantum of the DIP Facility reflects the cash needs of the Applicants, taking into consideration the Applicants' immediate planned course of action.
32. The Monitor also notes that there are a number of terms and conditions of the DIP Facility that provide the DIP Lender with discretion and flexibility over the financing of the Applicants in these proceedings. It is expected that the DIP Facility will be administered in a manner that furthers the goals of these proceedings, and Management has advised the Monitor that it believes the Applicants can abide by all of the terms of the DIP Facility.
33. The DIP Facility is expected to provide sufficient funding to allow the Applicants to continue with reorganizing their affairs in these proceedings (including the payment of significant professional fee arrears), inclusive of commissioning the Utility Facility, to April 19, 2018.

CASH FLOW STATEMENT AND LIQUIDITY

34. The Companies’ cash receipts and disbursements for the period November 20, 2017 to January 14, 2018 are attached as Exhibit “**K**” with a comparison to the Initial Cash Flow.
35. The Monitor has conducted weekly reviews of the Companies’ actual cash flow compared to the Initial Cash Flow. As there has been no draw down of the DIP Facility

as at the date of this First Report, no variance analysis has been provided to Staheli in accordance with the terms of the DIP Term Sheet. The Monitor's comments on the actual cash flow to January 14, 2018 are as follows:

- a. Compared with the Initial Cash Flow, the Companies experienced an overall favorable variance of approximately \$1,051,000.
 - b. The variance is primarily attributable to the following:
 - i. \$15,000 unfavorable cash receipt variance compared to forecast due to delayed payments from the Mobile Home Park tenants.
 - ii. \$14,000 favorable operating cost variance due primarily to reduced consulting costs.
 - iii. \$797,000 favorable variance as a result of not completing the commissioning of the Utility Facility as the Applicants could not draw upon the DIP Facility.
 - iv. \$255,000 favorable variance as a result of not yet incurring DIP Facility costs (\$35,000), and not having funds available to pay significant professional fee arrears (\$220,000).
36. As of the date of this First Report, all expenses incurred by the Applicants, with the exception of professional fees, have been paid in accordance with the Initial Order from ongoing operations and a small shareholder injection. As the Companies have not been able to draw on the Court approved DIP Facility as at the date of this First Report, significant professional fees remain unpaid. As can be seen from the revised cash flow statement for the period ending April 19, 2018 (the "**Revised Cash Flow**"), attached hereto as Exhibit "**L**", the Applicants require immediate usage of the DIP Facility to continue with the CCAA proceedings.
37. The Revised Cash Flow includes the assumptions as set out in the Notes and Assumptions (the "**Notes and Assumptions**") attached thereto.

38. The Monitor's comments on the Revised Cash Flow are as follows:
- a. For the period January 15, 2018 to April 22, 2018, the Companies are projected to have gross receipts of approximately \$216,000 and disbursements of approximately \$1,463,000, representing a net operating cash outflow of \$1,247,000.
 - b. The \$1,250,000 DIP Facility granted in the Initial Order is projected to be sufficient to allow the Applicants to continue operations and complete the commissioning of the Utility Facility to April 19, 2018.
 - c. The Monitor's review of the Revised Cash Flow consisted of inquiries, analytical procedures, and discussions related to information supplied to the Monitor by Management of the Companies. Since the Notes and Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Revised Cash Flow. The Monitor has also reviewed the support provided by Management for the Notes and Assumptions, and the preparation and presentation of the Revised Cash Flow.
 - d. Based on the Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:
 - i. The Notes and Assumptions are not consistent with the purpose of the Revised Cash Flow;
 - ii. As at the date of this First Report, the Notes and Assumptions developed by Management are not suitably supported and consistent with the plans of the Companies or do not provide a reasonable basis for the Revised Cash Flow, given the Notes and Assumptions; or
 - iii. The Revised Cash Flow does not reflect the Notes and Assumptions.
39. Since the Revised Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented, even if the events described in the Notes

and Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Revised Cash Flow will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this First Report, or relied upon by the Monitor in its preparation.

RESTRUCTURING EFFORTS

40. As detailed in the Pre-Filing Report and Pre-Filing Confidential Report, at the time of the initial application on November 15, 2017, the Applicants were pursuing the following restructuring activities:
 - a. Actively trying to close a proposed refinancing transaction with a third party lender willing to advance sufficient funds to repay the Affinity Loan (in the amount of approximately \$4,300,000) and provide sufficient capital to allow the Applicants to continue to develop the Utility Facility (the “**Proposed Refinancing**”); and
 - b. Actively trying to close the sale of the Willow Rush Lands in accordance with the Willow Rush Offer (as defined in the Pre-Filing Report).
41. As detailed in the Supplemental Midtdal Affidavit, the third party lender, who had previously provided a commitment letter to the Applicants, declined to renew its commitment due to a number of factors, including 7277 having registered its mortgage against the title to the CSLC Property (as defined in the Supplemental Midtdal Affidavit). As such, the Applicants have had to continue their search for alternate sources of refinancing. As at the date of this First Report, the Applicants have advised the Monitor that an alternative lender has not yet been identified.
42. As the Applicants have not been able to access the DIP Facility, and have not been able to secure the Proposed Refinancing (or source an alternate lender), the Applicants have not had any available capital to finalize the commissioning of the Utility Facility.

43. As detailed in the Pre-Filing Report and the Pre-Filing Confidential Report, on November 2, 2017 the Applicants received the Willow Rush Offer from the Purchaser for a price which the Applicants believed was reasonable and competitive. Conditions of the Willow Rush Offer were to be removed by November 17, 2017, and closing of the transaction was to be November 30, 2017.
44. As further detailed in the Supplemental Midtdal Affidavit, certain amendments were made to the Willow Rush Offer, ultimately resulting in extending the date for removal of conditions to December 1, 2017, and that upon closing of the sale, title to the Willow Rush Lands would vest in the Purchaser free and clear of all financial encumbrances (including, without limitation, all mortgages, builders' liens, assignments of rents and tax liens), whether by means of an Order obtained by Willow Rush under section 36 of the CCAA, or by other means. No adjustment to the offered purchase price resulted from any of the amendments.
45. On November 30, 2017 the Purchaser confirmed the removal of its conditions (attached as Exhibit G to the Supplemental Midtdal Affidavit), with the exception of the granting of a vesting Order.
46. On December 20, 2017, the Court granted the Sale Approval and Vesting Order subject to the following:
 - a. The transaction was to close, with the purchase price (the "**Purchase Price**") paid to the Monitor, on or before Friday, January 12, 2018;
 - b. Upon the Monitor determining the sale has closed to its satisfaction and as approved by the Court, it was to file a copy of a closing certificate (the "**Closing Certificate**"), whereby the Willow Rush Lands were to vest in the Purchaser; and
 - c. The net proceeds from the sale of the Willow Rush Lands were to stand in the stead of the Willow Rush Lands as if the Willow Rush Lands had not been sold with the respect to encumbrances and claims against same.

47. On January 12, 2018, the Monitor's legal counsel, McDougall Gauley LLP, received the Purchase Price and confirmation of closing (the "**Closing Confirmation**") from the Purchaser's legal counsel. Accordingly, the Monitor provided the Closing Certificate to its legal counsel for provision of same to the Purchaser (attached hereto as Exhibit "**M**") on January 12, 2018. On January 13, 2018, the Applicants' legal counsel provided the Closing Confirmation to Justice Herauf (attached hereto as Exhibit "**N**").
48. Additionally, as detailed in the Supplemental Midtdal Affidavit and the Second Supplemental Midtdal Affidavit, the Applicants continue to prepare for the January 30, 2018 Saskatchewan Municipal Board hearing, whereby the Rural Municipality of Edenwold is appealing the Development Appeals Board Decision to issue CSLC a development permit for the Tanglewood Expansion on LSD 5.

PROPOSED DISTRIBUTION OF WILLOW RUSH PROCEEDS

49. W Law Group, independent legal counsel to the Monitor, has performed an independent security review (the "**Security Review**") with respect to the security registrations over the Willow Rush Lands and has concluded that Affinity has valid, enforceable, and, subject to the tax lien registered by the Rural Municipality of Edenwold, a first priority position in relation to the Willow Rush Lands proceeds up to the value of their outstanding debt which approximates \$4,300,000.
50. At a hearing subsequent to the January 19, 2018 hearing, the Monitor will seek Court approval of a distribution of the \$4,200,000 from the sale of the Willow Rush Lands taking into considering the following:
 - a. Costs associated with the sale of the Willow Rush Lands (including fees of legal counsel involved in closing the transaction on behalf of Willow Rush);
 - b. Property taxes owing through December 31, 2017, including all interest and penalties thereon;
 - c. Any necessary holdbacks depending upon extant circumstances as of the date of the relevant application; and

- d. Distribution all remaining proceeds from the sale of the Willow Rush Lands to Affinity on account of and in substantial satisfaction of the valid and enforceable secured claim of Affinity.

REQUEST FOR EXTENSION OF THE PROCEEDINGS AND RECOMMENDATIONS

51. The current stay of proceedings under the Initial Order expires on January 19, 2018. In order to facilitate restructuring efforts, the Companies are requesting an extension of the Initial Order (and the stay of proceedings provided therein) from January 19, 2018 to the date that is thirty (30) days after the date on which the appeal of the Initial Order is heard and decided by the Court of Appeal For Saskatchewan. Management and its counsel have advised that this extension period will potentially provide the Applicants with the necessary time to complete the commissioning of the Utility Facility (subject to availability of the DIP Facility), attend the January 30, 2018 Saskatchewan Municipal Board hearing with respect to the Rural Municipality of Edenwold's appeal of the development permit issued to CSLC for the Tanglewood Expansion, and further consider development of a plan of arrangement to be made to the Companies' creditors.
52. The Monitor is aware of its duty under section 23(1)(h) of the CCAA. That section states that, if the Monitor is of the opinion that it would be more beneficial to the company's creditors if proceedings in respect of the company were taken under the *Bankruptcy and Insolvency Act* ("BIA"), it shall so advise the Court without delay after coming to that opinion. As at the date of this First Report, the Monitor has not formed such an opinion.
53. The Monitor is of the view that continuing the Companies' restructuring under the CCAA proceedings will preserve the business enterprises of the Companies as a going concern, will continue to maximize and preserve value for stakeholders of the Companies, and will allow time for the Companies to develop a restructuring plan which offers the only opportunity for many of the stakeholders to achieve a recovery.
54. The Applicants are working diligently to manage their financial and operational restructuring. In accordance with the Revised Cash Flow, the Companies are forecasting to be able to operate within the Court ordered DIP Facility during the requested extension period.

55. The Monitor is of the view that the Companies have acted, and are acting, in good faith and with due diligence.
56. Ms. Midtdal has stated that reasonable prospects exist for the Companies to file a Plan of Arrangement under the CCAA and that it is the intention of the Companies to do so. Based upon information presently available to it, the Monitor has no reason to take issue with these statements by Ms. Midtdal.
57. Accordingly, the Monitor respectfully recommends that this Court approve the following:
- a. An extension of the stay of proceedings to the date that is thirty (30) days after the date on which the appeal of the Initial Order is heard and decided by the Court of Appeal For Saskatchewan;
 - b. Upon the Applicants drawing down of the DIP Facility, that the Court authorize the Monitor to publish, without delay, notice of the CCAA proceedings in the *Regina Leader Post* and the *Saskatoon Star Phoenix*, and not publish a notice in the *Globe and Mail* National edition in order to conserve resources; and
 - c. This First Report and the conduct and activities of the Monitor described herein.

All of which is respectfully submitted at Saskatoon, Saskatchewan, this 16th day of January, 2018.

DELOITTE RESTRUCTURING INC.

In its capacity as Proposed Monitor of Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JJL Developments & Investments Corp., and MDI Utility Corp., and not in its personal capacity.



Per: Brent Warga, CPA, CA, CIRP, LIT
Senior Vice-President

Exhibit A – November 21, 2017 Fiat

QBG 1693 of 2017 – JCS

In the matter of the *Companies' Creditors Arrangements Act*, RSC 1985, c C-36, as amended

And in the matter of a proposed plan of arrangement for the creditors of Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JJI Developments & Investments Corp. and MDI Utility Corp.

Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JJI Developments & Investments Corp., and MDI Utility Corp. (Applicants)

Jeffrey M. Lee, Q.C., and Jocelyn R. Sirois	for the applicants
Wayne L. Pederson and Ryan A. Pederson	for the respondent, Affinity Credit Union [Affinity]
Diana K. Lee, Q.C., and Alexander K.V. Shalashniy	for the respondent, Industrial Properties Regina Ltd. [IPRL]
Richard M. Van Beselaere, Q.C.	for the respondent, 101297277 Saskatchewan Ltd. [7277]

FIAT - November 21, 2017

GABRIELSON J.

Introduction

[1] The Applicants, Copper Sands Land Corp. [Copper Sands], Willow rush Development Corp. [Willow Rush], Midtdal Developments & Investments Corp. [MDI Developments], Prairie Country Homes Ltd. [Prairie Country], JJI Developments & Investments Corp. [JJI] and MDI Utility Corp. [MDI Utility], have applied pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 [CCAA], for the following relief, *inter alia*:

- (a) a stay of proceedings to facilitate the restructuring of the Applicants;
- (b) an order authorizing the Applicants to obtain interim financing in relation to these proceedings from Staheli Construction Ltd. [Interim Financing Lender] and granting the Interim Financing Lender a first priority charge to secure repayment of the interim financing; and
- (c) appointing Deloitte Restructuring Inc. [Deloitte] as monitor in these proceedings [Proposed Monitor].

[2] The Respondents are secured creditors of one or more of the Applicants. Each of the Respondents opposes the application. Two of the Respondents, Industrial

Properties Regina Ltd. [IPRL] and 101297277 Saskatchewan Ltd. [7277], have requested that the application be adjourned for one month to give them time to conduct appraisals of the lands mortgaged by the Applicants and further to consider the impact of the application upon them.

Background Facts

[3] The Applicants are interrelated companies. They are all directed by Jaimey Midtdal. They are generally in the business of real estate and land development although MDI Utility is in the business of the development of potable and waste water systems.

[4] The Applicants owe Affinity Credit Union [Affinity] the sum of \$4,232,574.38 as of November 13, 2017. Affinity has a first charge mortgage on the lands owned by the Applicants. The mortgage matured on July 5, 2017. Affinity demanded payment of all amounts outstanding. When it did not receive repayment, a statement of claim was issued on October 13, 2017, in which it sought, *inter alia*, foreclosure and judgment.

[5] The Applicants owe IPRL the sum of \$4,025,000 as of November 10, 2017. IPRL has a second charge mortgage on the lands owned by the Applicants. There is a dispute between IPRL and the Applicants as to whether the loan has already matured or whether the loan will not mature until December 5, 2017.

[6] The Applicants owe 7277 the sum of \$2,500,000 as of November 10, 2017, plus interest. The loan is secured by a third mortgage on the Applicants' lands as well as by a security interest on MDI Utility's personal property.

[7] The Applicants therefore owe the Affinity, IPRL and 7277 collectively [Secured Creditors] in excess of \$10,725,000.

[8] The Proposed Monitor, Deloitte, indicates that the Applicants have unsecured debt of approximately \$1.8 million as of November 10, 2017.

[9] The Secured Creditors have mortgages against properties owned by Copper Sands and Willow Rush as well as PPSA registrations [*The Personal Property Security Act, 1993*, SS 1993, c P-6.2] against some of the Applicants.

[10] The Proposed Monitor, Deloitte, in a report dated November 10, 2017, has indicated that the Applicants are insolvent and are facing near-term liquidity issues such that they will default in the obligations under the debt facilities with the Respondents if there is not some interim injection of cash through a debtor-in-possession financing agreement [DIP Facility].

[11] As mentioned, Affinity has commenced foreclosure proceedings in respect to outstanding mortgages owed to it by the Applicants.

[12] IPRL is not in a position to begin enforcement proceedings. It will not be in a position to do so until after December 5, 2017.

[13] The 7277 loan does not become due until February 15, 2018.

Analysis

[14] The parties agree that the Applicants comprise debtor companies within the meaning of s. 2 of the *CCAA*. They also agree that the Applicants are insolvent and meet the necessary \$5 million threshold for eligibility under s. 3(1) of the *CCAA*.

[15] I am satisfied that the Applicants are insolvent and are facing a looming liquidity condition or crisis that could result in the companies being unable to pay their debts as they generally become due if a stay of proceedings and ancillary protection are not granted by the *CCAA* – see *Stelco Inc. (Re)* (2004), 48 CBR (4th) 299 (Ont Sup Ct) at paras 4, 26, 28 and 40.

[16] In this case, the Applicants seek a stay of proceedings under s. 11.02 of the *CCAA* as well as an order for priority for the DIP Facility so that the Applicants might restructure their business and financial affairs which will include the sale of some assets. Courts have accepted that the sale of a debtor's business enterprise (in whole or in part) is an appropriate use of the *CCAA*. See *Indalex Limited (Re)*, 2011 ONCA 265 at para 180, 104 OR (3d) 641, rev'd on other grounds 2013 SCC 6, [2013] 1 SCR 271; *Target Canada Co. (Re)*, 2015 ONSC 303 at para 32, 22 CBR (6th) 323; and *Nortel Networks Corp.*, 2014 ONSC 5274 at para 23.

[17] The Proposed Monitor's report indicates that in order to address the liquidity issues facing the companies, the Applicants have commissioned appraisal reports on both the Copper Sands property (dated June 2017) and the Willow Rush lands (dated September 2017). The appraisals which are contained in a confidential report, which the Applicants ask to be sealed, indicate that there is significant equity in the lands.

[18] The Proposed Monitor's report also says that the Applicants have obtained a commitment from a third party lender to advance to Copper Sands, sufficient monies to repay the amount owing to Affinity and to provide additional capital to allow the Applicants to continue the development of the Utility Facility [Proposed Refinancing]. The terms of the offer were that the loan must be fully advanced on or before October 19, 2017. It is thought, however, that this loan offer can be extended. The interim financing would require a priority charge over all of the

assets of Copper Sands.

[19] The Proposed Monitor's confidential report also discloses that the Applicants have an offer to purchase the Willow Rush lands from a third party purchaser. However, the offer had conditions, including arranging of financing on or before November 10, 2017. The removal of conditions was extended to November 17, 2017. The closing date for the Willow Rush offer is set for November 30, 2017.

[20] Finally, the Proposed Monitor's report indicates that the Applicants have secured a commitment from a lender [DIP Lender] to advance debtor-in-possession funding up to \$1,250,000. The \$1,250,000 will be allocated for up to \$800,000 to complete the commissioning of a utility owned by MDI Utility, \$337,500 for the cost of CCAA proceedings and \$112,500 for the ongoing costs of the Applicants.

[21] Unfortunately, and unlike many CCAA applications, all of the respondent secured creditors oppose the application. The Respondents say that the appraisals are suspect and wish to have their own appraisals done. They question the validity of the Willow Rush offer and whether it will ever close. They also question the viability of the proposed refinancing and whether the proposed offer will be extended and whether the terms and conditions can be met. Finally, they question the DIP Financing and whether it will provide value to the Applicants which could result in any added value to the respondents' security position.

[22] Canadian courts have refused to grant an order where the company or companies seeking such protection are in the business of real estate/development where there is no proposal that might significantly increase the value of the company's mortgaged property or there is no equity in the company's mortgaged property and where the company is simply seeking CCAA protection for the purpose of obtaining more time to sell or refinance the property which is subject to actual or prospective foreclosure proceedings. See *Marine Drive Properties Ltd. (Re)*, 2009 BCSC 145 at para 42, 52 CBR (5th) 47; and *Redekop Properties Inc. (Re)*, 2001 BCSC 1892, 40 CBR (5th) 62.

[23] In the case of *Octagon Properties Group Ltd. (Re)*, 2009 ABQB 500 at para 17, 48 CBR (4th) 276, the Court refused a stay under the CCAA, stating:

17 This is not a case where it is appropriate to grant relief under the CCAA. First, I accept the position of the majority of first mortgagees who say that it is highly unlikely that any compromise or arrangement proposed by Octagon would be acceptable to them. That position makes sense given the fact that if they are permitted to proceed with foreclosure procedures and taking into account the current estimates of value, for most mortgagees on most of their

properties they will emerge reasonably unscathed. There is no incentive for them to agree to a compromise. On the other hand if I granted *CCAA* relief, it would be these same mortgagees who would be paying the cost to permit Octagon to buy some time. Second, there is no other reason for *CCAA* relief such as the existence of a large number of employees or significant unsecured debt in relation to the secured debt. I balance those reasons against the fact that even if the first mortgagees commence or continue in their foreclosure proceedings that process is also supervised by the court and to the extent that Octagon has reasonable arguments to obtain relief under the foreclosure process, it will likely obtain that relief.

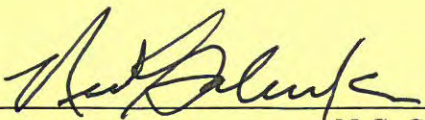
[24] Given that there is great dispute in the affidavit material filed as to whether the value of the property owned by the Applicants exceeds the amount of the secured debts and whether the sale of the Willow Rush lands will close, it is also arguable that any priority given to the DIP financing could be to the detriment of the secured creditors.

Conclusion

[25] I have decided that the application is premature. I have decided to adjourn it to December 7, 2017, at 10:00 a.m. This will give the Applicants time to confirm that the sale of the Willow Rush lands has closed and provide some certainty as to what the sale proceeds will be. It will also allow the terms of the propose refinancing to be finalized and confirm the removal of the conditions. It will also give the Applicants an opportunity to file further material concerning completion of the water treatment facility and its commissioning.

[26] Finally, the additional time will also allow the Respondents IPRL and 7277 to obtain any appraisals they wish to obtain and provide copies to the Court.

[27] In the meantime, there will be an order sealing the pre-filing confidential report of the Proposed Monitor dated November 10, 2017, and the exhibits thereto on the court file.



J.
N.G. Gabrielson

Exhibit B – December 20, 2017 Fiat

QBG 1693 of 2017 – JCS

In the matter of the *Companies' Creditors Arrangements Act*, RSC 1985, c C-36, as amended

And in the matter of a proposed plan of arrangement for the creditors of Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JLL Developments & Investments Corp. and MDI Utility Corp.

Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JLL Developments & Investments Corp., and MDI Utility Corp. (Applicants)

Jeffrey M. Lee, Q.C., and Paul D. Olfert	for the applicants
Wayne L. Pederson and Ryan A. Pederson	for the respondent, Affinity Credit Union [Affinity]
Diana K. Lee, Q.C., and Alexander K.V. Shalashniy	for the respondent, Industrial Properties Regina Ltd. [IPRL]
Richard M. Van Beselaere, Q.C.	for the respondent, 101297277 Saskatchewan Ltd. [7277]
Brent Warga (appearing via phone)	Proposed Monitor – Deloitte Restructuring Inc. [Deloitte]

FIAT - December 20, 2017

N.G. GABRIELSON J.

Introduction

[1] The applicants continue with their application for a CCAA order as set out in my fiat of November 21, 2017. This application was adjourned by virtue of that fiat and it came on for hearing before me on December 11, 2017. In addition to the application under the CCAA, the applicants also sought an order approving the sale by Willow Rush Development Corp. [Willow Rush] to 102035126 Saskatchewan Ltd. [the purchaser] of Willow Rush lands together with a vesting order with respect to the lands into the name of the purchaser.

Background Facts

[2] In addition to the background facts outlined in my fiat of November 21, I find the following additional background facts to have been established since that date:

- (1) The proposed sale of the Willow Rush lands at a purchase price of \$4.2 million has had the deposit increased from \$12,500 to \$40,000; and
- (2) The purchaser has removed all conditions on the sale save and except the requirement that upon completion clear title will pass to it.

[3] The commitment letter from a third party lender to advance to Copper Sands Land Corp. [CSLC] sufficient monies to pay out the IPRL loan which was to have been fully advanced by October 19, 2017 was not extended.

[4] However, the applicants have filed a supplementary affidavit from Jaimey Midtdal sworn December 6, 2017 which states that the debt owing to IPRL would be converted into equity in the applicant MDI Utility Corp. or the applicant CSLC at the option of IPRL. The applicants therefore take the position that when the term of the IPRL mortgage expired on December 1, 2017, IPRL was then required to elect in which of the two corporations it wished to receive preferred voting shares as a result of the conversion of its outstanding debt to equity.

[5] IPRL has also filed an appraisal by Samantha Lawrek wherein she valued the Willow Rush lands to be worth \$300,000 per acre. That would make the proposed sale of the Willow Rush land very close to its appraised value.

[6] IPRL also filed an appraisal of the CSLC land by Peter Lawrek in which he valued the CSLC land at \$5.370 million as of December 5, 2017. The applicants' appraisal of the CSLC land by B.R. Gaffney & Associates valued the land at \$7,245,000. In addition, the MDI water and wastewater facility is valued at \$3,455,000 by a December 5, 2017 appraisal of Aquas Water Works.

[7] The application came before me on December 11, 2017. My decision was reserved. This is my decision.

Analysis

[8] In the case of *Century Services Inc. v Canada (Attorney General)* 2010 SCC 60, [2010] 3 SCR 379 [*Century Services*] at paragraph 15 the Court outlined the purpose of the CCAA legislation:

15 ... the purpose of the CCAA – Canada's first reorganization statute – is to permit the debtor to continue to carry on business and,

where possible, avoid the social and economic costs of liquidating its assets. ...

[9] Again at paragraph 58 of the *Century Services* case, the majority of the Court commented upon the discretion allowed a judge in CCAA applications. It stated:

58 CCAA decisions are often based on discretionary grants of jurisdiction. The incremental exercise of judicial discretion in commercial courts under conditions one practitioner aptly describes as “the hothouse of real-time litigation” has been the primary method by which the CCAA has been adapted and has evolved to meet contemporary business and social needs (see *Jones*, at p. 484 [R. B. Jones, “*The Evolution of Canadian Restructuring: Challenges for the Rule of Law*”, in J. P. Sarra, ed., *Annual Review of Insolvency Law* 2005 (2006), 481].

59 Judicial discretion must of course be exercised in furtherance of the CCAA’s purposes. The remedial purpose I referred to in the historical overview of the *Act* is recognized over and over again in the jurisprudence. To cite one early example:

The legislation is remedial in the purest sense in that it provides a means whereby the devastating social and economic effects of bankruptcy or creditor initiated termination of ongoing business operations can be avoided while a court-supervised attempt to reorganize the financial affairs of the debtor company is made.

...

60 Judicial decision making under the CCAA takes many forms. A court must first of all provide the conditions under which the debtor can attempt to reorganize. This can be achieved by staying enforcement actions by creditors to allow the debtor’s business to continue, preserving the *status quo* while the debtor plans the compromise or arrangement to be presented to creditors, and supervising the process and advancing it to the point where it can be determined whether it will succeed ...

[10] In this case I find that the applicants, or at least MDI Utility Corp. and CSLC, are engaged in an active business rather than being simply real estate developers as alleged by the respondents. CSLC operates a mobile home park. MDI Utility Corp. is completing a water treatment utility to provide wastewater treatment services to both the existing mobile home park and an upcoming Tanglewood development on CSLC lands. This is not a situation where the applicants seek CCAA protection for the purpose of obtaining more time to sell or refinance property as was the situation in *Marine Drive Properties Ltd. (Re)*, 2009 BCSC 145; *Redekop*

Properties Inc. (Re), 2001 BCSC 1892; and *Octagon Properties Group Ltd. (Re)*, 2009 ABQB 500, 486 AR 296.

[11] As stated in paragraph 3 above, since the original application for relief under the CCAA was filed on November 10, 2017, the commitment from the third party lender to provide interim financing to pay out the IPRL loan has expired and has not been renewed. However, the applicants say that the security held by IPRL provided for a debt conversion to equity provision in CSLC or MDI Utility at the option of IPRL. IPRL disputes the validity of the debt conversion provision. On the basis of the conflicting affidavits, I cannot determine the validity of such a provision. There is also no further information contained in the material from the monitor as to the effect this dispute would have upon the CCAA proceedings. However, there is provision for a claims process procedure under sections 19 to 21 of the *Act* that could be established under the CCAA and therefore I need not determine the validity of such a claim at this time.

[12] All parties agree that the sale of the Willow Rush lands should proceed regardless of the outcome of the application pursuant to the CCAA. The respondents say that no specific order is required and that the sale can proceed under the provisions of the foreclosure proceedings commenced by Affinity. However, the applicants say that a vesting order is required in order to ensure completion of the sale since there are builders' liens registered against the property in addition to the charges registered by the respondents. I am satisfied that since all parties are in agreement with the sale and since it appears that the sale price is validated by the appraisals of both the applicants and the respondents that a vesting order in respect to it should be made. I therefore make the vesting order requested by the applicants.

[13] I also approve the interim financing order sought by the applicants. The interim financing lender, Staheli Construction Ltd., has agreed to advance the sum of \$1,250,000 to the applicants subject to obtaining a first charge on the assets of the company. The \$1,250,000 will be allocated \$800,000 to complete the commissioning of the water treatment utility owned by MDI Utility, \$337,500 for the cost of the CCAA proceedings and \$112,500 for the ongoing costs of the applicants according to the proposed monitor's initial report. The respondents say that they will be prejudiced by any priority charge given to the interim lender and suggest that the completion of the water treatment utility adds little to no value to the overall net worth of the applicants. However, I am satisfied that the completion of the water treatment utility will add to the overall net worth of the applicants and the monitor will ensure that the \$800,000 is being appropriately used for the purpose intended.

[14] I am satisfied that the applicants have satisfied the onus upon them to establish that they are acting in good faith and with due diligence and that an order for

an initial stay of proceedings is appropriate. This initial stay of proceedings will give the applicants the time to restructure and refinance their operations subject to the monitor's oversight. I am further satisfied that the requested interim financing order is also appropriate in the circumstances.

Conclusion

[15] I therefore grant the following orders:

- (1) The initial order of the applicants, as filed with the Court on December 11, 2017, authorizing a stay of proceedings for 30 days and including other related relief;
- (2) An order authorizing the applicants to obtain interim financing from Staheli Construction up to \$1,250,000 with a priority first charge upon the applicants' assets;
- (3) An order appointing Deloitte Restructuring Inc. as monitor in these proceedings;
- (4) There will be an order pursuant to section 36 of the *Act* authorizing and approving the sale of the Willow Rush land to 102035126 Saskatchewan Ltd. and vesting in the purchaser all rights, title, and interest free and clear of all liens, charges and encumbrances upon completion of the transaction;
- (5) I issue the requested sealing orders which include:
 - (a) the pre-filing confidential report of the proposed monitor;
 - (b) the confidential documents contained in the supplementary affidavit of Jaimey Midtdal sworn December 6, 2017; and
 - (c) the affidavits of Peter Lawrek and Samantha Lawrek sworn December 6, 2017.

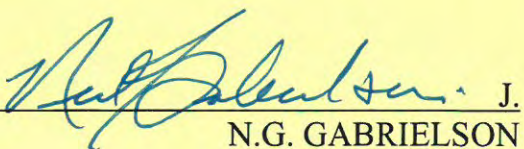

N.G. GABRIELSON

Exhibit C – Initial Order

DUPLICATE ORIGINAL

COURT FILE NUMBER Q.B. No. 1693 of 2017

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SASKATOON

APPLICANTS COPPER SANDS LAND CORP., WILLOW RUSH DEVELOPMENT CORP., MIDDAL DEVELOPMENTS & INVESTMENTS CORP., PRAIRIE COUNTRY HOMES LTD., JJL DEVELOPMENTS & INVESTMENTS CORP. and MDI UTILITY CORP.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT FOR THE CREDITORS OF
COPPER SANDS LAND CORP., WILLOW RUSH DEVELOPMENT CORP., MIDDAL
DEVELOPMENTS & INVESTMENTS CORP., PRAIRIE COUNTRY HOMES LTD., JJL
DEVELOPMENTS & INVESTMENTS CORP. and MDI UTILITY CORP.

INITIAL ORDER

BEFORE THE HONOURABLE)	WEDNESDAY THE
)	
MR. JUSTICE N.G. GABRIELSON)	20TH DAY OF
)	
IN CHAMBERS)	DECEMBER, 2017

UPON THE APPLICATION of counsel on behalf of the Applicants, Copper Sands Land Corp ("CSLC"), Willow Rush Development Corp. ("Willow Rush"), Midtdal Developments & Investments Corp. ("MDI"), Prairie Country Homes Ltd. ("Prairie Country"), JJL Developments & Investments Corp. ("JJL") and MDI Utility Corp. (collectively, the "Applicants"), and upon having read the Originating Application dated the 10th day of November, 2017; the Affidavit of Jaimey Midtdal sworn the 9th day of November, 2017; the Pre-Filing Report of the Proposed Monitor; the Pre-Filing Confidential Report of the Proposed Monitor; the Consent to Appointment of the Proposed Monitor; the Brief of Law on Behalf of the Applicants and the Draft CCAA Initial Order, all filed; and upon hearing from counsel present; and on being advised that the principal secured creditors who are likely to be affected by the charges created herein were given notice of this hearing:

IT IS HEREBY ORDERED, ADJUDGED, AND DECLARED THAT:

SERVICE AND SEALING ORDER

1. The time for service of the Originating Application in respect of this Order (and all supporting materials filed by the Applicant in support of its application for this Order) is hereby abridged and service is deemed good, valid, timely and sufficient.
2. The Pre-Filing Confidential Report of the Proposed Monitor dated November 10, 2017 shall be kept sealed and confidential, and shall not form part of the public record but shall be kept separate and apart from the other contents of the Court file in respect of this matter in a sealed envelope which sets out the style of cause of these proceedings and a statement that the contents thereof are subject to a Sealing Order, and shall not be opened prior to the hearing

scheduled in respect of this matter on November 15, 2017 except by a Judge of the Court or upon further Order of the Court.

3. Application to unseal the Pre-Filing Confidential Report of the Proposed Monitor may be made at any time upon fourteen days' notice to counsel for the Monitor.

TERM OF ORDER

4. All of the relief provided for in this Order will expire at 11:59 p.m. Saskatchewan Time on the 19th day of January, 2018, unless extended by this Court.

APPLICATION

5. The Applicants are Companies to whom the CCAA applies.

PLAN OF ARRANGEMENT

6. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court one or more plans of compromise or arrangement (the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

7. The Applicants shall:
 - (a) remain in possession and control of their current and future assets, undertakings and property of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");
 - (b) subject to further Order of this Court, and subject to the provisions of this Order, continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property;
 - (c) be authorized and empowered to continue to retain, employ, and pay the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain, employ, and pay such further Assistants as it deems reasonably necessary or desirable, all in the ordinary course of business or for the carrying out of the terms of this Order;
 - (d) be entitled to continue to utilize the central cash management system currently in place, or replace it with another substantially similar central cash management system (the "**Cash Management System**"). Any present or future bank providing the Cash Management System:
 - (i) shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System;
 - (ii) shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation application to the Cash Management System; and

- (iii) shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.
8. The Applicants shall be entitled, but not required, to pay the following expenses whether incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, employee and pension benefits, contributions to pension plans, vacation pay, bonuses, and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
 - (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.
9. Except as otherwise provided to the contrary herein, the Applicants shall be entitled, but are not required, to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
 - (b) payment for goods or services actually supplied to the Applicants.
10. The Applicants shall, in accordance with legal requirements, remit or pay:
- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
 - (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
 - (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.
11. Until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to a landlord under a lease) or as otherwise may be negotiated by the Applicants from time to time ("Rent"), for the period commencing from and including the date of this Order, bi-weekly, in advance (but not in arrears). On the date of the first of such payments, any arrears relating to the period commencing from and including the date of the issuance of this Order shall also be paid.
12. Except as specifically permitted herein, the Applicants are hereby precluded and enjoined, until further Order of this Court, from:

- (a) making any payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the date of this Order,
- (b) granting any security interests, trusts, mortgages (or other real property interests), liens, charges, or encumbrances upon or in respect of any of their Property; and
- (c) granting credit or incurring liabilities except in the ordinary course of the Business.

RESTRUCTURING

13. The Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:
- (a) permanently or temporarily cease, downsize or shut down any of their Business or operations;
 - (b) sell their assets in the ordinary course of its Business;
 - (c) dispose of (by sale or otherwise) redundant or non-material assets not exceeding \$100,000 in any one transaction or \$500,000 in the aggregate under a series of connected transactions
 - (d) dispose of (by sale or otherwise) redundant or non-material assets not authorized by paragraph 13(c) of this Order only with the approval of the Court;
 - (e) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and
 - (f) pursue all avenues of refinancing of their Business or Property, subject to prior approval of this Court being obtained before any material refinancing is undertaken;

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

14. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.
15. If a notice of disclaimer is delivered pursuant to section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers

advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

16. Subject to the other provisions of this Order (including the payment of Rent as herein provided) and any further Order of this Court, the Applicants shall be permitted to dispose of any or all of the Property located (or formerly located) at such leased premises without any interference of any kind from landlords (notwithstanding the terms of any leases) and, for greater certainty, the Applicants shall have the right to realize upon the Property and other assets in such manner and at such locations, including leased premises, as they deem suitable or desirable for the purpose of maximizing the proceeds and recovery therefrom.

NO PROCEEDING AGAINST THE APPLICANTS, MONITOR, OR THE PROPERTY

17. Until and including 11:59 p.m. Saskatchewan Time on the 19th day of January, 2018 or such later date as this Court may order (the "**Stay Period**"), no proceeding (the "**Proceeding**") or enforcement process (the "**Enforcement**") in any court or tribunal shall be commenced or continued against or in respect of the Applicants, the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants, the Monitor, or with leave of this Court and any Proceeding or Enforcement currently underway against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

18. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants, the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants, the Monitor or leave of this Court, provided that nothing in this Order shall (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on; (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA; (c) prevent the filing of any registration to preserve or perfect a mortgage, floating charge, or security interest; or (d) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect a lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further steps shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Applicants.

NO INTERFERENCE WITH RIGHTS

19. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

20. During the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the

Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

21. Notwithstanding anything else contained in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, or by further order of this Court, no Proceeding or Enforcement may be commenced or continued against any one or more of the former, current or future directors or officers of the Applicants (the "**Past and Present Directors**") with respect to any claim against any one or more of the Past and Present Directors which arose before the date hereof in regard to or in respect of:
- (a) claims involving acts or omissions of those individuals in their capacity as directors or officers or in any way related to matters arising from their role or status as directors or officers;
 - (b) claims in any way related to any matters arising from the appointment of any one or more of the Past and Present Directors by or on behalf of the Applicants to any corporation, partnership or venture, including their appointment or election by or on behalf of the Applicants to any other board of directors or other governing body or committee;
 - (c) derivative rights of the Applicants against any one or more of the Past and Present Directors; or
 - (d) claims by former, current or future shareholders of the Applicants or former, current or future directors or officers of the Applicants involving acts or omissions of any one or more of the Past and Present Directors which are alleged to be oppressive, or unfairly prejudicial to, or which are alleged to unfairly disregard the interests of, former, current or future shareholders of the Applicants or former, current or future directors or officers of the Applicants,

until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

APPOINTMENT OF MONITOR

23. Deloitte Restructuring Inc. of Winnipeg, Manitoba (the "**Monitor**") is hereby appointed pursuant to the CCAA, as an officer of this Court, to monitor the business and financial affairs of the Applicants, with the powers and obligations set out in the CCAA or set forth herein and the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations, including providing the Monitor with access to such books, records, assets and premises of the Applicants as the Monitor requires, and otherwise provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor the Applicants' receipts and disbursements;

- (b) report to this Court at such times and intervals as the Monitor may deem appropriate or as this Court may direct with respect to matters relating to the Property, the Business, and such other matters as may be relevant to these proceedings;
 - (c) advise the Applicants in its development of the Plan and any amendments to the Plan;
 - (d) advise the Applicants, to the extent required by the Applicants, with regard to the holding and administering of creditors' and shareholders' meetings for voting on the Plan;
 - (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
 - (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
 - (g) exercise such rights, powers and obligations of the Applicants, on behalf of the Applicants, as the Monitor deems necessary or advisable under the following provisions of this Order: paragraphs 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 21, 32, 40, 41, and 42; and
 - (h) perform such other duties as are required by this Order and by this Court from time to time.
25. The Monitor shall not:
- (a) take possession of the Property and shall not by fulfilling its obligations hereunder be deemed to have taken or maintained possession or control of the Business or Property or any part thereof; and
 - (b) subject to the terms of this Order, take any part whatsoever in the management or supervision of the management of the Business.
26. Nothing herein contained shall require the Monitor to occupy or take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.
27. The Monitor shall provide any creditor of the Applicants, if any, with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
28. In addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of the Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful

misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

29. The Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis or such other interval as the Monitor and the Applicants agree.
30. The Monitor, counsel for the Monitor and counsel for the Applicants may render accounts on a periodic basis and the Applicants shall pay such accounts when rendered, subject to any final assessments and taxations ordered by this Court.
31. The Monitor, counsel for the Monitor and the Applicants' counsel shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$150,000, as security for their reasonable professional fees and disbursements, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 39 and 42 hereof.
32. The appointment of the Monitor by this Order and the exercise of the powers and privileges granted to the Monitor in this Order shall not constitute the Monitor an employer or a successor employer or payor for any purpose, including (without limitation) pensions or benefits or any legislation governing employment or labour standards or pension benefits or health and safety or any other statute, regulation, rule of law or rule of equity.

INTERIM FINANCING

33. The Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from Staheli Construction Co. Ltd. of Edmonton, Alberta (the "**Interim Financing Lender**") in order to finance the Applicants' working capital requirements, restructuring costs and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed One Million, Two Hundred and Fifty Thousand (\$1,250,000.00) Dollars unless permitted by further order of this Court.
34. Such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the Interim Financing Lender dated November 9, 2017 (the "**Commitment Letter**"), filed.
35. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the Interim Financing Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Interim Financing Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
36. The Interim Financing Lender shall be entitled to the benefits of and is hereby granted a charge (the "**Interim Financing Charge**") on the Property to secure all obligations under the Definitive Documents incurred on or after the date of this Order, which Interim Financing Charge shall not exceed the aggregate amount advanced on or after the date of this Order under the Definitive Documents. The Interim Financing Charge shall have the priority set out in paragraphs 37 and 40 hereof.
37. Notwithstanding any other provision of this Order:

- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Financing Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the Interim Financing Charge, the Interim Lender, upon seven days notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the Interim Financing Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Financing Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Commitment Letter, the Definitive Documents or the Interim Financing Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- (c) the foregoing rights and remedies of the Interim Financing Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.
38. The Interim Financing Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.
- 38A. To the extent that the amounts advanced by the Interim Financing Lender are intended to be used to complete construction and commissioning of the Water Treatment Utility (as defined in the Affidavit of Jaimey Midtdal sworn November 9, 2017 and filed in these proceedings), such advances shall only be made in circumstances in which the engineer completing such work (Aguas Water Works of Lethbridge, Alberta, or such other engineer, architect or quantity surveyor as may be engaged by the Applicants from time to time) issues a certificate to the Monitor certifying that such expenditures are necessary and appropriate.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

39. The priorities of the Administration Charge and the Interim Financing Charge (collectively, the "Charges"), as among them, shall be as follows:
- (a) First – Administration Charge (to the maximum amount of \$150,000); and
- (b) Second – Interim Financing Charge.
40. If the Persons sharing in the benefit of the Charges (the "Chargees") have claims that, in the aggregate, exceed the maximum authorized amount of that Charge, such Chargees shall share in the benefit of that Charge (as between themselves) on a *pro rata* basis to the maximum aggregate authorized amount of such Charge.
41. The filing, registration or perfection of each of the Charges shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
42. Each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, real property interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

43. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that purports to rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of Charges, or further Order of this Court.
44. The Charges and the security therefor (the "**Charge Documents**") shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees entitled to the benefit of the Charges shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;
 - (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges or the entering into, execution, delivery or performance of the Definitive Documents; and
 - (c) the payments made by the Applicants pursuant to this Order, the Definitive Documents and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

SERVICE AND NOTICE

45. The Monitor shall:
- (a) without delay, publish in the *Regina Leader Post*, the *Saskatoon Star Phoenix*, and the *Globe and Mail* National edition a notice containing the information prescribed under the CCAA;
 - (b) within five (5) days after the date of this Order,
 - (i) make this Order publically available in the manner prescribed under the CCAA;
 - (ii) send, in the prescribed manner, a notice in the form attached as Schedule "A" to this Order (the "**Notice**") to every known creditor who has a claim against the Applicants of more than \$1,000.00; and
 - (iii) prepare a list (the "**Creditor's List**") showing the name, address, telephone, fax and email contact information, if available, of those creditors and the estimated amounts of those claims and make it publicly available in the prescribed manner;
- all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.
46. Every creditor on the Creditor's List and any other interested Person who requires notice in respect of any or all further proceedings in this matter shall provide to counsel for each of the Monitor and the Applicants, by electronic mail or facsimile, a demand for notice of such proceedings, which demand for notice shall be in the form provided in the attached Schedule "B" to this Order (the "**Demand for Notice**") and shall contain an electronic mail address or a

facsimile number to which such Person has elected that further notice of these proceedings may be served on such Person. The failure of any Person to forward a Demand for Notice by electronic mail or facsimile to counsel for each of the Monitor and the Applicants hereby releases the Monitor and the Applicants or any other interested Person serving court materials in this matter from any requirement to provide further notice in respect of these proceedings to any such Person until such time as a properly completed Demand for Notice is received by each of the counsel for the Monitor and the Applicants from such Person.

47. The Applicants and the Monitor shall be at liberty to serve the Notice on any other interested Person by prepaid ordinary mail, courier, personal delivery, facsimile or other electronic transmission to such Persons at their respective addresses as last shown on the records of the Applicants.
48. The Notice shall be deemed to have been received by a creditor on the Creditor's List or served on an interested Person (as the case may be) if sent by personal delivery, on the date of delivery; if sent by courier, facsimile or other electronic transmission, on the next business day following the date of forwarding thereof, or if sent by prepaid ordinary mail, on the third business day after mailing.
49. From the Demands For Notice received pursuant to paragraph 46 of this Order, the Monitor shall prepare and keep current a Service List (the "Service List") containing the name, address, telephone and fax or email contact information of the Applicants, the Monitor and each creditor or interested Person filing a Demand for Notice. The Service List shall indicate the manner that those on the Service List have elected to be served.
50. The Service List shall be posted by the Monitor on the following website: www.insolvencies.deloitte.ca/en-ca/coppersands. The Creditor List and the Service List shall be updated by the Monitor from time to time, and each list shall contain a statement as to when it was last updated.
51. Other than the sending or service of the Notice as contemplated by paragraphs 45, 47, and 48 of this Order, the Applicants, the Monitor or any interested Person may serve any notice of application, affidavit, order, report, other court material, or correspondence in these proceedings in the manner indicated on the Service List, in which case the document shall be deemed to be received the next business day following the date of forwarding.
52. Where by the nature of the matter before the Court it is appropriate to serve Persons that are not on the Service List, the Applicants, the Monitor or any interested Person may serve any notice of application, affidavit, order, report, other court material, or correspondence as follows:
 - (a) if the Person is listed on the Creditor List, by prepaid ordinary mail, courier, personal delivery, facsimile or other electronic transmission to such Person at their respective addresses as last shown on the records of the Applicant, in which case service shall be deemed to have been effected if sent by personal delivery, on the date of delivery; if sent by courier, facsimile or other electronic transmission, on the next business day following the date of forwarding thereof; or if sent by prepaid ordinary mail, on the third business day after mailing;
 - (b) if the Person is not listed on the Creditor List, by service effected in accordance with the Rules of the Court of Queen's Bench for Saskatchewan.
53. Other than the Notice and notices of application, and notwithstanding paragraphs 51 and 52 of this Order, service of any affidavit, order, report, other court material or correspondence shall be deemed to have been effected if such affidavit, order, report, other court material or correspondence are posted on the following website: www.insolvencies.deloitte.ca/en-ca/coppersands and written notice (the "Posting Notice") is given to those being served that the affidavit, order, report, other court material or correspondence may be obtained from that website.

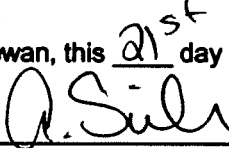
Service of the documents described in the Posting Notice shall be effective on the day that service of the Posting Notice is affected. Service of the Posting Notice may be made and shall be effected as provided in paragraphs 51 and 52 of this Order.

54. Any party filing material with the Court in these proceedings may request of the Monitor and the Monitor shall (so long as it is received in an unalterable electronic postable format) post such material to the website listed in paragraph 53 of this Order within 2 business days of receipt.

GENERAL

55. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
56. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.
57. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested:
- (a) to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order;
 - (b) to grant representative status to the Monitor in any foreign proceeding; and
 - (c) to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
58. Each of the Applicants and the Monitor shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
59. Any interested Person (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
60. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.
61. This Order and all of its provisions are effective as of 12:01 a.m. Saskatchewan Time on the date of the issuance of this Order.

ISSUED at the City of Saskatoon, in the Province of Saskatchewan, this 21st day of December, 2017.



(DEPUTY) LOCAL REGISTRAR

TAKE NOTICE that every order made without notice to a respondent or a person affected by the order, except where such order is consented to by a respondent or a person affected by the order, or is otherwise authorized by law, may be set aside or varied on application to the court. You should consult your solicitor as to your rights.

CONTACT INFORMATION AND ADDRESS FOR SERVICE

If prepared by a lawyer for the party:

Name of firm:	MLT Aikins LLP
Name of lawyer in charge of file:	Jeffrey M. Lee, Q.C.
Address of legal firms:	1500 - 410 22nd Street Saskatoon, Saskatchewan S7K 5T6
Telephone number:	(306) 975-7136
Fax number:	(306) 975-7145

SCHEDULE "A"

COVER LETTER

[Date]

TO: [NAME AND ADDRESS OF CREDITOR OR INTERESTED PARTY]

RE: IN THE MATTER OF AN ORDER UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT* OBTAINED BY ADVANCE ENGINEERED PRODUCTS LTD.

Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JJI Developments & Investments Corp. and MDI Utility Corp. (the "**Midtdal Companies**") have obtained an Order of the Court of Queen's Bench for Saskatchewan under the Companies' Creditors Arrangement Act (the "**Order**"). A photocopy of the Order is posted on the following website: www.insolvencies.deloitte.ca/en-ca/coppersands.

You are being given notice of the Order as you are a creditor of one or more of the Midtdal Companies or the Order may affect your rights.

If you would like to receive notice of all further proceedings in relation to this matter, please complete the Demand for Notice attached to this Notice and send the Demand for Notice by electronic mail (email) or facsimile to each of the following persons:

1. The Midtdal Companies
c/o MLT Aikins LLP
Attention: Carmen Balzer
Email: cbalzer@mltaikins.com
Fax: (306) 975-7145
2. Deloitte Restructuring Inc.
c/o McDougall Gauley LLP
Attention: Ian Sutherland
Email: isutherland@mcdougallgauley.com
Fax: (306) 652-1323

If you fail to properly complete the Demand for Notice and forward the Demand for Notice by email or facsimile to each of the above-referenced persons indicating that you request further notice of the proceedings, then you will not receive, nor will you be entitled to receive, any further notice of the proceedings.

Yours truly,

SCHEDULE "B"

COURT FILE NUMBER Q.B. No. 1693 of 2017

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SASKATOON

**APPLICANTS COPPER SANDS LAND CORP., WILLOW RUSH DEVELOPMENT
CORP., MIDTDAL DEVELOPMENTS & INVESTMENTS CORP.,
PRAIRIE COUNTRY HOMES LTD., JJL DEVELOPMENTS &
INVESTMENTS CORP. and MDI UTILITY CORP.**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF COPPER SANDS LAND CORP., WILLOW RUSH DEVELOPMENT CORP., MIDTDAL DEVELOPMENTS & INVESTMENTS CORP., PRAIRIE COUNTRY HOMES LTD., JJL DEVELOPMENTS & INVESTMENTS CORP. and MDI UTILITY CORP.

DEMAND FOR NOTICE

TO:

- | | |
|---|---|
| 1. Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JJL Developments & Investments Corp. and MDI Utility Corp.
c/o MLT Aikins LLP
Attention: Carmen Balzer
Email: cbalzer@mltaikins.com
Fax: (306) 975-7145 | 2. Deloitte Restructuring Inc.

c/o McDougall Gauley LLP
Attention: Ian Sutherland
Email: isutherland@mcdougallgauley.com
Fax: (306) 652-1323 |
|---|---|

I hereby request that notice of all further proceedings on this matter be served on me and hereby elect that service may be effected on me in the following manner: **[Please select either (a) or (b), but not both.]**

(a) by email, at the following email address:
_____ , or

(b) by facsimile, at the following facsimile number:

Signature: _____
Name of Creditor: _____
Address of Creditor: _____

Phone Number: _____

Exhibit D – Sale Approval and Vesting Order

COURT FILE NUMBER Q.B. No. 1693 of 2017

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SASKATOON

APPLICANTS COPPER SANDS LANDS CORP., WILLOW RUSH DEVELOPMENT
CORP., MIDTDAL DEVELOPMENTS & INVESTMENTS CORP.,
PRAIRIE COUNTRY HOMES LTD., JJL DEVELOPMENTS &
INVESTMENTS CORP. and MDI UTILITY CORP.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
COPPER SANDS LANDS CORP., WILLOW RUSH DEVELOPMENT CORP., MIDTDAL
DEVELOPMENTS & INVESTMENTS CORP., PRAIRIE COUNTRY HOMES LTD., JJL
DEVELOPMENTS & INVESTMENTS CORP. and MDI UTILITY CORP.

SALE APPROVAL AND VESTING ORDER

Before the Honourable Mr. Justice N.G. Gabrielson in Chambers the 20th day of December, 2017.

On the application of Jeffrey M. Lee, Q.C. and Paul Olfert, counsel on behalf of the Applicants, Copper Sands Lands Corp., Willow Rush Development Corp. ("**Willow Rush**"), Midtdal Developments & Investments Corp., Prairie Country Homes Ltd. and JJL Developments & Investments Corp., and upon hearing from Jeffrey M. Lee, Q.C., counsel on behalf of the Applicants, and all other counsel present, and upon reading the Notice of Application dated December 6, 2017, the Affidavit of Jaimey Midtdal sworn on November 9, 2017, Supplementary Affidavit of Jaimey Midtdal sworn on December 6, 2017, Confidential Supplementary Affidavit of Jaimey Midtdal, the Pre-Filing Report of the Monitor dated November 10, 2017, the Pre-Filing Confidential Report of the Monitor dated November 10, 2017, the Affidavit of David Gordon Barber sworn on November 13, 2017, the Affidavit of Gary Cooke sworn on November 14, 2017, and the Affidavit of Tim Kramer sworn on November 14, 2017, proof of compliance with General Application Practice Directive #3, and a proposed draft Order, all filed; and the pleadings and proceedings herein:

The Court orders:

1. Service of the Notice of Application on behalf of the applicants and the materials filed in support thereof (collectively, the "**Application Materials**") shall be and is hereby deemed to be good and valid and, further, shall be and is hereby abridged, such that service of such Application Materials is deemed to be timely and sufficient.

Approval of Sale of Willow Rush Lands

2. The proposed sale (the "**Proposed Sale**") by Willow Rush Development Corp. ("**Willow Rush**") to 102035126 Saskatchewan Ltd. (the "**Purchaser**") of certain lands in the R.M. of Edenwold No. 158 legally described as Surface Parcel #202848880, Blk/Par BB, Plan 102138342 Extension 0) (the "**Willow Rush Lands**") as more particularly described in, and subject to the terms and conditions set forth in, the Offer to Purchase and Agreement of Purchase and Sale of Real Property between Willow Rush and the Purchaser dated November 2, 2017, as amended November 7, 2017, November 17, 2017, November 24, 2017, December 14, 2017, and December 21, 2017 (collectively, the "**Sale Agreement**"), copies of which have been filed as an

Exhibit to the Pre-Filing Confidential Report of the Proposed Monitor dated November 10, 2017 and filed in these proceedings, except the November 17 and 24 amendments which are exhibited to the Supplementary Affidavit of Jaimey Midtdal sworn December 6, 2017, and the December 14 and 21 amendments, which are not yet in evidence), for the purchase price identified in the Sale Agreement (the "**Purchase Price**") is declared to be commercially reasonable and in the best interests of Applicants and their stakeholders and is hereby authorized, approved, ratified and confirmed by this Honourable Court.

3. Willow Rush and Deloitte Restructuring Inc. (the "**Monitor**") are hereby authorized and given directions by this Honourable Court to complete the Proposed Sale in accordance with the Sale Agreement (subject to such amendments as Willow Rush and the Purchaser may agree upon, provided that any such amendments do not materially affect the Sale Agreement and provided that the transaction contemplated in the Sale Agreement shall have closed, with the purchase price paid, on or before Friday, January 12, 2018) and to execute such documents and perform such acts as may reasonably be required in order to close the Proposed Sale in accordance with the Sale Agreement, including any steps necessary or desirable to satisfy and/or comply with any applicable laws, regulations or orders of any courts, tribunals, regulatory bodies or administrative bodies.
4. The Registrar of Titles for the Province of Saskatchewan shall be and is hereby directed to accept an application to cancel the existing title to the Willow Rush Lands, to cancel such existing title, and to issue a new title to the Willow Rush Lands in the name of the Purchaser as owner, free and clear of all encumbrances save and except for the encumbrances set forth in **Schedule A** to this Order ("**Permitted Encumbrances**"), and such title shall issue to, and vest in, the Purchaser free and clear of any and all Encumbrances (as hereinafter defined) except Permitted Encumbrances.

Vesting of Title to the Willow Rush Lands in the Name of the Purchaser

5. Upon the Monitor determining that the Proposed Sale has closed to the satisfaction of the Monitor and on terms substantially as approved by this Honourable Court pursuant to this Order, the Monitor shall file with this Honourable Court a certificate to that effect substantially in the form set out at **Schedule B** hereto (the "**Closing Certificate**"), whereupon the Willows Rush Lands shall vest, without further instrument of transfer or assignment, absolutely in the Purchaser free and clear of and from any and all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, leases, pledges, encumbrances, taxes and arrears of taxes, licenses, assignments, judgments, title retention agreements, reservations of ownership, demands, legal hypothecs, executions, levies, charges (including any charges pursuant to the Initial Order granted in these proceedings), options or other rights to acquire any interests in any assets, or other financial or monetary claims, whether or not they are liquidated, unliquidated or contingent or they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, or any other rights (whether contractual, statutory, arising by operation of law or created by or pursuant to Orders made in these proceedings), of any persons, corporations, firms or entities of any kind whatsoever, and all contracts to create any of the foregoing (collectively, "**Encumbrances**") and of all rights of others, save and except for the Permitted Encumbrances, and, for greater clarity, this Court orders that all of the Encumbrances and all rights of others affecting or relating to the Willow Rush Lands are hereby expunged and discharged as against the Willow Rush Lands.

Payment of Purchase Price

6. On the Closing Date (as defined in the Sale Agreement), the Purchaser shall pay the Purchase Price to the Monitor (less the amount of any deposit which has previously been paid to the Monitor or to counsel for Willow Rush pursuant to the Sale Agreement). For the purposes of determining the nature and priority of the Encumbrances:

- a) the net proceeds from the sale of the Willow Rush shall stand in the place and stead of the Willow Rush Lands; and
 - b) from and after the delivery of the Closing Certificate, all Encumbrances and all rights of others shall attach to the net proceeds from the sale of the Willow Rush Lands with the same priority as they had with respect to the Willow Rush Lands immediately prior to the sale, as if the Willow Rush Lands had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the Proposed Sale.
7. The Monitor may rely on written notices from Willow Rush and the Purchaser regarding fulfillment or, if applicable, waiver of conditions to closing of the Proposed Sale under the Sale Agreement and shall have no liability with respect to the delivery of the Closing Certificate.
8. Notwithstanding:
- a) the pendency of these proceedings;
 - b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of Willow Rush and any bankruptcy order issued pursuant to such applications;
 - c) any assignment in bankruptcy made in respect of Willow Rush; and
 - d) the provisions of any federal statute, provincial statute or any other law or at equity,

the vesting of the Willow Rush Lands in the Purchaser pursuant to this Order and the obligations of Willow Rush under the Sale Agreement, shall be binding on any trustee in bankruptcy that may be appointed in respect of Willow Rush and shall not be void or voidable by creditors of Willow Rush, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. The Proposed Sale is exempt from any requirement under any applicable federal or provincial law to obtain shareholder approval and is exempt from the application of any bulk sales legislation in any Canadian province or territory.

Sealing Order

10. Counsel to Willow Rush having complied with Practice Directive #3, the Confidential Supplementary Affidavit of Jaimey Midtdal sworn December 6, 2017, the Affidavit of Peter Lawrek sworn December 6, 2017, and the Affidavit of Samantha Lawrek sworn December 6, 2017, all filed in relation to this matter, shall be kept sealed and confidential and shall not form part of the public record, but rather shall be placed, kept separate and apart from all other contents of the Court file, in sealed envelopes each of which shall bear a notice which sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further order of the Court.

General

11. Any interested person (including, without limitation, Willow Rush, the Purchaser and the Monitor) may apply to this Honourable Court for advice or directions in regard to the execution of this Order or any matter arising out of or necessarily incidental to this Order.

12. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist Willow Rush, the Monitor, the Purchaser and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested:
- a) to make such orders and to provide such assistance to Willow Rush, the Monitor (as an officer of this Court) and the Purchaser as may be necessary or desirable to give effect to this Order;
 - b) to grant representative status to the Monitor in any foreign proceeding; and
 - c) to assist Willow Rush, the Monitor, the Purchaser and their respective agents in carrying out the terms of this Order.

ISSUED at Saskatoon, Saskatchewan, this 27th day of December, 2017.

V. GROFF
DEPUTY LOCAL REGISTRAR

(Deputy) Local Registrar

CONTACT INFORMATION AND ADDRESS FOR SERVICE:

Name of the firm: MLT Aikins LLP
Lawyer in charge of file : Jeffrey M. Lee Q.C. / Paul Olfert
Address of firm: 1500, 410 22nd Street E, Saskatoon SK S7K 5T6
Telephone number: 306.975.7100
Fax number: 306.975.7145
Email address: JMLee@mltakins.com / POlfert@mltakins.com

SCHEDULE "A" – PERMITTED ENCUMBRANCES

1. CNV Easement in favour of Enbridge Pipelines Inc., registered June 6 1950 as Interest Register #100929797.
2. CNV Easement in favour of Saskatchewan Power Corporation, registered November 22, 1957 as Interest Register #101172293.
3. CNV Easement in favour of Transgas Limited, registered April 19, 1963 as Interest Register #101235361.
4. CNV Easement in favour of Saskatchewan Power Corporation, registered January 28, 1975 as Interest Register #101209812.
5. CNV Easement in favour of Transgas Limited, registered June 12, 1992 as Interest Register #101172305.
6. CNV Caveat in favour of Emerald Park Golf and Country Club Ltd., registered March 30, 1993 as Interest Register #101235372.
7. CNV Common Law Easement in favour of The Current Dominant Tenement, registered May 30, 1997 as Interest Register #101235394.
8. CNV Common Law Easement in favour of The Current Dominant Tenement, registered January 22, 1999 as Interest Register #101235406.
9. Miscellaneous Interest in favour of the Rural Municipality of Edenwold No. 158, registered December 9, 2011 as Interest Register #117945995.

SCHEDULE "B" – CLOSING CERTIFICATE

TO: 102035126 SASKATCHEWAN LTD. (the "Purchaser"), c/o Pedersen Law Professional Corporation, 200-2161 Scarth Street, Regina SK S4P 2H8, Attention: Yens Pedersen

AND TO: WILLOW RUSH DEVELOPMENT CORP. ("Willow Rush"), c/o: MLT Aikins LLP, 1500 – 410 22nd Street East, Saskatoon SK S7K 5T6, Attention: Jeffrey M. Lee, Q.C. and Paul Olfert

TAKE NOTICE THAT, pursuant to paragraph 5 of the Order of the Honourable Mr. Justice N.G. Gabrielson dated December 20, 2017 (the "Order"), Deloitte Restructuring Inc., the Monitor of Willow Rush appointed pursuant to the Initial Order pronounced in these proceedings under the *Companies' Creditors Arrangement Act* on December 20, 2017 by the Honourable Mr. Justice N.G. Gabrielson, hereby confirms that the sale by Willow Rush to the Purchaser of the Willow Rush Lands as more particularly described in paragraph 2 of the Order has closed to the satisfaction of the Monitor and pursuant to the terms of the Order effective as of the date of filing of this Closing Certificate.

DATED this ___ day of _____, 20__.

DELOITTE RESTRUCTURING INC.
in its capacity as Monitor of
WILLOW RUSH DEVELOPMENT CORP,
and not in its personal capacity

Per: _____

Exhibit E – Pre-Filing Report of the Proposed Monitor

**IN THE COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
JUDICIAL CENTRE OF SASKATOON**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF
COPPER SANDS LAND CORP., WILLOW RUSH DEVELOPMENT CORP., PRAIRIE
COUNTRY HOMES LTD., MIDTDAL DEVELOPMENTS & INVESTMENTS CORP.,
JL DEVELOPMENTS & INVESTMENTS CORP., AND MDI UTILITY CORP.**

APPLICANTS

**PRE-FILING REPORT OF THE PROPOSED MONITOR
DELOITTE RESTRUCTURING INC.**

November 10, 2017

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EXHIBITS

Exhibit A – Organizational Chart of the Applicants	
Exhibit B – JJL Developments & Investment Corp. Financial Statements for 2016	
Exhibit C – Midtdal Developments & Investment Corp. Financial Statements for 2015 and 2016	
Exhibit D – Copper Sands Land Corp. Financial Statements for 2015 and 2016	
Exhibit E – Willow Rush Development Corp. Financial Statements for 2015 and 2016	
Exhibit F – Proposed Monitor’s Report on the 13-Week Cash Flow Forecast	
Exhibit G – Management’s Report on the 13-Week Cash Flow Statement	

INTRODUCTION

1. Deloitte Restructuring Inc. (“**Deloitte**”) has been advised that Copper Sands Land Corp. (“**CSLC**”), Willow Rush Development Corp. (“**Willow Rush**”), Midtdal Developments & Investments Corp. (“**MDI**”), Prairie Country Homes Ltd. (“**Prairie Country**”), JJJL Developments & Investments Corp. (“**JJJL**”), and MDI Utility Corp. (collectively the “**Companies**” or the “**Applicants**”) intend to file an application to the Court of Queen’s Bench For Saskatchewan (the “**Court**”) seeking certain relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Deloitte has been requested to act as the Monitor for the purposes of the CCAA proceedings by the Companies and has consented to being appointed as such (the “**Proposed Monitor**”).
2. This report (the “**Pre-Filing Report**”) has been prepared by the Proposed Monitor to assist the Court in considering the requests for relief that are to be made by the Applicants and to provide the Court with information concerning the following:
 - a. The Proposed Monitor’s prior relationship with the Applicants;
 - b. Deloitte’s qualifications to act as Monitor;
 - c. Business, financial affairs, and financial results of the Applicants;
 - d. Companies’ creditors;
 - e. History of actions taken and alternatives considered by the Applicants to resolve their financial challenges;
 - f. Cash management system;
 - g. Applicants’ 13-week cash flow forecast;
 - h. Debtor in possession financing;
 - i. Authorizations and charges in the draft Initial Order; and
 - j. The Proposed Monitor’s conclusions.

TERMS OF REFERENCE

3. In preparing this Pre-Filing Report, the Proposed Monitor has relied upon unaudited interim and annual financial information, the Applicants' books and records, the Affidavit of Jaimey Midtdal ("**Ms. Midtdal**") dated November 9, 2017 (the "**Midtdal Affidavit**"), and discussions with management ("**Management**") and their financial and legal advisors.
4. The financial information of the Companies has not been audited, reviewed or otherwise verified by the Proposed Monitor as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this Pre-Filing Report may not disclose all significant matters about the Companies. Additionally, none of the Proposed Monitor's procedures were intended to disclose defalcations or other irregularities. If the Proposed Monitor were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Proposed Monitor's attention. Accordingly, the Proposed Monitor does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Proposed Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this Pre-Filing Report.
5. An examination of the financial forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information referred to or relied upon in this Pre-Filing Report is based on Management's assumptions regarding future events and conditions that are not ascertainable. Accordingly, actual results achieved will vary from this information, and the variations may be material. The future orientated financial information has been prepared solely for the purpose of reflecting Management's best estimate of the cash flow of the Applicants in their CCAA proceedings, and readers are cautioned that such information may not be appropriate for other purposes.

6. The Proposed Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this Pre-Filing Report. Any use that any party makes of this Pre-Filing Report, or any reliance on or decisions to be made based on it is the responsibility of such party.
7. Unless otherwise stated, all monetary amounts contained in this Pre-Filing Report are expressed in Canadian dollars.
8. Capitalized terms not otherwise defined in this Pre-Filing Report are as defined in the Midtdal Affidavit or in the application filed by the Applicants.

PROPOSED MONITOR'S PRIOR RELATIONSHIP WITH THE APPLICANTS

9. Deloitte has no prior relationship with the Applicants. Deloitte was retained by the Applicants on November 1, 2017 to assist with the Companies' restructuring efforts and assess available options. Since being retained, the Proposed Monitor has been reviewing both current and historical financial information of the Applicants, gaining an understanding of the operating activities and financial affairs of the Applicants, and preparing for the anticipated CCAA application by the Applicants.

DELOITTE'S QUALIFICATIONS TO ACT AS MONITOR

10. Deloitte is a Licensed Insolvency Trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (the "**BIA**"). Neither Deloitte nor any of its representatives or affiliates have been at any time in the two (2) preceding years the auditor, a director, officer, or employee of the Applicants or otherwise related to the Applicants or to any director or officer of the Applicants or a trustee (or related to any such trustee) under a trust indenture issued by the Applicants or any person related to the Applicants.
11. Deloitte is related to Deloitte LLP. Deloitte LLP is an independent international professional services firm providing among other things, bankruptcy, insolvency, and restructuring services. The senior Deloitte professional personnel with carriage of this matter include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants, Chartered Insolvency and Restructuring Professionals, and

Licensed Insolvency Trustees (Canada), each of whom have previously acted in matters of a similar nature and scale in Canada.

12. Deloitte has consented to act as Monitor should this Court grant the Applicants' request for an Initial Order in the CCAA proceedings.

BUSINESS, FINANCIAL AFFAIRS, AND FINANCIAL RESULTS OF THE APPLICANTS

13. The Proposed Monitor has been advised by the Applicants that each of CSLC, Willow Rush, MDI, Prairie Country, JJL, and MDI Utility Corp. are private corporations with operations located exclusively in the Province of Saskatchewan. An organizational chart depicting the relationships among the Applicants is attached hereto as Exhibit A.

Background to JJL

14. JJL was incorporated in November 2013 pursuant to the laws of Saskatchewan, with its registered office located in Regina, Saskatchewan. JJL was incorporated by the principal of the Applicants, Ms. Midtdal, as a development and investment company, and JJL is a wholly owned subsidiary of JJL Capital Corp., a holding company not party to these proceedings.
15. Management advised that JJL does not carry on any business activities, and the only asset of the company is its 100% ownership of MDI. JJL has no employees and no liabilities, and is only included in these proceedings as the company has guaranteed the indebtedness of its subsidiary companies, MDI, CSLC, and Willow Rush (further detailed below).
16. The table below sets out selected consolidated financial information for JJL for the period indicated:

JJL Developments & Investments Corp.
Balance Sheet
as at December 31, 2016

Assets			
Investments			
MDI	4,820,592		
CSLC	8,121,094		
Willow Rush	5,200,000	\$	18,141,686
Total Assets		\$	18,141,686
Liabilities			
MDI	1,034		
CSLC	7,517,125		
Willow Rush	4,304,958	\$	11,823,117
Shareholders' Equity			
MDI	4,819,558		
CSLC	603,969		
Willow Rush	895,042	\$	6,318,569
Total Liabilities and Shareholder's Equity		\$	18,141,686

17. Attached hereto as Exhibit B are the financial statements for JJL for fiscal 2016.

Background to MDI

18. MDI was incorporated in September 2012 pursuant to the laws of Saskatchewan, with its registered office located in Regina, Saskatchewan. MDI was incorporated by Ms. Midtdal as a development and investment company and is a wholly owned subsidiary of JJL.
19. Management advised that MDI does not carry on any business activities and has no employees. MDI's primary assets consist of its 100% ownership of CSLC, Willow Rush, and Prairie Country, related party receivables, and certain equipment used in the operations of CSLC.
20. The table below sets out selected consolidated financial information for MDI for the period indicated:

Middal Developments & Investments Corp.
Balance Sheet
as at December 31, 2016

Assets		
Investments		
CSLC	1,000	
Willow Rush	1,000	\$ 2,000
Due From Related Parties		
Willow Rush	3,862,992	
SHE Lingerie	359,617	
CSLC	(718,658)	
Prairie Country	(410,000)	
Shareholder Loan	196,544	3,290,495
Property Plant & Equipment		
Ready to Move Homes	410,000	
Equipment	1,118,097	1,528,097
Total Assets		\$ 4,820,592
Liabilities		
Bank Indebtedness and Accounts Payable		\$ 1,034
Shareholders' Equity		4,819,558
Total Liabilities and Shareholder's Equity		\$ 4,820,592

21. MDI's financial statements include three (3) ready to move homes ("RTMs") within property, plant, and equipment. Based on discussions with Management, the RTMs are assets of Prairie Country (further discussed below) but as Prairie Country has not operated for the last two (2) years, and Prairie Country is a wholly owned subsidiary of MDI, the assets and liabilities of Prairie Country have been consolidated with MDI for financial reporting purposes.
22. Attached hereto as Exhibit C are the financial statements for MDI for fiscal years 2015 and 2016. Management advised that all of MDI's operating expenses recorded in fiscal 2016 (approximately \$554,000) relate to expenses paid on behalf of CSLC and Willow Rush, two wholly owned subsidiaries of MDI. Management further advised that MDI has not incurred any expenses or realized any income in fiscal 2017.
23. MDI is included in these proceedings because it has guaranteed the indebtedness of its subsidiary companies, CSLC and Willow Rush (further detailed below).

Background to Prairie Country

24. Prairie Country was incorporated in September 2013 pursuant to the laws of Saskatchewan, with its registered office located in Regina, Saskatchewan. Prairie Country was incorporated by Ms. Midtdal as a manufacturer and reseller of RTM homes and is a wholly owned subsidiary of MDI.
25. Management has advised that Prairie Country has been inactive since 2015, and has therefore not generated any recent financial statements. The residual assets of Prairie Country include the previously discussed three (3) RTMs recorded on the financial statements of MDI, which are presently stored in Kerrobert, Saskatchewan. Management further advised that the RTMs are subject to a general security agreement in favour of Industrial Properties Regina Limited (“**IPRL**”).

Background to CSLC

26. CSLC was incorporated in September 2013 pursuant to the laws of Saskatchewan, with its registered office located in Regina, Saskatchewan. CSLC was incorporated by Ms. Midtdal as a real estate and land development company and is a wholly owned subsidiary of MDI.
27. Management advised that the primary asset held by CSLC is approximately 80 acres of land (the “**Copper Sands Property**”) in the Rural Municipality of Edenwold No. 158 (the “**RM of Edenwold**”). As detailed in the Midtdal Affidavit, the Copper Sands Property is segregated into two parcels:
 - a. LSD 4 Surface Parcel 111653591 25-17-18-W2 Extension 37 (“**LSD 4**”)
 - i. An approximate 40 acre parcel of land zoned AR – Agriculture containing two lagoons and the MDI Utility Corp. water treatment facility (further detailed below).
 - b. LSD 5 Surface Parcel 111653603 25-17-18-W2 Extension 38 (“**LSD 5**”)

- i. An approximate 40 acre parcel of land, 20 acres of which houses the Copper Sands Mobile Home Park (the “**Mobile Home Park**”), and 20 acres of adjacent vacant land.
28. Management advised that the Copper Sands Property was purchased in January 2014 with the intent of expanding the existing Mobile Home Park by approximately 80 lots on LSD 5 (the “**Tanglewood Expansion**”), which would increase the affordable housing in the RM of Edenwold. Additionally, the Applicants planned on showcasing certain water and wastewater treatment technology to the Saskatchewan Government through development of an innovative water and wastewater treatment system (the “**Utility Facility**”) to be operated by MDI Utility Corp. on LSD 4.
29. The table below sets out selected consolidated financial information for CSLC for the period indicated:

**Copper Sands Land Corp.
Balance Sheet
as at December 31, 2016**

Assets			
Cash and Accounts Receivable		\$	21,780
Due From Related Parties			
MDI	915,390		
Willow Rush	501,186		
Shareholder Loan	<u>776,068</u>		2,192,644
Property Plant & Equipment			
Land	5,800,000		
Land Improvements	63,324		
Equipment	<u>43,346</u>		5,906,670
Total Assets			\$ 8,121,094
Liabilities			
Bank Indebtedness and Accounts Payable		\$	46,763
Long Term Debt			
Affinity Credit Union	4,170,362		
Industrial Properties Regina Limited	<u>3,300,000</u>	\$	7,470,362
Shareholders' Equity			603,969
Total Liabilities and Shareholder's Equity			\$ 8,121,094

30. Management advised that the Copper Sands Property is encumbered by the following registrations:

- a. First charge mortgage granted to Affinity Credit Union 2013 (“**Affinity**”) in the amount of approximately \$4.3 million advanced in June 2015 (the “**Affinity Loan**”);
 - b. Second charge mortgage granted to IPRL in the amount of approximately \$3.0 million advanced in June 2015 (the “**IPRL \$3,000,000 Loan**”); and
 - c. Third charge mortgage granted to 101297277 Saskatchewan Ltd. (“**7277**”) in the amount of approximately \$2.5 million advanced to MDI Utility Corp. (the “**7277 Loan**”) in February 2016. Although the 7277 Loan was advanced to MDI Utility Corp. and is not recorded in the CSLC financial statements, a term of the 7277 Loan granted 7277 the right to register a mortgage on the Copper Sands Property.
31. As detailed in the Midtdal Affidavit, the Affinity Loan matured on June 5, 2016 and was subsequently extended to June 5, 2017. CSLC requested a further extension of the Affinity Loan, but the request was rejected, and the Affinity Loan matured on July 5, 2017. Affinity demanded payment of the Affinity Loan on September 26, 2017 and issued a statement of claim on October 13, 2017 against CSLC, Willow Rush, MDI, JLL, and Ms. Midtdal.
 32. As detailed in the Midtdal Affidavit, the IPRL \$3,000,000 Loan was advanced in June 2015, and was subsequently renewed at the request of CSLC in June 2016. The Applicants and IPRL disagree on the maturity date of the IPRL \$3,000,000 Loan. As detailed in the Midtdal Affidavit, IPRL takes the position that the IPRL \$3,000,000 Loan matured on June 5, 2017, whereas the Applicants are of the view that it does not mature until December 5, 2017.
 33. As detailed in the Midtdal Affidavit, the 7277 Loan was advanced on January 27, 2016 to MDI Utility Corp. Management has advised that the 7277 Loan is not due until February 15, 2018.
 33. Attached hereto as Exhibit D are the financial statements for CSLC for fiscal years 2015 and 2016. CSLC’s sole source of revenue is from the 79 lessors who occupy the Mobile Home Park, and annual rents approximate \$500,000. CSLC has been operating in a loss

position over the past two (2) years primarily due to its debt service obligations. CSLC has two (2) employees which are engaged in the day-to-day management and maintenance of the Mobile Home Park, and these are the only employees of the Applicants.

Background to Willow Rush

- 34. Willow Rush was incorporated in September 2013 pursuant to the laws of Saskatchewan, with its head office located in Regina, Saskatchewan. Willow Rush was incorporated by Ms. Midtdal as a real estate and land development company and is a wholly owned subsidiary of MDI.
- 35. Management has advised that the primary asset held by Willow Rush is approximately 13.9 acres of vacant land, legally described as Surface Parcel 202848880 Blk/Par BB Plan No 102138342 Extension 0 (the “**Willow Rush Lands**”). The Willow Rush Lands are zoned Com1 - Commercial Contract and are located in the RM of Edenwold in Emerald Park, Saskatchewan. The Willow Rush Lands were purchased in September 2013 for approximately \$3.8 million.
- 36. Management has advised that Willow Rush does not carry on any business activities and has no employees.
- 37. The table below sets out selected consolidated financial information for Willow Rush for the period indicated:

Willow Rush Development Corp.	
Balance Sheet	
as at December 31, 2016	
Assets	
Land	\$ 5,200,000
Total Assets	\$ 5,200,000
Liabilities	
Due To MDI	\$ 4,304,958
Shareholders' Equity	895,042
Total Liabilities and Shareholder's Equity	\$ 5,200,000

38. Willow Rush is included in these proceedings because it has guaranteed the Affinity Loan and has granted Affinity a first charge mortgage on the Willow Rush Lands. As previously discussed, Affinity issued a demand in connection with the guarantee to Willow Rush on September 26, 2017.
39. Willow Rush has also granted IPRL a second charge mortgage on the Willow Rush Lands in connection with the IPRL \$3,000,000 Loan.
40. Attached hereto as Exhibit E are the financial statements for Willow Rush for fiscal years 2015 and 2016. The only expenses Willow Rush incurs, which are funded by CSLC and MDI, are interest on the outstanding debt obligations and municipal property taxes.

Background to MDI Utility Corp.

41. MDI Utility Corp. was incorporated in September 2015 pursuant to the laws of Saskatchewan, with its registered office located in Regina, Saskatchewan. MDI Utility Corp. was incorporated by Ms. Midtdal as a utility company and is a wholly owned subsidiary of JJL Capital Corp., a holding company not party to this CCAA application.
42. As detailed in the Midtdal Affidavit, MDI Utility Corp. leases a portion of LSD 4 from CSLC on which it is constructing the Utility Facility. To-date, construction of the Utility Facility has been funded by the 7277 Loan. As MDI Utility Corp. has no employees, the construction of the Utility Facility has been performed by third party contractors.
43. Management has advised that financial statements have not been prepared for MDI Utility Corp.

COMPANIES' CREDITORS

44. As detailed in the Midtdal Affidavit, the Companies transact with each other, and have also guaranteed certain of the third party debts of each other. The following table summarizes the secured debts owing by the Applicants to Affinity, IPRL, and 7277, in addition to the estimated unsecured liabilities of the Companies:

Estimated Debt of the Applicants

Secured		Security
Affinity Credit Union 2013	\$ 4,200,313	1st Mortgage - CSLC, Willow Rush Guarantee and postponement by Willow Rush, MDI, JLL, and Jaimey Midtdal
Industrial Properties Regina Limited	4,025,000	IPRL \$3,000,000 Loan - 2nd Mortgage - CSLC, Willow Rush - General security agreement from CSLC, MDI - Specific security agreement from CSLC, MDI - Promissory note from CSLC - Guarantee and postponement from Willow Rush, MDI, JLL, and Jaimey Midtdal - General assignment of leases and rents from CSLC IPRL \$410,000 Loan - Promissory note from MDI - General security agreement from Prairie Country IPRL \$250,000 Loan - General security agreement from Prairie Country IPRL \$80,000 Loan - Unsecured
101297277 Saskatchewan Ltd.	2,500,000	1st - MDI Utility Corp. 3rd Mortgage - CSLC Guarantee and postponement from MDI Utility Corp Guarantee of CSLC
Total Secured Debt	\$ 10,725,313	
Unsecured	1,821,165	
Total Estimated Debt	\$ 12,546,478	

45. As previously discussed, the Affinity Loan matured on July 5, 2017. On September 26, 2017, Affinity demanded repayment of the Affinity Loan from CSLC and all of the guarantors. On October 13, 2017, Affinity filed a statement of claim against CSLC, Willow Rush, MDI, JLL, and Ms. Midtdal.
46. Collectively the applicants are indebted to IPRL in the approximate amount of \$4.0 million (inclusive of the unsecured IPRL \$80,000 Loan) (the “**IPRL Loans**”). As detailed above, the Applicants believe that the majority of the IPRL Loans (i.e. the IPRL \$3,000,000 Loan plus accrued interest) are not due until December 5, 2017. However, despite the Applicants’ position, Management has advised that IPRL has demanded the IPRL Loans be paid in full.
47. As previously discussed, the Applicants have advised that the 7277 Loan is not due until February 15, 2018.

48. As detailed in the table above, the Applicants have advised that the unsecured debts of the Companies approximate \$1.8 million.
49. Given the demands by Affinity and IPRL, the Applicants lack the cash and liquid assets required to enable them to meet their obligations in the ordinary course and have become insolvent.

HISTORY OF ACTIONS TAKEN AND ALTERNATIVES CONSIDERED BY THE APPLICANTS TO RESOLVE THEIR FINANCIAL CHALLENGES

50. As detailed in the Midtdal Affidavit, there are a number of factors that have contributed to the current liquidity and insolvency crisis facing the Applicants including the following:
 - a. the Applicants have encountered an approximate two (2) year delay obtaining approval from the RM of Edenwold to undertake the Tanglewood Expansion. As detailed in the Midtdal Affidavit, the Applicants were initially denied their permit application, but successfully appealed the decision which resulted in the issuance of a development permit in June 2017. However, Management has advised that the RM of Edenwold is attempting to launch a further appeal of that decision;
 - b. the Applicants have encountered an approximate two (2) year delay in the construction and commissioning of the Utility Facility as a result of regulatory issues with the RM of Edenwold;
 - c. the decision by Affinity to refrain from renewing the Affinity Loan (which matured on July 5, 2017), primarily as a result of delays in construction and commissioning of the Utility Facility and delays in proceeding with the Tanglewood Expansion; and
 - d. the decision by IPRL to refuse to renew the IPRL \$3,000,000 Loan.
51. As detailed in the Midtdal Affidavit, in order to address the impending liquidity issues facing the Companies, the Applicants have been searching for potential sources of refinancing for the Affinity Loan for approximately seven (7) months. As further

detailed in the confidential report of the Proposed Monitor (the “**Confidential Report**”), in order to approach alternate lenders and provide evidence of the underlying value of the assets owned by the Companies, the Applicants commissioned appraisal reports on both the Copper Sands Property (dated June 2017) and the Willow Rush Lands (dated September 2017) (collectively the “**Appraisals**”). The Appraisals are attached as Exhibits A and B to the Confidential Report. As detailed in the Midtdal Affidavit, based on the Appraisals, the Applicants expect that there is significant equity in the Copper Sands Property and the Willow Rush Lands.

52. As detailed in the Midtdal Affidavit, the Applicants have recently obtained a commitment letter (the “**Commitment Letter**”) from a third party lender to advance to CSLC a loan for a three (3) year term in an amount sufficient to repay the Affinity Loan in its entirety, and provide additional capital to allow the Applicants to continue to develop the Utility Facility (the “**Proposed Refinancing**”). The Proposed Refinancing is detailed in the Confidential Report and the Commitment Letter is attached thereto as Exhibit C. As further detailed in the Midtdal Affidavit, the Applicants have provided Affinity with a copy of the Commitment Letter and are working to satisfy the terms and conditions therein as at the date of this Pre-Filing Report.
53. As detailed in the Midtdal Affidavit, in order to further address the impending liquidity crisis facing the Companies, the Applicants have been attempting to sell the Willow Rush Lands. As further detailed in the Midtdal Affidavit, the Applicants received an offer to purchase the Willow Rush Lands (the “**Willow Rush Offer**”) from a third party purchaser for a price which the Applicants believe is reasonable and competitive. The Willow Rush Offer is attached as Exhibit D to the Confidential Report and is more fully described therein.
54. As detailed in the Midtdal Affidavit, the Applicants require a stay of proceedings under the CCAA to provide them with time to close the Proposed Refinancing, to close the Willow Rush Offer, and to retire in full the indebtedness owing by the Applicants to Affinity and IPRL. As further detailed in the Midtdal Affidavit, if Affinity or IPRL were to proceed to enforce their respective security against the Copper Sands Property or the

Willow Rush Lands in the present circumstances, an erosion of the equity of the Applicants in these assets would result. Such an outcome would be detrimental to the Applicants and all of the stakeholders of the Applicants.

CASH MANAGEMENT SYSTEM

55. The Applicants maintain a centralized cash management system (the “**Cash Management System**”), which is used to manage cash for the Applicants. The Cash Management System is managed centrally from a regional office in Saanichton, British Columbia, by Ms. Midtdal.
56. The Proposed Monitor has been advised by Management that one (1) bank account is presently used for all Companies. A Bank of Montreal (“**BMO**”) operating account is used for all cash receipts and disbursements for the Applicants and is in the name of CSLC (the “**CSLC BMO Account**”). Ms. Midtdal and her assistant, who is not an employee of the Applicants, are the sole signing authorities on the account.
57. As JIL, MDI, Willow Rush, Prairie Country, and MDI Utility Corp. do not currently generate any cash from operations, these entities do not have bank accounts.
58. The Applicants intend to continue using the existing Cash Management System, and are seeking the approval of the Court to do so. The Proposed Monitor has no objection to continued use of the Cash Management System by the Applicants.
59. The Applicants have further advised that any debtor in possession financing that may be approved by the Court will be held in trust by their legal counsel, MLT Aikins LLP (“**MLT**”). Disbursements will be made therefrom by MLT at the request of the Applicants and after review by the Proposed Monitor. The Proposed Monitor has no objection to this proposed administration process.

APPLICANTS’ 13-WEEK CASH FLOW FORECAST

60. The Applicants prepared a 13-week cash flow forecast (the “**Cash Flow Statement**”) that estimates the financing requirements of the Applicants during the 13-week period, using assumptions as detailed in the notes and assumptions (the “**Notes and Assumptions**”)

appended to the Cash Flow Statement. A copy of the Proposed Monitor's Report on Debtor's Cash Flow Statement and the Cash Flow Statement is attached hereto as Exhibit F.

61. The Cash Flow Statement is for the 13-week period from November 20, 2017 to February 18, 2018 (the "**Cash Flow Period**").
62. The Cash Flow Statement shows the receipt of funds from ongoing monthly rental payments expected to be received from existing tenants at the Mobile Home Park as well as forecast receipts from MDI Utility Corp. once the Utility Facility is commissioned in December 2017. These receipts will be used to fund the Applicants' working capital requirements during the CCAA proceedings.
63. The Cash Flow Statement estimates that for the Cash Flow Period, the Applicants will have total receipts of approximately \$204,000 from rental payments and utility services and total disbursements of approximately \$1,253,000 for a net cash outflow of approximately \$1,049,000. Approximately \$797,000 of the forecast disbursements are related to commissioning of the Utility Facility. Management indicates that the net cash shortfall will be covered by a proposed DIP Facility discussed (and defined) later in this Pre-Filing Report.
64. As at November 20, 2017, the Applicants were forecasting a net cash shortfall of approximately \$75,000, which will need to be satisfied by the proposed DIP Facility.
65. Management's Report on the Cash Flow Statement is attached hereto as Exhibit G.
66. The Proposed Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures, and discussions related to information supplied to us by certain of the Management of the Applicants. Since the Notes and Assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. We have also reviewed the support provided by Management for the Notes and Assumptions, and the preparation and presentation of the Cash Flow Statement.

67. Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:
- i. The Notes and Assumptions are not consistent with the purposes of the Cash Flow Statement;
 - ii. As at the date of this Pre-Filing Report, the Notes and Assumptions developed by Management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow Statement, given the Notes and Assumptions; or
 - iii. The Cash Flow Statement does not reflect the Notes and Assumptions.

DEBTOR IN POSSESSION FINANCING

68. Based on the Cash Flow Statement, in order for the Applicants to continue to pursue a plan of arrangement, it will be necessary for the Applicants to obtain an interim financing facility within the CCAA proceeding (the “**DIP Facility**”).
69. As at the date of this Pre-Filing Report, the Applicants have secured a commitment from a lender (the “**DIP Lender**”) to advance the DIP Facility on terms which are acceptable to the Applicants. The DIP Facility agreement (the “**DIP Facility Agreement**”) is attached as Exhibit U to the Midtdal Affidavit and is summarized in the table below. Terms capitalized in the table have the meaning ascribed to them in the DIP Facility Agreement.

Summary of DIP Facility Agreement Terms	
Financing	<ul style="list-style-type: none"> • Senior secured super-priority facility in an amount of up to CDN \$1,250,000 by way of a single advance.
Borrowers	<ul style="list-style-type: none"> • Copper Sands Land Corp., Willow Rush Development Corp., MDI Utility Corp., Midtdal Developments & Investments Corp., JJL Developments & Investments Corp., and Prairie Country Homes Ltd.
Purpose of Financing	<ul style="list-style-type: none"> • Up to \$800,000 to complete the commissioning of a utility by MDI Utility Corp.; • \$337,500 for costs related to the CCAA proceedings; and • \$112,500 for ongoing operating costs of the Borrowers.
Term	<ul style="list-style-type: none"> • The entire DIP Facility plus interest is due in full May 31, 2018 subject to renewal on satisfactory terms.
Payment	<ul style="list-style-type: none"> • Interest only payments payable on the 1st of each month with the entire principal and interest due at maturity. • The Borrowers may repay any or all of the obligations under the DIP

	Facility at any time.
Significant Terms	<ul style="list-style-type: none"> • The Borrowers shall pay when due all statutory liens, trusts and other Crown claims, including employee source deductions, GST, PST, EHT, and WSIB premiums arising from and after the date of the Initial CCAA Order. • Other covenants which appear customary under the circumstances.
Interest and Fees	<ul style="list-style-type: none"> • 1.25% per month (15% per annum) on the daily balance outstanding. • \$30,000 facility fee being 2.4% of the approved DIP Facility. • \$15,000 fee if the DIP Facility is repaid prior to January 31, 2018.
Security	<ul style="list-style-type: none"> • First priority court ordered charge (the “Charge”) on all of the existing and after-acquired real and personal property, assets, and undertakings of the Borrowers.
DIP Charge	<ul style="list-style-type: none"> • DIP Charge to rank subordinate only to the Administration Charge. • DIP Charge in the amount of CDN \$1,250,000 to ensure repayment of the DIP Facility, and all interest, fees, expenses and other amounts payable by the Borrowers.

70. Management of the Applicants has advised the Proposed Monitor that it believes the Applicants can abide by all of the terms of the DIP Facility Agreement.
71. The Proposed Monitor notes that the costs of the DIP Facility fall within a range of costs that the Proposed Monitor has reviewed in other recent comparable DIP loans in other insolvency proceedings of a similar magnitude.
72. The Proposed Monitor notes that funding under the DIP Facility is required on an urgent basis. The quantum of the DIP Facility reflects the cash needs of the Applicants, taking into consideration the Applicants' immediate planned course of action.
73. The Proposed Monitor also notes that there are a number of terms and conditions of the DIP Facility that provide the DIP Lender with discretion and flexibility over the financing of the Applicants in these proceedings. It is expected that the DIP Facility will be administered in a manner that furthers the goals of these proceedings.
74. The DIP Facility is expected to provide sufficient funding to allow the Applicants to begin to reorganize their affairs in these proceedings, including the continuation of commissioning the Utility Facility. The Applicants and their advisors believe that a DIP Facility is the only realistic source of funding available, given the urgency of the proposed filing, and the minimal level of existing cash on hand. In the event that the Court approves a DIP Facility at the hearing scheduled for November 15, 2017, the first usage of the DIP Facility is forecast to occur during the week of November 20, 2017, in the amount of approximately \$75,000.

AUTHORIZATIONS AND CHARGES IN THE DRAFT INITIAL ORDER

75. The Proposed Monitor has reviewed the proposed initial CCAA order in these proceedings (the “**Initial Order**”) and provides comments on certain provisions below.

Cash Management System

76. As previously indicated, it is proposed that the Applicants shall be entitled to continue to utilize the existing Cash Management System.
77. In the Proposed Monitor’s view, the maintenance of the existing Cash Management System is important to ensure cash receipts continue to be received and that payments are made in accordance with the established terms to all stakeholder groups who are entitled to receive payments in the CCAA proceedings.

Proposed Court Ordered Charges over the Assets of the Applicants

Administration Charge

78. The Applicants’ proposed form of Initial Order provides for an administration charge (the “**Administration Charge**”) in an amount of \$150,000 in favour of the Monitor, the Monitor’s counsel, and counsel for the Applicants as security for professional fees and disbursements incurred before and after the making of the Initial Order in respect of these proceedings. The Administration Charge in the proposed amount has been established based on the respective professionals’ previous history and experience with similar restructurings. The Proposed Monitor believes that the Administration Charge is required and reasonable in the circumstances.
79. In addition, the Proposed Monitor is advised that the Applicants have given notice of the application for the Initial Order (and therefore the Administration Charge to be created thereunder), to all of the secured creditors who are likely to be affected by the Administration Charge, as required by section 11.52(1) of the CCAA.

DIP Lender's Charge

80. It is proposed that the Applicants be authorized to enter into a DIP Facility Agreement to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures. As security for the debtor in possession financing, it is proposed that the DIP Lender be granted a charge (the "**DIP Lender's Charge**") on the assets of the Applicants. The DIP Lender's Charge is not intended to secure an obligation that existed prior to the granting of the Initial Order.

Priority of Charges Created by the Initial Order

81. The proposed priorities of the charges to be created under the Initial Order are as follows:
- i. First – Administration Charge (to the maximum amount of \$150,000); and
 - ii. Second – DIP Lender's Charge (to the maximum amount of \$1,250,000).
82. The Proposed Monitor has reviewed the calculations and initial documentation that support the Administration Charge and the DIP Lender's Charge, and believes the amounts are reasonable in the circumstances.

PROPOSED MONITOR'S CONCLUSIONS

83. The Proposed Monitor concurs with the Applicants' view that they are insolvent and are facing near term liquidity issues which have created the need to undertake the restructuring as contemplated by these CCAA proceedings.
84. The Applicants remain in default of certain obligations under their debt facilities and they have ceased paying their current obligations in the ordinary course of business as they generally become due. These proceedings will afford the Applicants an opportunity to complete a restructuring in a manner that (i) maximizes value for the Applicants' various stakeholders and (ii) best protects the interests of the various stakeholders while the Applicants work to complete a restructuring.

85. The Proposed Monitor has concluded that a DIP Facility is required in order for the Applicants to continue to operate on an uninterrupted basis through the projected restructuring period.
86. The DIP Facility represents the necessary financing which will afford the Applicants the ability to operate as a going concern while pursuing the restructuring. The Proposed Monitor believes that, apart from the DIP Facility, there exists no reasonable prospect of obtaining similar interim financing in the circumstances.
87. Further to the Proposed Monitor's review of the proposed form of Initial Order, the Proposed Monitor also supports the Administration Charge and the DIP Lender's Charge being requested in the Applicants' draft Initial Order in the proposed amounts as being reasonable and required in the circumstances.
88. The Applicants are also seeking to continue to operate the Cash Management System in substantially the same manner as existed prior to the commencement of the CCAA proceedings should an Initial Order be granted, and the Proposed Monitor supports this request.
89. The Applicants are also seeking to have the Confidential Report of the Proposed Monitor sealed in the Court file to prevent publication of any confidential information included therein which could jeopardize the Applicants' restructuring efforts, and the Proposed Monitor supports this request.
90. The Proposed Monitor also supports:
 - a. the amounts and rankings of the Court ordered charges and the financial thresholds proposed in the draft Initial Order, namely:
 - i. First – Administration Charge (to the maximum of \$150,000); and
 - ii. Second – DIP Lender's Charge (to the maximum of \$1,250,000).

All of which is respectfully submitted at Saskatoon, Saskatchewan, this 10th day of November, 2017.

DELOITTE RESTRUCTURING INC.

In its capacity as Proposed Monitor of
Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments &
Investments Corp., Prairie Country Homes Ltd., JIL Developments & Investments Corp., and
MDI Utility Corp., and not in its personal capacity.



Per: Brent Warga, CA, CIRP, LIT
Senior Vice-President

Exhibit F – Notice to Creditors Sent December 22, 2017



360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204)942-0051
Fax: (204)947-2689
www.deloitte.ca

December 22, 2017

NOTICE TO CREDITORS

RE: IN THE MATTER OF AN ORDER UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT* OBTAINED BY COPPER SANDS LAND CORP., WILLOW RUSH DEVELOPMENT CORP., MIDTDAL DEVELOPMENTS & INVESTMENTS CORP., PRAIRIE COUNTRY HOMES LTD., JLL DEVELOPMENTS & INVESTMENTS CORP., AND MDI UTILITY CORP.

Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JLL Developments & Investments Corp., and MDI Utility Corp. (the “**Midtdal Companies**”) have obtained an Order of the Court of Queen’s Bench for Saskatchewan under the Companies’ Creditors Arrangement Act (the “**Order**”). A photocopy of the Order is posted on the following website: www.insolvencies.deloitte.ca/en-ca/coppersands.

You are being given notice of the Order as you are a creditor of one or more of the Midtdal Companies or the Order may affect your rights.

If you would like to receive notice of all further proceedings in relation to this matter, please complete the Demand for Notice attached to this Notice and send the Demand for Notice by electronic mail (email) or facsimile to each of the following persons:

1. The Midtdal Companies
c/o MLT Aikins LLP
Attention: Carmen Balzer
Email: cbalzer@mltaikins.com
Fax (306)975-7145
2. Deloitte Restructuring Inc.
c/o McDougall Gauley LLP
Attention: Ian Sutherland
Email: isutherland@mcdougallgauley.com
Fax: (306)652-1323

If you fail to properly complete the Demand for Notice and forward the Demand for Notice by email or facsimile to each of the above-referenced persons indicating that you request further notice of the proceedings, then you will not receive, nor will you be entitled to receive, any further notice of the proceedings.

December 22, 2017

Page 2

Yours truly,

DELOITTE RESTRUCTURING INC.

In its capacity as Monitor of

Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JLL Developments & Investments Corp., and MDI Utility Corp and not in its personal capacity.

A handwritten signature in blue ink that reads "B Warga".

Per: Brent Warga, CPA, CA, CIRP, LIT
Senior Vice-President

COURT FILE NUMBER Q.B. No. 1693 of 2017

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SASKATOON

APPLICANTS COPPER SANDS LAND CORP., WILLOW RUSH DEVELOPMENT CORP., MIDTDAL DEVELOPMENTS & INVESTMENTS CORP., PRAIRIE COUNTRY HOMES LTD., JLL DEVELOPMENTS & INVESTMENTS CORP., and MDI UTILITY CORP.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF COPPER SANDS LAND CORP., WILLOW RUSH DEVELOPMENT CORP., MIDTDAL DEVELOPMENTS & INVESTMENTS CORP., PRAIRIE COUNTRY HOMES LTD., JLL DEVELOPMENTS & INVESTMENTS CORP. and MDI UTILITY CORP.

DEMAND FOR NOTICE

TO:

- 1. Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JLL Developments & Investments Corp. and MDI Utility Corp. c/o MLT Aikins LLP Attention: Carmen Balzer Email: cbalzer@mltaikins.com Fax: (306)975-7145
2. Deloitte Restructuring Inc. c/o McDougall Gauley LLP Attention: Ian Sutherland Email: isutherland@mcdougallgauley.com Fax: (306)652-1323

I hereby request that notice of all further proceedings on this matter be served on me and hereby elect that service may be effected on me in the following manner: [Please select either (a) or (b), but not both.]

- (a) by email, at the following email address: _____, or
(b) by facsimile, at the following facsimile number: _____, or

Signature: _____
Name of Creditor: _____
Address of Creditor: _____
Phone Number: _____

Exhibit G – December 21, 2017 E-Mail of Diana Lee

Warga, Brent (CA - Winnipeg)

Subject: FW: Re Copper Sands Land Corp. et al. -- KT Matter No: 38681-0001

From: Diana Lee [mailto:dlee@ktllp.ca]

Sent: Thursday, December 21, 2017 4:14 PM

To: Paul Olfert <POlfert@mltaikins.com>; Wayne Pederson <wpederson@lelandlaw.ca>; Alexander Shalashniy <ashalashniy@ktllp.ca>; Ryan Pederson <rpederson@lelandlaw.ca>; Van Beselaere, Rick <rvanbeselaere@millertthomson.com>; Warga, Brent (CA - Winnipeg) <bwarga@deloitte.ca>; Ian Sutherland (isutherland@mcdougallgauley.com) (isutherland@mcdougallgauley.com) <isutherland@mcdougallgauley.com>

Cc: Jeff Lee <JMLee@mltaikins.com>; Warren Sproule <wsroule@ktllp.ca>; 'Dave Barber' <dave@iprl.ca>

Subject: RE: Re Copper Sands Land Corp. et al. -- KT Matter No: 38681-0001

We earlier advised that we are intending to apply for leave to appeal both the CCAA Order and the Vesting Order. We believe that Affinity and 7277 will also be applying. In light of that, kindly confirm that you will NOT be drawing down any DIP or Admin financing until the leave to appeal application is heard. We are anticipating that the leave application could be heard on January 10, 2018 which we think is the next Court of Appeal chambers date.

If your intention is to immediately act on the CCAA Order by drawing on DIP/Admin financing, please advise as we then intend to apply to the Court of Appeal for a stay. We will advise of your intention to draw on the DIP/Admin financing despite our request. That application could be heard next week, depending on availability of a Court of Appeal chambers judge.

Regards,

Diana Lee, Q.C.

Direct: 306.525.7232

dlee@ktllp.ca



1400-2500 Victoria Avenue | Regina, SK S4P 3X2

T: 306.525.7200 | F: 306.359.0590 | www.kanukathuringer.com

Exhibit H – December 22, 2017 MLT Letter

MLT Aikins LLP
1500 - 410 22nd Street East
Saskatoon, Saskatchewan S7K 5T6
T: (306) 975-7100
F: (306) 975-7145

Jeffrey M. Lee, Q.C.
Direct Line: (306) 975-7136
E-mail: JMLee@mltaikins.com

Carmen R. Balzer
Legal Assistant
Direct Line: (306) 956-6956
E-mail: CBalzer@mltaikins.com

December 22, 2017

VIA E-MAIL

Kanuka Thuringer LLP
1400-2500 Victoria Avenue
Regina, SK S4P 3X2
Attention: Diana Lee, Q.C. and Alexander Shalashniy

Dear Ms. Lee:

Re: Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JJJ Developments & Investments Corp. and MDI Utility Corp.

Interim Financing Pursuant to CCAA Initial Order

We write in response to your e-mail correspondence of December 21, 2017, in which you expressed an intention on behalf of Industrial Properties Regina Limited ("**IPRL**") to seek leave to appeal the Initial Order pursuant to the *Companies' Creditors Arrangement Act* granted by the Honourable Mr. Justice N.G. Gabrielson on December 20, 2017 (the "**Initial Order**") respecting Copper Sands Land Corp., Willow Rush Development Corp., Midtdal Developments & Investments Corp., Prairie Country Homes Ltd., JJJ Developments & Investments Corp. and MDI Utility Corp. ("**Copper Sands Group**").

You requested confirmation that Copper Sands Group would not seek to access the interim financing provided for in paragraphs 33 to 38A of the Initial Order (the "**Interim Financing**") pending IPRL's proposed application to the Saskatchewan Court of Appeal for leave to appeal the Initial Order. You also advised that IPRL is amenable to having its application for leave to appeal heard on Wednesday, January 10, 2018, a scheduled Court of Appeal Chambers date in Regina.

The position of Copper Sands Group in response to your request is as follows:

1. We are available to attend Court of Appeal Chambers in Regina on Wednesday, January 10, 2018.
2. Copper Sands Group will refrain from accessing the Interim Financing until January 5, 2018.

3. Provided that IPRL (and any other party intending to apply for leave to appeal the Initial Order) serves and files all materials in support of its application for leave to appeal (and any other relief sought in the Court of Appeal) on or before January 4, 2018, the Copper Sands Group will:
- a. serve and file all reply materials on or before Monday, January 8, 2017; and
 - b. refrain from accessing the Interim Financing until January 11, 2018.

Your e-mail correspondence of December 21 also made reference to "Admin charge monies" and "Admin financing" and asked for confirmation that these would not be "drawn down". With respect, the Initial Order does not contemplate any such "Admin charge monies" or "Admin financing". There is nothing on which to "draw down" in this regard.

We trust that this is satisfactory.

Yours truly,

MLT AIKINS LLP

Per:



Jeffrey M. Lee, Q.C.

cc: Copper Sands Group, Attention: Jaimey Midtdal
Leland Kimpinski LLP, Attention: Wayne Pederson and Ryan Pederson
Miller Thomson LLP, Attention: Rick Van Beselaere, Q.C.
McDougall Gauley LLP, Attention: Ian Sutherland
Deloitte Restructuring Inc., Attention: Brent Warga

Exhibit I – January 15, 2018 Fiat

Docket: CACV3176

Industrial Properties Regina Limited

Proposed Appellant
(Respondent)

and

*Copper Sands Corp., Willow Rush Development Corp.,
Midtdal Developments & Investments Corp., Prairie
Country Homes Ltd., JJJ Developments & Investments
Corp. and MDI Utility Corp.*

Proposed Respondents
(Applicants)

Docket: CACV3177

101297277 Saskatchewan Ltd.

Proposed Appellant
(Respondent)

and

*Copper Sands Corp., Willow Rush Development Corp.,
Midtdal Developments & Investments Corp., Prairie
Country Homes Ltd., JJJ Developments & Investments
Corp. and MDI Utility Corp.*

Proposed Respondents
(Applicants)

Docket: CACV3178

Affinity Credit Union 2013

Proposed Appellant
(Respondent)

and

*Copper Sands Corp., Willow Rush Development Corp.,
Midtdal Developments & Investments Corp., Prairie
Country Homes Ltd., JJJ Developments & Investments
Corp. and MDI Utility Corp.*

Proposed Respondents
(Applicants)

Before: Herauf J.A. (in Chambers)

Fiat

I. Background

[1] The proposed appellants are secured creditors of one or more of the proposed respondents. The proposed respondents consist of six corporations (Midtdal Companies), all of

which are owned and controlled by one individual. The Mittdal Companies employ two employees and currently operate one revenue generating business.

[2] Commencing November 15, 2017, the Mittdal Companies sought protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 [CCAA]. Each of the proposed appellants opposed the application from the outset.

[3] On December 20, 2017, the Mittdal Companies were granted an initial order and a sale approval and vesting order under the CCAA. The initial order includes the approval for debtor-in-possession financing (DIP financing) with super-priority over all other secured creditors, a stay of proceedings in respect of the Mittdal Companies, and a come-back clause. The vesting order was set to expire on January 12, 2018, if the proposed sale did not close. I have been advised that the contemplated sale closed on January 12, 2018.

[4] Pursuant to s. 13 of the CCAA, the proposed appellants seek leave from this Court to appeal the initial order and the vesting order.

II. Analysis

[5] In *Stomp Pork Farm Ltd., Re*, 2008 SKCA 73 para 15, 311 Sask R 186 [*Stomp Pork*], this Court articulated its general reluctance to intervene in CCAA matters, especially if the order contains a come-back clause. This reluctance stems from the fact that CCAA matters require a delicate balance of interests and involve business and legal decisions that are often made in a time-sensitive manner. Therefore, CCAA decisions are afforded a high level of deference.

[6] Although exercised sparingly, discretionary decisions under the CCAA are not immune from appellate review. The Court making a CCAA order must exercise its discretion judiciously. The Court must consider the relevant factors, give sufficient weight to relevant considerations, and reach a legally correct conclusion: *Stomp Pork* at para 27; *New Skeena Forest Products Inc., Re*, 2005 BCCA 192 at para 26, [2005] 8 WWR 224. If there is a wrongful exercise of discretion or if there is a fundamental question of the lower court's jurisdiction, an appellant court may intervene so long as it is convinced the test for leave is satisfied; *Stomp Pork* at para 26.

[7] Justice Jackson articulated the test for leave to appeal a CCAA decision in *Stomp Pork* at para 15. To be granted leave to appeal, the proposed appellants must satisfy the Court of the following four criteria:

- (a) The issue on appeal is of significance to the practice;
- (b) The issue raised is of significance to the action itself;
- (c) The appeal is *prima facie* meritorious or, on the other hand, it is not frivolous; and,
- (d) The appeal will not unduly hinder the progress of the action.

[8] The proposed notice of appeal lists ten grounds of appeal, which can be summarized as follows:

- (a) The initial order: grounds (a) and (b) are questions of law related to whether the initial order was appropriate in the circumstances given the evidence and the purpose of the *CCAA*.
- (b) The debt conversion: ground (c) is related to the interpretation of ss. 19–21 of the *CCAA* and the dismissal of the parties' debt conversion dispute due to the presence of the summary claims process.
- (c) The DIP Financing: grounds (d)–(g) are questions of law or mixed fact and law related to the ordering and scope of the DIP financing in the initial order.
- (d) The vesting order: grounds (h)–(i) are questions of law related to the appropriateness of the vesting order.
- (e) Findings of fact: grounds (j)(i)–(vii) allege seven errors of fact made by the Chambers judge.

[9] Applying the *Stomp Pork* test to the above noted grounds of appeal, I conclude it is appropriate to grant leave on the grounds dealing with the initial order, the debt conversion and the DIP financing. Due to the fact the sale closed as authorized by the vesting order on January 12, 2018, and the monies received benefit all parties, I am reluctant to intervene with the order. Therefore, I deny leave on the grounds relating to the vesting order for lack of importance and/or merit. Similarly, I deny leave on the ground relating to the timeframe for the DIP financing and on the alleged factual errors for lack of merit.

[10] I will note that, standing alone, the grounds relating to the summary claims process (ground (c)) and the super-priority charge against real property (ground (g)) may not have warranted granting leave to appeal, however, within the larger scope of the appeal, these grounds encompass sufficient importance and merit.

A. Significant Importance to the Practice

[11] The proposed grounds of appeal mentioned above have significant importance to the practice generally as they address the proper scope and application of the *CCAA*. The initial order has the potential to set a precedent that expands the scope of *CCAA* proceedings to small, non-complex corporations with minimal business activity. In addition, delineating the parameters for ordering DIP financing with a super-priority charge is of value to the practice.

B. Significant Importance to the Action

[12] It is undeniable the appeal is of significance to the action itself. The proposed appellants have opposed the *CCAA* application from the outset. The issues raised in this appeal will determine whether the proposed respondents are given *CCAA* protection and whether DIP

financing is available, both of which will significantly impact the priority position and remedial rights of the proposed appellants.

1. *Prima Facie Meritorious*

[13] I am satisfied the appeal is *prima facie* meritorious and is not frivolous. The issues raised are founded on the law and the evidence.

2. *Unduly Hinder the Process*

[14] The last criteria of the *Stomp Pork* test is whether the appeal will unduly hinder the progress of the action. I conclude it will not. There is no indication there is any urgent need to proceed with CCAA proceedings to preserve jobs, continue the *status quo* of the business operations, or to preserve the economic value of the Midtdal Companies. The expedited nature of this appeal will ensure minimal hindrance on the progress of the action.

[15] I disagree with the submissions of the proposed respondent that leave should be denied because the come-back clause provides a sufficient remedy for the proposed appellants to voice their concerns. Unlike other cases, this matter is at the very outset of the CCAA proceedings and the proposed appellants are challenging the basic validity of invoking CCAA protections in favor of the Midtdal Companies.

[16] In these circumstances, denying leave on the basis of the presence of the come-back clause would amount to placing the onus on the proposed appellants to convince the supervising judge that his initial decision to invoke the CCAA was in error. I conclude this would not be the proper process to meaningfully address the concerns raised by the proposed appellants. I find the following passage from *Royal Oak Mines Inc., Re* (1999), 6 CBR (4th) 314 (Ont SC), instructive in this regard:

[28] The comeback provisions are available to sort out issues as they arise during the course of the restructuring. However, they do not provide an answer to overreaching Initial Orders, in my view. There is an inherent disadvantage to a person having to rely on those provisions. By the time such a motion is brought the CCAA process has often taken on a momentum of its own, and even if no formal “onus” is placed on the affected person in such a position, there may well be a practical one if the relief sought goes against the established momentum. On major security issues, in particular, which arise at the Initial Order stage, the occasions where a creditor is required to rely upon the comeback clause should be minimized.

III. Conclusion

[17] Having regard for the discretionary nature of CCAA decisions, I conclude the proposed appellants have demonstrated the need for intervention by this Court and have shown that the issues enumerated in the grounds of the proposed notice of appeal are of significant importance to the parties and the practice, are *prima facie* meritorious and that granting leave will not unduly hinder the process.

[18] Accordingly, leave is granted on the following grounds:

- (a) The Chambers judge erred in law by concluding that the initial order was appropriate while disregarding the purpose of the *CCAA*;
- (b) The Chambers judge erred in law in providing no reasons to support the conclusion that the respondents met their onus to show that they have acted in good faith and with due diligence; or erred in mixed law and fact by concluding that the respondents met their onus to show that they have acted in good faith and with due diligence;
- (c) The Chambers judge erred in law by interpreting ss. 19–21 of the *CCAA* to mean that the summary claims process established under those provisions provides the Court with the jurisdiction to adjudicate significant contractual disputes such as the debt conversion issue within the summary claims process;
- (d) The Chambers judge erred in law by interpreting s. 11.2(1) of the *CCAA* to authorize the Court to order interim financing for future capital expenses, as opposed to operating expenses;
- (e) The Chambers judge erred in law by failing to consider one or more of the factors identified in s. 11.2(4) of the *CCAA* that must be considered by a court in deciding whether to make an order for interim financing; and
- (g) The Chambers judge erred in mixed fact and law by concluding that it was appropriate to order interim financing and a super-priority charge against the real property where most of the interim financing would be received by a party that has no contractual relationship with the secured creditors which hold the first and second-charge mortgages against the properties affected by the super-priority charge.

[19] The stay in relation to the initial order that was ordered in chambers on January 10, 2018, remains in effect until counsel has made submissions to the Court on the nature and effect of a stay pending the disposition of this appeal.

[20] I leave the determination of costs of this application to the panel hearing the appeal.

“Herauf J.A.”

Herauf J.A.

Counsel: Diana K. Lee, Q.C. and Alexander Shalashniy for Industrial Properties Regina Ltd.
Rick Van Beselaere, Q.C. for 101297277 Saskatchewan Ltd.
Wayne L. Pederson and Ryan A. Pederson for Affinity Credit Union
Jeffery M. Lee, Q.C and Paul Olfert for the Proposed Respondents
Brent Warga for Deloitte Restructuring Inc. (appeared by telephone)

Exhibit J – DIP Term Sheet



STAHOLI CONSTRUCTION CO. LTD.
9903 – 209 Street NW
Edmonton, Alberta T5T 5X9
PH. 780-447-3518

December 6, 2017

Copper Sands Land Corp
Midtdal Developments & Investments
Corp
Willow Rush Development Corp
MDI Utility Corp
JLJ Developments and Investments Corp
Prairie Country Homes Ltd
C/o MLT Aikens LLP
1500 Saskatoon Square
410 – 22nd Street East Saskatoon SK
S7K 5T6

Attention: Jeff Lee Q.C., Counsel for the Borrowers

Re: Term Sheet – Debtor in Possession Facility

You have advised us that Copper Sands Land Corp., Willow Rush Development and Corp, Midtdal Developments & Investments Corp, MDI Utility Corp. JLJ Developments and Investments Corp, and Prairie Country Homes Ltd (collectively, the “Borrowers”) will apply to the Court of Queen’s Bench for Saskatchewan, Judicial Centre of Saskatoon for an order under the *Companies’ Creditors Arrangement Act* (the “CCAA”).

You have further advised us that it is the Borrowers’ intention to remain in possession and control of their assets and business during the course of the CCAA proceedings.

Staheli Construction Co. Ltd. (the “Lender”) is pleased to offer its commitment to provide to the Borrowers with the financing (the “DIP Facility”) described herein during the CCAA proceeding, subject to the terms and conditions of this Commitment Letter. This Commitment supersedes and replaces all previous Commitments which are now null and void.

BORROWERS: Copper Sands Land Corp., Willow Rush Development Corp, Midtdal Developments & Investments Corp, MDI Utility Corp., JLJ Developments and Investments Corp, and Prairie Country Homes Ltd

PURPOSE OF FINANCING: CAD\$1,250,000, comprised of up to CAD\$800,000 DIP financing to complete commissioning of a utility by MDI Utility Corp and CAD\$337,50000 for costs relating to the CCAA proceedings and CAD\$112,500 in operating costs

PROPOSED FUNDING: In a single tranche in the principal amount of CAD\$1,250,000 to be drawn down by the Borrowers (in the sole and absolute discretion of the Borrowers under the supervision of the CCAA Court and the Monitor). In the event the full \$1,250,000 is not drawn down by December 15, 2017 this commitment will become null and

void.

- INTEREST:** 1.25% per month (15% per annum) calculated on the daily principal balance outstanding under the DIP Facility.
- TERM:** The entire DIP Facility plus interest is due in full May 31, 2018, subject to renewal on mutually-satisfactory terms.
- PAYMENT:** Interest only payments payable on the 1st of each month with the entire principal and interest due at maturity. The Borrowers may repay any or all of their obligations under the DIP Facility (including principal, interest, costs and any other amounts) at any time.
- FACILITY FEE:** \$37,500 which amount shall be deemed earned by acceptance of this commitment and shall be deducted from the drawdown of the DIP Facility. In the event this DIP financing is repaid prior to January 31, 2018 an additional fee of \$10,000 shall be paid by the Borrowers.

DOCUMENTATION AND SECURITY:

The Borrowers shall provide or cause to be provided, the security and agreements listed below, in form and substance satisfactory to the Lender, including, but not limited to:

1. DIP Financing Agreement, evidencing a perfected first priority court ordered charge (the “**Charge**”) on all of the existing and after-acquired real and personal property, assets, and undertakings of the Borrowers,
2. Such further security and other documentation that the Lender and its solicitor may reasonably require.

ASSIGNMENTS:

The Lender may assign or transfer or grant participations in its rights or obligations in whole or in part at any time without notice to or consent of the Borrowers.

ONGOING COVENANTS:

The Borrowers shall pay when due all statutory liens, trust and other Crown claims including employee source deductions, GST, PST, EHT, WEPPA and WSIB premiums arising from and after the date of the initial CCAA Order.

CONDITIONS:

Availability of the DIP Facility is conditional upon, but not limited to:

1. Acceptance by the Borrowers of this Term Sheet;
2. The Borrowers obtaining an Order in form and content satisfactory to the Lender and Lender’s Counsel, authorizing the borrowing under the DIP Facility;
3. An Order granting the Charge in favour of the Lender as security for repayment of the DIP Facility, and all interest, fees, expenses and other amounts payable by the

- Borrowers;
4. Delivery and registration of the security in a form acceptable to the Lender;
 5. The Borrowers having paid statutory liens, trust and other Crown Claims including arising from and after the date of the initial CCAA order.
 6. Borrowers to provide monthly reporting to the Lender;
 7. Borrower to provide evidence of satisfactory insurance
- Note:** When the pending Willow Rush land sells for \$4,200,000 it is acknowledged that the sale proceeds can be applied to the Affinity Credit Union debt.

ACCEPTANCE:

This Term Sheet must be accepted by the Borrowers by 5:00pm December 8, 2017 failing which this commitment shall be null and void.

Costs:

The costs of all appraisals and environmental reports, the legal costs of the Lender, cost consultant and insurance consultant and all other out-of-pocket costs and expenses incurred in the approval and making of the DIP Facility and the preparation, execution, delivery, registration and discharge of the security or in the collection of any amount owing under the terms of the DIP Facility shall be for the account of the Borrowers and may be debited to advances to be made under the terms of the DIP Facility. Until paid, all such costs and expenses shall bear interest at the rate described under the Interest Rate section of this Agreement.

Yours truly,

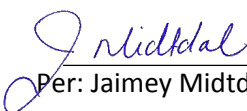
Staheli Construction Co. Ltd.

Per: _____


Glen Staheli, President

On behalf of The Borrowers Copper Sands Lands Corp, Willow Rush Development Corp, Midtdal Developments & Investments Corp, MDI Utility Corp, JJL Developments & Investments Corp and. Prairie Country Homes Ltd

I agree with the terms and conditions as stated above:


Per: Jaimey Midtdal

Dated this 7 day of December, 2017

Exhibit K – Actual vs. Forecast Cash Flows – November 20, 2017 to January 14, 2018

COPPER SANDS LAND CORP. ("CSLC")
WILLOW RUSH LAND CORP. ("Willow Rush")
MDI UTILITY CORP.
JLL DEVELOPMENTS AND INVESTMENTS CORP. ("JLL")
MIDTAL DEVELOPMENTS AND INVESTMENTS CORP. ("MDI")
PRAIRIE COUNTRY HOMES LTD. ("PRAIRIE COUNTRY")
(Collectively the "COMPANIES")

Forecast to Actual Results for the 8-weeks ended
January 14, 2018

	Notes	Forecast Week 1 20-Nov-17 26-Nov-17	Actual Week 1 20-Nov-17 26-Nov-17	Forecast Week 2 27-Nov-17 3-Dec-17	Actual Week 2 27-Nov-17 3-Dec-17	Forecast Week 3 4-Dec-17 10-Dec-17	Actual Week 3 4-Dec-17 10-Dec-17	Forecast Week 4 11-Dec-17 17-Dec-17	Actual Week 4 11-Dec-17 17-Dec-17	Forecast Week 5 18-Dec-17 24-Dec-17	Actual Week 5 18-Dec-17 24-Dec-17	Forecast Week 6 25-Dec-17 31-Dec-17	Actual Week 6 25-Dec-17 31-Dec-17
Receipts													
CSLC monthly rent (existing CSLC tenants)	1	\$ -	\$ 2,225	\$ 41,475	\$ 23,250	\$ -	\$ 7,895	\$ -	\$ 2,100	\$ -	\$ 1,575	\$ -	\$ -
CSLC monthly rent (Tanglewood expansion)	2	-	-	-	-	-	-	-	-	-	-	-	-
MDI Utility Corp. waste removal services	3	-	-	-	-	-	-	-	-	-	-	-	-
MDI Utility Corp. services agreement	4	-	-	-	-	-	-	-	-	-	-	-	-
Other (shareholder injections)		-	-	-	-	-	-	-	-	-	1,840	-	-
Total Receipts		-	2,225	41,475	23,250	-	7,895	-	2,100	-	3,415	-	-
Disbursements													
CSLC Operating Costs													
Bank Fees		-	2	-	108	-	-	-	10	-	22	-	-
Park operator license	5	-	-	8	-	-	-	-	-	-	-	-	-
Commercial insurance	5	-	-	195	-	-	-	-	-	-	-	-	485
Consulting costs	6	-	-	7,500	9,400	-	-	7,500	-	-	-	7,500	-
Land taxes	5	-	-	317	-	-	-	-	-	-	-	-	-
Street repair / road maintenance	7	-	-	447	-	-	1,520	-	-	-	-	-	-
Water tests	7	-	-	46	-	-	-	-	273	-	-	-	-
SaskPower / SaskEnergy	8	-	-	859	1,902	-	-	-	1,000	-	-	-	-
Vehicle expenses	9	-	-	500	-	-	-	-	-	-	-	-	-
Wages	10	-	629	4,167	1,395	-	1,829	-	1,829	-	1,108	-	-
Source deduction remittance		-	-	-	-	-	2,000	-	-	-	-	-	-
Waste disposal	5	-	-	1,455	1,000	-	-	-	-	-	-	-	-
WSA permit	11	-	-	50	-	-	-	-	-	-	-	-	-
Repairs and maintenance		-	300	-	1,048	-	-	-	470	-	1,776	-	1,807
Travel costs		-	-	-	-	-	1,480	-	616	-	-	-	-
Contingency	12	-	294	5,000	103	-	681	5,000	174	-	-	5,000	-
Subtotal		-	1,225	20,544	14,955	-	7,510	12,500	4,372	-	2,906	12,500	2,292
MDI Utility Corp. Development Costs													
Potable Water System	13	-	-	50,667	-	-	-	-	-	50,667	-	-	-
Waste Water System	13	-	-	215,000	-	-	-	-	-	215,000	-	-	-
Subtotal		-	-	265,667	-	-	-	-	-	265,667	-	-	-
MDI Utility Corp. Operating Costs													
Maintenance	14	-	-	-	-	-	-	-	-	-	-	-	-
Labor	15	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	16	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-
Subtotal		-	-	-	-	-	-	-	-	-	-	-	-
Financing Costs and Professional Fees													
Debtor in possession (DIP) Costs	17	-	-	17,500	-	-	-	-	-	-	-	-	-
Professional fees	18	75,000	-	60,000	4,000	-	1,000	60,000	-	-	-	25,000	-
Subtotal		75,000	-	77,500	4,000	-	1,000	60,000	-	-	-	25,000	-
Total Disbursements		75,000	1,225	363,710	18,955	-	8,510	72,500	4,372	265,667	2,906	37,500	2,292
Net Cash Flows		(75,000)	1,000	(322,235)	4,295	-	(615)	(72,500)	(2,272)	(265,667)	509	(37,500)	(2,292)
Opening Cash (Balance per Bank)	19	-	78	(75,000)	1,078	(397,235)	5,372	(397,235)	4,757	(469,735)	2,485	(735,402)	2,994
Net Cash Flows		(75,000)	1,000	(322,235)	4,295	-	(615)	(72,500)	(2,272)	(265,667)	509	(37,500)	(2,292)
Closing Cash (Indebtedness)		\$ (75,000)	\$ 1,078	\$ (397,235)	\$ 5,372	\$ (397,235)	\$ 4,757	\$ (469,735)	\$ 2,485	\$ (735,402)	\$ 2,994	\$ (772,902)	\$ 701

COPPER SANDS LAND CORP. ("CSLC")
WILLOW RUSH LAND CORP. ("Willow Rush")
MDI UTILITY CORP.
JLL DEVELOPMENTS AND INVESTMENTS CORP. ("JLL")
MIDTAL DEVELOPMENTS AND INVESTMENTS CORP. ("MDI")
PRAIRIE COUNTRY HOMES LTD. ("PRAIRIE COUNTRY")
(Collectively the "COMPANIES")

Forecast to Actual Results for the 8-weeks ended
January 14, 2018

	Forecast Week 7 1-Jan-18 7-Jan-18	Actual Week 7 1-Jan-18 7-Jan-18	Forecast Week 8 8-Jan-18 14-Jan-18	Actual Week 8 8-Jan-18 14-Jan-18	Forecast Week 1 - 8 Cumulative Totals	Actual Week 1 - 8 Cumulative Totals	Variance
Receipts							
CSLC monthly rent (existing CSLC tenants)	\$ 31,600	\$ 41,415	\$ -	\$ -	\$ 73,075	\$ 78,460	\$ 5,385
CSLC monthly rent (Tanglewood expansion)	-	-	-	-	-	-	-
MDI Utility Corp. waste removal services	21,725	-	-	-	21,725	-	(21,725)
MDI Utility Corp. services agreement	-	-	-	-	-	-	-
Other (shareholder injections)	-	-	-	-	-	1,840	1,840
Total Receipts	53,325	41,415	-	-	94,800	80,300	(14,500)
Disbursements							
CSLC Operating Costs							
Bank Fees	-	45	-	-	-	186	186
Park operator license	8	-	-	-	17	-	(17)
Commercial insurance	195	-	-	-	391	485	95
Consulting costs	-	10,500	7,500	-	30,000	19,900	(10,100)
Land taxes	317	-	-	-	633	-	(633)
Street repair / road maintenance	447	-	-	-	894	1,520	626
Water tests	46	-	-	-	91	273	182
SaskPower / SaskEnergy	859	-	-	-	1,718	2,902	1,183
Vehicle expenses	500	-	-	224	1,000	224	(776)
Wages	4,167	2,894	-	-	8,333	9,686	1,353
Source deduction remittance	-	-	-	-	-	2,000	2,000
Waste disposal	1,455	-	-	-	2,910	1,000	(1,910)
WSA permit	50	-	-	-	100	-	(100)
Repairs and maintenance	-	900	-	395	-	6,696	6,696
Travel costs	-	2,564	-	138	-	4,798	4,798
Contingency	-	1,408	5,000	54	20,000	2,713	(17,287)
Subtotal	8,044	18,311	12,500	810	66,087	52,383	(13,705)
MDI Utility Corp. Development Costs							
Potable Water System	50,667	-	-	-	152,000	-	(152,000)
Waste Water System	215,000	-	-	-	645,000	-	(645,000)
Subtotal	265,667	-	-	-	797,000	-	(797,000)
MDI Utility Corp. Operating Costs							
Maintenance	-	-	-	-	-	-	-
Labor	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
Financing Costs and Professional Fees							
Debtor in possession (DIP) Costs	17,500	-	-	-	35,000	-	(35,000)
Professional fees	-	20,000	25,000	-	245,000	25,000	(220,000)
Subtotal	17,500	20,000	25,000	-	280,000	25,000	(255,000)
Total Disbursements	291,210	38,311	37,500	810	1,143,087	77,383	(1,065,705)
Net Cash Flows	(237,885)	3,104	(37,500)	(810)	(1,048,287)	2,917	1,051,204
Opening Cash (Balance per Bank)	(772,902)	701	(1,010,787)	3,805	-	78	78
Net Cash Flows	(237,885)	3,104	(37,500)	(810)	(1,048,287)	2,917	1,051,204
Closing Cash (Indebtedness)	\$ (1,010,787)	3,805	\$ (1,048,287)	\$ 2,995	\$ (1,048,287)	\$ 2,995	\$ 1,051,282

Notes and Assumptions

1	CSLC revenues are forecast based on 79 existing Copper Sands Mobile Home Park tenants paying lease fees of \$525 per month. Monthly lease payments will increase to \$675 commencing January 1, 2018 and will be apportioned between CSLC and MDI Utility Corp.
2	CSLC continues to work with the Rural Municipality of Edenwold to obtain approval of the development plan for the CSLC Expansion (Tanglewood). As the timing of approval is uncertain, no rental revenues have been included in the forecast.
3	Assuming that the MDI Utility Corp. Utility Facility is commissioned by December 31, 2017, as of January 1, 2018, rent for each of the existing Copper Sands Mobile Home Park tenants will increase to \$675 per month: \$275 will be directed to MDI Utility Corp. (which will be responsible for all of the Park bills including water services); \$400 will be directed to CSLC.
4	Assuming that the MDI Utility Corp. Utility Facility is commissioned by December 31, 2017, pump and dump service agreements (7 loads per day; 5 days per week) are forecast to generate monthly service income.
5	Operating costs are forecast based on the historical annualized operating costs for Copper Sands Mobile Home Park prorated monthly.
6	Forecast costs (travel, engineering support, etc.) associated with the CSLC Expansion (Tanglewood).
7	Forecast repairs and maintenance for the gravel roads and water testing are based on annualized costs prorated monthly.
8	Forecast electricity costs are based on annual costs associated with five (5) accounts prorated monthly.
9	Forecast vehicle costs are based on monthly fuel charges of \$500.
10	Wages are forecast based on the actual cost of the on-site resident manager at Copper Sands Mobile Home Park.
11	Water Security Agency (WSA) costs are based on annualized costs prorated monthly.
12	Contingency reserve for unbudgeted development costs.
13	MDI Utility Corp. development costs are forecast based on the estimated costs to commission the potable water system (\$152,000) and the waste water system (\$645,000) as quoted by Aquas Water Works (Community Engineered Water Systems).
14	Estimated monthly maintenance costs associated with operating the MDI Utility Corp. Utility Facility.
15	Estimated costs associated with one full-time and one part-time employee necessary to operate the MDI Utility Corp. Utility Facility.
16	Estimated electricity costs associated with operating the MDI Utility Corp. Utility Facility.
17	Estimated interest costs associated with the necessary DIP financing.
18	Estimated professional fees associated with the initial application and the come back hearing expected to occur in December 2017.
19	Opening cash balance is expected to be negligible based on the books and records of the Companies.

Exhibit L – Revised Cash Flow Statement

COPPER SANDS LAND CORP. ("CSLC")
WILLOW RUSH LAND CORP. ("Willow Rush")
MDI UTILITY CORP.
JJL DEVELOPMENTS AND INVESTMENTS CORP. ("JJL")
MIDTDAL DEVELOPMENTS AND INVESTMENTS CORP. ("MDI")
PRAIRIE COUNTRY HOMES LTD. ("PRAIRIE COUNTRY")
(Collectively the "COMPANIES")

14-Week Cash Flow Projection

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11
		15-Jan-18	22-Jan-18	29-Jan-18	5-Feb-18	12-Feb-18	19-Feb-18	26-Feb-18	5-Mar-18	12-Mar-18	19-Mar-18	26-Mar-18
	Notes	21-Jan-18	28-Jan-18	4-Feb-18	11-Feb-18	18-Feb-18	25-Feb-18	4-Mar-18	11-Mar-18	18-Mar-18	25-Mar-18	1-Apr-18
Receipts												
CSLC monthly rent (existing CSLC tenants)	1	\$ -	\$ -	\$ 53,325	\$ -	\$ -	\$ -	\$ 31,600	\$ -	\$ -	\$ -	\$ 31,600
CSLC monthly rent (Tanglewood expansion)	2	-	-	-	-	-	-	-	-	-	-	-
MDI Utility Corp. waste removal services	3	-	-	-	-	-	-	21,725	-	-	-	21,725
MDI Utility Corp. services agreement	4	-	-	-	-	-	-	-	-	-	-	28,000
Total Receipts		-	-	53,325	-	-	-	53,325	-	-	-	81,325
Disbursements												
CSLC Operating Costs												
Bank Fees	5	25	25	25	25	25	25	25	25	25	25	25
Commercial insurance	5	-	-	195	-	-	-	195	-	-	-	195
Consulting costs	6	-	7,500	-	7,500	-	7,500	-	7,500	-	7,500	-
Land taxes	5	-	-	317	-	-	-	317	-	-	-	317
Park operator license	5	-	-	8	-	-	-	8	-	-	-	8
Repairs and maintenance	7	1,500	-	-	-	1,500	-	-	-	1,500	-	-
SaskPower / SaskEnergy	8	-	-	859	-	-	-	859	-	-	-	859
Source deduction remittance	9	-	-	-	-	-	-	2,000	-	-	-	-
Street repair / road maintenance	10	-	-	447	-	-	-	447	-	-	-	447
Travel costs	11	1,500	-	-	-	1,500	-	-	-	1,500	-	-
Vehicle expenses	12	-	-	500	-	-	-	500	-	-	-	500
Wages	13	-	-	4,167	-	-	-	4,167	-	-	-	4,167
Waste disposal	5	-	-	1,455	-	-	-	1,455	-	-	-	1,455
Water tests	5	-	-	46	-	-	-	46	-	-	-	46
WSA permit	14	-	-	50	-	-	-	50	-	-	-	50
Contingency	15	-	5,000	-	5,000	-	5,000	-	5,000	-	5,000	-
Subtotal		3,025	12,525	8,069	12,525	3,025	12,525	10,069	12,525	3,025	12,525	8,069
MDI Utility Corp. Development Costs												
Potable Water System	16	-	50,667	-	50,667	-	50,667	-	-	-	-	-
Waste Water System	16	-	215,000	-	215,000	-	215,000	-	-	-	-	-
Subtotal		-	265,667	-	265,667	-	265,667	-	-	-	-	-
MDI Utility Corp. Operating Costs												
Maintenance	17	-	-	-	-	-	-	3,200	-	-	-	3,200
Labor	18	-	-	-	-	-	-	4,500	-	-	-	4,500
Utilities	19	-	-	-	-	-	-	1,500	-	-	-	1,500
Other		-	-	-	-	-	-	500	-	-	-	500
Subtotal		-	-	-	-	-	-	9,700	-	-	-	9,700
Financing Costs and Professional Fees												
Debtor in possession (DIP) Costs	20	37,500	-	16,000	-	-	-	16,000	-	-	-	16,000
Professional fees	21	200,000	50,000	-	10,000	-	15,000	-	15,000	-	15,000	-
Subtotal		237,500	50,000	16,000	10,000	-	15,000	16,000	15,000	-	15,000	16,000
Total Disbursements		240,525	328,192	24,069	288,192	3,025	293,192	35,769	27,525	3,025	27,525	33,769
Net Cash Flows		(240,525)	(328,192)	29,256	(288,192)	(3,025)	(293,192)	17,556	(27,525)	(3,025)	(27,525)	47,556
Opening Cash (Balance per Bank)	22	2,995	(237,530)	(565,722)	(536,466)	(824,657)	(827,682)	(1,120,874)	(1,103,318)	(1,130,843)	(1,133,868)	(1,161,393)
Net Cash Flows		(240,525)	(328,192)	29,256	(288,192)	(3,025)	(293,192)	17,556	(27,525)	(3,025)	(27,525)	47,556
Closing Cash (Indebtedness)		\$ (237,530)	\$ (565,722)	\$ (536,466)	\$ (824,657)	\$ (827,682)	\$ (1,120,874)	\$ (1,103,318)	\$ (1,130,843)	\$ (1,133,868)	\$ (1,161,393)	\$ (1,113,836)

COPPER SANDS LAND CORP. ("CSLC")
WILLOW RUSH LAND CORP. ("Willow Rush")
MDI UTILITY CORP.
JL DEVELOPMENTS AND INVESTMENTS CORP. ("JL")
MIDTAL DEVELOPMENTS AND INVESTMENTS CORP. ("MDI")
PRAIRIE COUNTRY HOMES LTD. ("PRAIRIE COUNTRY")
(Collectively the "COMPANIES")

14-Week Cash Flow Projection

	Forecast Week 12 2-Apr-18 8-Apr-18	Forecast Week 13 9-Apr-18 15-Apr-18	Forecast Week 14 16-Apr-18 22-Apr-18	Forecast Week 1 - 14 Cumulative Totals
Receipts				
CSLC monthly rent (existing CSLC tenants)	\$ -	\$ -	\$ -	\$ 116,525
CSLC monthly rent (Tanglewood expansion)	-	-	-	-
MDI Utility Corp. waste removal services	-	-	-	43,450
MDI Utility Corp. services agreement	-	-	28,000	56,000
Total Receipts	-	-	28,000	215,975
Disbursements				
CSLC Operating Costs				
Bank Fees	25	25	25	350
Commercial insurance	-	-	-	586
Consulting costs	7,500	-	7,500	52,500
Land taxes	-	-	-	950
Park operator license	-	-	-	25
Repairs and maintenance	-	1,500	-	6,000
SaskPower / SaskEnergy	-	-	-	2,578
Source deduction remittance	-	-	-	2,000
Street repair / road maintenance	-	-	-	1,341
Travel costs	-	1,500	-	6,000
Vehicle expenses	-	-	-	1,500
Wages	-	-	-	12,500
Waste disposal	-	-	-	4,365
Water tests	-	-	-	137
WSA permit	-	-	-	150
Contingency	5,000	-	5,000	35,000
Subtotal	12,525	3,025	12,525	125,981
MDI Utility Corp. Development Costs				
Potable Water System	-	-	-	152,000
Waste Water System	-	-	-	645,000
Subtotal	-	-	-	797,000
MDI Utility Corp. Operating Costs				
Maintenance	-	-	3,200	9,600
Labor	-	-	4,500	13,500
Utilities	-	-	1,500	4,500
Other	-	-	500	1,500
Subtotal	-	-	9,700	29,100
Financing Costs and Professional Fees				
Debtor in possession (DIP) Costs	-	-	-	85,500
Professional fees	30,000	50,000	40,000	425,000
Subtotal	30,000	50,000	40,000	510,500
Total Disbursements	42,525	53,025	62,225	1,462,581
Net Cash Flows	(42,525)	(53,025)	(34,225)	(1,246,606)
Opening Cash (Balance per Bank)	(1,113,836)	(1,156,361)	(1,209,386)	2,995
Net Cash Flows	(42,525)	(53,025)	(34,225)	(1,246,606)
Closing Cash (Indebtedness)	\$ (1,156,361)	\$ (1,209,386)	\$ (1,243,611)	\$ (1,243,611)

Notes and Assumptions

1	CSLC revenues are forecast based on 79 existing Copper Sands Mobile Home Park tenants paying lease fees of \$675 per month.
2	CSLC continues to work with the Rural Municipality of Edenwold to obtain approval of the development plan for the CSLC Expansion (Tanglewood). As the timing of approval is uncertain, no rental revenues have been included in the forecast.
3	Assuming that the MDI Utility Corp. Utility Facility is commissioned by February 28, 2018, as of March 1, 2018 \$275 of the CSLC monthly rental fees will be directed to MDI Utility Corp. (which will be responsible for all of the Park bills including water services).
4	Assuming that the MDI Utility Corp. Utility Facility is commissioned by February 28, 2018, pump and dump service agreements (7 loads per day; 5 days per week) are forecast to generate monthly service income.
5	Operating costs are forecast based on the historical annualized operating costs for Copper Sands Mobile Home Park prorated monthly.
6	Forecast costs (travel, engineering support, etc.) associated with the CSLC Expansion (Tanglewood).
7	Forecast based on actual repairs and maintenance costs incurred for the period November 20, 2017 to January 14, 2018.
8	Forecast electricity costs are based on annual costs associated with five (5) accounts prorated monthly.
9	Estimated quarterly remittance of payroll source deductions.
10	Forecast repairs and maintenance for the gravel roads and water testing are based on annualized costs prorated monthly.
11	Forecast based on actual travel costs incurred by Ms. Midtdal for the period November 20, 2017 to January 14, 2018.
12	Forecast vehicle costs are based on monthly fuel charges of \$500.
13	Wages are forecast based on the actual cost of the on-site resident manager at Copper Sands Mobile Home Park.
14	Water Security Agency (WSA) costs are based on annualized costs prorated monthly.
15	Contingency reserve for unbudgeted development costs.
16	MDI Utility Corp. development costs are forecast based on the estimated costs to commission the potable water system (\$152,000) and the waste water system (\$645,000) as quoted by Aquas Water Works (Community Engineered Water Systems).
17	Estimated monthly maintenance costs associated with operating the MDI Utility Corp. Utility Facility.
18	Estimated costs associated with one full-time and one part-time employee necessary to operate the MDI Utility Corp. Utility Facility.
19	Estimated electricity costs associated with operating the MDI Utility Corp. Utility Facility.
20	Estimated fees and interest costs associated with the necessary DIP financing.
21	Estimated professional fees associated with initial application (and the hearings on November 15 and December 11, 2017, and January 10, 2018) and ongoing monitoring of the CCAA proceedings.
22	Opening cash balance is expected to be negligible based on the books and records of the Companies.

Exhibit M – Closing Certificate

SCHEDULE "B" – CLOSING CERTIFICATE

TO: 102035126 SASKATCHEWAN LTD. (the "Purchaser"), c/o Pedersen Law Professional Corporation, 200-2161 Scarth Street, Regina SK S4P 2H8, Attention: Yens Pedersen

AND TO: WILLOW RUSH DEVELOPMENT CORP. ("Willow Rush"), c/o: MLT Aikins LLP, 1500 – 410 22nd Street East, Saskatoon SK S7K 5T6, Attention: Jeffrey M. Lee, Q.C. and Paul Olfert

TAKE NOTICE THAT, pursuant to paragraph 5 of the Order of the Honourable Mr. Justice N.G. Gabrielson dated December 20, 2017 (the "Order"), Deloitte Restructuring Inc., the Monitor of Willow Rush appointed pursuant to the Initial Order pronounced in these proceedings under the *Companies' Creditors Arrangement Act* on December 20, 2017 by the Honourable Mr. Justice N.G. Gabrielson, hereby confirms that the sale by Willow Rush to the Purchaser of the Willow Rush Lands as more particularly described in paragraph 2 of the Order has closed to the satisfaction of the Monitor and pursuant to the terms of the Order effective as of the date of filing of this Closing Certificate.

DATED this 12th day of January, 2018

DELOITTE RESTRUCTURING INC.
in its capacity as Monitor of
WILLOW RUSH DEVELOPMENT CORP,
and not in its personal capacity

Per: B. Wraga
Brent Wraga, CMA, CA, CFP, LIT
Senior Vice-President

Exhibit N – Willow Rush Lands Confirmation of Closing

MLT AIKINS

WESTERN CANADA'S LAW FIRM

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1500 - 410 22nd Street East
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T: (306) 975-7100
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Jeffrey M. Lee, Q.C.
Direct Line: (306) 975-7136
E-mail: JMLee@mltaikins.com

Carmen R. Balzer
Legal Assistant
Direct Line: (306) 956-6956
E-mail: CBalzer@mltaikins.com

January 13, 2018

Via E-Mail to mherauf@sasklawcourts.ca

The Honourable Mr. Justice M. Herauf
Court of Appeal For Saskatchewan
Court House
2425 Victoria Avenue
Regina, SK S4P 4W6

My Lord:

**Re: CACV 3176, 3177 and 3178
Industrial Properties Regina Limited, 101297277 Saskatchewan Ltd. and
Affinity Credit Union 2013 v. Copper Sands Land Corp. et al.**

- **Applications for Leave to Appeal Heard By Your Lordship on
Wednesday, January 10, 2018 (the "January 10 Applications")**

At the conclusion of the hearing of the January 10 Applications, your Lordship reserved judgment. Further, your Lordship requested that we inform you on or before Saturday, January 13, 2018 as to whether or not the transaction for the sale of the Willow Rush Lands (the "**Willow Rush Transaction**") had closed.

We enclose e-mail correspondence from Mr. Yens Pedersen of Pedersen Law Professional Corporation, counsel to the purchaser in the Willow Rush Transaction, which was delivered last evening at 9:34 pm. As indicated in Mr. Yens Pedersen's correspondence, the Willow Rush Transaction closed on January 12, 2018.

We trust that this is satisfactory.

Yours truly,

MLT AIKINS LLP

Per: 
for Jeffrey M. Lee, Q.C.

JML:crb

Enclosure

MLT AIKINS LLP | MLTAIKINS.COM

2555585v1



WESTERN CANADA'S LAW FIRM

- cc: Kanuka Thuringer LLP
Attention: Ms. Diana Lee
- cc: Miller Thomson LLP
Attention: Rick Van Beselaere
- cc: KMP Law
Attention: Wayne Pederson
- cc: Deloitte Restructuring Inc.
Attention: Brent Warga
- cc: McDougall Gauley LLP
Attention: Ian Sutherland
- cc: Copper Sands Land Corp. et al.

Paul Olfert

From: Yens Pedersen <yens@pedersenlaw.ca>
Sent: Friday, January 12, 2018 9:34 PM
To: Jeff Lee; Paul Olfert; Dave Brundige; mikegriffin@sasktel.net; Richards, Jordan; isutherland@mcdougallgauley.com; Wayne Pederson; dlee@ktllp.ca
Subject: purchase of land from Willow Rush Development Corp.
Categories: In DM, #2555590

As you are aware, I represent the purchaser in this matter. This will confirm that:

1. The purchaser executed all necessary mortgage documentation.
2. The purchase price was paid to McDougall Gauley this afternoon, subject to McDougall Gauley's undertaking to return the funds if the Sale Approval and Vesting Order becomes stayed as a result of proceedings in the Court of Appeal and if I am not able to submit the Sale Approval and Vesting Order to Land Titles as a result of such stay.
3. I accepted Michael Griffin's trust conditions and submitted a packet to Land Titles utilizing the Sale Approval and Vesting Order.

Subject only to registration of title occurring in favour of the purchaser pursuant to the Sale Approval and Vesting Order, and our receipt of the Monitor's certificate, the sale has closed.

Yens Pedersen



Pedersen Law Professional Corporation
200-2161 Scarth Street
Regina, SK S4P 2H8
Phone: 306.205.6481
Fax: 306.205.6483

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