

COURT FILE NUMBER
COURT CV-19-00623276-00CL
ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)

JUDICIAL CENTRE TORONTO
IN THE MATTER OF THE RECEIVERSHIP OF NATIONAL RECYCLING INC., SCRAPORT INC., AND 2139483 ALBERTA LTD.

PLAINTIFF
DEFENDANTS ROYAL BANK OF CANADA
NATIONAL RECYCLING INC., SCRAPORT INC., AND 2139483 ALBERTA LTD.

DOCUMENT **SECOND REPORT OF DELOITTE RESTRUCTURING INC. AS THE COURT-APPOINTED RECEIVER OF NATIONAL RECYCLING INC., SCRAPORT INC., AND 2139483 ALBERTA LTD.**

DATED AUGUST 12, 2020

PREPARED BY DELOITTE RESTRUCTURING INC.

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Receiver
DELOITTE RESTRUCTURING INC.
Suite 700, 850 - 2nd Street SW
Calgary, AB T2P 0R8
Attention: Bob Taylor / Jordan Sleeth
Tel: 403-267-0501/ 416-775-8858
Email: btaylor@deloitte.ca / jsleeth@deloitte.ca

Legal Counsel
DENTONS CANADA LLP
Toronto Dominion Centre
77 King Street West | Suite 400
Toronto, ON M5K 0A1

Attention: Robert Kennedy / Mark Freake
Tel: 416-367-6756 / 416-863-4456
Email: robert.kennedy@dentons.com /
mark.freake@dentons.com

Table of Contents

Introduction and background	1
Purpose	2
Terms of reference	3
Receiver's Activities	4
Auction Results	4
Boyle Property	5
MTL Alberta Ltd.	5
Northland Forest Products Ltd.	6
<i>Northland Security</i>	6
Clearview Demolition Ltd.	7
Pine Falls Development Corporation	8
CRA Trust Audit	8
Fees and Disbursements of the Receiver and Legal Counsel	10
Distribution to RBC and Other Priority Claims	12
Final Receipts and Disbursements	13
Assignment in Bankruptcy	14
Remaining Activities and Discharge of Receiver	15
Conclusions and Recommendations	16

Appendices

Appendix "A"	The First Report (without appendices) dated March 2, 2020
Appendix "B"	Auction Approval Order dated March 6, 2020
Appendix "C"	MTL Settlement Agreement
Appendix "D"	Mortgage Statement
Appendix "E"	Land Title searches in respect to the Boyle Property
Appendix "F"	Personal Property Security Act search in respect of 2139483 Alberta Ltd.
Appendix "G"	Receiver's consent to enforcement to Northland Forest Products Ltd.
Appendix "H"	June 12, 2020 Correspondence
Appendix "I"	July 14, 2020 Correspondence
Appendix "J"	July 16, 2020 Correspondence
Appendix "K"	Sleeth Affidavit
Appendix "L"	Kennedy Affidavit
Appendix "M"	RBC security agreement executed by 2139483 Alberta Ltd.
Appendix "N"	Final SRD for period July 12, 2019 to discharge

Introduction and background

1. On July 12, 2019, (the "**Date of Receivership**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed by Order of the Superior Court of Ontario (the "**Receivership Order**") as the receiver (the "**Receiver**") of all of the current and future assets, undertakings and properties of National Recycling Inc. ("**NRI**"), Scraport Inc. ("**Scraport**") and 2139483 Alberta Ltd. ("**213**" and together with NRI and Scraport, the "**Debtors**" or the "**Companies**").
2. The Receivership Order was granted pursuant to an application by Royal Bank of Canada ("**RBC**") which holds security over all of the Companies' present and after acquired personal property.
3. NRI, Scraport and 213 are private corporations incorporated in the province of Ontario on July 2, 2008, December 7, 2017 and August 27, 2018, respectively. NRI and Scraport performed recycling and processing of ferrous and non-ferrous metals. 213 appears to be a single purpose entity and owns the land and buildings located at 4688 Taylor Road, Boyle, Alberta from where NRI and Scraport carried on operations (the "**Boyle Property**").
4. NRI and Scraport also conducted office and administration activities from rental premises located at 1 Prologis Blvd in Mississauga, Ontario (the "**Mississauga Premises**"). NRI and Scraport's primary assets include vehicles, equipment, and metal processing equipment (collectively, the "**Assets**").
5. The Companies' primary secured lender is RBC. RBC was owed approximately \$4.68 million by the Companies as at the Date of Receivership (the "**RBC Indebtedness**").
6. On March 2, 2020, the Receiver filed its first report with the Court (the "**First Report**") which described, among other things, the Companies' primary assets and liabilities, the Receiver's activities to date, the proposed liquidation of certain Assets, and the Receiver's interim statement of receipts and disbursements for the period July 12, 2019 to February 21, 2020. A copy of the First Report (without appendices) is attached as **Appendix "A"**.
7. For further background information on the Companies and the receivership proceedings please refer to the Receiver's website: <https://www.insolvencies.deloitte.ca/en-ca/Pages/National-Recycling-Inc.-et-al.-.aspx>.
8. Unless otherwise provided, all capitalized terms not defined herein are as defined in the Receivership Order and the First Report.

Purpose

9. The purpose of this second report (the "**Second Report**") is to:
- a. Provide the Court with an update with respect to the Receiver's administration of the receivership since the First Report;
 - b. Provide the Court with the results of the liquidation of the Assets pursuant to the March 6, 2020 auction approval order (the "**Auction Approval Order**"). A copy of the Auction Approval Order is attached as **Appendix "B"**;
 - c. Provide the Court with additional information and an update with respect to the Boyle Property and certain litigation between a NRI subsidiary known as Pine Falls Development Corporation ("**Pine Falls**") and the Rural Municipality of Alexander ("**RM**") (both described later in this Second Report); and
 - d. Respectfully recommend that this Honourable Court make an Order (the "**Distribution and Discharge Order**"):
 - i. Approving and authorizing the proposed settlement agreement between the Receiver and MTL Alberta Ltd. ("**MTL**"), and the corresponding MTL Distribution (as defined herein);
 - ii. Approving and authorizing the distribution of funds remaining in the Receiver's possession (the "**Distribution**") as set out in the Receiver's final statement of receipts and disbursements for the period July 12, 2019 to discharge (the "**Final SRD**") to RBC, after payment of the Receivership Professional Fees (as defined herein), the Receiver's Borrowings (as defined herein) and certain statutory priority claims;
 - iii. Approving and authorizing the transfer and assignment of NRI's rights to and interest in the NRI Security Funds (as defined herein) paid into the Supreme Court of British Columbia, in proceeding No. PRR-S-S-10445, Prince Rupert Registry, by NRI to secure a lien claim filed by Clearview Demolition Ltd. ("**Clearview**") against title to various parcels of land within the City of Prince Rupert, British Columbia, under registration no. CA6045755, to RBC;
 - iv. Approving and authorizing, but not obligating, the Receiver to assign NRI into bankruptcy;
 - v. Authorizing Deloitte to act as trustee in bankruptcy of NRI, and authorizing the Receiver to transfer \$30,000 to Deloitte, in its capacity as the proposed trustee in bankruptcy, to fund the administration of the proposed bankruptcy of NRI;
 - vi. Approving the Second Report and the activities and conduct of the Receiver outlined herein;
 - vii. Approving the Final SRD;
 - viii. Approving the fees and disbursement of the Receiver and the fees and disbursements of the Receiver's counsel, Dentons Canada LLP ("**Dentons**") as set out in ("**Fee Affidavits**"), together with the Remaining Fees (as defined herein);
 - ix. Discharging Deloitte as Receiver effective upon the filing of the Receiver's discharge certificate, attached as **Schedule "A"**, to the proposed Distribution and Discharge Order (the "**Receiver's Discharge Certificate**"), certifying that the Remaining Activities (as defined herein) have been completed to the satisfaction of the Receiver; and
 - x. Providing such further and other relief that the Court considers just and warranted in the circumstances.

Terms of reference

10. In preparing this Second Report, the Receiver has relied upon unaudited financial information prepared by the Debtors' management ("**Management**"), the Debtors' books and records, and discussions with Management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of this Second Report.
11. All dollar amounts in this Second Report are in Canadian dollars, unless otherwise indicated.

Receiver's Activities

12. Since the First Report, the Receiver has undertaken and performed the following activities:
- a. Further reviewed the Companies' books and records;
 - b. Corresponded with Maynards Industries Canada Inc. ("**Maynards**") on numerous occasions in connection with the scheduling of the auction process (the "**Auction**"), and the results thereof;
 - c. Corresponded with legal counsel on various legal matters relating to the Boyle Property including the rent dispute with Northland Forest Products Ltd. ("**Northland**") and other claims, and an asserted storage claim by MTL;
 - d. Retained Mr. Peter Boyd ("**Mr. Boyd**"), former employee of NRI, on a contractual basis to assist with the Clearview Litigation;
 - e. Corresponded with legal counsel on various legal matters relating to the Clearview lien litigation and the Pine Falls litigation;
 - f. Prepared T4s and Records of Employment for the former employees of the Companies;
 - g. Attempted to coordinate with Canada Revenue Agency ("**CRA**") a trust audit of the Companies' books and records;
 - h. Consulted regularly with legal counsel with respect to various general matters concerning the administration of the estate;
 - i. Corresponded with creditors and other stakeholders;
 - j. Updated the Receiver's website from time to time with relevant documents relating to the receivership proceedings;
 - k. Administered receivership estate banking and related transactions and reconciliations;
 - l. Drafted, reviewed and finalized this Second Report; and
 - m. Addressed additional matters as they arose from time to time.

Auction Results

13. In March 2020, the Government of Canada advised against all non-essential travel and for businesses to temporarily shut down until further notice due to the COVID-19 pandemic. Accordingly, an initial proposed Auction date in April 2020 (the "**April Auction Date**") was no longer feasible as the prospective Auction bidders were unable to travel and review the equipment, and Maynards' staff were no longer able to travel to prepare the equipment for the Auction. As such, Maynards recommended that the Auction date be moved from April to mid-May 2020, with the option to extend the date out even further subject to COVID-19 developments.
14. With businesses partially reopening in May 2020, Maynards determined that the Auction should proceed and May 14, 2020 was established as the new Auction date. Maynards prepared the equipment for the Auction, and advertised the equipment by circulating various brochures and on posting information on their website, which included details of the online Auction. Potential buyers were able to conduct site visits on May 11, 2020 and May 12, 2020 via appointment only.
15. All but two pieces of the Companies' equipment were located on the Boyle Property. The two pieces of equipment were stored at a third party's premises.

16. Subsequent to the Receiver releasing certain of the Assets subject to third party security interests and in a no equity position, one of the third party secured creditors requested that the Receiver include a specific piece of equipment in the Auction (the "**Leased Equipment**"). The Receiver agreed to include the Leased Equipment in the Auction with the sales commission to be shared on a *pro-rata* basis based on the overall sales value achieved in the Auction. Northland also requested that a piece of equipment it owns be included in the Auction, on the same commission terms set out above. The Receiver agreed to include the Northland equipment in the Auction.
17. On May 14, 2020, the Auction was completed resulting in gross proceeds of approximately \$869,000. Net proceeds realized by the Receiver (after deducting Maynards' commission and the proceeds realized on the Leased Equipment and the Northland equipment) was approximately \$701,500.
18. All of the Companies equipment that has been located by the Receiver has been either released back to secured parties, or sold by the Receiver.

Boyle Property

19. The Boyle Property is owned by 213 and consists of five parcels of land totalling approximately 229 acres. There are several buildings located on the property, including a two storey office building, a shop building, a scale house, and several buildings in the process of being torn down and processed as scrap.

MTL Alberta Ltd.

20. Prior to the Date of Receivership, 213 and MTL entered into a lease agreement for the lease of the Boyle Property (the "**MTL Lease**") whereby MTL would pay 213 a monthly lease rate of \$41,633 (the "**Rent Payment**").
21. In January 2020, the Receiver was subsequently made aware that MTL and NRI entered into a storage agreement just prior to the Date of Receivership to store the Companies' equipment on the Boyle Property (the "**Storage Agreement**") at a monthly storage rate of \$21,000, plus GST (the "**Storage Payment**"). At no point did NRI make a Storage Payment to MTL pursuant to the Storage Agreement.
22. In February 2020, MTL began to withhold the Rent Payments to 213/Receiver claiming it was entitled to set off the Rent Payments against the accrued Storage Payments pursuant to the Storage Agreement. MTL subsequently notified the Receiver that it would object and restrict the carrying out of the Auction if it did not receive the Storage Payments. The Receiver and MTL subsequently agreed that the Auction would proceed on the basis that MTL pay all Rent Payment arrears plus future Rent Payments into its legal counsel's trust account, and the Receiver agreed not to distribute the Auction proceeds pending a resolution to the Storage Agreement issue, or further Order of the Court.
23. MTL claimed that NRI owed it approximately \$252,000 in unpaid Storage Payments for the period June 2019 to June 30, 2020 (the approximate date that all Maynards auctioned equipment was removed from the Boyle property by the purchasers). MTL owed the Receiver approximately \$207,200 for unpaid Rent Payments (currently held by MTL's legal counsel).
24. The Receiver and its legal counsel reviewed the validity and enforceability of the Storage Agreement given the timing of the execution and delivery of the Storage Agreement and other contractual deficiencies.
25. Notwithstanding the legal issues surrounding the validity of the Storage Agreement, the Receiver is reasonably of the view that the equipment left at the Boyle Property may have affected MTL's use of the Boyle Lands. Accordingly, the Receiver and MTL negotiated a settlement whereby MTL will be paid \$75,000 from the Rent Payment arrears held by its legal counsel in trust (the "**MTL Distribution**") with the remaining Rent Payment arrears to be paid to the Receiver. The Receiver and MTL have negotiated a form of settlement agreement (the "**MTL Settlement Agreement**") which is subject to the Receiver obtaining Court approval. The MTL Settlement Agreement is attached as **Appendix "C"**.

26. The Receiver is of the view that the MTL Settlement Agreement is reasonable, and the proposed MTL Payment is reasonable and appropriate in the circumstances.

Northland Forest Products Ltd.

Northland Security

27. As noted in the First Report, 213 purchased the Boyle Property, together with other assets, in September 2018 for \$9.5 million from Northland by way of \$2.5 million cash and a vendor take back ("**VTB**") mortgage in the amount of \$7.0 million (the "**213 Sale Transaction**"). As at the Date of Receivership, the outstanding mortgage balance was approximately \$6.95 million.
28. Based on a mortgage statement provided by Northland in September 2019, it appears that 213 made a partial monthly payment on the VTB on July 3, 2019 in the amount of \$41,633 (the "**Mortgage Statement**"). Prior to the \$41,633 partial payment, 213 made a monthly payment on May 31, 2019 in the amount of \$83,265 on account of the scheduled March 2019 mortgage payment. The Mortgage Statement is attached as **Appendix "D"**. The Receiver understands that no other payments have been made on account of the VTB.
29. The Receiver is unaware of any other forms of security held by Northland to secure the obligations of 213 pursuant to the VTB.
30. Attached as **Appendix "E"** is a copy of the Land Titles search in respect of the Boyle Property. The search confirms the registration of the VTB and the Receivership Order.
31. Attached as **Appendix "F"** is a copy of the *Personal Property Security Act* (Alberta) search in respect of 213. The search results confirms only one registration in favour of RBC over all of 213's present and after acquired personal property.

Northland's Claims

32. In or around March 9, 2020, Northland brought to the Receiver's attention that certain pieces of equipment also belong to Northland (the "**Vehicles**"), which were located on the Boyle Property.
33. The Receiver's legal counsel requested that Northland provide evidence of ownership for the Vehicles. The documentation produced by Northland dated back to a transaction where Northland purchased the Vehicles from a third party prior to the 213 Sale Transaction. However, the 213 Sale Transaction documentation reviewed by the Receiver appears to transfer the Vehicles to 213. The lack of reliable and clear documentation has made it challenging to determine the true owner of the Vehicles.
34. Notwithstanding the above, given the values of the Vehicles, the Receiver will be releasing its interest in the Vehicles.
35. The Receiver continues to secure, insure, and manage the Boyle Property, generally. In addition, the Receiver continues to administer all matters relating to the MTL Lease which has included the receipt and securing of Rent Payments (the "**Rent Proceeds**"), and the negotiations with MTL relating to the MTL Settlement Agreement.
36. In or around November 2019, Northland claimed that all Rent Proceeds from the MTL Lease belong to Northland despite the Receivership Order and the secured claims of RBC. Northland's position is that the Receiver has no interest or rights to the Rent Proceeds.
37. Since November 2019, the Receiver and its legal counsel have made numerous attempts to communicate with Northland in an attempt to reach a resolution or a defined discussion relating to Northland's underlying basis for its claim to the entirety of the Rent Proceeds. However, on many occasions, Northland was either delayed or simply did not communicate with the Receiver. The Receiver has not received any documentation to support the Northland position that the Rent Proceeds are the property or security of Northland. The Receiver and its legal counsel are of the view that Northland has no contractual claim to the Rent Proceeds.

38. At the request of Northland, on March 9, 2020, the Receiver delivered a consent to enforcement in favour of Northland in order to lift the Receivership Order stay of proceedings and allow Northland to market and sell the Boyle Property. Attached as **Appendix "G"** is a copy of the Receiver's consent. To date, the Receiver is unaware of any proceedings being initiated by Northland.
39. On June 12, 2020, counsel to the Receiver received correspondence from Northland's counsel in relation to Northland's claim to the Rent Proceeds and the Vehicles. Attached as **Appendix "H"** is a copy of the June 12, 2020 correspondence.
40. On July 14, 2020, counsel to Northland delivered correspondence to MTL's counsel in relation to Northland's claim to the Rent Proceeds. Attached as **Appendix "I"** is a copy of the July 14, 2020 correspondence.
41. On July 16, 2020, counsel to the Receiver delivered correspondence to Northland's counsel in relation to the Rent Proceeds (the "**Receiver's Correspondence**"). Attached as **Appendix "J"** is a copy of the Receiver's Correspondence.
42. As noted in the Receiver's Correspondence, the Receiver is of the view that Northland has no claim to the Rent Proceeds.

Clearview Demolition Ltd.

43. Prior to the Date of Receivership, NRI entered into a contract with the City of Prince Rupert (the "**City**") to demolish and abate a former pulp mill (the "**Project**"). NRI subcontracted Clearview whereby Clearview would provide certain demolition and abatement services to NRI. On November 1, 2017, Clearview filed a lien against the Project and a civil claim against NRI. Clearview claimed that it had not been fully compensated for lienable work performed at the Project. Clearview's claim is for \$1,562,519.98. NRI posted \$1.68 million (the "**NRI Security Funds**") with the British Columbia Superior Court to vacate the lien filed by Clearview allowing NRI to complete the work and to be paid by the City (the "**Clearview Lien**").
44. The Receiver reviewed all documentation in its possession which was associated with the Project and the Clearview Lien including the Clearview statement of claim, NRI's statement of defence and NRI's counter claim against Clearview. Moreover, the Receiver engaged with Mr. Boyd to provide context and assistance with the Clearview Lien.
45. The Receiver has made numerous attempts to settle the Clearview Lien action; however, as of the date of this Second Report, a settlement has not been reached.
46. Resolving or pursuing the Clearview Lien action is one of the outstanding matters to be addressed by the Receiver. Given the shortfalls RBC will suffer following the proposed Distribution and in order to save additional costs for RBC, the Receiver is proposing to transfer and assign all rights and interests of NRI in the NRI Security Funds, and also the conduct of NRI's defence and claims in the Clearview Lien action to RBC. As discussed below, RBC holds a perfected security interest in the personal property of NRI and the proposed assignment will allow RBC to continue to defend and prosecute the claims of NRI in the Clearview Lien litigation in its entirety, together with receiving any and all proceeds which may result from the litigation or the settlement of those claims (the "**Assigned Claim**"), outside of the receivership proceeding.
47. RBC will have exclusive carriage of the Assigned Claim following the filing of the Receiver's Discharge Certificate.

Pine Falls Development Corporation

48. It was brought to the Receiver's attention that NRI is a sole shareholder of Pine Falls. Pine Falls was a pulp mill company located in Manitoba and was involved in litigation against RM in August 2011.
49. The RM issued an order against Pine Falls to remedy certain environmental matters. Subsequently, in December 2011, Pine Falls filed a statement of claim with the Court of Queen's Bench of Manitoba ("**Manitoba Court**") against the RM requesting that the remediation order be vacated and that Pine Falls be compensated for damages suffered as a result of RM wrongfully issuing a remediation order (the "**Statement of Claim**").
50. The Statement of Claim estimated damages as being in excess of \$3.0 million (\$2.5 million in special damages and \$500,000 in punitive, aggravated and exemplary damages). Subsequent information obtained from Pine Falls' legal counsel suggested damages in the range of approximately \$1.9 million, including legal fees but excluding punitive damages.
51. Pine Falls filed a motion for summary judgement ("**Summary Judgement**") to set aside the remedy order. In August 2014, the Manitoba Court issued a judgement in relation to the remedy order and awarded costs in favour of Pine Falls (the "**2014 Judgement**"). The 2014 Judgement did not quantify the costs awarded to Pine Falls; however, the legal fees incurred as of the 2014 Judgement suggested by Pine Falls were estimated to be \$175,000. There is no order or evidence that the quantum of legal fees were settled between both parties.
52. Between the 2014 Judgement and the Date of Receivership, no further action was taken by Pine Falls to quantify the damages resulting from the 2014 Judgement. The Receiver has been unable to determine why Pine Falls did not pursue the claim further.
53. Given the potential recoverable quantum for the receivership estate, the Receiver performed a preliminary investigation of the Pine Falls matter by:
 - a. Retrieving certain NRI books and records from an offsite storage site pertaining to Pine Falls;
 - b. Reviewing such retrieved books and records; and
 - c. Retaining Mr. Boyd to assist with the investigation and provide additional context to the Pine Falls matter.
54. Due to the passage of time, there are significant challenges to advance the Pine Falls litigation which would require quantifying the damages and significant legal fees to litigate the claims of Pine Falls. The Receiver has discussed the Pine Falls litigation with RBC and RBC has requested that the Receiver not incur the additional cost and expense in pursuing the Pine Falls litigation given the significant challenges. As noted above, RBC will suffer a significant shortfall on its loans to the Companies, therefore, the Receiver has agreed to not pursue the Pine Falls litigation any further.

CRA Trust Audit

55. CRA contacted the Receiver to conduct its trust audit on the estates. The Receiver gathered the required information, and at the beginning of March 2020, contacted CRA to request that it conduct its trust audit.
56. Unfortunately, CRA has suspended all trust audits until further notice as result of COVID-19.
57. On July 8, 2020, in anticipation of the Receiver seeking its discharge, the Receiver sent a letter to CRA notifying them of the following (the "**CRA Letter**"):
 - a. The Receiver's anticipated application for discharge and that CRA will no longer be able to conduct its trust audit on the estates subsequent to the Receiver's discharge; and
 - b. Recommended CRA conduct its trust audit immediately or advise the Receiver that it will no longer be conducting a trust audit.

58. The Receiver has followed up on numerous occasions with CRA subsequent to the CRA Letter; however, no response has been received from CRA.

Fees and Disbursements of the Receiver and Legal Counsel

59. The Receiver's professional fees and its legal counsel's fees are based on hours spent at rates established by each professional based on qualifications and experience.
60. The Receiver's professional fees and disbursements invoiced for the period November 1, 2019 to July 31, 2020 total approximately \$150,000 (excluding sales tax). The Receiver's legal counsel's fees and disbursements invoiced for the period February 1, 2020 to July 31, 2020 total approximately \$130,000 (excluding sales tax). Together, the total actual fees and disbursements is approximately \$280,000 (excluding sales tax) ("**Proposed Professional Fees**"). The Receiver estimates additional fees of \$45,000 to complete the administration of the receivership. As well, the Receiver estimates additional legal costs of approximately \$65,000. Together, the total estimate to discharge is approximately \$110,000 ("**Remaining Fees**").
61. Summarized below are the Proposed Professional Fees and the Remaining Fees to discharge (together, the "**Receivership Professional Fees**"):

	Service Period Start	End	Fees and Disb.	HST	Total
Deloitte Restructuring Inc.					
Approved by Court	Jul 08 2019	Sep 30 2019	138,211	17,967	156,178
	Oct 01 2019	Oct 31 2019	26,916	3,499	30,416
Subtotal			165,127	21,467	186,594
Amount to be disbursed	Nov 01 2019	Feb 23 2020	37,500	4,875	42,375
	Feb 24 2020	Mar 31 2020	21,365	2,777	24,143
	Apr 01 2020	May 15 2020	43,948	5,713	49,661
	May 16 2020	Jul 31 2020	46,963	6,105	53,069
Subtotal			149,776	19,471	169,247
Estimate to discharge			45,000	5,850	50,850
Total Deloitte Restructuring Inc.			359,904	46,787	406,691
Dentons Canada LLP					
Approved by Court	Jul 02 2019	Aug 28 2019	59,505	7,725	67,230
	Sep 04 2019	Dec 31 2019	71,285	9,260	80,545
	Jan 01 2020	Jan 31 2020	22,345	2,878	25,223
Subtotal			153,134	19,864	172,998
Amount to be disbursed	Feb 01 2020	Mar 31 2020	76,342	9,883	86,224
	Apr 01 2020	Apr 30 2020	17,036	2,215	19,250
	May 01 2020	May 31 2020	15,000	1,950	16,950
	Jun 01 2020	Jun 30 2020	5,016	652	5,668
	Jul 06 2020	Jul 31 2020	16,449	2,138	18,588
Subtotal			129,843	16,838	146,680
Estimate to discharge			65,000	8,450	73,450
Total Dentons Canada LLP			347,977	45,152	393,129
Total professional fees			707,880	91,939	799,820
Proposed Professional Fees			279,619	36,309	315,928
Estimate to discharge			110,000	14,300	124,300
Professional fees that are subject to Court approval			\$ 389,619	\$ 50,609	\$ 440,228

62. The time spent by the Receiver's personnel during the period is more particularly described in the Affidavit of Jordan Sleeth sworn August 11, 2020 (the "**Sleeth Affidavit**"). A copy of the Sleeth Affidavit is attached hereto as **Appendix "K"**.
63. The time spent by Dentons personnel during the period is more particularly described in the Affidavit of Robert Kennedy sworn August 11, 2020 (the "**Kennedy Affidavit**"). A copy of the Kennedy Affidavit is attached hereto as **Appendix "L"**.

64. As documented in the First Report and the Second Report, the Receiver has had to incur considerable time and cost to perform primarily the following:
- a. Prepare a master asset listing from various sources of information and organize the liquidation of assets;
 - b. Delays in completing the auction process due to the COVID-19 pandemic;
 - c. Reviewing documentation on, and negotiating with MTL and Northland; and
 - d. Reviewing documentation on, and negotiating the Clearview Lien matter.
65. The Receiver respectfully submits that the Receiver's fees and disbursements, together with the Dentons fees and disbursements, as set out in the Sleeth Affidavit and Kennedy Affidavit (collectively, "**Fee Affidavits**"), together with the estimated Remaining Fees, are reasonable in the circumstances and have been or will be validly incurred in accordance with the provisions of the Receivership Order.

Distribution to RBC and Other Priority Claims

66. The Receiver obtained a security opinion from Dentons with respect to the RBC security documentation (the "**Security Opinion**") and, subject to the customary qualifications and assumptions contained therein, the Security Opinion opines that: (a) the security held by RBC is valid and legally enforceable against the Companies, and (b) RBC has a perfected security interest in all the personal property of the Companies (the "**Property**"), which includes the Rent Proceeds.
67. Subject to the customary assumptions and qualifications contained in the Security Opinion, the RBC security documents:
- constitute legal, valid and binding security interests in favour of RBC in the Property;
 - are sufficient to secure the payment and performance of the obligations secured thereby; and
 - are properly registered and perfected in the applicable jurisdiction.
68. As previously noted, RBC is the principal secured creditor to the Debtors and was owed approximately \$4.68 million at the Date of Receivership.
69. The Receiver is proposing to complete the Distribution to RBC, as a partial repayment of the RBC Indebtedness. The Receiver is of the view that the distribution is appropriate and reasonable in the circumstances.
70. There will be insufficient funds in the receivership estate to fully repay the RBC Indebtedness, following the payment of the Receivership Professional Fees, the Receiver's borrowings in the amount of \$240,000 (the "**Receiver's Borrowings**"), and the priority claims outlined below.
71. The following creditors may have certain statutory priorities that rank in priority over RBC. These claims are summarized below:

Nature	Amount
Service Canada re Wage Earner Protection Program	9,898
Workers Compensation Board of Alberta	8,925
Unremitted source deductions prior to Date of Receivership	5,869
Total	24,692

72. Subject to its final review, the Receiver proposes to distribute up to \$30,000 in priority to the Distribution to RBC on account of the priority claims.
73. As noted above, the Receiver will not be seeking authority to distribute any Rent Proceeds to Northland given the security position of RBC and the fact that Northland has not established a claim in respect of the Rent Proceeds. For ease of reference, attached as **Appendix "M"** is a copy of the RBC security agreement executed and delivery by 213.

Final Receipts and Disbursements

74. The Final SRD includes the actual receipts and disbursements for the period July 12, 2019 to July 12, 2020, and the estimated receipts and disbursements for the period July 13, 2020 to discharge. Summarized below is the Final SRD. The complete Final SRD is attached as **Appendix "N"**:

Final statement of receipts and disbursements	
July 12, 2019 to discharge	
in CAD\$	Amount
Receipts	
Net auction proceeds	701,488
Receiver's Certificate	240,000
Rental income - Date of Receivership to January 2020	237,308
Rental income - February 2020 to June 2020 (held in trust)	207,165
Cash in bank	25,033
Lessor cost allocation deposits	15,308
Other receipts	1 14,691
Total receipts and accruals	1,440,993
Cash disbursements and accruals	
Receivers fees	(165,127)
Legal counsel fees	(130,789)
Insurance	(96,622)
HST paid	(38,506)
Consulting fees	(7,600)
Appraisal fees	(5,000)
Change of locks	(2,001)
GST paid	(814)
Payroll Services	(413)
Filing fees	(210)
Estimated pending disbursements	
Estimated professional fees	(445,483)
Repayment of receiver's certificate	(240,000)
MTL settlement	(75,000)
Proposed Distribution to Other Priority claims	(30,000)
Other	(20,000)
Total disbursements	(1,257,566)
Excess receipts over disbursements	183,427
Note	
1 - Other receipts include GST and HST collected and interest.	

Assignment in Bankruptcy

75. As noted above, the proceeds of realization from the receivership will not be sufficient to satisfy the RBC Indebtedness.
76. The Receiver seeks the Court authorization to file, on behalf of NRI, an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*. There are other potential liabilities outstanding that may need to crystallize following a bankruptcy proceeding. In addition, a bankruptcy proceeding will provide a forum to address the unsecured creditors of the Companies.
77. Deloitte is prepared to act as the bankruptcy trustee, in the event an assignment is completed in respect of NRI. The Receiver is also seeking authorization to transfer \$30,000 from the receivership estate to Deloitte, in its capacity as the proposed trustee in bankruptcy, to fund the bankruptcy administration. RBC supports the \$30,000 transfer to Deloitte.

Remaining Activities and Discharge of Receiver

78. The Receiver has concluded the majority of its administration of the receivership. The remaining tasks to conclude the receivership proceedings are as follows (the "**Remaining Activities**"):
- a. Completion of remaining GST tax reporting, and closing of the receivership period tax accounts;
 - b. Preparing a final statutory report of the Office of the Superintendent of Bankruptcy in accordance with subsection 246(3) of the *Bankruptcy and Insolvency Act*;
 - c. Facilitating the payment of the MTL Payment and receipt of the balance of the Rent Proceeds;
 - d. Facilitating the assignment of the Assigned Claim;
 - e. Payment of the Receivership Professional Fees, the Receiver's Borrowings and the priority claims;
 - f. Completing the Distribution to RBC; and
 - g. Closing of the Receiver's trust accounts.
79. Other than the issues addressed in this Second Report, the Receiver has completed its administration of the estate in accordance with the terms of the Receivership Order and the various other orders rendered by the Court in the course of this proceeding. The Receiver is not aware of its services being required for any further purpose other than as set out herein. Accordingly, the Receiver recommends that it be discharged.

Conclusions and Recommendations

80. The Receiver respectfully recommends that the Court issues an order for the following:

- a. Approving and authorizing the proposed MTL Settlement Agreement, and corresponding MTL Distribution;
- b. Approving and authorizing the Distribution to RBC, after payment of the Receivership Professional Fees, the Receiver's Borrowings and certain statutory priority claims;
- c. Approving and authorizing the transfer and assignment of NRI's rights to and interest in the NRI Security Funds, and the carriage of the Clearview Lien litigation to RBC;
- d. Approving and authorizing, but not obligating, the Receiver to assign NRI into bankruptcy;
- e. Authorizing Deloitte to act as trustee in bankruptcy of NRI, and authorizing the Receiver to transfer \$30,000 to Deloitte, in its capacity as the proposed trustee in bankruptcy, to fund the administration of the proposed bankruptcy of NRI;
- f. Approving the Second Report, and the activities and conduct of the Receiver outlined herein;
- g. Approving the Final SRD;
- h. Approving the Receivership Professional Fees as outlined in the Fee Affidavits and this Second Report;
- i. Discharging the Receiver, subject to the Receiver completing the Remaining Activities and filing the Receiver's Discharge Certificate;
- j. Declaring that, upon the filing of the Receiver's Discharge Certificate, Deloitte is released and discharged from any and all liability that Deloitte now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Deloitte while acting in its capacity as Receiver, save and except for the Receiver's gross negligence or wilful misconduct; and
- k. Providing such further and other relief that the Court considers just and warranted in the circumstances.

* * *

All of which is respectfully submitted at Calgary, Alberta this 12th day of August, 2020.

DELOITTE RESTRUCTURING INC.,


solely in its capacity as Court-appointed Receiver
of National Recycling Inc., Scraport Inc., and 2139483 Alberta Inc.,
and not in its personal or corporate capacity

Per:



Bob Taylor, FCPA, FCA, CIRP, LIT
Senior Vice-President

Per:



Jordan Sleeth, LIT
Senior Vice-President

Appendix “A”

to the Second Report of the Receiver



COURT FILE NUMBER CV-19-00623276-00CL
COURT ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)
JUDICIAL CENTRE TORONTO

IN THE MATTER OF THE RECEIVERSHIP OF NATIONAL RECYCLING INC., SCRAPORT INC., AND 2139483 ALBERTA LTD.

PLAINTIFF ROYAL BANK OF CANADA
DEFENDANTS NATIONAL RECYCLING INC., SCRAPORT INC., AND 2139483 ALBERTA LTD.

DOCUMENT **FIRST REPORT OF DELOITTE RESTRUCTURING INC. AS THE COURT-APPOINTED RECEIVER OF NATIONAL RECYCLING INC., SCRAPORT INC., AND 2139483 ALBERTA LTD.**

DATED MARCH 2, 2020

PREPARED BY DELOITTE RESTRUCTURING INC.

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Receiver
DELOITTE RESTRUCTURING INC.
Suite 700, 850 - 2nd Street SW
Calgary, AB T2P 0R8

Attention: Bob Taylor / Jordan Sleeth
Tel: 403-267-0501 / 416-775-8858
Email: bobtaylor@deloitte.ca / jsleeth@deloitte.ca

Legal Counsel
DENTONS CANADA LLP
Toronto Dominion Centre
77 King Street West | Suite 400
Toronto, ON M5K 0A1

Attention: Robert Kennedy / Mark Freake
Tel: 416-367-6756 / 416-863-4456
Email: robert.kennedy@dentons.com / mark.freake@dentons.com

Table of contents

Introduction and background	1
Purpose	1
Receiver's activities	2
Operations	4
Assets	4
Liabilities	6
Marketing and sales process	8
Conclusions and recommendations	10

APPENDICIES

Appendix "A" – Notice and Statement of Receiver

Appendix "B" – Alberta Land Titles Search of the Real Property

Appendix "C" – MLT Alberta Ltd. Lease Agreement

Appendix "D" – Auction Agreement

Appendix "E" – Receiver's Fee Affidavit of Jordan Sleeth

Appendix "F" – Fee Affidavit of Robert Kennedy sworn February 27, 2020

Appendix "G" – Statement of Receipts and Disbursements

CONFIDENTIAL APPENDICES

Confidential Appendix "1" – Asset Appraisal

Introduction and background

1. On July 12, 2019, (the "**Date of Receivership**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed by Order of the Superior Court of Ontario (the "**Receivership Order**") as the receiver (the "**Receiver**") of all of the current and future assets, undertakings and properties of National Recycling Inc. ("**NRI**"), Scraport Inc. ("**Scraport**") and 2139483 Alberta Ltd. ("**213**") (collectively the "**Debtors**" or the "**Companies**").
2. The Receivership order was granted pursuant to an application by the Royal Bank of Canada ("**RBC**") which holds security over all of the Companies' present and after acquired personal property.
3. NRI, Scraport and 213 are private corporations incorporated in the province of Ontario on July 2, 2008, December 7, 2017 and August 27, 2018, respectively. NRI and Scraport performed recycling and processing of ferrous and non-ferrous metals. 213 appears to be a single purpose entity and owns the land and buildings located at 4688 Taylor Road, Boyle, Alberta from where NRI and Scraport carried on operations (the "**Boyle Property**"). NRI and Scraport also conducted office and administration activities from rental premises located at 1 Prologis Blvd in Mississauga, Ontario (the "**Mississauga Premises**"). NRI and Scraport's primary assets include vehicles, equipment, and metal processing equipment (collectively, the "**Assets**"), as described later in this report (the "**First Report**").
4. The Companies' primary secured lender is the Royal Bank of Canada ("**RBC**"). RBC was owed approximately \$4.68 million by the Companies as at the Date of Receivership.
5. The Receivership Order, together with related Court documents and the notices sent to the creditors of the Companies have been posted on the Receiver's website (the "**Receiver's Website**") at <https://www.insolvencies.deloitte.ca/en-ca/Pages/National-Recycling-Inc.-et-al.-.aspx>. This First Report will also be posted on the Receiver's Website after it has been filed with the Court.
6. Unless otherwise provided, all capitalized terms not defined in this First Report are as defined in the Receivership Order.

Purpose

7. The purpose of this First Report is to:
 - a. Provide the Court with an update with respect to the Receiver's administration of the receivership from the Date of Receivership;
 - b. Provide the Court with additional information in respect of the Assets and the Boyle Property;
 - c. Provide the Court with an update regarding the liquidation of certain Assets (the "**Auction Assets**"), which is proposed to be conducted pursuant to an auction (the "**Auction**") by Maynards Industries Canada Ltd. ("**Maynards**"), in accordance with an auction agreement between the Receiver and Maynards dated March 2, 2020 (the "**Auction Agreement**"); and
 - d. Respectfully recommend that this Honourable Court make orders:
 - i. Approving the activities, fees and disbursements of the Receiver as described herein in this First Report including, without limitation, the steps taken by the Receiver pursuant to the Receivership Order and the fees and expenses of the Receiver's legal counsel;

- ii. Approving the Auction Agreement;
- iii. Authorizing Maynards to market and sell the Auction Assets, as agent for the Receiver, pursuant to the terms of the Auction Agreement;
- iv. Vesting NRI's right, title and interest in and to the Auction Assets in the name of purchasers, free and clear of all claims and encumbrances;
- v. Approving certain distributions of sale proceeds from the Auction to Maynards, in accordance with the Auction Agreement; and
- vi. Sealing the Confidential Appendix.

Terms of reference

- 8. In preparing this First Report, the Receiver has relied upon unaudited financial information prepared by the Debtors' management ("**Management**"), the Debtors' books and records, and discussions with Management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of this First Report.
- 9. All dollar amounts in this First Report are in Canadian dollars, unless otherwise indicated.

Receiver's activities

- 10. Since the Date of Receivership, the Receiver has undertaken the following activities:
 - a. Attended at the Boyle Property and took possession and control of the Assets located on site;
 - b. Attended the Mississauga Premises and took possession of the Assets and books and records located on site;
 - c. Retained locksmiths to change the locks at the Boyle Property, as at the Date of Receivership;
 - d. Retained the firm of Dentons Canada LLP ("**Dentons**") as the Receiver's independent legal counsel;
 - e. Arranged to retain former contractors to assist with administrative duties, securing of books and records, and locating and securing the Assets;
 - f. Corresponded with creditors and parties interested in purchasing some or all of the Assets and / or Boyle Property;
 - g. Coordinated final payroll calculations up to the Date of Receivership and the delivery of records of employment and T4 slips for the purposes of administering amounts due to the employees under the *Wage Earner Protection Program Act* ("**WEPPA**");
 - h. Secured the manual and electronic books and records of the Companies;

- i. Arranged continued insurance coverage over the Assets and the Boyle Property, and added the Receiver as named insured and loss payee on the existing insurance policies;
- j. Issued a statutory Notice and Statement of the Receiver to all known creditors of the Companies (the "**Notice to Creditors**") pursuant to subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (Canada). A copy of the Notice to Creditors is attached hereto as Appendix "**A**";
- k. Informed CRA of the receivership and requested new tax accounts for the post-receivership period;
- l. Requested that CRA conduct a pre-receivership audit of the Companies' GST accounts and payroll source deduction accounts;
- m. Opened new trust accounts in the name of the receivership estates to facilitate future receipts and disbursements;
- n. Informed the Companies' customers of the receivership and issued collection letters for the outstanding accounts receivable;
- o. Obtained an appraisal of the Assets;
- p. Solicited and analyzed listing proposals for the Boyle Property from listing agents;
- q. Arranged for auctioneer/liquidation companies to attend the Boyle Property to submit proposals for auction services in respect of the Assets located on site;
- r. Reviewed the Assets subject to third party security interests (the "**Encumbered Assets**"), and where there was no equity above amounts owed to the third parties coordinated the release of the Encumbered Assets to the respective secured party;
- s. Interviewed Management and former employees regarding the location of some of the Assets and books and records;
- t. Reviewed disbursements and arranged for payment, including payment of invoices for the retained contractors;
- u. Corresponded with Dentons on various legal matters relating to the receivership;
- v. Corresponded with creditors, key employees, and other of the Companies' stakeholders;
- w. Corresponded with Northland in relation to the status of the Boyle Property, the security registered against title to those lands, and matters going forward;
- x. Reviewed the Clearview Litigation Matter (as defined herein);
- y. Drafted, reviewed and finalized this First Report; and
- z. Addressed additional matters as they arose from time to time.

Operations

11. The Receiver understands that NRI and Scraport ceased operations prior to the Date of Receivership. Upon the Receiver's attendance at the Boyle Property, the Receiver became aware of a third party, MTL Alberta Ltd. ("**MTL**"), operating at the site. The Receiver took steps to secure the equipment owned and leased by NRI and Scraport, and instructed MTL to not use such equipment without the authorization of the Receiver. Prior to the Date of Receivership, 213 entered into a commercial lease arrangement with MTL whereby it would lease and operate from the Boyle Property site.
12. The Receiver also attended the Mississauga Premises. The Receiver discovered that the Mississauga Premises were vacant, that all of the Companies' computers had been removed and it appeared certain books and records had been removed from the on site filing cabinets. As no significant assets remained at the Mississauga Premises, and upon review and confirmation of no equity in the premises under lease, the Receiver released its interest and vacated the Mississauga Premises.
13. Subsequently, the Receiver was able to contact management of NRI and Scraport (the "**Management**") and was advised that the Companies' computers and books and records had been moved to a storage container. The Receiver was informed that the books and records were intermingled with the records of other companies owned by members of Management, and not within the Receiver's purview. The Receiver arranged to change the lock on the storage container, and requested Management arrange a time to remove the records of the other companies not subject to the terms of the Receivership Order. Despite several requests, Management declined to separate and remove the records of the other companies. The Receiver took steps to remove the computers and books and records from the storage container, and relocated them to a secure storage facility.
14. While the Receiver was provided with access to the Companies' accounting system and document network, it is unclear whether the Companies undertook accurate and regular accounting activities for their respective businesses. The Receiver was unable to locate certain documents it would expect to find such as asset listings, project listings or CRA records, among others. Moreover, Management was unable to produce a fulsome accounts payable listing.

Assets

Accounts receivable

15. Shortly after the Date of Receivership, the Receiver obtained a copy of the Companies' accounts receivable sub-ledger, which indicated that NRI and Scraport had accounts receivable of approximately \$144,900 and \$481,700, respectively.
16. To date, the Receiver has been unable to collect any outstanding amounts. In discussions with some of the paying parties, all have claimed setoffs greater than amounts owed to NRI and Scraport. The Receiver continues to investigate the validity of these setoff claims; however, it appears that collection is unlikely.

Operating Assets | Equipment

17. As at the Date of Receivership, NRI and Scraport owned, financed and leased Assets in various locations throughout Alberta and Ontario. The majority of these Assets were located at the Boyle Property.

18. These Assets consists of approximately 52 owned, financed and leased units with an approximate book value of \$17.6 million as disclosed in the Companies' most recent available internal financial statements. The Assets include metal shredders, cranes, trucks, and material handlers used in the various business lines of the Companies.
19. As the Companies did not maintain a comprehensive asset listing, the Receiver compiled a list using information obtained from personal property registry search results, interviews and discussions with Management and the former employees, and a review of the Companies' books and records.
20. Some of the Assets were located at storage sites in Fort McMurray, Edmonton, Hamilton, and Mississauga. Due to the significant costs that would be required to move those Assets to a common site, the Receiver contacted the storage facilities to confirm if the Asset was present and made arrangements for the Asset to remain at the various storage facilities until such time as the Receiver had assessed the security interest registered against the Asset, and the consideration of any asserted storage costs. The Receiver arranged for insurance coverage over all of the Assets.
21. The Receiver engaged Maynards Industries Canada Appraisals Ltd. ("**Maynards**") to conduct an appraisal of the Assets (the "**Asset Appraisal**"). A copy of the Asset Appraisal is attached as Confidential Appendix "**1**".
22. The Receiver assessed whether there was any equity in specific pieces of the Assets based on the Asset Appraisal. The Receiver determined there was no equity in any of the Assets. Following the delivery of the Security Opinion (as defined herein), the Receiver released any interest it had in the Assets to each respective secured creditor / lessor and each party made its own arrangements to retrieve the equipment.

Boyle Property

23. The Boyle Property is owned by 213 and consists of five parcels of land totalling approximately 229 acres. There are several buildings located on the property including a two storey office building, a shop building, a scale house, and several buildings in the process of being torn down and processed as scrap.
24. 213 purchased the Boyle Property in September 2018 for \$9.5 million from Northland. The purchase by 213 appeared to be by way of \$2.5 million cash and a vendor take back ("**VTB**") mortgage of \$7 million. As at the Date of Receivership, the outstanding mortgage balance was approximately \$6.95 million (the "**Mortgage Indebtedness**").
25. The Receiver discussed the Boyle Property with a commercial realtor specializing in Northern Alberta locations and who had direct familiarity with the Boyle Property. Based on comparables, and the realtor's familiarity with the potential uses for the Boyle Property, it was the realtor's view that the Boyle Property would potentially sell for a purchase price less than the Mortgage Indebtedness.
26. As the delta between the amount paid by 213 and the realtor's assessed potential sale price was material, the Receiver obtained and investigated the purchase and sale documents, the mortgage documents and the land transfer documents. Upon review of the documents, the Receiver noted that the Affidavit of Value of Land executed by Mr. Irfan Rahman ("**Rahman**") (on behalf of 213) reflected a land value of \$9.5 million, whereas the Transfer of Land document registered with the Alberta Land Titles and executed by Northland initially reflected the consideration received of \$9.5 million but that amount was subsequently changed reflecting consideration of only \$4.438 million. As a result of the change to the document, the Receiver felt that a review of the transaction was necessary. A copy of the various Real Property transaction documents are attached as Appendix "**B**".

27. The Receiver and its legal counsel had numerous discussions with Northland and its legal counsel in regards to the actual amount of consideration received, and the basis for the change to the Transfer of Land document. Northland maintains that the actual sale price of the Real Property was \$9.5 million and the change to the Transfer of Land document was made to adjust the consideration to match a prior appraisal on the Boyle Property.
28. The Receiver met with Rahman to discuss 213's purchase of the Boyle Property. Rahman advised he placed a high value on the property given it is serviced by 2 rail spurs, had an existing on-site fire suppression and response system, and direct highway access. In addition, the Receiver was provided with email correspondence between Rahman and Northland which indicated an agreed up purchase price of \$9.5 million. Accordingly, the Receiver is reasonably satisfied that the Boyle Property purchase price was \$9.5 million, as negotiated between 213 and Northland.
29. As a result of NRI's and Scraport's financial challenges, operations were discontinued in the spring of 2019 and, as noted above, 213 entered into a lease with MTL. Specifically, 213 entered into a five (5) year lease for the Boyle Property on June 20, 2019 at a monthly rate of \$41,433 (this amount being approximately 50% of the monthly mortgage payments on the VTB). The Receiver is continues to collect the monthly rent from MTL. A copy of the lease is attached as Appendix "C".
30. To conduct the proposed Auction (as discussed below), the Receiver will require access to the Boyle Property. The Receiver is in the process of discussing access matters with 213's tenant, MTL.
31. As noted above, Northland holds a VTB which has been registered against the Boyle Property lands. Shortly following the Date of Receivership, the Receiver communicated with Northland with respect to the status of the Boyle Property. In particular, the Receiver has had various discussions with Northland (over the course of 7 months) with respect to the application of the stay of proceedings, the potential marketing and solicitation for the sale of the Boyle Property, and the Receiver's continued access to the Boyle Property for the purposes of conducting an auction process.
32. To date, the Receiver has not been able to reach a consensual agreement with Northland with respect to the Boyle Property. The Receiver continues to secure, insure and manage the Boyle Property. On February 25, 2020, Northland's counsel delivered correspondence to the Receiver requesting availability to attend a motion to address the lifting of the Receivership Order stay of proceedings. The Receiver advised Northland's counsel that it had scheduled the March 6, 2020 date to address, among other things, the approval of the Auction Agreement.

Liabilities

33. Dentons has conducted a review of each creditor's security on the Assets (collectively, the "**Security Opinions**"). The Security Opinions, subject to the usual qualifications and assumptions, determined that the security held by the secured creditors in respect of the Assets:
 - a. Constitute legal, valid and binding security interests in favour the creditors, in the subject collateral;
 - b. Is sufficient to secure the payment and performance of the obligations being secured thereby; and
 - c. Is properly perfected and registered in the applicable jurisdictions.
34. As noted above, the NRI and Scraport had a variety of true lease arrangements with lessors. The Receiver has released its interest in that equipment.

35. With respect to the Assets, the Receiver has or will take the following actions:

- i. Released any interest in the Assets, after determining there was no equity in the collateral; and
- ii. subject to Court approval, will auction the Auction Assets pursuant to the Auction Agreement.

36. A summary of the Companies' creditors is provided below:

Summary of Liabilities					
CAD \$ thousands	Ref.	NRI	Scraport	213	Total
Secured creditors					
RBC	#31	\$ 2,643	2,038	-	4,681
Northland	#32	-	-	6,950	6,950
Capital Leases	#33	3,174	3,174	-	6,348
Total secured creditors		5,817	5,212	6,950	17,979
Unsecured creditors					
Unsecured trade creditors		3,169	760	-	3,929
Total liabilities		\$ 8,986	5,972	6,950	21,908

37. The Receiver is not able to determine if any amounts are owed to the Canada Revenue Agency ("**CRA**") based on its review of the Companies' books and records. The Receiver has requested CRA conduct an audit of the GST and payroll accounts.

38. A total of 21 WEPPA packages were sent to the Companies' eligible employees. To date, 11 WEPPA claims have been submitted by the former employees. The Receiver estimates a priority claim of approximately \$12,600 payable to Service Canada.

39. The Companies' books and records reflect approximately \$41,500 in arrears to the Workers' Compensation Board of Alberta ("**WCB**"). Notice of the Companies' receivership was provided to the WCB but the Receiver has not yet received any correspondence from the WCB in respect of any amounts that may be owed.

Clearview Demolition Ltd.

40. On October 8, 2019, the Receiver met with Rahman to discuss the Companies. During this meeting, Rahman advised the Receiver that NRI had posted approximately \$1.68 million with the British Columbia Superior Court in connection with a legal action between NRI and Clearview Demolition Ltd. ("**Clearview**") and in particular, to vacate a lien claim. This information was not previously known to the Receiver, nor was it reflected in any financial information previously provided to the Receiver.

41. The Receiver understands that NRI entered into a contract with The City of Prince Rupert (the "**City**") to demolish and abate a former pulp mill known as the Watson Island Pulp Mill located on the City's lands (the "**Project**"). The Receiver also understands that NRI entered into a verbal agreement with Clearview

(the "**Agreement**") whereby Clearview agreed to provide certain demolition and abatement services to NRI. NRI was the general contractor on the Project and Clearview was the sub-contractor. Based on information provided to the Receiver, it appears the Agreement was for a fixed price of \$6.4 million (excluding GST).

42. Clearview filed a lien on the Project lands and on November 1, 2017, Clearview filed a notice of civil claim (the "**Claim**") against NRI and others (the "**Defendants**"). Clearview claimed they had not been fully compensated for lienable work performed at the Project. Clearview's claim is for \$1,562,519.98. NRI posted \$1.68 million with the Court (the "**Posted Monies**") to vacate the lien filed by Clearview allowing NRI to complete the work and to be paid by the City.
43. On December 20, 2017, the named Defendants in the Claim filed a defence to Clearview's claim (the "**Response**"). The Defendants disagreed with Clearview's claim in its entirety and counterclaimed that Clearview had in fact been overpaid by approximately \$1.3 million. The Defendants also claimed that Clearview's refusal to provide any further services was a breach of the contract.
44. The Receiver continues to review all documentation associated with the Claim and the Agreement. Additionally, the Receiver has had various discussions with Clearview's solicitor to discuss the status of the claim, the stay of proceedings and potential settlement.
45. The Receiver will continue its efforts to attempt to settle the Claim failing which, the Receiver will file a motion with this Honourable Court for advice and direction to advance the litigation and potentially have the Posted Monies paid to the Receiver in trust, pending further Order of the Court.

Marketing and sales process

Auction of the Equipment

46. As noted above, the Receiver obtained the Asset Appraisal.
47. Based on a review of the Asset Appraisal, the nature of the Assets, the present market for the Assets, and other analysis, the Receiver has concerns over its ability to sell the Assets in the usual course. Accordingly, the Receiver commenced an auction and sales proposal solicitation process and invited auctioneers/liquidators and potential *en-bloc* purchasers to submit proposals to the Receiver in respect of the Assets.
48. Six auctioneer/liquidators and five potential *en-bloc* purchasers initially expressed interest in the Assets. All interested parties, after viewing the Assets, expressed concern with the condition of the majority of the Assets, such that only three (3) offers were received. Two from auctioneer/liquidators and one potential *en-bloc* purchaser.
49. The Receiver reviewed the three (3) offers and determined that the most favourable proposal that was submitted to the Receiver was the Maynards proposal. The Maynards proposal represents the most commercially reasonable and fair proposal for the sale of the Assets.
50. The Receiver has now entered into the Auction Agreement, subject to Court approval. Attached as Appendix "**D**" is a copy of the Auction Agreement.

51. By way of a summary, the Auction Agreement provides that:

- a. the Auction Agreement is subject to Court Approval, and the issuance of an Order vesting the Companies (as applicable) right, title and interest in and to the Assets, in the name of a purchaser (the "**Approval Order**");
- b. Maynards shall carry out, as agent for the Receiver, a 1-day auction with respect to the Assets, within 30-60 days following an Approval Order;
- c. Maynards will charge a fixed commission on sales of the Assets and charge an expense budget not to exceed \$15,000; and
- d. Maynards will pay the proceeds of the sales, net of applicable taxes, its commission and expense budget, to the Receiver within 10 days following completion of the auction.

52. The value of the Assets is not expected to exceed the total amount due and owing to RBC. Accordingly, RBC is the fulcrum creditor and the primary stakeholder of the Companies. RBC supports the approval of the Auction and Auction Agreement.

53. The Receiver considers the Auction Agreement to represent the best opportunity to recover value for the Assets in the circumstances and recommends that the Court approve the Auction Agreement.

Fees and Disbursements of the Receiver and Legal Counsel

54. The Receiver's professional fees, and the professional fees of Dentons, are calculated based on hours spent at rates established by each professional based on their qualifications and experience.

55. Pursuant to the Receivership Order, the Receiver, and its legal counsel, have provided services and have incurred disbursements since July 7, 2019 up to February 21, 2020. Pursuant to paragraph 18 of the Receivership Order, the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements.

56. The total fees for the Receiver during the period of July 7, 2019 to February 21, 2020 (the "**Receiver's Fee Period**") total \$156,897.50, together with disbursements in the amount of \$44,615.60, excluding HST (collectively, the "**Receiver's Fees**"). The time spent by the Receiver's personnel during the Receiver's Fee Period is more particularly described in the Affidavit of Jordan Sleeth sworn March 2, 2020 (the "**Sleeth Affidavit**"). A copy of the Sleeth Affidavit is attached hereto as Appendix "**E**".

57. The total fees for Dentons during the period of July 12, 2019 to January 31, 2020 (the "**Dentons Fee Period**") total \$159,206.50, together with disbursements in the amount of \$1,165.49, excluding HST (collectively, "**Dentons Fees**"). The time spent by the Dentons' personnel during the Dentons Fee Period is more particularly described in the Affidavit of Robert Kennedy sworn February 27, 2020 (the "**Kennedy Affidavit**"). A copy of the Kennedy Affidavit is attached hereto as Appendix "**F**".

58. In the Receiver's opinion, the services rendered in respect of these fees and disbursements have been duly rendered in response to required and necessary duties of the Receiver hereunder, and are reasonable in the circumstances. Accordingly, the Receiver seeks approval of the Receiver's Fees and the Dentons Fees.

Statement of Receipts and Disbursements

59. The Receiver has prepared a Statement of Receipts and Disbursements (the "**SRD**") reflecting the administration of the receivership for the period July 12, 2019 to January 20, 2020. The SRD is attached as Appendix "**G**".

Sealing of Confidential Appendices

60. The Receiver recommends that a Court Order be granted sealing the Confidential Appendix to the First Report and they remain under seal (the "**Sealing Order**"), unless otherwise ordered by the Court, to avoid any negative impact that could result from dissemination of the information contained in the Confidential Appendix to the First Report. The Confidential Appendix contain confidential information pertaining to the Assets that have not yet been sold. Publication of this information may undermine the efforts to maximize the realizations from these Assets. In the event the contemplated auction does not proceed, the Receiver is of the view that efforts to remarket the Assets may be seriously impaired if the Appraisal, the proposal summary, or the financial terms of the Auction Agreement are made public at this time.

61. Any interested party may apply, on notice to the Receiver, to vary the terms of the Sealing Order or to unseal the Confidential Appendices.

Conclusions and recommendations

62. The Receiver respectfully recommends that the Court issues and Order:

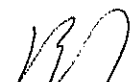
- a. Approving the Auction Agreement;
- b. Authorizing Maynards to market and sell the Assets, as agent for the Receiver, pursuant to the terms of the Auction Agreement;
- c. Vesting NRI's right, title and interest in and to the Assets in the name of purchasers, free and clear of all claims and encumbrances;
- d. Approving certain distributions of sale proceeds from the Auction to Maynards, in accordance with the Auction Agreement;
- e. Approving the activities of the Receiver up to the Sales Process, and as set out in this First Report;
- f. Approving the Receiver's Fees and Dentons Fees; and
- g. Sealing the Confidential Appendix.

* * *

All of which is respectfully submitted at Calgary, Alberta this 2nd day of March, 2020.

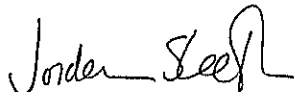
DELOITTE RESTRUCTURING INC.,
solely in its capacity as Court-appointed Receiver
of National Recycling Inc., Scraport Inc., and 2139483 Alberta Inc.,
and not in its personal or corporate capacity

Per:



Bob Taylor, FCPA, FCA, CIRP, LIT
Senior Vice-President

Per:



Jordan Sleeth, LIT
Senior Vice-President

Appendix “B”

to the Second Report of the Receiver

Court File No. CV-19-00623276-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE)	FRIDAY, THE 6 TH DAY
)	
JUSTICE GILMORE)	OF MARCH, 2020

BETWEEN:



ROYAL BANK OF CANADA

Applicant

- and -

NATIONAL RECYLCING INC., SCRAPORT INC. and 2139483 ALBERTA LTD.

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED; AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

ORDER

THIS MOTION, made by Deloitte Restructuring Inc. ("**Deloitte**"), in its capacity as the court-appointed receiver and manager (the "**Receiver**") of National Recycling Inc. ("**NRI**"), Scraport Inc. ("**Scraport**"), and 2139483 Alberta Ltd. ("**213**"), and together with NRI and Scraport, the "**Debtors**"), for an order,

- (a) abridging the time for service of the Notice of Motion and the Motion Record herein and validating service thereof;

- (b) approving the Auction Agreement between the Receiver and Maynards Industries Canada Ltd. (the “**Auctioneer**”) dated March 2, 2020 (the “**Auction Agreement**”);
- (c) authorizing the Auctioneer to market and sell the Assets, as defined in the Auction Agreement and attached hereto at **Schedule “A”**, pursuant to the terms of the Auction Agreement;
- (d) providing for the vesting of the Debtors’ right, title and interest in and to the Assets to any person who purchases any of the Assets pursuant to the Auction Agreement (each, a “**Purchaser**”);
- (e) authorizing the Receiver to distribute the proceeds from any sale of Assets (each, a “**Sale**”) to the Auctioneer, in the manner contemplated by the Auction Agreement;
- (f) approving the first report of the Receiver dated March 2, 2020 (the “**First Report**”) and the activities of the Receiver as described therein;
- (g) approving the fees and disbursements of the Receiver as set out in the affidavit of Jordan Sleeth sworn March 2, 2020, and the fees and disbursements of the Receiver’s counsel, Dentons Canada LLP (“**Dentons**”), as set out in the affidavit of Robert Kennedy sworn February 27, 2020 (together, the “**Fee Affidavits**”);
- (h) approving the Receiver’s interim statement of receipts and disbursements for the period of July 12, 2019 to February 21, 2020 (the “**Interim R&D**”); and
- (i) such further and other grounds as counsel may advise and this Honourable Court may permit;

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Receiver dated March 2, 2020, the First Report, and on hearing the submissions of counsel for the Receiver, no one appearing for any

other person on the service list, although properly served as appears from the affidavit of Amanda Campbell sworn March 2, 2020, filed:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that, unless otherwise indicated, capitalized terms in this Order shall have the meanings given to them in the Auction Agreement.

APPROVAL OF AUCTION AGREEMENT

3. **THIS COURT ORDERS** that the Auction Agreement, including all schedules attached thereto, is hereby approved, is declared commercially reasonable and in the best interest of the Debtors and their stakeholders.

4. **THIS COURT ORDERS** that, subject to any other provisions of this Order, or of the Receivership Order of the Honourable Mr. Justice Hailey dated July 12, 2019 (the "**Receivership Order**"), the Receiver is hereby authorized and directed to take any and all actions as may be necessary or desirable to implement the Auction Agreement, and the Auction and Sale(s) contemplated therein, including, without limitation, to execute any other agreement, contract, deed or any other document, or take any other action, which could be required or useful to give full and complete effect to the Auction Agreement.

5. **THIS COURT ORDERS** that the Auctioneer is hereby authorized to market and sell and Auction the Assets, as agent for the Receiver, in accordance with the terms of the Auction Agreement and this Order.

6. **THIS COURT ORDERS** that, until the General Deadline, the Auctioneer shall have access to the Premises on the basis that the Auctioneer is an agent of the Receiver and the Receiver has granted to the Auctioneer the right of access to the Premises. To the extent the terms of any lease, occupancy agreement or charge relating to the Premises conflict with the terms of this Order, the terms of this Order shall govern.

7. **THIS COURT ORDERS** that the marketing and Sale or Auction of Assets to be conducted by the Auctioneer shall be free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Receivership Order, or (ii) any or all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (collectively, the “**Encumbrances**”).

ASSET SALE AND VESTING

8. **THIS COURT ORDERS** that, upon the Auctioneer completing the Sale of any of the Assets to a Purchaser, in accordance with the Auction Agreement, and upon the Auctioneer’s receipt of the purchase price and the delivery by the Auctioneer of a bill of sale or similar evidence of purchase to such Purchaser (the “**Purchaser Bill of Sale**”), then:

- (a) all of the Debtors’ right, title and interest in and to the Assets shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all Claims, and all of the Encumbrances affecting or relating to such Assets shall be expunged and discharged as against such Assets;
- (b) the Debtors and all persons who claim by, through or under the Debtors in respect of the Assets, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Assets and, to the extent that any such persons remain in possession or control of any of the Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee); and
- (c) the Purchaser (or its nominee) shall be entitled to enter into and upon, and/or hold and enjoy the Assets for its own use and benefit without any interference of or by the Debtors, or any person claiming by or through or against the Debtors.

9. **THIS COURT ORDERS** that nothing herein shall, however, discharge the obligations of the Auctioneer pursuant to the Auction Agreement, or the rights or claims of the Receiver in respect thereof including, without limitation, the obligations of the Auctioneer to account for and remit certain proceeds of the Sales to the Receiver in accordance with the terms of the Auction Agreement.

10. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims in the receivership proceedings, the monies payable to the Receiver under the Auction Agreement from the Sales shall stand in the place and stead of the Assets, and from and after the delivery of the Purchaser Bill of Sale, all Claims shall attach to the Gross Sale Proceeds from the Sales, which are paid to the Receiver in accordance with Auction Agreement, with the same priority as they had with respect to the Assets immediately prior to the Sale, as if the Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the Sale.

11. **THIS COURT ORDERS** that, from and after the closing of a Sale of any of the Assets to a Purchaser, the Receiver is hereby authorized to take all such steps as may be necessary to effect the discharge of any security registration or registrations relating to any Claims registered against the Assets, including Encumbrances, as may be necessary, provided that the Receiver shall not be authorized to effect any discharge that would have the effect of releasing any collateral other than the Assets, and the Receiver shall be authorized to take any further steps by way of further application to this Court.

12. **THIS COURT ORDERS** that notwithstanding (i) the pendency of these receivership proceedings; (ii) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors and any bankruptcy order issued pursuant to such applications; (iii) any assignment in bankruptcy now made or to be made in respect of the Debtors; or (iv) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds the Debtors, and notwithstanding any provision to the contrary in any such agreement (a “**Third Party Agreement**”):

- (a) the vesting of the Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a 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; and
- (b) the vesting of the Assets in the Purchaser (or its nominee) pursuant to this Order shall not create nor be deemed to constitute a breach by the Debtors of any Third Party Agreement, and the Purchaser shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation, execution, delivery or performance of the transactions contemplated herein.

13. **THIS COURT ORDERS** that, except for any breach of its obligations under the Auction Agreement, or its gross negligence or willful misconduct, the Auctioneer shall incur no liability or obligation in carrying out the terms of the Auction Agreement and this Order, and as agent of the Receiver the Auctioneer shall have the benefit of the stay of proceedings, limitations of liability and other protections afforded the Receiver under the Receivership Order and at law. The stay of proceedings, limitations of liability and other protective provisions in the Receivership Order shall not be lifted, suspended or amended, as they apply to the Auctioneer, except with the written consent of the Auctioneer or leave of this Court granted on not less than seven (7) days' prior notice to the Auctioneer.

DISTRIBUTION OF SALE PROCEEDS

14. **THIS COURT ORDERS** that the Receiver is authorized to distribute the proceeds from the Sale of Assets to the Auctioneer, in accordance with the Auction Agreement. Any proceeds from a Sale of Assets which is payable to the Receiver pursuant to the Auction Agreement shall be dealt with and distributed in accordance with a future distribution application to the Court, to be made by the Receiver following the Auction.

SEALING ORDER

15. **THIS COURT ORDERS** that **Confidential Appendix "1"** to the First Report, shall be sealed, kept confidential and not form part of the public record, but shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order up and until a further order of the Court.

MISCELLANEOUS

16. **THIS COURT ORDERS** that the actions of the Receiver with respect to the sales process for the Auction Agreement, as particularized in the First Report, are hereby approved and ratified. No action lies against the Receiver by reason of this Order or arising from the performance of any act authorized by this Order.

17. **THIS COURT ORDERS** that the Receiver, the Auctioneer, or any Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order, and to assist with the completion of any Sale of Assets contemplated by the Auction Agreement and this Order.

18. **THIS COURT ORDERS** that this Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

RECEIVER'S ACTIVITIES

19. **THIS COURT ORDERS** that the First Report and the activities of the Receiver, as described in the First Report, be and are hereby approved.


20. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and Dentons, as set out in the First Report and in the Fee Affidavits, are hereby approved.
21. **THIS COURT ORDERS** that the Interim R&D is hereby approved.



Justice C.A. Gilmore

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAR 06 2020

PER / PAR 

SCHEDULE "A"

ASSET LIST

Attached.

Schedule "A"
Assets for Auction

National Recycling Inc.					
Asset listing and analysis					
Owned assets					
Item description	Location	Year	Make & Model	VIN/Serial Number	License plate
Trailer	Boyle, AB	1999	Haultec Trailer	2C9B2R4E7X1012796	M9898J
Vehicle	Boyle, AB	1995	GM truck	1GDP7H1J6TJ501985	
Trailer	Boyle, AB		Neustar Trailer	Unknown	
Vehicle	Boyle, AB	2012	Ford F-350	1FDSX35S52EA99495	
Vehicle	Boyle, AB	2007	International Paystar 5600i 6X4	1HTXHAPT18J631796	
Vehicle	Boyle, AB	2011	Ford F-550	1FD0W5HY9CEA84473	
Vehicle	Boyle, AB	2011	Ford F-150	1FTNF1CT2BKD28849	CBD 8355
Vehicle	Boyle, AB	2010	Ford F-150	1FTFW1EV9AFD59400	FZN 027
Vehicle	Boyle, AB	1990	Ford L9000	1FDYU90W5LVA19324	
Vehicle	Boyle, AB	2006	GMC 3500	1GDJK34U17E100758	
Trailer	Boyle, AB	2012	Terex AL-4000 lights trailer	4ZJSL141XC1000379	
Vehicle	Boyle, AB	2000	GM Hydrovac truck	1GDP7H1C3YJ526920	
Vehicle	Boyle, AB	2006	Suzuki Grand Vitara	JS3TD62V514164935	
Vehicle	Boyle, AB	2012	Ford Escape	1FMCU9D71CKB95768	BXNW 901
Vehicle	Boyle, AB	2016	GMC Sierra	3GTU2NEC4GG107571	BVL 3904
Shredder	Boyle, AB		Bonfiglioli Squalo 2000	1051	
Shredder	Boyle, AB		Bonfiglioli Squalo 2000	1053	
Shredder	Boyle, AB		Bonfiglioli Squalo 3000	1038	
Photocopy Machine	Boyle office building		Office furniture and photocopiers	CZB016189	
Trailer	Edmonton, AB (Genalta)	2009	Terex AL5000	4ZJSL151391000232	
Vehicle	Edmonton, AB (Genalta)	2008	Chevrolet Express G3500	1GBHG31K681200746	

ROYAL BANK OF CANADA

- and -

**NATIONAL RECYCLING INC., SCRAPORT INC. and
2139483 ALBERTA LTD.**

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT TORONTO

ORDER

DENTONS CANADA LLP

77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Robert J. Kennedy (LSO # 474070)

Tel: (416) 367-6756

Fax: (416) 863-4592

robert.kennedy@dentons.com

Mark A. Freake (LSO #63656H)

Tel: (416) 863-4456

mark.freake@dentons.com

*Lawyers for Deloitte Restructuring Inc., in its capacity as
Court-appointed Receiver of National Recycling Inc.,
Scraport Inc. and 2139483 Alberta Ltd.*

Appendix “C”

to the Second Report of the Receiver

SETTLEMENT OF LIEN CLAIM

BETWEEN:

DELOITTE RESTRUCTURING INC., solely in its capacity as receiver and manager of National Recycling Inc., Scraport Inc., 2139483 Alberta Ltd., and not in its personal capacity

- and -

MTL RECYCLING (ALBERTA) LTD.

WHEREAS:

- A. On July 12, 2019, pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), Deloitte Restructuring Inc. was appointed as receiver (the “**Receiver**”), without security, of all of the assets, undertakings and properties of National Recycling Inc. (“**NRI**”), Scraport Inc. (“**SI**”), and 2139483 Alberta Ltd. (“**213**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**Receivership Proceedings**”);
- B. On June 22, 2019, 213 and MTL Recycling (Alberta) Ltd. (“**MTL**”) entered into a lease agreement (the “**Lease**”), for the lease of lands located at 4688 Taylor Road, Boyle, Alberta (the “**Lands**”). Pursuant to the Lease, MTL agreed to pay 213 monthly rent in the amount of \$41,633 (the “**Rent**”);
- C. On June 20, 2019, 213 and MTL entered into a storage agreement (the “**Storage Agreement**”). Pursuant to the Storage Agreement, 213 agreed to pay a monthly storage rate of \$20,0000, plus applicable taxes to MTL;
- D. MTL has paid Rent to the Receiver for the period of August 2019 to January 2020. Commencing February 2020, MTL asserted that it was no longer paying Rent to the Receiver without being paid the past due storage fees accrued since the date the Storage Agreement commenced (June 2019), and asserted a right of set-off (the “**Storage Claim**”);
- E. On March 6, 2020, the Receiver obtained an auction approval order (the “**Auction Approval Order**”) pursuant to which the Receiver was authorized to retain an auctioneer to market and sell specific pieces of NRI and SI equipment (collectively, the “**Equipment**”);
- F. Following the granting of the Auction Approval Order and prior to the auctioneer’s sale of the Equipment, MTL asserted a lien right against the Equipment for the non payment of storage fees (the “**Asserted Lien Claim**”);
- G. On May 14, 2020, the Receiver and MTL entered into a letter agreement with respect to MTL’s payment of Rent for the period of February 2020 rolling forward (the “**Rent Arrears**”) to its solicitors trust account, FIJLaw LLP (the “**MTL’s Solicitors**”), and the Receiver’s agreement to hold net sale proceeds from the sale of the Equipment (the “**Net Sale Proceeds**”), until the earlier of: (i) a further agreement between the Receiver and MTL in relation to the release and payment of the Rent Arrears and the Net Sale Proceeds, or (ii) a Court Order;
- H. There is a dispute in relation to the validity and enforceability of the Storage Agreement and the Asserted Lien Claim (collectively, the “**Claim Dispute**”); and
- I. The Receiver and MTL have resolved to settle Claim Dispute, on the terms set out herein;

NOW THEREFORE in consideration of the mutual covenants contained herein including, without limitation, the agreement by the Receiver to the payment of the amount of \$75,000.00 (inclusive of applicable taxes) to MTL from the Rent Arrears held by MTL's Solicitors (the "**Payment**"), on the terms and conditions set out herein, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1 **SETTLEMENT**

- 1.1 The Receiver and MTL hereby agree as follows:
- (a) the Receiver hereby agrees to the Payment to MTL in respect of the Storage Claim and the Asserted Lien Claim, upon the granting of the Approval Order (as defined herein); and
 - (b) MTL hereby agrees to provide the release pursuant to Article 2 hereof.
- 1.2 In order to facilitate the delivery of the Payment and the Rent Arrears to the Receiver, the parties hereby irrevocably direct MTL's Solicitors as follows (upon the granting of the Approval Order):
- (a) the Receiver hereby irrevocably directs MTL's Solicitors to immediately deliver the Payment to MTL; and
 - (b) MTL hereby irrevocably directs MTL's Solicitors to immediately deliver the balance of the Rent Arrears (net of the Payment), to the Receiver.

ARTICLE 2 **RELEASE**

- 2.1 Subject to Article 3, by virtue of the execution and delivery of this Settlement Agreement and the delivery of the Payment by the Receiver to MTL, MTL hereby releases any and all claims, whether known or unknown, which it may have ever had, may have, or at any time hereafter can, shall or may have or advanced in respect of the Storage Claim pursuant to the Storage Agreement, the Asserted Lien Claim, and any other claims that may be asserted by MTL in respect of the Net Sale Proceeds and the Rent Arrears.

ARTICLE 3 **COURT APPROVAL**

- 3.1 The effectiveness of this Settlement Agreement remains subject to obtaining a Court Order in the Receivership Proceedings: (i) approving the terms of this Settlement Agreement and confirming that the Rent Arrears form part of the Receivership Proceedings, (ii) authorizing and directing the parties to the Settlement Agreement to take all steps necessary to give effect to the terms of this Settlement Agreement which, for greater certainty, shall include the delivery of the Rent Arrears to the Receiver, and (iii) authorizing and directing the Receiver to make the Payment to MTL (the "**Approval Order**").

ARTICLE 4 **GENERAL**

- 4.1 The recitals to this Settlement Agreement form part of this Settlement Agreement.

- 4.2 All monetary amounts referred to in this Settlement Agreement shall be in CAD currency.
- 4.3 This Settlement Agreement shall be governed by and construed in accordance with the laws of Alberta.
- 4.4 Any amendment to this Settlement Agreement shall be made in writing and shall be duly executed by all parties.
- 4.5 The parties hereby covenant and agree to do such further and other things that any other party may reasonably request to give full or better effect to the provisions of this Settlement Agreement.
- 4.6 This Settlement Agreement may be executed in counterparts and delivered via facsimile or email (pdf), and all counterparts, when taken together, shall constitute one Settlement Agreement.

IN WITNESS WHEREOF the parties hereto have executed these presents effective August ____, 2020.

MTL RECYCLING (ALBERTA) LTD.

DELOITTE RESTRUCTURING INC., solely in its capacity as Court appointed receiver of National Recycling Inc., Scraport Inc., and 2139483 Alberta Ltd. and not in its personal capacity

Per: _____

Per: _____

Name:

Name:

Appendix “D”

to the Second Report of the Receiver

**ALBERTA GOVERNMENT SERVICES
LAND TITLES OFFICE**

IMAGE OF DOCUMENT REGISTERED AS:

182272921

ORDER NUMBER: 37562782

ADVISORY

This electronic image is a reproduction of the original document registered at the Land Titles Office. Please compare the registration number on this coversheet with that on the attached document to ensure that you have received the correct document. Note that Land Titles Staff are not permitted to interpret the contents of this document.

Please contact the Land Titles Office at (780) 422-7874 if the image of the document is not legible.

MORTGAGE**"THE LAND TITLES ACT"**

2139483 ALBERTA LTD. (the "Mortgagor"), the registered owner of an estate in fee simple in possession, subject, however, to such encumbrances, liens, and interests as are notified by memorandum underwritten or endorsed, in the Land described as follows:

- ✓ PLAN 9422442
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.555 HECTARES (3.84 ACRES) MORE OR LESS

- ✓ PLAN 9523885
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 29.17 HECTARES (72.08 ACRES) MORE OR LESS

- ✓ ALL THAT PORTION OF THE NORTH WEST QUARTER OF SECTION THIRTY THREE (33)
TOWNSHIP SIXTY FOUR (64)
RANGE NINETEEN (19)
WEST OF THE FOURTH MERIDIAN
LYING SOUTH EAST OF THE RAILWAY RIGHT OF WAY PLAN 6396BO
CONTAINING (54.28) ACRES, MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

- ✓ ALL THAT PORTION OF THE NORTH WEST QUARTER OF SECTION THIRTY THREE (33)
TOWNSHIP SIXTY FOUR (64)
RANGE NINETEEN (19)
WEST OF THE FOURTH MERIDIAN, DESCRIBED AS FOLLOWS:
COMMENCING AT THE NORTH EAST CORNER OF THE SAID QUARTER SECTION; THENCE WESTERLY ALONG THE NORTH BOUNDARY THEREOF ONE HUNDRED AND TWENTY SIX (126) FEET; THENCE SOUTHERLY AT RIGHT ANGLES TO THE SAID NORTH BOUNDARY TO A POINT IN THE NORTH WESTERLY LIMIT OF THE RIGHT OF WAY TO THE ALBERTA AND GREAT WATERWAYS RAILWAY AS SHOWN ON RAILWAY PLAN 6396BO; THENCE NORTH EASTERLY ALONG THE SAID LIMIT TO THE EAST BOUNDARY OF THE SAID QUARTER SECTION; THENCE NORTHERLY ALONG THE SAID EAST BOUNDARY TO THE POINT OF COMMENCEMENT CONTAINING 0.202 HECTARES MORE OR LESS

EXCEPTING THEREOUT ALL MINES AND MINERALS

ALL THAT PORTION OF THE NORTH WEST QUARTER OF SECTION THIRTY THREE (33)

TOWNSHIP SIXTY FOUR (64)

RANGE NINETEEN (19)

WEST OF THE FOURTH MERIDIAN, LYING NORTH WEST OF THE NORTH WESTERLY LIMIT OF THE ALBERTA AND GREAT WATERWAYS RAILWAY RIGHT OF WAY AS SHOWN ON RAILWAY PLAN 6396BO, CONTAINING 39.86 HECTARES (98.40 ACRES) MORE OR LESS

EXCEPTING THEREOUT:

(A) THE WESTERLY FOUR HUNDRED AND SEVENTEEN AND FORTY TWO HUNDREDTHS (417.42) FEET IN PERPENDICULAR WIDTH THROUGHOUT OF THE SAID QUARTER SECTION CONTAINING 10.22 HECTARES (25.30 ACRES) MORE OR LESS

(B) ALL THAT PORTION LYING EAST OF A LINE DRAWN SOUTHERLY AND AT RIGHT ANGLES TO THE NORTH BOUNDARY THEREOF THROUGH A POINT THEREON ONE HUNDRED AND TWENTY SIX (126) FEET WESTERLY FROM THE NORTH EAST CORNER THEREOF, CONTAINING .202 HECTARES (0.50 ACRES) MORE OR LESS

(C) .482 HECTARES (1.19 ACRES) MORE OR LESS FOR ROAD AS SHOWN ON ROAD PLAN 4742LZ

(D) 2.37 HECTARES (5.86 ACRES) MORE OR LESS AS SHOWN ON RAILWAY PLAN 9123130

(E) ALL THAT PORTION LYING EAST OF A LINE DRAWN PARALLEL TO AND PERPENDICULARLY DISTANT 127.23 METRES EASTERLY FROM THE WEST BOUNDARY OF THE SAID QUARTER SECTION AND LYING WEST OF THE WESTERLY LIMIT OF RAILWAY PLAN 9123130, CONTAINING 1.34 HECTARES (3.31 ACRES) MORE OR LESS

EXCEPTING THEREOUT ALL MINES AND MINERALS

(together with improvements, variously referred to as the "Land" or the "Mortgaged Premises").

WHEREAS NATIONAL RECYCLING INC. agreed to purchase the Land from the Mortgagee by way of Agreement of Purchase and Sale executed September 11, 2018 (the "Purchase Agreement").

AND WHEREAS NATIONAL RECYCLING INC., as the Purchaser, was unable to complete the sale with the Mortgagee, as Vendor, unless NATIONAL RECYCLING INC. was allowed to provide the Mortgagee with vendor take back financing in the form of a mortgage.

AND WHEREAS this mortgage represents the security that NATIONAL RECYCLING INC. agreed to provide to the Mortgagee with and evidences the indebtedness the Mortgagor to the Mortgagee pursuant to the Purchase Agreement.

AND WHEREAS NATIONAL RECYCLING INC. has nominated the Mortgagor, pursuant to the Purchase Agreement, to take title to the Land and the Mortgagor has assumed the obligations of NATIONAL RECYCLING INC. to the Mortgagee.

IN CONSIDERATION of the sum of **Seven Million Dollars (\$7,000,000.00)** lent to the Mortgagor by **Northland Forest Products Ltd.**, of Box 5305, in the City of Fort McMurray, in the Province of Alberta (who and whose successors and assigns are included in the expression "the Mortgagee"), the receipt of which sum the Mortgagor does hereby acknowledge, covenant with the Mortgagee:

FIRST, that the Mortgagor will pay to the Mortgagee at Box 5305, in the City of Fort McMurray, in the Province of Alberta, or at such other place as the Mortgagee may designate, in lawful money of Canada the above sum of **Seven Million Dollars (\$7,000,000.00) with interest at the rate of Alberta Treasury Branch prime rate plus 2.5 per cent** per annum calculated monthly up to and including the interest adjustment date (as defined below) and calculated from and after the interest adjustment date half-yearly not in advance as well after as before maturity and both before and after default, and judgment on default, until paid as follows:

1. Interest at the said rate on the amounts from time to time advanced, computed from the respective dates of such advances, shall become due and be paid on the first day of the month next following the date on which the first amount is advanced under this agreement and on the first day of each successive month afterward to and including the interest adjustment date (the "interest adjustment date" being the first day of the month next preceding the date provided below for the payment of the first instalment of principal and interest). At the option of the Mortgagee, interest so due and payable may be deducted from advances made from time to time under this agreement.
2. Except for the rate of interest payable up to the Interest adjustment date, wherever in this mortgage reference is made to "the rate of interest provided for in this mortgage" or the "said rate of interest" or the "said rate", the rate of interest shall be deemed to be a reference to the said rate of interest calculated half-yearly and not in advance.
3. Afterward the principal sum of Seven Million Dollars (\$7,000,000.00) with interest at the said rate shall become due and be paid by equal consecutive monthly instalments of **Eighty Three Thousand, Two Hundred and Sixty Five Dollars (\$83,265.00)** each (to include the payment of principal and interest) on the first day of every month in every year from and including the first day of November, 2018 to and including the first day of October, 2021, the balance thereof to become due and payable in any event on the first day of October, 2021.
4. One additional lump sum payment of Five Hundred Thousand Dollars

(\$500,000.00) shall be due and payable by the Mortgagor to the Mortgagee on the first day of March, 2019, to be applied to principal.

IT IS AGREED THAT:

1. The monthly instalments described above are to be applied first to interest calculated as described above on the principal funds from time to time outstanding and the balance of the said monthly instalments shall be applied on account of principal; except, however, that in the case of default by the Mortgagor, the Mortgagee may apply any payments received during the period of default (including without limitation any tax instalments made under this agreement) in whatever order it may elect as between taxes, interest, repairs, insurance premiums, principal, or other advances made on behalf of, or by reason of defaults of, the Mortgagor.

The amount of principal money to be advanced under and secured by this mortgage is the sum of Seven Million Dollars (\$7,000,000.00) and the rate of interest chargeable thereon is at the rate of Alberta Treasury Branch rate plus 2.5 per cent per annum calculated monthly not in advance to the interest adjustment date and afterward calculated half-yearly and not in advance.

2. The Mortgagor will pay to the Mortgagee interest calculated as described above on the said sum or on so much of it as shall from time to time remain unpaid at the rate of Alberta Treasury Branch prime rate plus 2.5 per cent per annum calculated as described above. All interest on becoming overdue shall be immediately treated (as to payment of interest) as principal and shall bear compound interest at the rate described above as well after as before maturity of this mortgage, to be computed with rests and compounded on the first days of April and October in each year, and all such interest and compound interest shall be a charge on the Land. In the event of non-payment of any funds hereby secured at the time here set for payment thereof the Mortgagor, so long as any part thereof remains unpaid, will pay interest on the same at the said rate from day to day.
3. The Mortgagor shall immediately obtain insurance with attached mortgage clauses approved by the Mortgagee and, during the continuance of this mortgage, will keep insured in favour of the Mortgagee against loss or damage by fire, and other perils customarily set out in fire insurance policies, with the broadest extended coverage insurance available (including but without in any way limiting or restricting the generality of the foregoing, insurance against loss or damage by wind, storm, hail, lightning, explosion, riot, vandalism, impact by aircraft or vehicles, rupture of a heating, plumbing or air conditioning system or by escape of water from any such system or a public water-main and if there be plate glass windows in the building or buildings on the Mortgaged Premises or if a steam boiler or any other object generating steam or operated by steam or if an oil or gas burner or coal blower or stoker or sprinkler system shall be

operated on the Mortgaged Premises, to include not only insurance against loss or damage by fire, but also insurance against loss by damage in respect of such plate glass and against loss or damage by explosion of or caused by such boiler or other object or apparatus and loss or damage caused by such sprinkler system) and such other risks and hazards as the Mortgagee may from time to time require, every building on the Land and which may afterward be erected thereon, and any and all improvements thereto and fixtures there and thereon, both during erection and afterward, and all chattels included in the Mortgaged Premises or otherwise secured in favour of the Mortgagee, to the amount of not less than the full insurable value of the Mortgaged Premises in dollars of lawful money of Canada in such manner and with such companies approved by the Mortgagee; and (without limiting the generality of the foregoing), if the Mortgaged Premises shall be a commercial property (as determined by the Mortgagee), the Mortgagor shall also maintain and keep in force during the continuance of this mortgage, loss of rental income and third party liability coverage in such amount and in such form as the Mortgagee may from time to time require; and (without limiting the generality of the foregoing), if the Mortgaged Premises shall be a condominium property (as determined by the Mortgagee), the Mortgagor shall also maintain and keep in force during the continuance of this mortgage third party liability coverage for both the mortgaged unit or units and the common property in such amounts and in such form as the Mortgagee may from time to time require; and the Mortgagor will on request immediately assign, transfer, and deliver over unto the Mortgagee the policy of insurance and receipts thereto appertaining and if the Mortgagor shall neglect to keep the said buildings or any of them insured as described above, or on request to deliver such policies and receipts, or to produce to the Mortgagee at least ten (10) days before the termination or expiry of any insurance, evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obliged to insure the Mortgaged Premises or any part thereof; and may pay the premiums therefor, and the amount of all such premiums together with interest at the said rate shall be payable by the Mortgagor to the Mortgagee immediately on demand and shall be a charge on the Mortgaged Premises.

Every policy of insurance required under this agreement shall be effected in such terms and with such insurer or insurers as shall be acceptable to the Mortgagee.

The Mortgagee may at any time require any insurance of the Mortgaged Premises to be cancelled and a new insurance policy effected with a company or companies to be approved by the Mortgagee, and may without reference to the Mortgagor effect or maintain any insurance on or in respect of the Mortgaged Premises.

On demand, the Mortgagor will transfer all policies of insurance effected on the buildings, erections or fixtures (erected or to be erected) on the Land

(with a mortgage clause in a form approved by the Mortgagee attached), and the indemnity which may become due from it, to the Mortgagee; and the Mortgagee shall have a lien for its mortgage debt on all insurance on the said buildings, erections, or fixtures.

The Mortgagor in case of loss or damage shall immediately notify the Mortgagee and shall at the Mortgagor's own expense furnish all the necessary proofs and do all necessary acts and things to enable the Mortgagee to obtain payment of the insurance funds. The Mortgagee shall have the right to receive the proceeds of each policy and either to apply them wholly or in part in reduction of any principal then remaining unpaid (notwithstanding that no amount at such time may be due and payable under the terms of repayment) and / or of any other sums owing to it and / or to apply them in meeting costs of repair or reconstruction; but unless the amount received by the Mortgagee is applied expressly by it in reduction of the amount owing under this agreement, the receipt by the Mortgagee of such proceeds shall not operate as payment of the Mortgagor's indebtedness under this agreement. No substantial damage may be repaired nor any reconstruction effected without the prior approval of the Mortgagee to such repair and reconstruction and the plans and specifications therefor.

4. Subject to the provisions later in this paragraph, the Mortgagor will pay when and as they fall due all taxes, rates, liens, charges, encumbrances, or claims which are or may be or become charges or claims against the Land or premises thereon or on this mortgage or on the Mortgagee in respect of this mortgage; provided that in respect of municipal taxes, school taxes, local improvements charges, and all taxes and levies made or assessed in lieu of real property taxes (the "Taxes"):
 - (a) The Mortgagee may deduct from time to time from advances of funds under this mortgage amounts sufficient to pay the Taxes which have become due and payable and are unpaid from time to time as advances are made.
 - (b) The Mortgagor shall in each year during the currency hereof pay to the Mortgagee in equal monthly instalments such amounts as the Mortgagee may estimate as being the annual Taxes (including without limitation supplemental tax assessments) next becoming due and payable, the said monthly instalments to be paid with and in addition to the monthly instalments of interest and principal due and payable under this mortgage, and the Mortgagor shall also pay to the Mortgagee before the due date of the current annual Taxes any additional sums that may be requisite in order that out of such monthly and additional payments the Mortgagee may pay the whole amount of the annual Taxes on or before the due date, or if such amount is payable in instalments on or before the due date for payment of the first instalment.

- (c) Notwithstanding the previous provisions, the Mortgagee may deduct from any advance or advances of the funds secured by this mortgage an amount or amounts, estimated by the Mortgagee, which together with the ensuing monthly payments by the Mortgagor to the Mortgagee on account of Taxes as estimated by the Mortgagee will be sufficient to fully pay and discharge such Taxes as may be levied within the year following the date that the first monthly instalment is due under this agreement. If all the Taxes in respect of which such deduction is to be made are not yet due and payable, when advances are made under this agreement, the Mortgagee may estimate the amount of such Taxes which estimate shall be deemed to be the amount of such Taxes for the purpose of such deduction. If the amount of the Taxes that are levied exceed the estimated amount, then such excess shall immediately become due and payable by the Mortgagor to the Mortgagee in addition to the other payments here provided to be made. Notwithstanding the previous provisions, where the period between the date that the first monthly instalment is due under this agreement and the next following due date for Taxes is less than one year, the Mortgagee may at its option and as an alternative to or in addition to deduction of tax payment funds from advances, require the Mortgagor to pay (and the Mortgagor shall pay accordingly) to the Mortgagee in equal monthly instalments during such period and during the next succeeding 12-month period an amount estimated by the Mortgagee to be sufficient to pay on or before the expiration of the said succeeding 12-month period, all Taxes which shall become due and payable during the said two periods and during the balance of the year in which the said succeeding 12-month period expires; and the Mortgagor shall also pay to the Mortgagee immediately on demand the amount, if any, by which the actual Taxes exceed such estimated amount.
- (d) The Mortgagee shall apply such deduction and payments on the Taxes as they become due so long as the Mortgagor is not in default under any covenant or agreement contained in this mortgage, but nothing contained here shall obligate the Mortgagee to apply such payments on account of Taxes more often than yearly. Provided, however, that if before any sum or sums so paid to the Mortgagee shall have been so applied there shall be default by the Mortgagor in respect of any payment of principal, interest, or other amount as provided here, the Mortgagee may, at its option, apply such sum or sums in or towards payment of the principal, interest, and / or other amount in default.
- (e) The Mortgagor shall be charged and shall pay to the Mortgagee interest at the said rate on the debit balance, if any, in the mortgage account outstanding after payment of Taxes by the Mortgagee, until such debit balance is fully repaid.

- (f) Notwithstanding the provisions of clauses (b), (c), and (d) above the Mortgagee may, at its sole option, request the Mortgagor to pay the Taxes as and when such Taxes become due and to submit to the Mortgagee tax receipts evidencing the payment of the Taxes within 30 days after they become due, and, in such case, the aforesaid monthly instalments, where applicable, will be adjusted accordingly. Taxes shall be deemed to be due for the purposes of this mortgage on the day on which they are levied by the applicable taxing authority or on the last day on which they may be paid without penalty, whichever is later, or, if the Taxes are payable in instalments, on or before the due date for payment of the first instalment thereof.
 - (g) In default of the payment by the Mortgagor of funds for Taxes as described above, the Mortgagee may (but shall not be obligated to) pay such Taxes and also any liens, charges, and encumbrances which may be charged against the Land, and all funds expended by the Mortgagee for any of such purposes together with interest at the rate described above shall be added to the principal funds hereby secured and repaid by the Mortgagor to the Mortgagee immediately.
 - (h) If the Land or any part thereof are sold or forfeited for non-payment of Taxes while any sum remains unpaid under this mortgage, the Mortgagee may acquire title and rights of the purchaser at any sale, or the rights of any other person or corporation becoming entitled on or under any such forfeiture, or the Mortgagee may pay, either in its own name or in the Mortgagor's name and on the Mortgagor's behalf, any and all sums necessary to be paid to redeem such Land so sold or forfeited, and to revest such Land in the Mortgagor, and the Mortgagor hereby nominates and appoints the Mortgagee agent of the Mortgagor to pay any such funds on the Mortgagor's behalf and in the Mortgagor's name, and any funds so expended by the Mortgagee together with interest at the said rate shall be repaid by the Mortgagor immediately. In the alternative, the Mortgagee shall have the right to bid on and / or purchase the Land at any tax sale of the same and shall thereon become the absolute owner thereof.
 - (i) The Mortgagor shall transmit to the Mortgagee all tax bills and other notices affecting the imposition of Taxes immediately after receiving them.
5. The Mortgagee may pay the amount of any encumbrance, lien, or charge now or afterward existing or to arise or be claimed on the Land or on any chattels charged hereby, including taxes or other rates, and may pay all costs, charges, and expenses which may be incurred in taking, recovering, and keeping possession of the Land or premises thereon and all solicitor's charges (as

between solicitor and his own client), commissions for or in connection with this mortgage or any funds hereby secured, and the amount so paid shall be payable immediately by the Mortgagor to the Mortgagee and until so paid shall be added to and become part of the principal money hereby secured and shall be a charge on the Land in favour of the Mortgagee, with interest at the rate described above, and the non-payment of such amount shall be a default of payment within the meaning of those words in the powers of leasing and sale here, and shall entitle the Mortgagee to exercise such powers under such provisos in addition to all other remedies. In the event of the Mortgagee paying any such amount, either out of the funds advanced on the security hereof or otherwise, it shall be entitled to all the rights, equities, and securities of the person or persons, company, corporation, or government so paid, and is hereby authorized to retain any discharge thereof without registration, for a longer period than six months if it thinks proper to do so.

6. The Mortgagee, at such time or times as it may deem necessary, and without the concurrence of any other person, may send its inspector or agent to report on the value, state, and condition of the Land and premises thereon, and make arrangements for the improving, repairing, finishing, and putting in order of any building or improvements on the Land, and for leasing, collecting the rents of, and managing generally the Mortgaged Premises, and may expend money for any and all the purposes aforesaid, as it may deem expedient, and all funds expended, costs, charges, and expenses, including allowance for the time and service of any officer or employee of the Mortgagee, or other person appointed for any of the above purposes, shall be immediately payable to the Mortgagee and the Mortgagor hereby covenants to pay the same, and the same shall be added to and become part of the principal money hereby secured and shall be a charge on the Land, and shall until paid bear interest at the rate described above.
7. The Mortgagor will not commit any act of waste on the Land or premises thereon or do any other thing by which the value of the Land or premises shall in the opinion of the Mortgagee be diminished, and will at all times remain in actual possession of the Land. The Mortgagor will take good and reasonable care of all buildings and / or structures and improvements now or afterward from time to time erected on the Land and without cost and expense to the Mortgagee manage, operate, maintain, and keep or cause the same to be kept in good order, repair, and condition throughout, both exterior and interior, structural or otherwise, and promptly make all required or necessary repairs and replacements thereto, including without limitation, the roof, walls, foundations and appurtenances, pipes and mains, and all other fixtures, machinery, facilities, and equipment that belong to or are used in connection with the Land, all of the foregoing to the extent that a prudent owner would do. Notwithstanding the foregoing, the Mortgagor shall not be obligated to repair any damage caused by reasonable wear and tear that does not affect the use and enjoyment of the improvements beyond the extent to which they would

ordinarily be repaired by a prudent owner. If, in the opinion of the Mortgagee, the Land are not at any time in proper state of repair, the Mortgagee may serve notice on the Mortgagor to make such repairs or replacements as the Mortgagee deems proper within a period of thirty (30) days. In the event of the Mortgagor not having complied or not being in the process of diligently complying with such requisition, the Mortgagee may authorize the making of such repairs or replacements by its agents, employees, or contractors, and they may enter on the Land for the purpose of doing such work with or without the Mortgagor's concurrence; the cost thereof shall be repaid to the Mortgagee by the Mortgagor, and until paid shall be secured by this mortgage, shall bear interest until paid at the said rate, and shall (together with the said interest) be a charge on the Land.

8. Environmental Conditions

The Mortgagor warrants and represents to the Mortgagee that:

- (a) no Hazardous Substances have been or will in the future be used, stored, processed, manufactured, handled, or discharged in, on, under, or from the Mortgaged Premises except in accordance with the Requirements of Environmental Law and provided that such Hazardous Substances have been disclosed to the Mortgagee in writing;
- (b) neither the Mortgaged Premises nor, to the best of the Mortgagor's belief, any adjacent lands have ever been used as or for a waste disposal site or coal gasification site, and there are not now, nor were there ever, any underground storage tanks on the Mortgaged Premises;
- (c) all permits, licences, certificates, approvals, authorizations, registrations, or the like required by the Requirements of Environmental Law for occupancy of or the operation of the business of the Mortgagor on the Mortgaged Premises or of any tenant, subtenant, assignee, or other occupant of the Mortgaged Premises, have been obtained and are valid, in full force and effect and in good standing;
- (d) no environmental damage has ever occurred on, or will result from the use of, the Mortgaged Premises by the Mortgagor or any tenant, subtenant, assignee, or other occupant of the Mortgaged Premises; and
- (e) there are no convictions (or prosecutions settled prior to conviction) or outstanding or threatened investigations, claims, work orders, notices, directives, or other similar remedial actions against the Mortgaged Premises or the Mortgagor in relation to any Requirements of Environmental Law.

9. Environmental Compliance

The Mortgagor will:

- (a) remedy forthwith, at its own expense, any environmental damage that may occur or be discovered on the Mortgaged Premises in the future;
- (b) comply with and monitor, on a regular basis, its compliance and the compliance of any tenant, subtenant, assignee, or other occupant of the Mortgaged Premises with all Requirements of Environmental Law;
- (c) notify the Mortgagee promptly of any event or occurrence that has given, or is likely to give, rise to a report, order, inquiry, or investigation relating to a matter that may have an adverse effect on the financial position of the Mortgagor or the Mortgaged Premises, or any action, suit, or proceeding against the Mortgagor or others having an interest in the Mortgaged Premises relating to, or in violation of, the Requirements of Environmental Law, including any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching, or migration of Hazardous Substances into, on, or under the Mortgaged Premises, air, and surface and ground water, and will also notify the Mortgagee promptly of any such above-mentioned information of which the Mortgagor has or receives knowledge relating to lands adjacent to the Mortgaged Premises;
- (d) not lease or consent to any sub-lease or assignment of any part of the Mortgaged Premises to a tenant, subtenant, or assignee who may engage in, nor permit any tenant, subtenant, assignee, or occupant of the Mortgaged Premises to engage in, a business involving the generation of environmental contamination or the storing, handling, processing, manufacturing, or disposing of Hazardous Substances in, on, under, or from the Mortgaged Premises save and except in accordance with the Requirements of Environmental Law, and any lease, sub-lease, or assignment of any part of the Mortgaged Premises shall preserve as against any lessee, sub-lessee, or assignee all of the rights of the Mortgagee herein;
- (e) save and except for those Hazardous Substances which are present on, in, or under the Mortgaged Premises in accordance with Requirements of Environmental Law and which have been disclosed to the Mortgagee in writing, remove, in accordance with all Requirements of Environmental Law, any Hazardous Substances from the Mortgaged Premises forthwith on their discovery and advise the Mortgagee forthwith in writing of the procedures taken; and
- (f) provide to the Mortgagee on request such information, certificates, or statutory declarations as to compliance with the provisions hereof and all

Requirements of Environmental Law, and conduct such environmental audits or site assessments as may be reasonably necessary to ensure compliance with the Requirements of Environmental Law.

10. Environmental Indemnity

- (a) The Mortgagor will be liable for and fully indemnify the Mortgagee for any and all costs, expenses, damages, and liabilities (including without limitation Legal Expenses and any environmental remediation costs incurred by the Mortgagee) directly or indirectly arising out of or attributable to the non-compliance of the Mortgagor or any tenant or occupant in the Mortgaged Premises with the Requirements of Environmental Law, and all such costs, expenses, damages, or liabilities shall be secured hereby, and all such liability and indemnity shall survive the repayment of the indebtedness, foreclosure on, or sale under the Mortgage, and/or any other extinguishment of the obligations of the Mortgagor under the Mortgage and any other exercise by the Mortgagee of any remedies available to it against the Mortgagor.

11. All erections, buildings, fences, improvements, machinery, plant, furnaces, boilers, electric light fixtures, plumbing and heating equipment, aerials, incinerators, radiators and covers, fixed mirrors, fitted blinds and drapes, window screens, doors, storm windows and storm doors, shutters and awnings, floor coverings, air conditioning, ventilating, water heating equipment, partitions, elevators, and all component parts of any of the foregoing, fixed or otherwise now on or afterward put on or in the Land or premises (and also in all cases where the buildings on the Land hereby mortgaged are apartments rented in whole or in part all refrigeration equipment, gas and electric stoves, ovens, washers, dryers, garburators, garbage compactors, microwave ovens, and dishwashers, whether affixed or not) are and shall in addition to other fixtures thereon be and become fixtures and form part of the realty and of the security and are included in the expression "the Mortgaged Premises", and that the Mortgagor will not commit any act of waste thereon, and that the Mortgagor will at all times during the continuance of this security the same repair, maintain, restore, amend, keep, make good, finish, add to, and put in order. In the event of any loss or damage thereto or destruction thereof, the Mortgagee may give notice to the Mortgagor to repair, rebuild, or reinstate the same within a time to be determined by the Mortgagee; to be stated in such notice, and on the Mortgagor failing so to repair, rebuild, or reinstate within such time, such failure shall constitute a breach of covenant under this agreement, and thereon the mortgage funds shall at the option of the Mortgagee become immediately due and payable and that without any demand by the Mortgagee on the Mortgagor, provided that the Mortgagee may (but shall not be obligated to) repair, rebuild, or reinstate the Mortgaged Premises at the cost of the Mortgagor and charge all sums of money determined by the Mortgagee to be properly paid therefor to the mortgage

account. This provision shall be in addition to any statutory covenants implied in this mortgage.

12. The Land, or any part thereof, shall be expropriated for any purpose whatsoever by any government authority, body, or corporation, either federal, provincial, or municipal, or any other body or corporation clothed with the powers of expropriation, the amount of the principal hereby secured remaining unpaid shall at the option of the Mortgagee immediately become due and payable, together with interest at the said rate to the date of payment, and together with a bonus equal to a sum of three (3) months' interest at the said rate, calculated on the amount of principal so remaining unpaid. The Mortgagor further agrees:
 - (a) That the damages, proceeds, consideration, and award for such expropriation, to the extent of the full amount of the indebtedness on this mortgage and obligations secured hereby remaining unpaid, are hereby assigned by the Mortgagor to, and shall be paid immediately to, the Mortgagee and its successors and assigns. If a portion only of the Land shall be taken in such expropriation with resulting damage to the building and the amount of the award made there is based on a determination that the portion of the building remaining on the portion of the Land not so taken can practicably be rehabilitated, then the provisions of paragraph 3 of the mortgage relating to insurance proceeds in case of loss or damage shall apply to the award in the said expropriation, and the same shall be applied accordingly.
 - (b) The Mortgagor acknowledges that it is aware of the provisions of ss. 49 and 52 of the *Expropriation Act*, Chapter E-13, RSA 2000, dealing with the situation where, in case of expropriation of land subject to a security interest, the amount owing to the security holder is greater than the market value of the security holder's interest in the expropriated land, and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof, and, in addition, the Mortgagor covenants to pay to the Mortgagee the balance between the funds owing to the Mortgagee under this mortgage and the funds paid by the expropriating authority to the Mortgagee.
 - (c) Any funds awarded by an order of the Surface Rights Board with respect to all or any part of the Land to the extent of the full amount of the indebtedness on this mortgage and obligations secured hereby remaining unpaid are herewith assigned by the Mortgagor and shall be paid immediately to the Mortgagee, its successors, and assigns.
13. All funds that may, under any covenant contained here now or later be charged on the Land in addition to the principal money and interest secured under this agreement or mentioned or intended to be mentioned, shall be

treated as and for all purposes be deemed to be principal money and default of payment thereof shall entitle the Mortgagee to all the rights and privileges express or implied to which it would have been entitled had such default occurred in respect of the payment of the original principal funds secured hereby.

14. No waiver on behalf of the Mortgagee of any breach of any of the terms, covenants, and conditions of this mortgage, whether negative or positive in form, shall take effect or be binding on the Mortgagee unless the same be expressed in writing under the authority of the Mortgagee or his agent, and any waiver so expressed shall extend only to the particular breach so waived, and shall not limit or affect the Mortgagee's rights with respect to any other or future breach.
15. The Mortgagor will not change or permit to be changed the use of the Mortgaged Premises without the written consent of the Mortgagee and further that at no time shall the Mortgaged Premises be used in a manner that would contravene the legislation, laws, rules, requirements, orders, directions, ordinances, or regulations of any applicable governmental authority in force from time to time.
16. In the event that the Mortgagee shall agree to renew or extend the term of this mortgage, such renewal or extension (and the rate of interest, term, instalment, and other stipulations of such renewal or extension) shall be binding on the Mortgagor, its successors in title and assigns, and all subsequent mortgages, encumbrances, and other interests in or of the Mortgaged Premises (subsequent to this mortgage and together called "Subsequent Encumbrances"), and shall take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by caveat at the applicable land titles office, and whether or not the rate of interest payable or payment amortization period applicable during the renewal or extension term is greater than or less than the rate or amortization stipulated in this mortgage. The Mortgagor shall, immediately on request therefor by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority. All renewals (if any) shall be done at the Mortgagor's expense (including without limitation payment of Mortgagee's legal expenses on a solicitor-and-his-own-client basis). No such renewal or extension, even if made by a successor in title to the Mortgagor named here and whether or not the Mortgagor shall consent thereto, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named here, which shall continue notwithstanding such renewal or extension and shall apply to this mortgage as renewed or extended.
17. If the Mortgagor or any guarantor of this mortgage makes default under any

security other than this mortgage now or afterward granted by the Mortgagor to the Mortgagee as additional security for the due performance of the Mortgagor's covenants under this agreement, the same shall constitute default under this mortgage, and the Mortgagee shall be at liberty to exercise its rights under this mortgage and under any one or more of the other securities, either successively or concurrently, to the same extent as if the time for payment of the principal sum and other funds hereby secured had fully come and expired.

18. It is understood and agreed that a default by the Mortgagor under this agreement shall constitute a default under all other instruments or agreements, if any, securing and / or evidencing the loan here or any indebtedness, present or future, of the Mortgagor to the Mortgagee, and a default by the Mortgagor under any such instruments or agreements shall constitute a default under this agreement, and, in particular, a default under any of the terms of any loan commitment letter or agreement between the Mortgagor and the Mortgagee under which this mortgage is granted shall constitute a default under this agreement, and a default under this agreement shall constitute a default in the said commitment letter or agreement.
19. If the Mortgagor makes default in the performance of the covenants, payments, or conditions contained in any prior mortgage, agreement for sale, charge, or encumbrance (the "Prior Charge") secured on the Land, then such default shall constitute a default under this agreement and the entire unpaid balance hereby secured together with interest, shall, at the option of the Mortgagee, become immediately due and payable without notice or demand. The Mortgagee shall be at liberty in case of such default, but shall not be obligated, to pay any arrears or other sums payable under the said Prior Charge, or pay off all or any portion of the principal and / or interest or other funds thereby secured. Any amounts so paid by the Mortgagee shall be added to the amount hereby secured, shall bear interest at the interest rate set forth here until paid, shall be (together with the said interest) a charge on the Land, and (unless repaid to the Mortgagee on demand) shall be recoverable from the Mortgagor in the same manner as if such sum had been originally advanced and secured hereby.

AND THE MORTGAGOR FURTHER COVENANTS AND AGREES WITH THE MORTGAGEE THAT THE MORTGAGOR:

1. has a good title to the Land;
2. has the right to mortgage the Land and that on default the Mortgagee shall have quiet possession of the Land, free from all encumbrances;
3. will execute such further assurances of the Land as may be requisite; and
4. has done no act to encumber the Land.

AND THE MORTGAGOR FURTHER COVENANTS AND AGREES WITH THE MORTGAGEE THAT, in the event of default being made in any of the covenants, agreements, provisos, or stipulations expressed or implied here or in the event of the Mortgagor or any successor in title to the Mortgagor becoming bankrupt or making a proposal under the *Bankruptcy and Insolvency Act*:

1. the Mortgagee at its option may, at the Mortgagor's expense and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenant, agreement, proviso, or stipulation;
2. the Mortgagor will pay to the Mortgagee the amount of any sums paid by the Mortgagee by way of commission to its agent or otherwise in obtaining the loan hereby secured together with interest at the said rate until paid, and such sums shall be added to and become part of the principal money hereby secured and shall be a charge on the Land;
3. the Mortgagee may send or employ an inspector or agent to inspect and report on the value, state, and condition of the Mortgaged Premises and a solicitor to examine and report on the title to the same;
4. the Mortgagee may enter into possession, either by itself or its agent, of the Mortgaged Premises and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Mortgaged Premises or any part thereof for such periods, on such terms, and at such rents as the Mortgagee shall think proper, provided that the Mortgagee shall not be charged with any funds receivable or collectable out of the Mortgaged Premises or otherwise except those actually received, and all revenue from the Mortgaged Premises received or collected by the Mortgagee from any source other than payment by the Mortgagor may at the option of the Mortgagee be used in operating, maintaining, insuring, or improving the Mortgaged Premises, or in payment of Taxes or other charges against the Mortgaged Premises, or applied on the mortgage account, and the Mortgagee shall not be under any liability to pay interest on any sum pending allocation;
5. it shall and may be lawful for, and the Mortgagor does hereby grant full power, right, and licence to the Mortgagee, to enter, seize, and distrain on the Mortgaged Premises or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the premises as much of the mortgage funds as shall from time to time be or remain in arrears and unpaid, together with all costs, charges, and expenses attending such levy or distress, as in like cases of distress for rent;
6. the whole of the mortgage funds shall, at the option of the Mortgagee, become due and payable;

7. the Mortgagee may immediately take such proceedings to realize on its security created by this mortgage by foreclosing the same or otherwise as it may by law be entitled to;
8. the Mortgagee shall be entitled to sell and convey the Mortgaged Premises, without entering into possession of the same and without giving any notice to the Mortgagor of its intention so to do and either before or after and subject to any demise or lease made by the Mortgagee as provided here, provided that any sale made under the powers hereby given may be on such terms as to credit or otherwise as shall in the opinion of the Mortgagee be most advantageous and for such price as can be reasonably obtained therefor, and that such sales may be made of any portion or portions of the Mortgaged Premises, from time to time, to satisfy any interest or any part of the principal overdue, leaving the principal or balance thereof to run at interest payable as described above, and that the Mortgagee may make any stipulation as to title or otherwise as to the Mortgagee may seem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of any of the Mortgaged Premises, and resell without being responsible for any loss occasioned thereby; and for any of the said purposes the Mortgagee may make and execute such agreements and assurances as the Mortgagee may deem necessary. The proceeds of any sale shall be applied as above provided or in payment of funds payable under this mortgage and costs, the balance, if any, to be paid to the Mortgagor;
9. the Mortgagee shall be entitled to require payment, in addition to all other funds hereby secured or payable under this agreement, of a bonus equal to three months' interest in advance at the rate described above on the principal money hereby secured, and the Mortgagor shall not be entitled to require a discharge of this mortgage without such payment;
10. the Mortgagee may, by instrument or instruments in writing, or by order of a court of law, appoint any person to be a receiver (which term shall include a receiver and manager) of all or part of the Mortgaged Premises, including any rights and profits thereof, and may remove any receiver and appoint another in his stead; and such receiver so appointed shall have power to take possession of the property and assets mortgaged under this agreement, and to carry on and be in charge of any further construction or completion of the property secured under this agreement, and to sell, mortgage, or concur in selling or mortgaging of all or any of the Mortgaged Premises, and to lease or rent any or all of the Mortgaged Premises, and to collect such rents and apply same against the indebtedness due to the Mortgagee under this agreement, and to take such proceedings which the receiver may deem necessary or desirable in the name of the Mortgagor, or otherwise, provided that nothing here shall constitute the Mortgagee here a Mortgagee in possession or an "owner" within the meaning of the *Builders' Lien Act* of Alberta or otherwise. The rights and

powers conferred by this section are in addition to and not in substitution for any right of the Mortgagee here, and for all purposes and powers of the receiver, the receiver shall have and every receiver may in the discretion of the Mortgagee be vested with all or any of the rights and powers of the Mortgagee. Any such receiver shall, for all purposes, be deemed the agent of the Mortgagor (or an officer of the court, if appointed or approved by court order) and not the agent of the Mortgagee, and the Mortgagee shall not in any way be responsible for any misconduct, negligence, or non-feasance on the part of such receiver. The Mortgagee may from time to time fix the remuneration of such receiver and direct the payment thereof out of the proceeds received with respect to the property secured under this agreement, and all such remuneration and any and all reasonable costs of any receiver shall be added to the debt hereby secured and shall bear interest at the rate provided for in this mortgage to be paid. Any such receiver may be vested with all or any of the powers and discretions of the Mortgagee, and except as otherwise may be directed by the Mortgagee, all the money from time to time received by the receiver shall be held in trust for and paid over to the Mortgagee. The Mortgagee, in appointing or refraining from appointing of such receiver, shall not incur any liability to the receiver, or to the Mortgagor;

11. the Mortgagee may exercise each or any of the foregoing powers and remedies and may do so without notice to the Mortgagor; and
12. the Mortgagor further covenants and agrees that, if the Mortgagee shall by any means (whether by purchase or by final order for foreclosure or otherwise howsoever) become registered as owner of the Mortgaged Premises, the Mortgagee shall not be liable or responsible for or in respect of any personal covenants contained in any mortgage or encumbrance or other instrument having priority over this mortgage; and the implied covenants set out in s 58 of the *Land Titles Act*, RSA 2000, c L-5, shall not apply to, and are negatived hereby so as not to, impose any liability or responsibility on the Mortgagee.

AND THE MORTGAGOR ALSO COVENANTS AND AGREES WITH THE MORTGAGEE THAT:

1. The taking of a judgment or judgments on any of the covenants contained here shall not operate as a merger of the said covenants or affect the Mortgagee's right to interest at the rate and times provided here, and the said judgment shall provide that interest shall be computed at the same rate and in the same manner as provided here for before maturity, until the said judgment shall have been fully paid and satisfied.
2. The Mortgagee may at any time release any part of the Mortgaged Premises, or any of the covenants and agreements contained here, or any collateral security, either with or without any consideration therefor, and without being accountable for the value thereof, or for any money except what is actually

received, and without thereby releasing or affecting any other of the Mortgaged Premises or any of the other covenants or agreements contained here or releasing any surety or any other security.

3. Neither execution nor registration nor acceptance of this Mortgage, nor the advance of part of the funds secured hereby, shall bind the Mortgagee to advance the said principal sum or any unadvanced portion thereof, but nevertheless this mortgage shall take effect immediately on the execution of these presents, and if the principal sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates, and the amount of such advance when so made shall be secured hereby and repayable with interest as here provided. The advance of funds under this agreement or any part thereof from time to time shall be in the sole, absolute, unfettered, and unqualified discretion of the Mortgagee.
4. All solicitor's, inspector's, valuator's, and surveyor's fees and expenses for drawing and registering this mortgage (the term "mortgage" in this paragraph (d) to include all collateral and related security and instruments) and for examining the Mortgaged Premises and the title thereof, and for making or maintaining this mortgage a first charge on the Mortgaged Premises, together with all sums which the Mortgagee may and does from time to time advance, expend or incur under this agreement as principal, insurance premiums, Taxes, rates, or in or toward payment of prior liens, charges, encumbrances, or claims charged or to be charged against the Mortgaged Premises, or in maintaining, repairing, restoring, or completing the Mortgaged Premises, and in inspecting, leasing, managing, or improving the Mortgaged Premises, including the price or value of any goods of any sort or description supplied to be used on or in the Mortgaged Premises, and in exercising or enforcing or attempting to enforce or in pursuance of any right, power, remedy, or purpose under this agreement or subsisting, and legal costs as between solicitor and his own client, and also an allowance for the time, work, and expense of the Mortgagee, or any agent, solicitor, or servant of the Mortgagee, for any purpose under this agreement provided for whether such sums are advanced or incurred with the knowledge, consent, concurrence, or acquiescence of the Mortgagor or otherwise, are to be secured hereby and shall be a charge on the Mortgaged Premises, together with interest at the said rate, and all such funds shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing instalment payable under this agreement, except as here otherwise provided, and all such sums together with interest are included in the expression "the mortgage funds", and the Mortgagor hereby indemnifies the Mortgagee from and against any and all such costs and expenses.
5. In the event of the mortgage funds advanced under this agreement or any part thereof being applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights of, and stand in the position of

and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged, and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this mortgage or of any claim so paid off shall be final and binding on the Mortgagor.

6. The Mortgagee shall not be charged with any funds receivable or collectable out of the Mortgaged Premises or otherwise except those actually received, and all revenue of the Mortgaged Premises received or collected by the Mortgagee from any source other than payment by the Mortgagor may at the option of the Mortgagee be retained in suspense account or used in maintaining or insuring or improving the Mortgaged Premises, or in payment of Taxes or other charges against the Mortgaged Premises, or applied on the mortgage account, and the Mortgagee shall not be under any liability to pay interest on any sums in suspense account.
7. Any discharge of this mortgage shall be prepared by the Mortgagee, and the Mortgagee shall have a reasonable time after receipt of payment in full within which to have prepared and to execute such discharge, and a tender of the mortgage funds shall not entitle the Mortgagor to receive such discharge, and interest as described above shall continue to run and accrue until actual payment in full has been received by the Mortgagee, and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor. Any payment that is received after 1:00 p.m. on any date shall be deemed for the purpose of calculation of interest to have been made and received on the next bank business day.
8. The Mortgagor will not make or permit to be made any alterations or additions to the Mortgaged Premises without the written consent of the Mortgagee, and the Mortgagor will promptly observe, perform, execute, and comply with all legislation, laws, rules, requirements, orders, directions, ordinances, and regulations of every governmental authority or agency concerning the Mortgaged Premises, and will at his own cost and expense make any and all improvements thereon or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time by such present or future law, rule, requirement, order, direction, ordinance, or regulation.
9. Any discretion, option, decision, or opinion under this agreement on the part of the Mortgagee shall be sufficiently exercised or formed if exercised or formed by or subsequently ratified by the manager or acting manager for the time being of any branch office of the Mortgagee within the Alberta, or an executive officer of the Mortgagee, or any officer, employee, or agent appointed by the Mortgagee for that purpose.
10. Wherever the singular number or masculine gender is used in this instrument, the same shall be construed as including the plural and feminine and neuter

respectively where the fact or context so requires; and, in any case where this mortgage is executed by more than one party, all covenants and agreements contained here shall be construed and taken as against such executing parties as joint and several; and the heirs, executors, administrators, successors, and assigns of any party executing this mortgage are jointly and severally bound by the covenants, agreements, stipulations, and provisos contained here. The covenants, agreements, stipulations, and provisos stated here shall be in addition to those granted or implied by statute, and the benefit thereof shall enure to the benefit of the Mortgagee and its successors and assigns.

11. The Mortgagor will fully and effectually maintain and keep the security hereby created as a valid and effective security during the currency hereof and will not permit or suffer the registration of any debt, lien, or privilege whatsoever, whether of workmen, builders, contractors, engineers, architects, or suppliers of material, on or in respect of the Mortgaged Premises, which could rank prior to the charge of this mortgage; provided that the registration of any such lien or privilege shall not be deemed to be a breach of this covenant if the Mortgagor shall desire in good faith to contest the same and shall, if the Mortgagee so requires, give security to the satisfaction of the Mortgagee for the due payment of the amount claimed in respect thereof, together with possible costs, in case it shall be a valid lien or privilege. On the registration of any builders' lien, mechanics' lien, or other such lien against the Mortgaged Premises, or in the event of any improvements being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the principal and interest hereby secured shall, at the option of the Mortgagee, immediately become due and payable.
12. If this mortgage is a building mortgage, the Mortgagor covenants and agrees with the Mortgagee to construct a building or buildings and other improvements (the "Improvements") on the Land in accordance with plans and specifications which have been or are afterward approved by the Mortgagee and to carry on diligently to completion the Improvements, and that the Improvements being erected or to be erected on the Land shall form part of the security for the full amount of the mortgage funds. In the event that the Mortgagor shall default in the payment of any principal, interest, or other funds payable under this agreement, or shall fail to complete the Improvements or shall otherwise be in default under this agreement, the Mortgagee may, in addition to or apart from any other remedies it has, enter on and occupy the Land and make or make arrangements for or cause to be made such completion of construction of or putting in order of any such Improvements as the Mortgagee may deem expedient in such manner and through such contractors, sub-contractors, or agents as the Mortgagee in its sole discretion may choose; and all reasonable costs, charges, and expenses (as determined by the Mortgagee), including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes shall be payable to the Mortgagee by the Mortgagor immediately on demand,

as incurred from time to time, and shall bear interest at the said rate from the date or dates demanded until paid, and such sums including interest as described above shall be a charge on the Land and improvements. No such entry or occupation by the Mortgagee shall constitute or be deemed to make the Mortgagee a Mortgagee in possession.

13. In any action, suit, or proceeding for enforcing this mortgage, or to recover payment of the funds hereby secured, or for the sale, foreclosure, or obtaining possession of the Land or any part thereof, service of any notice, originating notice, statement of claim, order of a court or of a judge, or of any legal or other proceedings by this mortgage, or by any statute, ordinance, rule, order, or practice required to be given or served may be effected by posting up a copy of such notice, originating notice, statement of claim, order, or legal proceeding on the Land (if unoccupied) or by leaving any such copy with a grown person on the Land (if occupied), and the Mortgagor covenants and agrees to such notice being given or such service being made as described above, and that the same shall be in lieu of and shall have the same effect and be taken as personal notice or service, any statute, ordinance, order, rule, or practice to the contrary notwithstanding. However, nothing in this paragraph shall prevent or abrogate the right of the Mortgagee to serve documents by personal service or registered mail as provided for by law.
14. No extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under him, or any other dealing by the Mortgagee with the owner of the Land, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for the payment of the funds hereby secured.
15. In the event that any of the funds secured by this mortgage are forwarded to the Mortgagee by mail, payment will not be deemed to have been made until the Mortgagee has actually received such funds, and the Mortgagor shall assume and be responsible for all risk of loss or delay.
16. For better securing the punctual payment of the said mortgage funds, the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Mortgaged Premises at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on each day appointed for the payment of instalments, and if any judgment, execution, or attachment shall be issued against any of the goods or land of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of the *Bankruptcy Act* or shall take the benefit of any statute relating to bankruptcy or insolvent debtors then such rental shall, if not already payable, be payable immediately afterward. The legal relation of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor. The Mortgagee may at any time after default under this agreement enter on the Mortgaged Premises, or any part thereof, and determine the tenancy hereby

created without giving the Mortgagor any notice to quit; but neither this clause nor anything done by virtue thereof, shall render the Mortgagee a Mortgagee in possession or accountable for any funds except those actually received.


17. If any term or provision of this mortgage or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this mortgage or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and such term or provision of this mortgage shall be valid and shall be enforceable to the extent permitted by law.
18. No subdivision of the Land or the title or titles thereto in whole or in part shall be made by the Mortgagor without the prior written consent of the Mortgagee; and the Mortgagor will execute and deliver to the Mortgagee all such instruments and assurances as the Mortgagee may require to secure its rights under this mortgage to the Mortgagee's satisfaction as against all parts of the Land notwithstanding any plan or other subdivision registration.
19. The Mortgagor will deliver to the Mortgagee as and when required, in such form as the Mortgagee may reasonably require, pre-authorized cheque forms duly executed by the Mortgagor, to facilitate the handling of monthly payment instalments provided for under this mortgage.
20. The Mortgagor hereby waives any right of prepayment he may have or acquire under s. 10 of the *Interest Act* of Canada and / or any similar federal or provincial legislation providing for the payment of the principal and accrued interest secured by this mortgage prior to or otherwise than in accordance with the terms regarding the payment of principal and interest contained here, and covenants and agrees to be bound by and to observe such terms notwithstanding any statutory right of prepayment which now exists or which may afterward exist. In addition, and without limiting the generality of the foregoing waiver, the date of this mortgage for the purpose of the said sections shall be deemed to be the date for adjustment of interest as defined here.

AND for the consideration aforesaid, the Mortgagor further covenants and agrees with the Mortgagee to grant, transfer, assign, and set over unto the Mortgagee such leases and subleases of the Mortgaged Premises or part thereof as may be entered into from time to time between the Mortgagor as lessor and a third party or third parties as lessee, and as may be required by the Mortgagee, and all rents under this agreement and all rights of the Mortgagor as may be required by the Mortgagee as further and additional security for payment of all funds payable under this agreement; and for that purpose agrees and undertakes, on request by the Mortgagee, to immediately execute and complete such grant, transfer, and assignment on such terms, conditions, and covenants as the Mortgagee should require.

AND for the better securing to the said Mortgagee the repayment in manner aforesaid of the said principal and interest and other charges and mortgage funds and obligations hereby secured, THE MORTGAGOR DOES HEREBY mortgage to the Mortgagee all his estate and interest in the Land.

IN WITNESS WHEREOF the Mortgagor has caused these presents to be signed by its duly authorized signatory this 05 day of October, 2018.

2139483 ALBERTA LTD.

Per 

Name IRFAN RAHMAT

Title PRESIDENT





182272921

182272921 REGISTERED 2018 11 01
MORT - MORTGAGE
DOC 2 OF 2 DRR#: F0D1B90 ADR/CSTRONSK
LINC/S: 0010279339 +

Appendix “E”

to the Second Report of the Receiver



LAND TITLE CERTIFICATE

S
 LINC SHORT LEGAL TITLE NUMBER
 0010 279 339 4;19;64;33;NW 182 272 920

LEGAL DESCRIPTION

ALL THAT PORTION OF THE NORTH WEST QUARTER OF
 SECTION THIRTY THREE (33)
 TOWNSHIP SIXTY FOUR (64)
 RANGE NINETEEN (19)
 WEST OF THE FOURTH MERIDIAN
 LYING SOUTH EAST OF THE RAILWAY RIGHT OF WAY PLAN 6396BO
 CONTAINING (54.28) ACRES, MORE OR LESS
 EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: VILLAGE OF BOYLE

REFERENCE NUMBER: 162 017 485

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
182 272 920	01/11/2018	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS

2139483 ALBERTA LTD.
 OF 1028 SYDENHAM LANE
 MILTON
 ONTARIO L9T 8J2

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
4492RD	18/12/1968	UTILITY RIGHT OF WAY GRANTEE - ALTALINK MANAGEMENT LTD. 2611 - 3 AVE SE CALGARY ALBERTA T2A7W7

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

182 272 920

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
--------	--------------	-------------

AS TO PORTION OR PLAN:6781NY

"TAKES PRIORITY DATE OF CAVEAT #3366PR"

(DATA UPDATED BY: TRANSFER OF UTILITY RIGHT
OF WAY 022205109)

(DATA UPDATED BY: CHANGE OF ADDRESS 092060384)

182 272 921	01/11/2018	MORTGAGE MORTGAGEE - NORTHLAND FOREST PRODUCTS LTD. BOX 5305 FORT MCMURRAY ALBERTA ORIGINAL PRINCIPAL AMOUNT: \$7,000,000
-------------	------------	--

TOTAL INSTRUMENTS: 002

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 5 DAY OF JULY,
2019 AT 11:29 A.M.

ORDER NUMBER: 37562255

CUSTOMER FILE NUMBER: 039478-328



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



LAND TITLE CERTIFICATE

S		
LINC	SHORT LEGAL	TITLE NUMBER
0022 476 345	4;19;64;33;NW	182 272 920 +1

LEGAL DESCRIPTION

ALL THAT PORTION OF THE NORTH WEST QUARTER OF SECTION THIRTY THREE (33)

TOWNSHIP SIXTY FOUR (64)

RANGE NINETEEN (19)

WEST OF THE FOURTH MERIDIAN, LYING NORTH WEST OF THE NORTH WESTERLY LIMIT OF THE ALBERTA AND GREAT WATERWAYS RAILWAY RIGHT OF WAY AS SHOWN ON RAILWAY PLAN 6396BO, CONTAINING 39.86 HECTARES (98.40 ACRES) MORE OR LESS

EXCEPTING THEREOUT:

(A) THE WESTERLY FOUR HUNDRED AND SEVENTEEN AND FORTY TWO HUNDREDTHS (417.42) FEET IN PERPENDICULAR WIDTH THROUGHOUT OF THE SAID QUARTER SECTION CONTAINING 10.22 HECTARES (25.30 ACRES) MORE OR LESS

(B) ALL THAT PORTION LYING EAST OF A LINE DRAWN SOUTHERLY AND AT RIGHT ANGLES TO THE NORTH BOUNDARY THEREOF THROUGH A POINT THEREON ONE HUNDRED AND TWENTY SIX (126) FEET WESTERLY FROM THE NORTH EAST CORNER THEREOF, CONTAINING .202 HECTARES (0.50 ACRES) MORE OR LESS

(C) .482 HECTARES (1.19 ACRES) MORE OR LESS FOR ROAD AS SHOWN ON ROAD PLAN 4742LZ

(D) 2.37 HECTARES (5.86 ACRES) MORE OR LESS AS SHOWN ON RAILWAY PLAN 9123130

(E) ALL THAT PORTION LYING EAST OF A LINE DRAWN PARALLEL TO AND PERPENDICULARLY DISTANT 127.23 METRES EASTERLY FROM THE WEST BOUNDARY OF THE SAID QUARTER SECTION AND LYING WEST OF THE WESTERLY LIMIT OF RAILWAY PLAN 9123130, CONTAINING 1.34 HECTARES (3.31 ACRES) MORE OR LESS

EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: VILLAGE OF BOYLE

REFERENCE NUMBER: 162 017 485 +1

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
182 272 920	01/11/2018	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS

2139483 ALBERTA LTD.

(CONTINUED)

OF 1028 SYNDENHAM LANE
MILTON
ONTARIO L9T 8J2

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
4492RD	18/12/1968	UTILITY RIGHT OF WAY GRANTEE - ALTALINK MANAGEMENT LTD. 2611 - 3 AVE SE CALGARY ALBERTA T2A7W7 AS TO PORTION OR PLAN:6781NY "TAKES PRIORITY DATE OF CAVEAT 3366PR" (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 022205109) (DATA UPDATED BY: CHANGE OF ADDRESS 092060384)
182 272 921	01/11/2018	MORTGAGE MORTGAGEE - NORTHLAND FOREST PRODUCTS LTD. BOX 5305 FORT MCMURRAY ALBERTA ORIGINAL PRINCIPAL AMOUNT: \$7,000,000
192 047 010	27/02/2019	CAVEAT RE : RIGHT OF WAY AGREEMENT , ETC. CAVEATOR - FORTISALBERTA INC. ATTN:LAND DEPARTMENT 320-17TH AVENUE SW CALGARY ALBERTA T2S2V1 AGENT - BETH HERGERT
192 047 017	27/02/2019	CAVEAT RE : RIGHT OF WAY AGREEMENT , ETC. CAVEATOR - FORTISALBERTA INC. ATTN:LAND DEPARTMENT 320-17TH AVENUE SW CALGARY ALBERTA T2S2V1 AGENT - BETH HERGET

TOTAL INSTRUMENTS: 004

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 5 DAY OF JULY,
2019 AT 11:29 A.M.

ORDER NUMBER: 37562255

CUSTOMER FILE NUMBER: 039478-328



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



LAND TITLE CERTIFICATE

S		
LINC	SHORT LEGAL	TITLE NUMBER
0019 878 198	4;19;64;33;NW	182 272 920 +4

LEGAL DESCRIPTION

ALL THAT PORTION OF THE NORTH WEST QUARTER OF SECTION THIRTY THREE (33)
 TOWNSHIP SIXTY FOUR (64)
 RANGE NINETEEN (19)
 WEST OF THE FOURTH MERIDIAN, DESCRIBED AS FOLLOWS:
 COMMENCING AT THE NORTH EAST CORNER OF THE SAID QUARTER SECTION;
 THENCE WESTERLY ALONG THE NORTH BOUNDARY THEREOF ONE HUNDRED AND
 TWENTY SIX (126) FEET; THENCE SOUTHERLY AT RIGHT ANGLES TO THE
 SAID NORTH BOUNDARY TO A POINT IN THE NORTH WESTERLY LIMIT OF THE
 RIGHT OF WAY TO THE ALBERTA AND GREAT WATERWAYS RAILWAY AS SHOWN
 ON RAILWAY PLAN 6396BO; THENCE NORTH EASTERLY ALONG THE SAID
 LIMIT TO THE EAST BOUNDARY OF THE SAID QUARTER SECTION; THENCE
 NORTHERLY ALONG THE SAID EAST BOUNDARY TO THE POINT OF
 COMMENCEMENT CONTAINING 0.202 HECTARES MORE OR LESS
 EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: VILLAGE OF BOYLE

REFERENCE NUMBER: 162 017 485 +4

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
182 272 920	01/11/2018	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS

2139483 ALBERTA LTD.
 OF 1028 SYDENHAM LANE
 MILTON
 ONTARIO L9T 8J2

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

182 272 920 +4

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
182 272 921	01/11/2018	MORTGAGE MORTGAGEE - NORTHLAND FOREST PRODUCTS LTD. BOX 5305 FORT MCMURRAY ALBERTA ORIGINAL PRINCIPAL AMOUNT: \$7,000,000

TOTAL INSTRUMENTS: 001

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 5 DAY OF JULY,
2019 AT 11:29 A.M.

ORDER NUMBER: 37562255

CUSTOMER FILE NUMBER: 039478-328



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



LAND TITLE CERTIFICATE

S			
LINC	SHORT LEGAL		TITLE NUMBER
0026 493 958	9523885;;2		182 272 920 +3

LEGAL DESCRIPTION
 PLAN 9523885
 LOT 2
 EXCEPTING THEREOUT ALL MINES AND MINERALS
 AREA: 29.17 HECTARES (72.08 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
 ATS REFERENCE: 4;19;64;33;SE

MUNICIPALITY: VILLAGE OF BOYLE

REFERENCE NUMBER: 162 017 485 +3

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
<hr/>				
182 272 920	01/11/2018	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS
 2139483 ALBERTA LTD.
 OF 1028 SYDENHAM LANE
 MILTON
 ONTARIO L9T 8J2

ENCUMBRANCES, LIENS & INTERESTS		
REGISTRATION	DATE (D/M/Y)	PARTICULARS
<hr/>		
762 060 952	12/04/1976	UTILITY RIGHT OF WAY GRANTEE - ICG UTILITIES (PLAINS-WESTERN) LTD. "DATA UPDATED BY TRANSFER OF UTILITY RIGHT OF WAY BY 822229373"
892 241 735	21/09/1989	UTILITY RIGHT OF WAY GRANTEE - ALBERTA GOVERNMENT TELEPHONES. AS TO PORTION OR PLAN:8921746 "TAKES PRIORITY DATE OF CAVEAT 882126078 08-06-88"

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

182 272 920 +3

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
--------	--------------	-------------

182 272 921	01/11/2018	MORTGAGE MORTGAGEE - NORTHLAND FOREST PRODUCTS LTD. BOX 5305 FORT MCMURRAY ALBERTA ORIGINAL PRINCIPAL AMOUNT: \$7,000,000
-------------	------------	--

TOTAL INSTRUMENTS: 003

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 5 DAY OF JULY,
2019 AT 12:06 P.M.

ORDER NUMBER: 37562911

CUSTOMER FILE NUMBER: 039478-328



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



LAND TITLE CERTIFICATE

S			
LINC	SHORT LEGAL	TITLE NUMBER	
0026 109 470	9422442;;1	182 272 920 +2	

LEGAL DESCRIPTION

PLAN 9422442

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 1.555 HECTARES (3.84 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE

ATS REFERENCE: 4;19;65;4;SW

MUNICIPALITY: VILLAGE OF BOYLE

REFERENCE NUMBER: 162 017 485 +2

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
182 272 920	01/11/2018	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS

2139483 ALBERTA LTD.
 OF 1028 SYDENHAM LANE
 MILTON
 ONTARIO L9T 8J2

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
3508PR	05/03/1968	CAVEAT RE : EASEMENT CAVEATOR - ALTALINK MANAGEMENT LTD. 2611 - 3 AVE SE CALGARY ALBERTA T2A7W7 (DATA UPDATED BY: TRANSFER OF CAVEAT 022197043) (DATA UPDATED BY: CHANGE OF ADDRESS 082540179)

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

182 272 920 +2

REGISTRATION

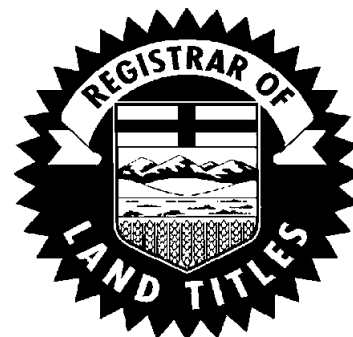
NUMBER	DATE (D/M/Y)	PARTICULARS
762 092 084	31/05/1976	UTILITY RIGHT OF WAY GRANTEE - ICG UTILITIES (PLAINS-WESTERN) LTD. "DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY NO. 822230679" " AFFECTS PART OF THIS TITLE "
182 272 921	01/11/2018	MORTGAGE MORTGAGEE - NORTHLAND FOREST PRODUCTS LTD. BOX 5305 FORT MCMURRAY ALBERTA ORIGINAL PRINCIPAL AMOUNT: \$7,000,000

TOTAL INSTRUMENTS: 003

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 5 DAY OF JULY,
2019 AT 12:06 P.M.

ORDER NUMBER: 37562911

CUSTOMER FILE NUMBER: 039478-328



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

Appendix “F”

to the Second Report of the Receiver

Search ID #: Z12890789

Transmitting Party

WEST-END REGISTRATIONS LICENSING & SEARCHES
LTD. (P158)

10011 170 STREET
EDMONTON, AB T5P 4R5

Party Code: 50076967

Phone #: 780 483 8211

Reference #: 03003771-EDD3 5
1071

Search ID #: Z12890789

Date of Search: 2020-Jul-23

Time of Search: 12:46:25

Business Debtor Search For:

2139483 ALBERTA LTD.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z12890789

Business Debtor Search For:

2139483 ALBERTA LTD.

Search ID #: Z12890789

Date of Search: 2020-Jul-23

Time of Search: 12:46:25

Registration Number: 18091315617

Registration Date: 2018-Sep-13

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2023-Sep-13 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)**Block****Status**

1 2139483 ALBERTA LTD.
1 PROLOGIS BLVD
MISSISSAUGA, ON L5W 1N3

Current

Secured Party / Parties**Block****Status**

1 ROYAL BANK OF CANADA
36 YORK MILLS ROAD, 4TH FLOOR
TORONTO, ON M2P 0A4

Current

Collateral: General**Block****Description****Status**

1	All present and after-acquired personal property, all	Current
2	proceeds including, without limitation, all present and	Current
3	after-acquired personal property that may be derived from the	Current
4	sale or other disposition of the collateral, including	Current
5	inventory, equipment, intangibles, money, chattel papers,	Current
6	documents of title, securities, licences, crops and	Current
7	instruments	Current

Search ID #: Z12890789

Business Debtor Search For:

2139483 ALBERTA LTD.

Search ID #: Z12890789

Date of Search: 2020-Jul-23

Time of Search: 12:46:25

Registration Number: 18091325858

Registration Date: 2018-Sep-13

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2023-Sep-13 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)**Block****Status**

1	2139483 ALBERTA LTD. 4688 TAYLOR ROAD BOYLE, AB T0A 0M0	Current
---	---	---------

Secured Party / Parties**Block****Status**

1	ROYAL BANK OF CANADA 36 YORK MILLS ROAD, 4TH FLOOR TORONTO, ON M2P 0A4	Current
---	--	---------

Collateral: General**Block****Description****Status**

1	All present and after-acquired personal property, all	Current
2	proceeds including, without limitation, all present and	Current
3	after-acquired personal property that may be derived from the	Current
4	sale or other disposition of the collateral, including	Current
5	inventory, equipment, intangibles, money, chattel papers,	Current
6	documents of title, securities, licences, crops and	Current
7	instruments	Current

Search ID #: Z12890789

Business Debtor Search For:

2139483 ALBERTA LTD.

Search ID #: Z12890789

Date of Search: 2020-Jul-23

Time of Search: 12:46:25

Registration Number: 19021216116

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-Feb-12

Registration Status: Current

Expiry Date: 2023-Feb-12 23:59:59

Exact Match on: Debtor No: 7

Amendments to Registration

19021226456

Amendment

2019-Feb-12

Debtor(s)**Block****Status**

1 NATIONAL RECYCLING INC
1 PROLOGIS BLVD, UNIT 104
MISSISSAUGA, ON L5W 0G2

Current

Block**Status**

2 PINE FALLS DEVELOPMENT CORPORATION
1 PROLOGIS BLVD, UNIT 104
MISSISSAUGA, ON L5W 0G2

Current

Block**Status**

3 NRI INDUSTRIAL SALES INCORPORATED
1 PROLOGIS BLVD, UNIT 104
MISSISSAUGA, ON L5W 0G2

Deleted by
19021226456**Block****Status**

4 RHAMAN, SYED SHAH, IRFANUR
5 COPPER ROAD
BRAMPTON, ON L6T 4W5

Deleted by
19021226456

Birth Date:
1974-Jan-02

Search ID #: Z12890789

Block

5 RHAMAN, IRFANUR
5 COPPER ROAD
BRAMPTON, ON L6T 4W5

Birth Date:
1974-Jan-02

Status

Deleted by
19021226456

Block

6 SCRAPORT INC
4688 TAYLOR ROAD
BOYLE, AB T0A 0M0

Status

Current

Block

7 2139483 ALBERTA LTD
4688 TAYLOR ROAD
BOYLE, AB T0A 0M0

Status

Current

Block

8 RAHMAN, SYED SHAH, IRFANUR
5 COPPER ROAD
BRAMPTON, ON L6T 4W5

Birth Date:
1974-Jan-02

Status

Current by
19021226456

Block

9 RAHMAN, IRFANUR
5 COPPER ROAD
BRAMPTON, ON L6T 4W5

Birth Date:
1974-Jan-02

Status

Current by
19021226456

Secured Party / Parties**Block**

1 BLUESHORE LEASING LTD.
1250 LONSDALE AVENUE
NORTH VANCOUVER, BC V7M 2H6

Status

Current

Collateral: General**Block****Description**

1 BONFIGLIOLI VERTICAL CUT SHEAR MODEL SQUALO 3000 S/N 1056

2 together with all attachments, accessories, accessions,

3 replacements, substitutions, additions and improvements

4 thereto and all proceeds that are goods, intangibles,

Status

Current

Current

Current

Current

**Personal Property Registry
Search Results Report**

Search ID #: Z12890789

- | | | |
|---|---|---------|
| 5 | securities, documents of title, chattel paper, instruments, | Current |
| 6 | or money. | Current |

Result Complete

Appendix “G”

to the Second Report of the Receiver

Court File No.: CV-19-00623276-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ROYAL BANK OF CANADA

Applicant

- and -

NATIONAL RECYCLING INC., SCRAPORT INC. and 2139483 ALBERTA LTD.

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED; AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

CONSENT

DELOITTE RESTRUCTURING INC., in its capacity as Court-appointed receiver of the assets, undertakings and properties of National Recycling Inc., Scraport Inc. and 2139483 Alberta Ltd. (in such capacity, the “**Receiver**”), and pursuant to the agreement between the Receiver and Northland Forest Products Ltd. (“**Northland**”) dated March 6, 2020, hereby consents to the lifting of the stay of proceedings granted pursuant to paragraphs 9 and 10 the Receivership Order of the Honourable Mr. Justice Hainey dated July 12, 2019, for the limited purpose of allowing Northland to issue notices (or such other documents as may be required) to commence and advance foreclosure proceedings with respect to the land and buildings located at 4688 Taylor Road, Boyle, Alberta.

Dated the 9th day of March, 2020

DELOITTE RESTRUCTURING INC.,
solely in its capacity as Receiver and not
in its personal or corporate capacity



Per: Jorden Sleeth, LIT
Senior Vice-President

Appendix “H”

to the Second Report of the Receiver



Bennett Jones

Bennett Jones LLP
 3200 TELUS House, South Tower
 10020 - 100th Street
 Edmonton, Alberta, T5J 0N3 Canada
 T: 780.421.8133
 F: 780.421.7951

Jim Schmidt
 Partner
 Direct Line: 780.917.4264
 e-mail: schmidtj@bennettjones.com
 Our File No.: 87042.2

June 12, 2020

VIA EMAIL: robert.kennedy@dentons.com

Robert J. Kennedy
 Dentons Canada LLP
 77 King Street West
 Suite 400, Toronto Dominion Centre
 Toronto, ON M5K 0A1

Dear Mr. Kennedy:

**Re: Receivership - National Recycling Inc., Scraport Inc. and 2139483 Alberta Ltd. ("213")
 Our Client: Northland Forest Products Ltd. ("Northland")**

I write further to my previous correspondence with you concerning this matter.

While there has been a lengthy series of without prejudice communications between my partner, Mr. Laugesen, and you concerning a potential resolution to this matter, no resolution was reached.

Northland reiterates that it is now, and always has been entitled to, the payment of the monthly rental on the 213 property located in Boyle, Alberta (the "Boyle Property"), including monthly rent for the period from the outset of the receivership to the date on which the Receiver fully vacates the Boyle Property. Further, as you know, it has been and remains Northland's position that its security in respect of all monthly rental amounts paid or to have been paid in respect of the Boyle Property ranks prior to the security in favour of any other parties, without deduction for any allocated costs of the Receivership.

It also has been and remains Northland's position that it owns the following vehicles located at the Boyle Property:

- Grader (1980) Caterpillar 140G; S/N 81V01030;
- Forklift (2010) Caterpillar 928H; S/N CXK00791;
- Forklift (2004) Caterpillar 938G; S/N OEM00881;
- Fuel Truck (1978) International Navistar; S/N CF255JHA10306; and,
- Gravel Truck (1990) Ford L9000; S/N 1FDU90W5LVA19324.

With respect to the Gravel Truck, I acknowledge that, subject to the terms set out in Mr. Laugesen's email to you dated May 14th, Northland authorized the Receiver to sell the subject vehicle at the Receiver's auction and provide our client with the net proceeds.

June 12, 2020
Page 2

Finally, please be advised that Northland will be shortly commencing foreclosure proceedings in respect of the Boyle Property. We will advise you once those proceedings have been formally started.

Yours truly,

BENNETT JONES LLP

A handwritten signature in black ink, appearing to read "JRS", written in a cursive style.

Jim Schmidt
JRS/ks



Appendix “I”

to the Second Report of the Receiver



Bennett Jones

Jim Schmidt
Partner
Direct Line: 780.917.4264
e-mail: schmidtj@bennettjones.com
Our File No.: 87042.2

Bennett Jones LLP
3200 TELUS House, South Tower
10020 - 100th Street
Edmonton, Alberta, T5J 0N3 Canada
T: 780.421.8133
F: 780.421.7951

July 14, 2020

Ryan Hanna
FIJ Law LLP
50 West Pearce Street
Suite 10
Richmond Hill, ON L4B 1C5

Dear Mr. Hanna:

Re: Your Client: MTL Recycling Alberta (Alberta) Ltd.

We are counsel for Northland Forest Products Ltd. ("**Northland**"), which holds a mortgage over certain property located in or near Boyle, Alberta (the "**Property**").

The owner of the Property, 2139483 Alberta Ltd. ("**213**"), is subject to receivership proceedings brought in the Ontario court and still pending. We understand that you act for MTL Recycling (Alberta) Ltd. ("**MTL**"), which presently leases the Property from 213.

Against that background, we confirm that Northland considers it is now, and always has been, entitled to the payment of the monthly rental on the Property (the "**Rental**"). As we understand it, the Receiver, once appointed, began to collect the Rental and did so for the period up to in or about the end of January, 2020. We now understand that there is or has been a dispute between MTL, on one hand, and the Receiver, on the other, which has resulted in, among other things, the Rental for the period starting in or about February, 2020 being paid into your trust account.

Assuming all that is correct, we wish to place you on notice that Northland will be bringing an application in the receivership proceedings seeking a declaration that it is entitled to all the Rental for the entirety of the receivership period.

With that in mind, we would be grateful if you would confirm the exact amount presently held in your trust account in respect of the Rental.

July 14, 2020
Page 2

We look forward to hearing from you.

Yours truly,

BENNETT JONES LLP

A handwritten signature in black ink, appearing to read "js", written in a cursive style.

Jim Schmidt

JRS/ks

cc: Robert Kennedy, Dentons Canada LLP



Appendix “J”

to the Second Report of the Receiver

July 16, 2020

File No.: 569588-6

Sent Via E-mail
schmidtj@bennettjones.comBennett Jones LLP
3200 TELUS House, South Tower
10020 - 100th Street
Edmonton, AB T5J 0N3

Attention: Jim Schmidt

Dear Jim:

Re: Royal Bank of Canada v. National Recycling Inc., et al.
Court File No.: CV-19-00623276-00CL

We are in receipt of your correspondence dated July 14, 2020 which was delivered to Ryan Hanna, (the "**Hanna Correspondence**") counsel to MTL Recycling (Alberta) Ltd. ("**MTL**"). We also make reference to your prior correspondence dated June 12, 2020. We take this opportunity to respond to the aforementioned correspondence given the assertions outlined by your client, Northland Forest Products Ltd. ("**Northland**"), and the impact on the receivership administration.

2139483 Alberta Ltd. ("**213**") is the owner of lands located at Boyle, Alberta (the "**Lands**"). 213 is subject to a receivership order dated July 12, 2019 (the "**Receivership Order**") whereby Deloitte Restructuring Inc. was appointed receiver over the assets, undertakings and properties of 213, among others (the "**Receiver**"). Northland has registered a charge against the Lands (the "**Charge**"). Northland has taken no steps to enforce its security or otherwise preserve its position throughout the entirety of the receivership proceeding, until now.

As you are aware, the Receiver has been receiving the rent payable (the "**Rent Proceeds**") by MTL to 213 since the date of the Receiver's appointment. A dispute has arisen with MTL with respect to an alleged storage agreement between MTL and 213 dated June 20, 2019 (the "**Storage Agreement**"). The Receiver became aware of the Storage Agreement in January 2020. Until that time, the Receiver did not know that such an arrangement existed between 213 and MTL until MTL began withholding Rent Proceeds because of the non-payment of storage fees. The Receiver has reviewed the documentation associated with the Storage Agreement and, notwithstanding the contractual issues that arise from that review, the Receiver has arranged that the Rent Proceeds from February 1, 2020 forward be paid to

MTL's solicitor in trust pending an agreement to resolve the storage fee payment dispute, or further Order of the Court. At this time, the Receiver and MTL have not been able to negotiate a settlement.

Your client, Northland, asserts that all Rent Proceeds are due to Northland despite the Receivership Order and any other valid secured claims to the Rent Proceeds. Our initial review of the Hanna Correspondence is that Northland does not directly impose any style of attornment or requirement to pay upon MTL (and its solicitors) to the Rent Proceeds currently in trust. However, the steps taken by you and Northland may affect the receivership administration and as you know, all enforcement activities are stayed pending a consent by the Receiver, or further Order of the Court (the "**Stay**"). For greater certainty, the Receiver has not provided Northland any consent to intercept or interrupt the deposit of Rent Proceeds. If that occurs, the Receiver will seek relief against Northland. There is no underlying basis for that claim.

The Receiver has assessed the claims of Northland to the Rent Proceeds. For the record, the Receiver's view is that Northland does not have a valid and enforceable claim to the Rent Proceeds. First, Northland failed to register an assignment of rents against title to the Lands; we assume that is the case because there is no actual assignment delivered by 213 in favour of Northland. Second, the actual Charge documentation only alludes to the fact that an assignment of rents may be negotiated and entered into between 213 and Northland, at the request of Northland. I refer to the following language contained in the Charge "*...the Mortgagor further covenants and agrees with the Mortgagee to grant, transfer, assign and set over unto the Mortgagee such leases and subleases of the Mortgaged Premises or part thereof as may be entered into from time to time between the Mortgagor as lessor and a third party or third parties as lessee, as may be required by the Mortgagee, and all rents under this agreement and all rights of the Mortgagor as may be required by the Mortgagee, as further and additional security for payment of all funds payable under this agreement; and for that purpose agrees and undertakes, on request by the Mortgagee, to immediately execute and complete such grant, transfer and assignment on such terms, conditions and covenants as the Mortgagee should require*". There is no documentation between 213 and Northland to establish an assignment of rents; at best, the Charge creates an intention to deliver an assignment. Northland holds the Charge on the Lands as security for a vendor take back mortgage loan with 213; that is it.

In this regard, we note that the Receiver provided Northland with a written consent in April of 2020 to pursue sale enforcement remedies in relation to the Lands. At this point, the Receiver still does not know the status of any enforcement steps taken by Northland as it relates to the sale of the Lands. We understand there is an intention to commence a foreclosure proceeding, but do not know if that has been commenced. The Receivership Order is registered against the Lands so presumably (in addition to a prior agreement), Northland will provide the Receiver with any claims / documentation associated with steps taken to sell the Lands.

Please note that the Receiver reserves all its rights and remedies in relation to the allocation of any costs associated with the preservation and maintenance with respect to the Lands for Northland's benefit.

Very truly yours,

Dentons Canada LLP



Robert J. Kennedy
Partner

RJK/ac

cc. Bob Taylor and Jordan Sleeth (*Deloitte Restructuring Inc.*)

Appendix “K”

to the Second Report of the Receiver

Court File No. CV-19-00623276-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended

B E T W E E N:

ROYAL BANK OF CANADA

Applicant

- and -

NATIONAL RECYCLING INC., SCRAPORT INC., AND 2139483 ALBERTA LTD.

Respondents

AFFIDAVIT OF JORDEN SLEETH
(Sworn August 11, 2020)

I, Jordan Sleeth of the Town of Oakville, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Senior Vice-President of Deloitte Restructuring Inc., the court appointed receiver and manager (the “**Receiver**”) of all of the assets, undertakings and properties of National Recycling Inc., Scraport Inc., and 2139483 Alberta Ltd. (the “**Companies**”) hereto (collectively with the Companies, “**NRI**”). As such, I have personal knowledge of the matters to which I hereinafter refer.

Attached hereto as **Appendix “A”** is a summary of the accounts of the Receiver with respect to NRI for the periods November 1, 2019 to February 23, 2020, February 24 to March 31, 2020, April 1 to May 15, 2020 and May 16 to July 31, 2020 (the “**Billing Period**”) along with the detailed accounts issued in respect of the Billing Period which include detailed descriptions of the activities, number of hours worked, applicable hourly rates, and total hours and fees. The Receiver’s average hourly rate charged over the Period is approximately \$460.

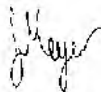
- 2 -

I confirm that these accounts accurately reflect the services provided by the Receiver in this proceeding for the Billing Period.

2. Based on my review of the accounts referred to herein and my personal knowledge of this matter, the accounts referred to herein represent a fair and accurate description of the services provided and the amounts charged by the Receiver.

3. I swear this affidavit in support of the Receiver's Motion for, among other things, approval of its fees and disbursements and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, on August 11,
2020



Commissioner for Taking Affidavits

)
)
)
)



JORDEN SLEETH

- 3 -

Appendix "A"

Accounts of the Receiver for the period November 1, 2019 to July 31, 2020

- 4 -

In the matter of the Receivership of National Recycling Inc. et al.

Summary of invoices issued by Deloitte Restructuring Inc.

For the period November 1, 2019 to July 31, 2020

Receiver Fees							
8001090831	Nov 01 2019	Feb 23 2020	81,2	36,408,00	1,092,24	4,875,03	42,375,27
8001127385	Feb 24 2020	Mar 31 2020	42,9	20,743,00	622,29	2,777,49	24,142,78
8001197240	Apr 01 2020	May 15 2020	91,9	42,667,50	1,280,03	5,713,18	49,660,70
8001314994	May 16 2020	Jul 31 2020	100,2	45,595,50	1,367,87	6,105,24	53,068,61
Subtotal				145,414,00	4,362,43	19,470,94	169,247,36
Estimate to discharge			100,0	45,000,00	-	5,850,00	50,850,00
Total				190,414,00	4,362,43	25,320,94	220,097,36

Invoice copies follow.


Invoice 8001090831
Deloitte Restructuring Inc.

Bay Adelaide Centre
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9

ATTN: Bob Fick
Royal Bank of Canada
20 King Street West, 2nd Floor
Toronto ON M5H 1C4
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Date: March 27, 2020
Client No.: 1136959
WBS#: ROY00356
Engagement Partner: Paul Casey

HST Registration : 122893605RT0001

For professional services rendered
Fees

For the period November 1, 2019 to February 21, 2020, in its capacity as Receiver of National Recycling Group Inc. et al, pursuant to an order of the Court dated July 8, 2019.

Please see attached appendices for details.

Sales Tax

HST applicable	36,408.00
Administrative Expense	1,092.24
HST at 13.00%	<u>4,875.03</u>
Total Amount Due (CAD)	<u>42,375.27</u>

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty(30) days after the invoice date to the date on which the entire account is paid.

Use the following payment methods and ensure your payment contains the details provided in the example.

Client Name	Client#	Invoice#	Amount (CAD)	Comments
Royal Bank of Canada	1136959	8001090831	42,375.27	Payment for invoice 8001090831

Contact:

Please send payment confirmation by email to: receivablesdebitours@deloitte.ca, and reference the invoice number(s) paid

Payment Options

1. EFT Payments(remittance email mandatory) :

Preferred Method

Bank of Nova Scotia: 44 King Street West, Toronto, Ontario M5H 1H1

CAD Payment

Transit – Institution : 47696-002

Account Number : 1590219

USD Payment

Transit – Institution : 47696-002

Account Number : 1363514

2. Wire Payment :

Bank of Nova Scotia: 44 King Street West, Toronto, Ontario M5H 1H1

CAD Payment

Account Number : 476961590219

Swift Code : NOSCCATT

USD Payment, Beneficiary Bank (Bank of Nova Scotia) :

Account Number : 476961363514

Swift Code : NOSCCATT

Clearing Code : CC000247696

Address: P.O. Box 4234 STN A, Toronto ON M4W 5P6

USD Payment, Intermediary Bank (Bank of America NA) :

Address: 222 Broadway, New York, NY 10038

Account Number : 476961363514

Swift Code : BOFAUS3N

ABA Routing Number : 026009593

Note: Intermediary Bank information may not be required for payments coming from outside the US

3. Online Payment :

Select either Deloitte LLP or Deloitte S.E.N.C.R.L./s.r.l. through your financial institution and quote the seven digits of the Client No. shown above.

Please note we do not accept Interac e-Transfers.

4. Cheque payments, please mail to :

For CAD Dollar (\$) Payments, pay :
 DELOITTE MANAGEMENT SERVICES LP
 c/o T04567C
 PO Box 4567, Stn A
 Toronto ON M5W 0J1

For USD Dollar (\$) Payments, pay :
 DELOITTE MANAGEMENT SERVICES LP
 c/o T04567U
 PO Box 4567, Stn A
 Toronto ON M5W 0J1


Invoice 8001127385
Deloitte Restructuring Inc.

Bay Adelaide Centre
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9

ATTN: Bob Fick
Royal Bank of Canada
20 King Street West, 2nd Floor
Toronto ON M5H 1C4
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Date: April 16, 2020
Client No.: 1136959
WBS#: ROY00356
Engagement Partner: Paul Casey
HST Registration : 122893605RT0001

For professional services rendered
Fees

For the period February 24, 2020 to March 31, 2020, in its capacity as Receiver of National Recycling Group Inc. et al, pursuant to an order of the Court dated July 8, 2019.

Please see attached appendices for details.

Sales Tax

HST applicable	20,743.00
Administrative Expense	622.29
HST at 13.00%	<u>2,777.49</u>
Total Amount Due (CAD)	<u>24,142.78</u>

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty(30) days after the invoice date to the date on which the entire account is paid.

Use the following payment methods and ensure your payment contains the details provided in the example.

Client Name	Client#	Invoice#	Amount (CAD)	Comments
Royal Bank of Canada	1136959	8001127385	24,142.78	Payment for invoice 8001127385

Contact:

Please send payment confirmation by email to: receivablesdebitours@deloitte.ca, and reference the invoice number(s) paid

Payment Options

1. EFT Payments(remittance email mandatory) :

Preferred Method

Bank of Nova Scotia: 44 King Street West, Toronto, Ontario M5H 1H1

CAD Payment

Transit – Institution : 47696-002

Account Number : 1590219

USD Payment

Transit – Institution : 47696-002

Account Number : 1363514

2. Wire Payment :

Bank of Nova Scotia: 44 King Street West, Toronto, Ontario M5H 1H1

CAD Payment

Account Number : 476961590219

Swift Code : NOSCCATT

USD Payment, Beneficiary Bank (Bank of Nova Scotia) :

Account Number : 476961363514

Swift Code : NOSCCATT

Clearing Code : CC000247696

Address: P.O. Box 4234 STN A, Toronto ON M4W 5P6

USD Payment, Intermediary Bank (Bank of America NA) :

Address: 222 Broadway, New York, NY 10038

Account Number : 476961363514

Swift Code : BOFAUS3N

ABA Routing Number : 026009593

Note: Intermediary Bank information may not be required for payments coming from outside the US

3. Online Payment :

Select either Deloitte LLP or Deloitte S.E.N.C.R.L./s.r.l. through your financial institution and quote the seven digits of the Client No. shown above.

Please note we do not accept Interac e-Transfers.

4. Cheque payments, please mail to :

For CAD Dollar (\$) Payments :
 DELOITTE MANAGEMENT SERVICES LP
 c/o T04567C
 PO Box 4567, Stn A
 Toronto ON M5W 0J1

For USD Dollar (\$) Payments :
 DELOITTE MANAGEMENT SERVICES LP
 c/o T04567U
 PO Box 4567, Stn A
 Toronto ON M5W 0J1

**Invoice 8001197240****Deloitte Restructuring Inc.**

Bay Adelaide Centre
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9

ATTN: Bob Fick
Royal Bank of Canada
20 King Street West, 2nd Floor
Toronto ON M5H 1C4
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Date: May 25, 2020
Client No.: 1136959
WBS#: ROY00356
Engagement Partner: Paul Casey

HST Registration : 122893605RT0001

For professional services rendered**Fees**

For the period April 1, 2020 to May 15, 2020, in its capacity as Receiver of National Recycling Group Inc. et al, pursuant to an order of the Court dated July 8, 2019.

Please see attached appendices for details.

Sales Tax

HST applicable	42,667.50
Administrative Expense	1,280.03
HST at 13.00%	<u>5,713.18</u>
Total Amount Due (CAD)	<u>49,660.71</u>

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty(30) days after the invoice date to the date on which the entire account is paid.

Use the following payment methods and ensure your payment contains the details provided in the example.

Client Name	Client#	Invoice#	Amount (CAD)	Comments
Royal Bank of Canada	1136959	8001197240	49,660.71	Payment for invoice 8001197240

Contact:

Please send payment confirmation by email to: receivablesdebitours@deloitte.ca, and reference the invoice number(s) paid

Payment Options

1. EFT Payments(remittance email mandatory) :

Preferred Method

Bank of Nova Scotia: 44 King Street West, Toronto, Ontario M5H 1H1

CAD Payment

Transit – Institution : 47696-002

Account Number : 1590219

USD Payment

Transit – Institution : 47696-002

Account Number : 1363514

2. Wire Payment :

Bank of Nova Scotia: 44 King Street West, Toronto, Ontario M5H 1H1

CAD Payment

Account Number : 476961590219

Swift Code : NOSCCATT

USD Payment, Beneficiary Bank (Bank of Nova Scotia) :

Account Number : 476961363514

Swift Code : NOSCCATT

Clearing Code : CC000247696

Address: P.O. Box 4234 STN A, Toronto ON M4W 5P6

USD Payment, Intermediary Bank (Bank of America NA) :

Address: 222 Broadway, New York, NY 10038

Account Number : 476961363514

Swift Code : BOFAUS3N

ABA Routing Number : 026009593

Note: Intermediary Bank information may not be required for payments coming from outside the US

3. Online Payment :

Select either Deloitte LLP or Deloitte S.E.N.C.R.L./s.r.l. through your financial institution and quote the seven digits of the Client No. shown above.

Please note we do not accept Interac e-Transfers.

4. Cheque payments, please mail to :

For CAD Dollar (\$) Payments :
DELOITTE MANAGEMENT SERVICES LP
c/o T04567C
PO Box 4567, Stn A
Toronto ON M5W 0J1

For USD Dollar (\$) Payments :
DELOITTE MANAGEMENT SERVICES LP
c/o T04567U
PO Box 4567, Stn A
Toronto ON M5W 0J1


Invoice 8001314994
Deloitte Restructuring Inc.

Bay Adelaide Centre
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9

ATTN: Bob Fick
Royal Bank of Canada
20 King Street West, 2nd Floor
Toronto ON M5H 1C4
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Date: August 11, 2020
Client No.: 1136959
WBS#: ROY00356
Engagement Partner: Paul Casey

HST Registration : 122893605RT0001

For professional services rendered
Fees

For the period May 19, 2020 to July 31, 2020, in its capacity as Receiver of National Recycling Group Inc. et al, pursuant to an order of the Court dated July 8, 2019.

Please see attached appendices for details.

Sales Tax

HST applicable	45,595.50
Administrative Expense	1,367.87
HST at 13.00%	<u>6,105.24</u>
Total Amount Due (CAD)	<u>53,068.61</u>

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty(30) days after the invoice date to the date on which the entire account is paid.

Use the following payment methods and ensure your payment contains the details provided in the example.

Client Name	Client#	Invoice#	Amount (CAD)	Comments
Royal Bank of Canada	1136959	8001314994	53,068.61	Payment for invoice 8001314994

Contact:

Please send payment confirmation by email to: receivablesdebiturs@deloitte.ca, and reference the invoice number(s) paid

Payment Options

1. EFT Payments(remittance email mandatory) :

Preferred Method

Bank of Nova Scotia: 44 King Street West, Toronto, Ontario M5H 1H1

CAD Payment

Transit – Institution : 47696-002

Account Number : 1590219

USD Payment

Transit – Institution : 47696-002

Account Number : 1363514

2. Wire Payment :

Bank of Nova Scotia: 44 King Street West, Toronto, Ontario M5H 1H1

CAD Payment

Account Number : 476961590219

Swift Code : NOSCCATT

USD Payment, Beneficiary Bank (Bank of Nova Scotia) :

Account Number : 476961363514

Swift Code : NOSCCATT

Clearing Code : CC000247696

Address: P.O. Box 4234 STN A, Toronto ON M4W 5P6

USD Payment, Intermediary Bank (Bank of America NA) :

Address: 222 Broadway, New York, NY 10038

Account Number : 476961363514

Swift Code : BOFAUS3N

ABA Routing Number : 026009593

Note: Intermediary Bank information may not be required for payments coming from outside the US

3. Online Payment :

Select either Deloitte LLP or Deloitte S.E.N.C.R.L./s.r.l. through your financial institution and quote the seven digits of the Client No. shown above.

Please note we do not accept Interac e-Transfers.

4. Cheque payments, please mail to :

For CAD Dollar (\$) Payments :
 DELOITTE MANAGEMENT SERVICES LP
 c/o T04567C
 PO Box 4567, Stn A
 Toronto ON M5W 0J1

For USD Dollar (\$) Payments :
 DELOITTE MANAGEMENT SERVICES LP
 c/o T04567U
 PO Box 4567, Stn A
 Toronto ON M5W 0J1

Appendix “L”

to the Second Report of the Receiver

Court File No.: CV-19-00623276-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ROYAL BANK OF CANADA

Applicant

- and -

NATIONAL RECYLCING INC., SCRAPORT INC. and 2139483 ALBERTA LTD.

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE
BANKRTUPCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED; AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

**AFFIDAVIT OF ROBERT KENNEDY
(sworn August 11, 2020)**

I, **ROBERT KENNEDY**, of the City of Toronto, in the Province of Ontario, **SWEAR
AND SAY AS FOLLOWS:**

1. I am a Partner with Dentons Canada LLP ("**Dentons**"), as such, I have knowledge of the matters to which I hereinafter depose.
2. Pursuant to an Order dated July 12, 2019 (the "**Receivership Order**"), Deloitte Restructuring Inc. was appointed Receiver and Manager of National Recycling Inc., Scraport Inc. and 2139483 Alberta Ltd. in the within proceedings (the "**Receiver**").
3. The Receiver retained Dentons as counsel to advise it with regard to the matters related to its appointment and the exercise of its powers and performance of its duties.

4. The Receivership Order provides at paragraph 18 that the Receiver, and counsel to the Receiver, shall be paid their reasonable fees and disbursements at their standard rates and charges.
5. The Dentons fees and disbursements for the period of February 1, 2020 to July 31, 2020 (the “**Fee Period**”), are summarized in the invoices rendered to the Receiver (the “**Invoices**”). The Invoices are a fair and accurate description of the services provided, the disbursements incurred and the amounts charged by Dentons. I am advised by the Receiver that it has reviewed the Invoices and that it considers the fees and disbursements as fair and reasonable. Attached and marked as **Exhibit “A”** are the Invoices.
6. Attached and marked as **Exhibit “B”** is a schedule summarizing the Invoices, the total billable hours charged, the total fees charged (both prior to and after the application of the applicable discount) along with the average hourly rate charged.
7. Attached and marked as **Exhibit “C”** is a schedule summarizing the respective years of call and standard billing rates of each of the solicitors at Dentons who acted for the Receiver.
8. The Dentons rates and disbursements are consistent with those in the market for these types of matters and have been previously approved by this Honourable Court in similar proceedings.
9. Due to the circumstances of the COVID-19 pandemic, I am unable to be physically present to swear this Affidavit. I, however, was linked by way of video technology to the Commissioner commissioning this document.

10. I make this affidavit in support of the motion for, among other things, approval of the fees and disbursements of Dentons and for no other or improper purpose.

SWORN before me by video conference from City of Toronto in the Province of Ontario, to City of Toronto in the Province of Ontario, on 11th day of August, 2020.



A Commissioner for Taking Affidavits, etc.



ROBERT KENNEDY

THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF SERVICE OF ROBERT KENNEDY
SWORN BEFORE ME THIS 11th DAY OF AUGUST,
2020.

A handwritten signature in cursive script, appearing to read "M. J. [unclear]", positioned above a horizontal line.

A Commissioner for Taking Affidavits, etc.

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON, Canada M5K 0A1

T 416 863 4511
F 416 863 4592

Salans FMC SNR Denton McKenna Long
dentons.com

Deloitte Restructuring Inc.
8 Adelaide Street West, Suite 200
Toronto, ON M5H 0A9

Attention: Paul Casey
Senior Vice-President

INVOICE # 3498398

GST/HST # R121996078
QST # 1086862448 TQ 0001

<u>Date</u>	<u>Matter Number</u>	<u>Lawyer</u>
March 31, 2020	569588-000006	Robert Kennedy

Deloitte Restructuring Inc.
Re: National Recycling Inc. et al.

Professional Fees	\$ 77,371.50
Less: Discount	<u>(3,500.00)</u>
Net Professional Fees	\$ 73,871.50
Disbursements	2,470.08
HST (13.0%) on \$76,021.58	<u>9,882.81</u>
Total Amount Due	<u>\$ 86,224.39 CAD</u>

Payment Options:

Cheques:

Cheques payable to Dentons Canada LLP and mailed to the above noted address.

Wire Transfer:

Bank of Montreal
1st Canadian Place, Toronto, ON
Swift Code: BOFMCAM2
Bank ID: 001 Transit: 00022
CAD Funds Bank Account : 0004-324

Credit Card:

Payments are accepted via telephone, email or fax. We accept American Express, MasterCard or Visa (please circle one).

Card No. _____ Expiry Date: _____ Card Verification Code (CVC): _____

Amount: _____ Cardholder Name: _____

Signature: _____

Internet Banking:

Accepted at most financial institutions. Your payee is Dentons Canada LLP and your account number is 569588. Please email us at Edm.Accounting@dentons.com referencing invoice number and payment amount.

Interac e-Transfer:

e-Transfer funds to AR.Canada@dentons.com referencing invoice number in message. Please use matter number referenced on your invoice as the password. Alternatively, send password to AR.Canada@dentons.com in separate email.

Please email us at AR.Canada@dentons.com referencing invoice number and payment amount.

Payment due on receipt. Interest will be charged at the rate of 1.3% per annum on all outstanding amounts over 30 days.

Invoice Detail

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	Timekeeper	Description of Work
03-Feb-20	Geoff Bowman	Review research and draft a summary of findings regarding a lien for demolition.
04-Feb-20	Robert Kennedy	Work on Receiver's Report.
06-Feb-20	Mark Freake	Review file regarding auction agreement. Draft motion materials regarding approval motion.
06-Feb-20	Robert Kennedy	Work on Receiver's Report.
07-Feb-20	Robert Kennedy	Work on Receiver's Report. Correspondence from and to Bob Taylor.
10-Feb-20	Mark Freake	Review draft of Receiver's First Report, auction agreement. Continue Notice of Motion and Order regarding approval of auction agreement.
10-Feb-20	Robert Kennedy	Work on Receiver's Report. Correspondence to Bob Taylor and Jordan Sleeth re: Receiver's Report and motion materials. Conference with Mark Freake re: motion materials. Work on motion matters. Review correspondence from Roger Jaipargas.
11-Feb-20	Mark Freake	Review revisions to Receiver's First Report. Discuss motion with Robert Kennedy.
11-Feb-20	Geoff Bowman	Reviewing and revising a draft offer to a lien claimant.
11-Feb-20	Robert Kennedy	Work on Receiver's Report. Review Clearview litigation matters. Draft correspondence re: Clearview litigation settlement. Various correspondence to and from Jordan Sleeth. Conversation with Jordan Sleeth re: motion and next steps. Various correspondence to and from Bob Taylor.
12-Feb-20	Mark Freake	Review Receiver's First Report. Draft and revise Notice of Motion and Order regarding the auction approval motion.
12-Feb-20	Robert Kennedy	Correspondence from and to Geoff Bowman. Conversation Jordan Sleeth. Work on Receiver's Report. Voicemail to and from Roger Jaipargas. Various correspondence to and from Bob Taylor. Conversation with Roger Jaipargas. Review Clearview documentation. Correspondence to Roger Jaipargas. Review Correspondence from Jordan Sleeth. Conversation with Jordan Sleeth.
13-Feb-20	Mark Freake	Further revisions to Notice of Motion and Order regarding auction approval motion. Correspondence with Robert Kennedy regarding same. Attend conference call with Jordan Sleeth and Robert Kennedy.

Date	Timekeeper	Description of Work
13-Feb-20	Robert Kennedy	Correspondence from and to Geoff Bowman. Work on Receiver's Report. Review draft motion materials. Correspondence to Roger Jaipargas. Review correspondence from Bob Taylor.
14-Feb-20	Mark Freake	Telephone call with Robert Kennedy regarding Receiver's First Report. Revise Report accordingly.
14-Feb-20	Geoff Bowman	Receive and review an email from counsel for RBC. Call to counsel.
14-Feb-20	Robert Kennedy	Work on motion materials. Various correspondence to and from Bob Taylor and Jordan Sleeth. Revise Approval Order. Review auction agreement. Conversation with Roger Jaipargas. Review receiver's report. Correspondence to Mark Freake.
18-Feb-20	Rennie Ali	Ordering MB and ON PPSA searches against Pine Falls Development Corporation. Correspondence with Mark Freake regarding same.
18-Feb-20	Mark Freake	Further revisions to Receiver's First Report. Request and review corporate and PPSA searches for Pine Falls Development Corporation. Correspondence with Robert Kennedy regarding same.
18-Feb-20	Geoff Bowman	Call from counsel for RBC.
18-Feb-20	Robert Kennedy	Work on motion materials. Various correspondence to and from John Stefaniuk re: Pine Falls litigation. Voicemail left with Roger Jaipargas. Conference with Mark Freake.
19-Feb-20	Geoff Bowman	Considering lien claim issue.
19-Feb-20	Robert Kennedy	Review correspondence from Roger Jaipargas. Work on motion materials. Conversation with Dirk Laudan. Review correspondence from Dirk Laudan. Various correspondence to and from Jordan Sleeth and Bob Taylor.
20-Feb-20	Robert Kennedy	Work on motion materials. Revise settlement proposal. Conference call with Bob Taylor and Jordan Sleeth re: motion matters and strategy. Review auction agreement.
21-Feb-20	Rennie Ali	Ordering ON, AB and BC PPSA searches with respect to National Recycling Inc. and updating opinion summaries. Ordering ON and AB PPSA searches with respect to Scraport Inc. and summarizing same. Various correspondence with Danijel Augustinovic regarding same.
21-Feb-20	Mark Freake	Review correspondence regarding Clearview litigation.
21-Feb-20	Kori Williams	Office conference in connection with opinion and searches.
21-Feb-20	Rachel Ventura	Review email correspondence. Review and revise

Date	Timekeeper	Description of Work
		opinions. Emails to and from Danijel Augustinovic and Rennie Ali.
21-Feb-20	Danijel Augustinovic	Review and revise security report re PMSIs. Various correspondence regarding same.
21-Feb-20	Robert Kennedy	Work on motion materials. Correspondence to Roger Jaipargas.
24-Feb-20	Mark Freake	Revise draft Approval Order and Notice of Application. Review correspondence regarding Northland motion to lift stay of proceedings.
24-Feb-20	Kori Williams	Emails and office conferences in connection with opinion and security review.
24-Feb-20	Jennifer Dezell	Email correspondence with Danijel Augustinovic and Rachel Venturo. Review BlueShore lease documents and BC PPSA searches. Review and amend draft Security Review Report letter.
24-Feb-20	Rachel Venturo	Review and revise opinion. Emails to and from Danijel Augustinovic.
24-Feb-20	Danijel Augustinovic	Review and revise security report re PMSIs.
24-Feb-20	Robert Kennedy	Review various correspondence re: motion materials. Review Receiver's Report.
25-Feb-20	Kori Williams	Emails in connection with BC (Jennifer Dezell) comments to the security opinion.
25-Feb-20	Robert Kennedy	Various correspondence to and from Jordan Sleeth and Bob Taylor. Review correspondence from Jim Schmidt. Correspondence to Jim Schmidt. Work on motion materials. Voicemail left with Ian Moes.
26-Feb-20	Robert Kennedy	Various correspondence to and from Bob Taylor. Conversation with Ian Moes. Review Clearview matter and offers. Review and revise motion materials. Work on auction agreement.
27-Feb-20	Rennie Ali	Ordering BC PPSA search with respect to Scraport Inc. and summarizing same. Correspondence with Rachel Venturo regarding same.
27-Feb-20	Daniel Loberto	Review true lease opinion precedent and memorandums.
27-Feb-20	Rachel Venturo	Review and revise opinion. Emails to Kori Williams, Danijel Augustinovic and Rennie Ali.
27-Feb-20	Robert Kennedy	Review security opinions. Conference with Ken Kraft. Revise auction agreement. Work on motion materials. Conference call with Bob Taylor and Jordan Sleeth re: motion matters.
28-Feb-20	Mark Freake	Review and revise First Report. Discuss motion materials with Robert Kennedy. Review revisions to auction agreement. Email Jordan Sleeth regarding appendices to First Report.

Date	Timekeeper	Description of Work
28-Feb-20	Kori Williams	Deal with message from Hugh Martin.
28-Feb-20	Rachel Ventura	Compile lease agreements. Email to Danijel Augustinovic.
28-Feb-20	Robert Kennedy	Work on motion materials. Review correspondence from Roger Jaipargas. Various correspondence from and to Jordan Sleeth and Bob Taylor. Review auction agreement. Conference with Mark Freake. Conference with Danijel Augustinovic. Various correspondence to and from Roger Jaipargas.
02-Mar-20	Mark Freake	Revise and finalize Notice of Motion, Approval Order and First Report. Attend conference call regarding Pine Falls matter. Instruct Amanda Campbell regarding compiling, serving and filing Motion Record. Discussions and correspondence with Robert Kennedy regarding same.
02-Mar-20	Robert Kennedy	Work on motion materials. Review various correspondence re: motion materials. Conversation with Roger Jaipargas. Various correspondence to and from Roger Jaipargas. Attend conference call re: Pine Falls litigation. Various correspondence to and from Christian Monnin.
03-Mar-20	Mark Freake	Meet with and instruct Ilan Levy regarding research questions. Review findings and supporting case law.
03-Mar-20	John Regush	Consultation with Mark Freake regarding foreclosure and judicial listing process.
04-Mar-20	Mark Freake	Continued review of law and commentary. Discuss same with Ilan Levy, John Regush and Robert Kennedy.
04-Mar-20	Robert Kennedy	Conversation with Jordan Sleeth re: motion matters. Various correspondence to and from Roger Jaipargas. Voicemail from and to Mark Laugesen re: Boyle property. Conference with Mark Freake. Conversation with Mark Laugesen. Consider next steps re: Boyle property.
04-Mar-20	John Regush	Review of email from Robert Kennedy. Call with Robert Kennedy. Email exchange with Robert Kennedy.
05-Mar-20	Mark Freake	Correspondence with John Regush regarding priority issues between RBC and Northland. Email correspondence with Mark Laugesen and Roger Jaipargas. Prepare for auction approval motion.
05-Mar-20	Lyle Zulak	Legal consultation with John Regush regarding assignment of rents. Reviewing mortgage regarding assignment of rents clause.
05-Mar-20	Robert Kennedy	Various correspondence to and from Roger Jaipargas. Various correspondence to and from Jordan Sleeth. Various conversations with Mark Laugesen re: Boyle property. Various correspondence to and from Mark

Date	Timekeeper	Description of Work
		Laugesen. Conference with Mark Freake re: motion matters. Consider motion matters. Conversation with Roger Japiargas.
05-Mar-20	John Regush	Review and analysis of impact of registrations on assignment of rents. Email to Robert Kennedy.
06-Mar-20	Mark Freake	Prepare for and attend auction agreement approval motion. Arrange to have order entered and issued. Revise terms of settlement with Northland. Draft consent to lift stay of proceedings regarding Northland. Email correspondence with Jordan Sleeth, Robert Kennedy and Mark Laugesen regarding same.
06-Mar-20	Robert Kennedy	Various correspondence to and from Jordan Sleeth. Various correspondence to and from Mark Laugesen. Preparation for Court attendance. Conversation with Jordan Sleeth. Conversation with Mark Laugesen. Review draft Order. Conference with Mark Freake. Review stay consent. Correspondence to Jordan Sleeth re: consent.
09-Mar-20	Mark Freake	Revise consent to lifting of stay regarding Northland. Correspondence with Robert Kennedy and Mark Laugesen regarding same.
09-Mar-20	Robert Kennedy	Review draft consent. Review receivership order. Various correspondence from and to Jordan Sleeth. Conference with Mark Freake. Voicemail left with Mark Laugesen. Conversation with Mark Laugesen re: lift stay and auction.
12-Mar-20	Robert Kennedy	Correspondence from and to Mike McIntosh. Various correspondence to and from Bob Taylor. Review lease agreement. Voicemail left with Roger Jaipargas.
13-Mar-20	Robert Kennedy	Work on auction matters. Review correspondence from Mark Laugesen. Review attachments. Correspondence to Jordan Sleeth. Correspondence to and from Roger Jaipargas. Consider next steps re: auction equipment.
16-Mar-20	Robert Kennedy	Conversation with Mark Freake re: auction matters. Review auction agreement.
19-Mar-20	Mark Freake	Email from Mark Laugesen regarding Northland claimed assets. Emails with Tyler Adamez regarding fee affidavit.
19-Mar-20	Robert Kennedy	Correspondence from and to Roger Jaipargas. Conversation with Roger Jaipargas re: administration matters. Review correspondence from Mark Laugesen. Correspondence from and to Jordan Sleeth. Conversation with Jordan Sleeth re: strategy and next steps. Review correspondence from Bob Taylor.
20-Mar-20	Robert Kennedy	Review auction order. Review correspondence from Roger Jaipargas. Review Clearview settlement matters.

Date	Timekeeper	Description of Work
22-Mar-20	Robert Kennedy	Conversation with Roger Jaipargas re: Clearview. Consider next steps re: Clearview litigation. Conversation with Jordan Sleeth. Review correspondence from Jordan Sleeth.
23-Mar-20	Mark Freake	Various correspondence from and to Jordan Sleeth and Bob Taylor. Review Northland equipment matters. Attend conference call with Jordan Sleeth and Bob Taylor regarding status of auction and Northland asset issues. Reivew agreements regarding title to assets claims by Northland.
23-Mar-20	Robert Kennedy	Review Clearview litigation matters. Attend conference call re: strategy. Correspondence to Ian Moes. Correspondence from and to Roger Jaipargas.
24-Mar-20	Mark Freake	Email correspondence with Maria Grande regarding Pine Falls litigation.
24-Mar-20	Robert Kennedy	Review auction matters. Review auction equipment list. Various correspondence to and from Bob Taylor. Various conversations with Bob Taylor re: administration matters. Attend conference call with Ian Moes re: Clearview litigation. Work on Pine Falls litigation matters.
26-Mar-20	Robert Kennedy	Conversation with Jordan Sleeth re: administration matters. Correspondence to Bob Taylor. Correspondence to Mark Laugensen. Consider next steps re: Clearview.
27-Mar-20	Robert Kennedy	Review correspondence from Bob Taylor. Various correspondence to and from Mark Laugesen.
30-Mar-20	Robert Kennedy	Review Pine Falls materials. Conversation with Mark Laugesen re: auction matters. Review correspondence from Jordan Sleeth. Review correspondence from Roger Jaipargas. Correspondence from and to Bob Taylor. Consider next steps re: Boyle property.
31-Mar-20	Robert Kennedy	Review correspondence from Roger Jaipargas. Review SR&D. Review correspondence from Lexi Ng re: motor vehicles. Consider next steps re: auction and Boyle property matters.

Timekeeper	Hours	Rate	Fees
Daniel Loberto	0.7	270.00	189.00
Danijel Augustinovic	6.4	545.00	3,488.00
Geoff Bowman	1.6	515.00	824.00
Jennifer Dezell	2.4	540.00	1,296.00
John Regush	2.1	445.00	934.50
Kori Williams	1.9	700.00	1,330.00
Lyle Zulak	0.4	575.00	230.00
Mark Freake	25.6	610.00	15,616.00
Rachel Venturo	5.3	420.00	2,226.00
Rennie Ali	2.6	210.00	546.00
Robert Kennedy	66.7	760.00	50,692.00
Total	115.7		\$77,371.50

TOTAL PROFESSIONAL FEES \$ 77,371.50
 Less: Discount (3,500.00)
NET PROFESSIONAL FEES \$ 73,871.50

TAXABLE DISBURSEMENTS

Binding Books / Documents \$ 61.30
 Courier & Delivery 815.55
 Library Computer Research 244.00
 Long Distance Telephone Calls 1.42
 Photocopy & Printing Charges 503.25
 Postage 95.16
 Process Server Fees 68.00
 Searches 361.40

TOTAL TAXABLE DISBURSEMENTS \$ 2,150.08

NON-TAXABLE DISBURSEMENTS

Filing Fee* \$ 320.00

TOTAL NON-TAXABLE DISBURSEMENTS \$ 320.00

TOTAL DISBURSEMENTS 2,470.08

TOTAL FEES AND DISBURSEMENTS \$ 76,341.58

TAXES

HST (13.0%) on Professional Fees of \$73,871.50 \$ 9,603.30

HST (13.0%) on Taxable Disbursements of \$2,150.08 279.51

TOTAL TAXES 9,882.81

TOTAL AMOUNT DUE \$ 86,224.39 CAD

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON, Canada M5K 0A1

T 416 863 4511
F 416 863 4592

Salans FMC SNR Denton McKenna Long
dentons.com

Deloitte Restructuring Inc.
8 Adelaide Street West, Suite 200
Toronto, ON M5H 0A9

Attention: Paul Casey
Senior Vice-President

INVOICE # 3504249

GST/HST # R121996078
QST # 1086862448 TQ 0001

<u>Date</u>	<u>Matter Number</u>	<u>Lawyer</u>
April 30, 2020	569588-000006	Robert Kennedy

Deloitte Restructuring Inc.
Re: National Recycling Inc. et al.

Professional Fees	\$ 17,729.00
Less: Discount	<u>(729.00)</u>
Net Professional Fees	\$ 17,000.00
Disbursements	35.60
HST (13.0%) on \$17,035.60	<u>2,214.63</u>
Total Amount Due	<u>\$ 19,250.23 CAD</u>

Payment Options:

Cheques:

Cheques payable to Dentons Canada LLP
and mailed to the above noted address.

Wire Transfer:

Bank of Montreal
1st Canadian Place, Toronto, ON
Swift Code: BOFMCAM2
Bank ID: 001 Transit: 00022
CAD Funds Bank Account : 0004-324

Credit Card:

Payments are accepted via telephone, email or fax. We accept American Express, MasterCard or Visa (please circle one).

Card No. _____ Expiry Date: _____ Card Verification Code (CVC): _____

Amount: _____ Cardholder Name: _____

Signature: _____

Internet Banking:

Accepted at most financial institutions. Your payee is Dentons Canada LLP and
your account number is 569588. Please email us at
Edm.Accounting@dentons.com referencing invoice number and payment
amount.

Interac e-Transfer:

e-Transfer funds to AR.Canada@dentons.com referencing invoice number in
message. Please use matter number referenced on your invoice as the password.
Alternatively, send password to AR.Canada@dentons.com in separate email.

Please email us at AR.Canada@dentons.com referencing invoice number and payment amount.

Payment due on receipt. Interest will be charged at the rate of 1.3% per annum on all outstanding amounts over 30 days.

Invoice Detail

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	Timekeeper	Description of Work
02-Apr-20	Mark Freake	Review pleadings and motion record regarding Pine Falls litigation. Attend conference call with Roger Jaipargas, Bob Taylor, Jordan Sleeth and Robert Kennedy regarding status of receivership proceedings and next steps.
02-Apr-20	Robert Kennedy	Review auction agreement. Review auction equipment and consider Northland equipment claim. Attend conference call with Roger Jaipargas and Deloitte re: strategy and next steps. Conference with Bob Taylor and Jordan Sleeth re: administration matters. Conversation with Mark Laugesen. Various correspondence from and to Bob Taylor re: third party consultant. Conference with Mark Freake.
04-Apr-20	Mark Freake	Draft and revise engagement letter regarding Moorland Technologies. Correspondence with Robert Kennedy regarding same.
06-Apr-20	Mark Freake	Draft and revise independent contractor agreement regarding Moorland Technologies (Peter Boyd). Discuss same with Robert Kennedy.
07-Apr-20	Rennie Ali	Conduct corporate searches with respect to each of 01718874 Canada Corp. and Moorland Technologies. Correspondence with Robert Kennedy regarding same.
07-Apr-20	Mark Freake	Attend conference call with Receiver and Robert Kennedy regarding Clearview and Pine Falls matters.
07-Apr-20	Robert Kennedy	Correspondence to and from Jordan Sleeth. Review engagement letter re: Moorland. Review correspondence from Roger Jaipargas. Attend conference call with Bob Taylor and Jordan Sleeth re: strategy. Correspondence to and from Mark Laugesen.
08-Apr-20	Robert Kennedy	Review Northland purchase agreement. Review lift stay agreement. Conversation with Mark Laugesen.
10-Apr-20	Robert Kennedy	Review draft memorandum re: administration matters.
13-Apr-20	Robert Kennedy	Review correspondence from Jordan Sleeth. Provide comments re: administration update memorandum.
14-Apr-20	Robert Kennedy	Review correspondence from Roger Jaipargas. Review correspondence from Bob Taylor. Conversation with Jordan Sleeth.
15-Apr-20	Robert Kennedy	Preparation for conference call. Attend conference call with representatives of Deloitte, BLG and RBC. Correspondence to Mark Laugesen. Correspondence to

Date	Timekeeper	Description of Work
		and from Jordan Sleeth. Consider next steps re: Clearview litigation.
16-Apr-20	Robert Kennedy	Review correspondence from Bob Taylor. Consider next steps re: Pine Falls litigation. Review correspondence from Mark Laugesen. Correspondence to Jordan Sleeth and Bob Taylor.
20-Apr-20	Mark Freake	Email correspondence regarding status of Northland settlement.
20-Apr-20	Robert Kennedy	Review file re: Clearview litigation. Correspondence to Mark Laugesen. Conversation with Ian Moes. Conversation with Bob Taylor re: administration matters. Review correspondence from Mark Laugesen.
21-Apr-20	Robert Kennedy	Conversation with Ian Moes. Review correspondence from Ian Moes. Correspondence to Bob Taylor and Jordan Sleeth re: Clearview settlement.
22-Apr-20	Jesse Collins-Swartz	Telephone correspondence with the British Columbia Supreme Court in Prince Rupert, British Columbia to confirm the amount of cash currently deposited into court by National Recycling to vacate a lien on July 11, 2017 for Rob Kennedy.
22-Apr-20	Robert Kennedy	Work on Clearview settlement matters. Various correspondence to and from Bob Taylor and Jordan Sleeth re: Clearview.
23-Apr-20	Mark Freake	Review correspondence regarding Clearview settlement offers and counteroffers. Attend conference call with Bob Taylor, Jordan Sleeth, Robert Kennedy and Lexi Ng regarding same.
23-Apr-20	Robert Kennedy	Work on Clearview litigation matters. Review correspondence from Mark Laugesen. Correspondence to Jordan Sleeth and Bob Taylor. Attend conference call with representatives of Deloitte. Conversation with Ian Moes. Conversation with Bob Taylor.
24-Apr-20	Mark Freake	Email from Mark S. Laugesen regarding Northland issues. Email from Bob Taylor regarding status of Clearview litigation and settlement.
24-Apr-20	Robert Kennedy	Correspondence to Mark Laugesen. Review correspondence from Bob Taylor. Voicemail left with Ian Moes. Consider settlement strategy.
27-Apr-20	Robert Kennedy	Correspondence to Ian Moes. Various correspondence to and from Mark Laugesen. Conversation with Mark Laugesen. Conversation with Ian Moes re: Clearview litigation.
28-Apr-20	Robert Kennedy	Review correspondence from Roger Jaipargas. Review equipment appraisal. Correspondence to Roger Jaipargas re: CAT notice of disposition. Correspondence to Bob Taylor and Jordan Sleeth re: Northland and

Date	Timekeeper	Description of Work
		Clearview. Conversation with Mark Laugesen.

Timekeeper	Hours	Rate	Fees
Jesse Collins-Swartz	0.7	270.00	189.00
Mark Freake	6.1	610.00	3,721.00
Rennie Ali	0.3	210.00	63.00
Robert Kennedy	18.1	760.00	13,756.00
Total	25.2		\$17,729.00

TOTAL PROFESSIONAL FEES	\$ 17,729.00
Less: Discount	<u>(729.00)</u>
NET PROFESSIONAL FEES	\$ 17,000.00

TAXABLE DISBURSEMENTS

Searches	<u>\$ 35.60</u>
TOTAL TAXABLE DISBURSEMENTS	\$ 35.60

TOTAL DISBURSEMENTS	<u>35.60</u>
----------------------------	--------------

TOTAL FEES AND DISBURSEMENTS	\$ 17,035.60
-------------------------------------	---------------------

TAXES

HST (13.0%) on Professional Fees of \$17,000.00	\$ 2,210.00
HST (13.0%) on Taxable Disbursements of \$35.60	<u>4.63</u>

TOTAL TAXES	<u>2,214.63</u>
--------------------	------------------------

TOTAL AMOUNT DUE	<u>\$ 19,250.23</u> CAD
-------------------------	--------------------------------

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON, Canada M5K 0A1

T 416 863 4511
F 416 863 4592

Salans FMC SNR Denton McKenna Long
dentons.com

Deloitte Restructuring Inc.
8 Adelaide Street West, Suite 200
Toronto, ON M5H 0A9

Attention: Paul Casey
Senior Vice-President

INVOICE # 3511739

GST/HST # R121996078
QST # 1086862448 TQ 0001

<u>Date</u>	<u>Matter Number</u>	<u>Lawyer</u>
May 31, 2020	569588-000006	Robert Kennedy

Deloitte Restructuring Inc.
Re: National Recycling Inc. et al.

Professional Fees	\$ 17,196.50
Less: Discount	<u>(2,196.50)</u>
Net Professional Fees	\$ 15,000.00
HST (13.0%) on \$15,000.00	<u>1,950.00</u>
Total Amount Due	<u>\$ 16,950.00 CAD</u>

Payment Options:

Cheques:

Cheques payable to Dentons Canada LLP and mailed to the above noted address.

Wire Transfer:

Bank of Montreal
1st Canadian Place, Toronto, ON
Swift Code: BOFMCAM2
Bank ID: 001 Transit: 00022
CAD Funds Bank Account : 0004-324

Credit Card:

Payments are accepted via telephone, email or fax. We accept American Express, MasterCard or Visa (please circle one).

Card No. _____ Expiry Date: _____ Card Verification Code (CVC): _____

Amount: _____ Cardholder Name: _____

Signature: _____

Internet Banking:

Accepted at most financial institutions. Your payee is Dentons Canada LLP and your account number is 569588. Please email us at Edm.Accounting@dentons.com referencing invoice number and payment amount.

Interac e-Transfer:

e-Transfer funds to AR.Canada@dentons.com referencing invoice number in message. Please use matter number referenced on your invoice as the password. Alternatively, send password to AR.Canada@dentons.com in separate email.

Please email us at AR.Canada@dentons.com referencing invoice number and payment amount.

Payment due on receipt. Interest will be charged at the rate of 1.3% per annum on all outstanding amounts over 30 days.

Invoice Detail

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	Timekeeper	Description of Work
04-May-20	Robert Kennedy	Work on Boyle property matters. Correspondence to and from Bob Taylor. Correspondence from and to Mark Laugesen re: equipment.
05-May-20	Robert Kennedy	Review correspondence from Mark Laugesen. Review Northland and 213 purchase agreement. Conversation with Mark Laugesen. Voicemail left with Bob Taylor. Consider property claim matters.
07-May-20	Robert Kennedy	Review various correspondence from Bob Taylor. Review MTL lease matters. Conversation with Ryan Hanna re: MTL lease and auction. Correspondence to Lexi Ng re: auction. Conversation with Bob Taylor. Conversation with Jordan Sleeth. Review correspondence from Maynards re: auction.
11-May-20	Robert Kennedy	Review correspondence from Roger Jaipargas. Correspondence to Ian Moes. Review correspondence from Bob Taylor. Conversation with Ian Moes. Review correspondence from Ryan Hanna. Review storage agreement matters.
12-May-20	Robert Kennedy	Work on Storage Contract matters. Review correspondence from Ian Moes. Correspondence to Bob Taylor. Review various correspondence from Jordan Sleeth and Bob Taylor. Attend conference call re: administration matters and strategy. Correspondence to Ryan Hanna. Correspondence to Mark Laugesen. Review update memorandum and provide comments.
13-May-20	Robert Kennedy	Correspondence from and to Mark Laugesen. Review memorandum. Conversation with Mark Laugesen. Various conversations with Bob Taylor. Conversation with Ryan Hanna and Oliver Ho re: auction and rent matters. Various correspondence to and from Oliver Ho. Various conversations with Oliver Ho. Conversation with Bob Taylor. Work on letter agreement. Review auction matters.
14-May-20	Robert Kennedy	Various correspondence to and from Bob Taylor re: Maynards auction matters. Work on letter agreement. Various correspondence to and from Oliver Ho and Ryan Hanna. Review Northland settlement offer. Review Deloitte memorandum. Various conversations with Oliver Ho. Attend conference call with representatives of RBC, BLG and Deloitte. Various conversations with

Date	Timekeeper	Description of Work
		Bob Taylor.
15-May-20	Robert Kennedy	Review correspondence from Calvin Ho. Correspondence to Bob Taylor. Review correspondence from Maynards re: acution. Correspondence to Calvin Ho and Ryan Hanna re: MTL issues. Various correspondence to and from Ryan Hanna. Review correspondence form Lexi Ng re: payment of rent.
19-May-20	Robert Kennedy	Review correspondence from Jordan Sleeth. Review equipment list and consider auction matters. Correspondence to Bob Taylor and Jordan Sleeth. Review MTL agreements. Attend conference call with Ryan Hanna and Bob Taylor. Correspondence from and to Roger Jaipargas. Conversation with Bob Taylor.
21-May-20	Robert Kennedy	Preparation for conference call. Conversation with Roger Jaipargas. Attend conference call re: strategy and next steps. Conversation with Jordan Sleeth re: discharge matters and strategy. Review RBC documentation. Attend conference call with representatives of Deloitte. Consider next steps.
25-May-20	Robert Kennedy	Review various correspondence re: auction matters. Correspondence to Bob Taylor. Various correpondence to and from Roger Jaipargas. Conversation with Jordan Sleeth.
26-May-20	Robert Kennedy	Conversation with Bob Taylor. Conversation with Jordan Sleeth. Various correspondence to and from Roger Jaipargas.
27-May-20	Robert Kennedy	Various correspondence to and from Bob Taylor re: discharge matters. Conversation with Bob Taylor re: administration matters and strategy. Correspondence to and from Mark Laugesen. Conversation with Mark Laugesen. Review auction agreement. Conference with John Regush re: WBC issue. Conversation with Bob Taylor.
27-May-20	John Regush	Call with Robert Kennedy. Review and analysis of priority of WCB charge. Email to Robert Kennedy outlining analysis.
28-May-20	Robert Kennedy	Review various correspondence from Bob Taylor. Attend to motion scheduling. Review memo re: WCB priority.
29-May-20	Robert Kennedy	Review correspondence from Bob Taylor. Review and revise memorandum. Correspondence to Bob Taylor.

Timekeeper	Hours	Rate	Fees
John Regush	0.9	445.00	400.50
Robert Kennedy	22.1	760.00	16,796.00
Total	23.0		\$17,196.50

TOTAL PROFESSIONAL FEES \$ 17,196.50
Less: Discount (2,196.50)
NET PROFESSIONAL FEES \$ 15,000.00

TAXES

HST (13.0%) on Professional Fees of \$15,000.00 \$ 1,950.00

TOTAL TAXES 1,950.00

TOTAL AMOUNT DUE \$ 16,950.00 CAD

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON, Canada M5K 0A1

T 416 863 4511
F 416 863 4592

Salans FMC SNR Denton McKenna Long
dentons.com

Deloitte Restructuring Inc.
8 Adelaide Street West, Suite 200
Toronto, ON M5H 0A9

Attention: Paul Casey
Senior Vice-President

INVOICE # 3518081

GST/HST # R121996078
QST # 1086862448 TQ 0001

<u>Date</u>	<u>Matter Number</u>	<u>Lawyer</u>
June 30, 2020	569588-000006	Robert Kennedy

Deloitte Restructuring Inc.
Re: National Recycling Inc. et al.

Professional Fees	\$	5,016.00
HST (13.0%) on \$5,016.00		652.08
Total Amount Due	\$	<u>5,668.08</u> CAD

Payment Options:

Cheques:

Cheques payable to Dentons Canada LLP
and mailed to the above noted address.

Wire Transfer:

Bank of Montreal
1st Canadian Place, Toronto, ON
Swift Code: BOFMCAM2
Bank ID: 001 Transit: 00022
CAD Funds Bank Account : 0004-324

Credit Card:

Payments are accepted via telephone, email or fax. We accept American Express, MasterCard or Visa (please circle one).

Card No. _____ Expiry Date: _____ Card Verification Code (CVC): _____

Amount: _____ Cardholder Name: _____

Signature: _____

Internet Banking:

Accepted at most financial institutions. Your payee is Dentons Canada LLP and
your account number is 569588. Please email us at
Edm.Accounting@dentons.com referencing invoice number and payment
amount.

Interac e-Transfer:

e-Transfer funds to AR.Canada@dentons.com referencing invoice number in
message. Please use matter number referenced on your invoice as the password.
Alternatively, send password to AR.Canada@dentons.com in separate email.

Please email us at AR.Canada@dentons.com referencing invoice number and payment amount.

Payment due on receipt. Interest will be charged at the rate of 1.3% per annum on all outstanding amounts over 30 days.

Invoice Detail

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	Timekeeper	Description of Work
01-Jun-20	Robert Kennedy	Review correspondence from Adrienne Atherton. Review memorandum.
02-Jun-20	Robert Kennedy	Conversation with Adrienne Atherton. Conversation with Ian Moes. Voicemail left with Bob Taylor. Correspondence from and to Mark Laugesen. Voicemail received from Mark Laugesen regarding Northland matters.
03-Jun-20	Robert Kennedy	Conversation with Mark Laugesen regarding Northland matters. Various correspondence to and from Bob Taylor. Conversation with Bob Taylor regarding administration matters.
04-Jun-20	Robert Kennedy	Review MTL documentation. Voicemail left with Ryan Hanna. Correspondence from and to Ryan Hanna.
05-Jun-20	Robert Kennedy	Conversation with Ryan Hanna regarding MTL storage lien matters. Conversation with Roger Jaipargas regarding Clearview and discharge matters. Review various correspondence from Roger Jaipargas.
09-Jun-20	Robert Kennedy	Review Clearview pleadings. Attend confernece call with Roger Jaipargas and Dirk Laugan.
25-Jun-20	Robert Kennedy	Work on MTL and Northland matters. Review correspondence from Ryan Hanna. Various correspondence to and from Bob Taylor and Jordan Sleeth. Conference call with Bob Taylor and Lexi Ng.
26-Jun-20	Robert Kennedy	Review correspondence from Ryan Hanna. Conversation with Ryan Hanna re: settlement. Review correspondence from Ryan Hanna.

Timekeeper	Hours	Rate	Fees
Robert Kennedy	6.6	760.00	5,016.00
Total	6.6		\$5,016.00

TOTAL PROFESSIONAL FEES \$ **5,016.00**

TAXES

HST (13.0%) on Professional Fees of \$5,016.00 \$ 652.08

TOTAL TAXES **652.08**

TOTAL AMOUNT DUE \$ **5,668.08** CAD

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON, Canada M5K 0A1

T 416 863 4511
F 416 863 4592

Salans FMC SNR Denton McKenna Long
dentons.com

Deloitte Restructuring Inc.
8 Adelaide Street West, Suite 200
Toronto, ON M5H 0A9

Attention: Paul Casey
Senior Vice-President

INVOICE # 3523405

GST/HST # R121996078
QST # 1086862448 TQ 0001

<u>Date</u>	<u>Matter Number</u>	<u>Lawyer</u>
July 31, 2020	569588-000006	Robert Kennedy

Deloitte Restructuring Inc.
Re: National Recycling Inc. et al.

Professional Fees	\$ 17,917.50
Less: Discount	<u>(1,500.00)</u>
Net Professional Fees	\$ 16,417.50
Disbursements	31.84
HST (13.0%) on \$16,449.34	<u>2,138.42</u>
Total Amount Due	<u>\$ 18,587.76 CAD</u>

Payment Options:

Cheques:

Cheques payable to Dentons Canada LLP and mailed to the above noted address.

Wire Transfer:

Bank of Montreal
1st Canadian Place, Toronto, ON
Swift Code: BOFMCAM2
Bank ID: 001 Transit: 00022
CAD Funds Bank Account : 0004-324

Credit Card:

Payments are accepted via telephone, email or fax. We accept American Express, MasterCard or Visa (please circle one).

Card No. _____ Expiry Date: _____ Card Verification Code (CVC): _____

Amount: _____ Cardholder Name: _____

Signature: _____

Internet Banking:

Accepted at most financial institutions. Your payee is Dentons Canada LLP and your account number is 569588. Please email us at Edm.Accounting@dentons.com referencing invoice number and payment amount.

Interac e-Transfer:

e-Transfer funds to AR.Canada@dentons.com referencing invoice number in message. Please use matter number referenced on your invoice as the password. Alternatively, send password to AR.Canada@dentons.com in separate email.

Please email us at AR.Canada@dentons.com referencing invoice number and payment amount.

Payment due on receipt. Interest will be charged at the rate of 1.3% per annum on all outstanding amounts over 30 days.

Invoice Detail

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	Timekeeper	Description of Work
06-Jul-20	Robert Kennedy	Correspondence to and from Ryan Hanna. Conversation with Ryan Hanna.
08-Jul-20	Robert Kennedy	Review correspondence from Bob Taylor. Review draft report. Correspondence to and from Jordan Sleeth. Correspondence to Bob Taylor.
13-Jul-20	Robert Kennedy	Review various correspondence re: auctioned equipment. Conversation with Ryan Hanna. Consider next steps re: MTL and Northland.
14-Jul-20	Robert Kennedy	Conversation with Ryan Hanna. Voicemail left with Ian Moes. Consider motion matters. Review correspondence from Jim Schmidt. Correspondence to Bob Taylor and Jordan Sleeth. Conversation with Bob Taylor. Draft correspondence to Jim Schmidt.
15-Jul-20	Robert Kennedy	Conversation with Jordan Sleeth re: motion matters. Review correspondence from Adrienne Atherton.
16-Jul-20	Robert Kennedy	Work on correspondence to Jim Schmidt. Correspondence to and from Bob Taylor. Voicemail left with Ryan Hanna. Prepare correspondence to Jim Schmidt re: rent issue and resolution. Various conversation with Bob Taylor re: Boyle property matters. Review correspondence from Ryan Hanna. Various conversations with Ryan Hanna. Various correspondence to and from Jim Schmidt. Conversation with Jim Schmidt. Correspondence from and to Jim Schmidt re: rent. Conversation with Ian Moes. Conversation with Bob Taylor.
17-Jul-20	Robert Kennedy	Various conversations with Ryan Hanna. Various correspondence to and from Jim Schmidt. Various correspondence to and from Ryan Hanna. Various correspondence to and from Bob Taylor. Conversation with Bob Taylor. Conversation with Jim Schmidt. Consider next steps re: Northland.
21-Jul-20	Robert Kennedy	Correspondence to and from Roger Jaipargas. Correspondence to and from Bob Taylor. Conversation with Jordan Sleeth. Attend conference call with Roger Jaipargas. Consider next steps.
23-Jul-20	Robert Kennedy	Conversation with Bob Taylor. Review correspondence from Jim Schmidt. Correspondence to and from Bob Taylor re: motion matters. Draft correspondence to Justice Koehnen. Review correspondence from Jordan Sleeth and Bob Taylor.

Date	Timekeeper	Description of Work
24-Jul-20	Robert Kennedy	Review RBC security re: 213. Correspondence to Lyle Zulak re: security. Review correspondence from Bob Taylor. Correspondence to Roger Jaipargas. Conversation with Roger Jaipargas. Conversation with Jordan Sleeth. Conversation with Jim Schmidt. Correspondence to Justice Koehnen.
27-Jul-20	Lyle Zulak	Reviewing mortgage and GSA registrations. Conducting legal analysis and correspondence to Robert Kennedy regarding same.
27-Jul-20	Robert Kennedy	Work on MTL settlement agreement. Conversation with Jordan Sleeth re: motion and next steps. Various correspondence to and from Bob Taylor.
28-Jul-20	Mark Freake	Attend virtual court hearing regarding scheduling discharge and distribution motion.
28-Jul-20	Robert Kennedy	Preparation for motion. Attend scheduling motion. Conversation with Jordan Sleeth. Conversation with Roger Jaipargas. Attend conference call with representatives of Deloitte re: strategy and next steps.
29-Jul-20	Robert Kennedy	Work on Northland matters. Conversation with Jim Schmidt. Review documentation re: Northland mortgage and rent. Conference call with Bob Taylor and Jordan Sleeth.

Timekeeper	Hours	Rate	Fees
Lyle Zulak	1.5	575.00	862.50
Mark Freake	0.3	610.00	183.00
Robert Kennedy	22.2	760.00	16,872.00
Total	24.0		\$17,917.50

TOTAL PROFESSIONAL FEES	\$ 17,917.50
Less: Discount	(1,500.00)
NET PROFESSIONAL FEES	\$ 16,417.50

TAXABLE DISBURSEMENTS

Searches	\$ 31.84
TOTAL TAXABLE DISBURSEMENTS	\$ 31.84

TOTAL DISBURSEMENTS	31.84
----------------------------	--------------

TOTAL FEES AND DISBURSEMENTS	\$ 16,449.34
-------------------------------------	---------------------

TAXES

HST (13.0%) on Professional Fees of \$16,417.50	\$ 2,134.28
HST (13.0%) on Taxable Disbursements of \$31.84	4.14

TOTAL TAXES	2,138.42
--------------------	-----------------

DENTONS CANADA LLP
Deloitte Restructuring Inc.
Re: National Recycling Inc. et al.

INVOICE 352145
102
Page 4 of 4
Matter # 569588-000006

TOTAL AMOUNT DUE

\$ 18,587.76 CAD

THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF SERVICE OF ROBERT KENNEDY
SWORN BEFORE ME THIS 11th DAY OF AUGUST,
2020.

A handwritten signature in cursive script, appearing to read "M. J. [unclear]", positioned above a horizontal line.

A Commissioner for Taking Affidavits, etc.

EXHIBIT "B"**Summary of Invoices and Calculation of Average Hourly Billing Rates of Dentons Canada LLP****The Period from February 1, 2020 to July 31, 2020**

Date	Invoice No.	Fees	Discount	Disbursements	Taxes(HST)	Hours	Average Rate	Total
March 31, 2020	3498398	77,371.50	3,500.00	2,470.05	9,882.81	115.7	508.18	86,224.39
April 30, 2020	3504249	17,729.00	729.00	35.60	2,214.63	25.2	462.50	19,250.23
May 31, 2020	3511739	17,196.50	2,196.50	-	1,950.00	23	602.50	16,950.00
June 30, 2020	3518081	5,016.00	-	-	652.08	6.6	760.00	5,668.08
July 31, 2020	3523405	17,917.50	1,500.00	31.84	2,138.42	24.0	648.33	18,587.76
TOTALS:		\$135,230.50	\$7,925.50	\$2,537.49	\$16,837.94	194.5	\$ 596.30	\$146,680.46

THIS IS EXHIBIT "C" REFERRED TO IN THE
AFFIDAVIT OF SERVICE OF ROBERT KENNEDY
SWORN BEFORE ME THIS 11th DAY OF AUGUST,
2020.

A handwritten signature in cursive script, appearing to read "M. J. [unclear]".

A Commissioner for Taking Affidavits, etc.

EXHIBIT "C"**Billing Rates of Dentons Canada LLP**

For the period February 1, 2020 to July 31, 2020

	<u>2020 Rate</u>	<u>Year of Call</u>
Robert Kennedy	\$760	2002
Jennifer Dezell	\$540	2003 (BC)
Geoff Bowman	\$515	2005 (BC)
Kori Williams	\$700	2008
Lyle Zulak	\$575	2008 (AB)
Mark Freake	\$610	2013
Danijel Augustinovic	\$545	2015
John Regush	\$445	2015 (AB)
Rachel Venturo	\$420	2019
Daniel Loberto	\$270	Articling Student
Jesse Collins-Swartz	\$270	Articling Student
Rennie Ali	\$210.00	Law Clerk

ROYAL BANK OF CANADA

- and -

**NATIONAL RECYCLING INC., SCRAPORT INC. and
2139483 ALBERTA LTD.**

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT TORONTO

**AFFIDAVIT OF ROBERT KENNEDY
(Sworn August 11, 2020)**

DENTONS CANADA LLP

77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Robert J. Kennedy (LSO # 474070)

Tel: (416) 367-6756

Fax: (416) 863-4592

robert.kennedy@dentons.com

Mark A. Freake (LSO #63656H)

Tel: (416) 863-4456

mark.freake@dentons.com

*Lawyers for Deloitte Restructuring Inc., in its capacity as
Court-appointed Receiver of National Recycling Inc.,
Scraport Inc. and 2139483 Alberta Ltd.*

Appendix “M”

to the Second Report of the Receiver



Royal Bank of Canada
General Security Agreement

SRF: 316854066
Borrower: NATIONAL RECYCLING INC.

1181 DAVIS DR
2ND FLR
NEWMARKET
ONTARIO
L4K 4M3
CA

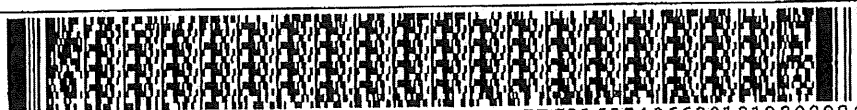
1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA** ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all Inventory of whatever kind and wherever situate;
- (ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all lists, records and files relating to Debtor's customers, clients and patients;
- (v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (vi) all contractual rights and insurance claims;
- (vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- (viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

Please do not write in this area



RBC316854066001012000924

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

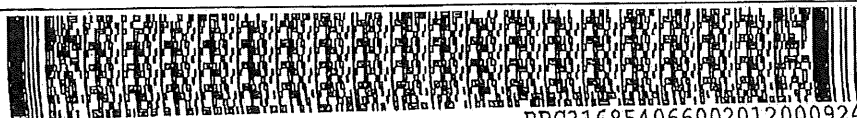
(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

(e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

Please do not write in this area



RBC316854066002012000924

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

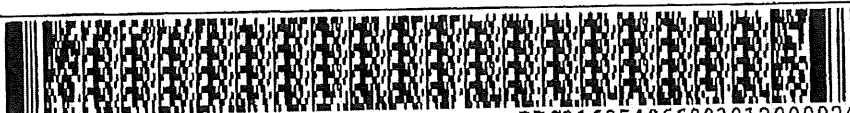
(f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

(i) to deliver to RBC from time to time promptly upon request:

Please do not write in this area



RBC316854066003012000924

- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

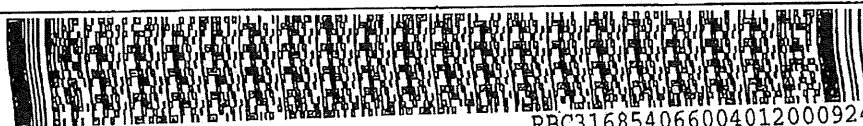
Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if

Please do not write in this area



RBC316854066004012000924

Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

- (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriate in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

- (a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;
- (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;
- (c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;
- (d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;
- (e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;
- (f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;
- (g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;
- (h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the

Please do not write in this area



RBC316854066005012000924

representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

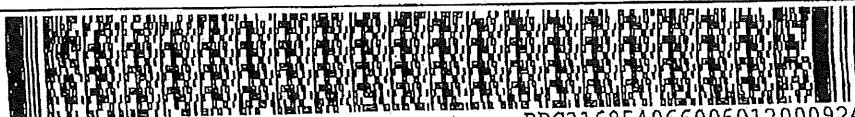
(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any

Please do not write in this area



RBC316854066006012000924

Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

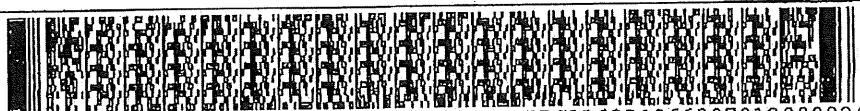
(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

Please do not write in this area



RBC316854066007012000924

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to

Please do not write in this area



RBC316854066008012000924

RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

15. COPY OF AGREEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces except Ontario).

16. Debtor represents and warrants that the following information is accurate:

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR 2139483 ALBERTA LTD.			
ADDRESS OF BUSINESS DEBTOR 1 PROLOGIS BLVD.	CITY MISSISSAUGA	PROVINCE ONTARIO	POSTAL CODE L5W1N3

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 14 day September 2018

2139483 ALBERTA LTD.

WITNESSES [Signature]

[Signature] IRFAN RAHMAN Seal

WITNESSES [Signature]

[Signature] FAIZ RAHMAN Seal

Please do not write in this area



RBC316854066009012000924

SCHEDULE "A"
(ENCUMBRANCES AFFECTING COLLATERAL)

Please do not write in this area



RBC316854066010012000924

SCHEDULE "B"**1. Locations of Debtor's Business Operations**

4688 TAYLOR ROAD,
BOYLE
ALBERTA
CA
T0A0M0

2. Locations of Records relating to Collateral

4688 TAYLOR ROAD,
BOYLE
ALBERTA
CA
T0A0M0

3. Locations of Collateral

4688 TAYLOR ROAD,
BOYLE
ALBERTA
CA
T0A0M0

Please do not write in this area



RBC316854066011012000924

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

Please do not write in this area



RBC316854066012012000924

Appendix “N”

to the Second Report of the Receiver

**IN THE MATTER OF THE RECEIVERSHIP OF NATIONAL RECYCLING INC., SCRAPORT INC., AND 2139483 ALBERTA
ESTIMATED COMBINED FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 12, 2019 TO DISCHARGE**

	Notes	NRI	Scraport	213	Total
Receipts					
Net auction proceeds	1	701,488	-	-	701,488
Receiver's Certificate		240,000	-	-	240,000
Rental income - Date of Receivership to January 2020	2	-	-	237,308	237,308
Rental income - February 2020 to June 2020 (held in trust)	2	-	-	207,165	207,165
Cash in bank		-	25,033	-	25,033
Lessor cost allocation deposits	3	15,308	-	-	15,308
GST collected		-	-	12,490	12,490
Interest		82	136	853	1,071
Sale of assets		1,000	-	-	1,000
HST collected		130	-	-	130
Total receipts		958,008	25,168	457,816	1,440,993
Disbursements					
Receivers fees		(120,512)	-	(44,616)	(165,127)
Legal counsel fees		(71,285)	-	(59,505)	(130,789)
Insurance		-	-	(96,622)	(96,622)
HST paid		(24,981)	-	(13,525)	(38,506)
Consulting fees	4	(7,600)	-	-	(7,600)
Appraisal fees		-	(5,000)	-	(5,000)
Change of locks		(1,055)	-	(946)	(2,001)
GST paid		(517)	(250)	(47)	(814)
Payroll Services		(413)	-	-	(413)
Filing fees		(70)	(70)	(70)	(210)
Total disbursements		(226,432)	(5,320)	(215,331)	(447,083)
Funds on hand at July 12, 2020		731,577	19,848	242,485	993,909
Estimated pending disbursements					
Repayment of Receiver's Certificate					(240,000)
Legal fees (including HST)	5				(231,235)
Receiver's fees (including HST)	5				(214,247)
MTL settlement	6				(75,000)
Proposed Distribution for Other Priority Claims					(30,000)
Insurance					(10,000)
Estimated contingency					(10,000)
Total estimated pending disbursements					(810,483)
Excess receipts over disbursements					\$ 183,427

Notes

- Auction proceeds received by Deloitte from Maynards net of funds received regarding the Leased Equipment.
- Rental income received from tenant operating on the Real Property premises as of January 2020. Monthly lease amounts are \$41,433, inclusive of GST. Rent from February 2020 to June 2020 of approximately \$207,200 is held in trust by MTL's legal counsel ("Rent in Trust").
- Lessor cost allocation deposits represent the recovery of estimated Receiver costs and fees incurred on securing equipment encumbered by lessors. Such deposits will be held in trust, pending further order of the Court.
- Consulting fees incurred from Mr. Boyd in regards to the Clearview Lien and the Pine Falls Matter.
- Includes unpaid fees and estimate to discharge. Estimate to discharge for the Receiver's fees and Receiver's legal counsel's fees ranges between \$70,000 to \$110,000 to deal with Northland's alleged claim, apply for discharge and attend to closing administrative matters.
- Rent in Trust forms part of negotiations for alleged unpaid storage fees that is owed to MTL by NRI. Rent in Trust will be released to the Receiver upon settlement between the Receiver and MTL. Subject to Court approval, a settlement of \$75,000 was reached between the Receiver and MTL.

ROYAL BANK OF CANADA

- and -

**NATIONAL RECYCLING INC., SCRAPORT INC. and
2139483 ALBERTA LTD.**

Applicant

Respondents

ONTARIO

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT TORONTO

**SECOND REPORT OF THE RECIEVER DATED
AUGUST 12, 2020**

DENTONS CANADA LLP

77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Robert J. Kennedy (LSO # 474070)

Tel: (416) 367-6756

Fax: (416) 863-4592

robert.kennedy@dentons.com

Mark A. Freake (LSO #63656H)

Tel: (416) 863-4456

mark.freake@dentons.com

*Lawyers for Deloitte Restructuring Inc., in its
capacity as Court-appointed Receiver of National
Recycling Inc., Scraport Inc. and 2139483 Alberta
Ltd.*