



No. S-144832
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BANK OF MONTREAL

Petitioner

AND:

KATZIE COAST MARINE SERVICES INC.
KATZIE COAST MARINE OPERATIONS (2009) INC.
COAST MARINE SERVICES 2004 LTD.
0818987 B.C. LTD.
COAST MARINE SERVICES INC.
KATZIE FIRST NATION BAND

Respondents

**FIRST REPORT OF DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF
KATZIE COAST MARINE SERVICES INC.,
KATZIE COAST MARINE OPERATIONS (2009) INC.,
COAST MARINE SERVICES 2004 LTD., 0818987 B.C. LTD.,
AND COAST MARINE SERVICES INC.**

September 19, 2014

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I. INTRODUCTION

1. On June 20, 2014, Bank of Montreal (“BMO”) filed a petition in the Supreme Court of British Columbia (the “Court”) seeking an Order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act* (the “BIA”) and Section 39 of the *Law and Equity Act*, appointing a receiver and manager of all the assets, undertakings and properties of Katzie Coast Marine Services Inc., Katzie Coast Marine Operations (2009) Inc., Coast Marine Services 2004 Ltd. (“Coast 2004”), 0818987 B.C. Ltd. (“081”), and Coast Marine Services Inc. (“Coast Marine”) (collectively, the “Group”). Pursuant to an Order dated June 26, 2014 (the “Receivership Order”), Deloitte Restructuring Inc. was appointed receiver and manager (the “Receiver”), without security, of all the assets, undertakings and properties of the Group. Attached hereto as Appendix A is a copy of the Receivership Order.
2. Pursuant to the Receivership Order, among other things, the Receiver is authorized to sell the Group’s assets. As set forth in paragraph 2(l) of the Receivership Order, the Receiver requires the approval of the Court for any sale transaction that alone exceeds \$250,000 or for any transactions that in aggregate exceed \$2,000,000.

II. PURPOSE OF REPORT

3. This report is the Receiver’s first report to the Court.
4. This report has been filed for the following purposes:
 - a) To report on the activities of the Receiver since its appointment on June 26, 2014;
 - b) To report on the status of an insurance claim relating to the barge owned by 081 named “Miller 309” and having an official number of 348863 (the “Miller 309”);
 - c) To report on the process undertaken by the Receiver for the sale of the Group’s assets;
 - d) In support of an application by the Receiver for an order approving the sale of the tugboat named “Katzie Pride” and having an official number of 188220 (the “Katzie Pride”);
 - e) In support of an application by the Receiver for an order approving of the activities of the Receiver as set out in this report; and

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- f) To report on the Receiver's receipts and disbursements since its appointment on June 26, 2014.

III. BACKGROUND

5. Each member of the Group is a company incorporated pursuant to the laws of the Province of British Columbia. The Group operated in the Lower Mainland of British Columbia, providing water taxi and barge services. The Group's head office and main location of operations were situated at 89 Rogers Street, Vancouver, British Columbia (the "Property").
6. In 2008, the Group entered into a joint venture agreement with the Katzie First Nation to provide transportation, construction services and equipment for construction projects. As part of this, the Group secured contracts to provide water taxi services during the construction of the Golden Ears Bridge and other components of the Gateway program.
7. Relating to several contractual disputes with TransLink, the Group began to experience financial difficulties culminating in the cessation of operations approximately two years prior to the Receiver's appointment.
8. We understand from Mr. Gordon Kleaman, the Principal of the Group ("Management"), that as at the date of the Receiver's appointment the Group had no employees.
9. As set forth in its petition, as at the date of the Receivership Order, BMO was owed a total of approximately \$3,860,000 by various members of the Group (for clarity, not every member of the Group is indebted to BMO for the same amount). BMO's claims are secured by general security agreements and mortgages of the Group's vessels granted by various members of the Group.

IV. RECEIVER'S ACTIVITIES TO DATE

10. Immediately following its appointment, the Receiver attended at the Property in order to inspect the Group's assets, including its vessels. The Receiver attempted to meet with Mr. Kleaman upon appointment but was delayed approximately one-week due to difficulties in locating Mr. Kleaman.

11. The Receiver subsequently took additional steps to verify the location and presence of several other vessels located around British Columbia and to secure those assets.
12. The Receiver attempted to locate and take possession of the books and records of the Group but was advised by Management that they were not up-to-date and were co-mingled with those of other companies owned by Mr. Kleaman which are not subject to the Receivership proceedings. In some instances, the books and records had not been updated for two years, the reason being that the entities in question had ceased operations at or around that time. As a result, the Receiver had to rely on discussions with Management to determine the creditors of the Group.
13. Pursuant to Sections 245(1) and 246(1) of the BIA, on July 4, 2014, the Receiver sent by ordinary mail the requisite statutory notices to all known creditors.
14. Due to the Group's deficient record keeping, in order to inform other potential stakeholders of the receivership proceedings, the Receiver published a newspaper advertisement in 'The Province' newspaper on July 3, 2014.
15. The Receiver was advised by Management that the Group did not have any operating bank accounts and held no cash on hand.
16. In addition to those noted above, the Receiver's activities since its appointment have included:
 - a) Undertaking investigations as to the existence and location of the Group's vessels and other assets;
 - b) Arranging for insurance coverage for the Group's assets;
 - c) Liaising with various marinas to ensure the security and continued moorage of the Group's vessels;
 - d) Reviewing an insurance claim relating to the Miller 309 and liaising with the claims adjustor during the claim investigation process (refer to Section V for more details);
 - e) Initiating a sale process for the disposal of the Group's assets (refer to Section VI for further details);
 - f) Entering into negotiations with interested parties for the sale of the Katzie Pride (refer to Section VII for further details);

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- g) Liaising with Vancouver Sand and Gravel Inc. (“VSG”) in relation to the sale of a barge ramp located at the Property (the “Rogers Barge Ramp”) (refer to Section VIII for further details);
 - h) Entering into discussions with the Group’s landlord with respect to ongoing occupation of the Property (refer to Section IX for further details); and
 - i) Liaising with Canada Revenue Agency (“CRA”) and other known creditors of the Group.

- 17. The Receiver has posted the Receivership Order and other general information relating to the receivership proceedings on its website at www.insolvencies.deloitte.ca.
- 18. The Receiver has been informed that CRA may have several deemed trust claims relating to outstanding GST/HST, including approximately \$22,768 against Katzie Coast Marine Services Inc., \$352,984 against Katzie Coast Marine Operations (2009) Inc., and \$1,458 against Coast Marine.

V. INSURANCE CLAIM RELATING TO THE MILLER 309

- 19. Prior to the Receiver’s appointment, the Group had an outstanding insurance claim under a hull and machinery policy held by 081 and underwritten by certain Lloyd’s underwriters (collectively, the “Underwriters”) under policy number ESR2012001 dated June 5, 2012 (the “Policy”). The Policy has an insured limit of \$1 million with BMO as sole loss payee.
- 20. The insurance claims relate to two incidents, a grounding of the Miller 309 in December 2013, and a subsequent capsizing of the vessel which occurred on January 25, 2013 at Point Atkinson in British Columbia. The Miller 309 is currently resting in an inverted state in the water near Mosquito Creek Marina, North Vancouver.
- 21. The Receiver made enquiries into the status of the insurance claim and was advised by the claims adjustor, Granite Claims Solutions (“Granite”), that the claim was under review under a reservation of rights by the Underwriters. Since its appointment, the Receiver regularly corresponded with Granite to ensure the claim was being assessed expediently.

22. On September 11, 2014, the Receiver received a letter from Granite (the “Denial Letter”) denying coverage for the claim. The Denial Letters stated that Underwriters were denying the claim on two main grounds: (1) Underwriters did not accept that certain claimed damage to the Miller 309 was caused by the December 2012 grounding incident; and (2) Underwriters did not accept that the damage asserted to have been caused by the January 2013 rollover incident was due to an insured peril under the policy.
23. The Receiver does not at this time accept the determination of Underwriters with respect to the claim and has engaged independent legal counsel to review the Denial Letter and related claim documentation to determine options and next steps.

VI. MARKETING AND SALE PROCESS

24. The Group owns ten commercial barge and tug vessels, and two barge ramps (excluding the Miller 309). A listing of the vessels is attached hereto as Appendix B. Several of the vessels were found to be in a poor state of repair and in need of significant maintenance. On July 3, 2014, the Receiver engaged Harlow Marine International Inc (“Harlow”) to conduct an independent appraisal of the assets. Excluding the Miller 309 and the Rogers Barge Ramp, the assets were valued by Harlow at between \$1,171,000 and \$1,447,000.
25. Prior to the Receiver’s appointment, the Group had engaged a different broker, Pacific Boat Brokers Inc. (“Pacific”), to market a number of the more valuable vessels for sale. The vessels were first marketed for sale from August 2013 through January 2014 (depending on the vessel) and remained listed on Pacific’s website as at the date of the Receiver’s appointment.
26. In order to market and sell the Group’s assets, on July 29, 2014, the Receiver invited several brokers to submit proposals. After reviewing the proposals submitted, the Receiver jointly engaged Harlow and Accurate Effective Bailiffs Ltd. (together, the “Broker”) to market all of the Group’s vessels for sale.
27. The Broker placed an advertisement in the Western Mariner Magazine and has listed the vessels on its website. The Broker also sent an email blast to known potential interested parties on August 15, 2014 advertising the vessels for sale.

28. As at the date of this report, the Receiver has completed the sale of the following vessels:

- (i) A 75' Floating End Barge Loading Ramp (no make, model or serial number) sold for \$25,000 plus applicable taxes (appraised at \$20,000 to \$30,000);
- (ii) The "Coast 9" vessel (official number 816141), sold for \$15,000 plus applicable taxes (appraised at \$10,000 to \$20,000);
- (iii) The "California Pilot" vessel (official number 812701), sold for \$4,000 plus applicable taxes (appraised at \$1,000 to \$2,000); and
- (iv) The "C.F.W. Vagg" vessel (official number 326511), sold for \$24,500 plus applicable taxes (appraised at \$15,000 to \$20,000).

29. The Receiver has also entered into a contract for the sale of the Katzie Pride (refer to Section VII for further details).

30. The Broker continues to market the remaining six vessels. The Receiver anticipates concluding the sale process in the next two to three months.

VII. SALE OF THE KATZIE PRIDE

31. The Broker received an initial offer for the Katzie Pride on August 18, 2014 from Gisbourne Marine Services Ltd. ("Gisbourne") in the amount of \$310,000 plus applicable taxes. On August 19, 2014, the Receiver countered the Gisbourne offer at \$350,000. Following further negotiations, a final offer was made by Gisbourne in the amount of \$320,000 (the "Katzie Pride Purchase Price"). No further offers were received in relation to this vessel. The vessel was appraised by Harlow at between \$300,000 and \$400,000.

32. On August 20, 2014, the Receiver and Gisbourne entered into a contract of purchase and sale for the Katzie Pride, a copy of which is attached hereto as Appendix C (the "Katzie Pride Contract"). The Katzie Pride Contract is, subject only to the Receiver obtaining an order of the Court approving of the transaction and vesting title to the Katzie Pride in Gisbourne free and clear of all encumbrances upon payment of the Purchase Price.

33. Given the Harlow appraisal of the Katzie Pride and considering the extensive marketing efforts undertaken both prior to and after the Receiver's appointment, the Receiver believes that the

Katzie Pride Purchase Price is sufficient, and recommends that the Court approve the sale of the Katzie Pride to Gisbourne pursuant to the Katzie Pride Contract.

VIII. SALE OF THE ROGERS BARGE RAMP

34. Prior to the Receiver's appointment, in November 2013, Coast 2004, Coast Marine and Mr. Kleaman entered into a purchase agreement with VSG regarding the sale of the Rogers Street Barge Ramp (the "Barge Ramp Agreement"). Pursuant to the Barge Ramp Agreement, Coast 2004 agreed to sell its interest in the Rogers Street Barge Ramp and related equipment to VSG for a purchase price of \$225,00 plus applicable taxes (the "Barge Ramp Purchase Price"). The Barge Ramp Purchase Price was to be paid by VSG to Coast 2004's solicitors McLean and Armstrong LLP, in trust for BMO, in monthly installments of \$15,000, with the final payment, including accrued interest, to be made on January 22, 2015.
35. As at the date of the Receiver's appointment, McLean and Armstrong LLP were holding funds of \$105,192.83, representing seven installments of \$15,000 plus accrued interest. Following the Receiver's appointment, these funds were transferred to the Receiver's account and are shown in the Receiver's Statement of Receipts and Disbursements (the "R&D") as "Cash on hand". A copy of the R&D is attached hereto as Appendix D.
36. VSG has paid to the Receiver a further \$30,000 pursuant to the Barge Ramp Agreement, shown in the R&D as "Payments from Vancouver Sand & Gravel Inc".

IX. LEASE OF 89 ROGERS STREET

37. Coast Marine entered into a lease with Rogers Sugar Ltd. ("Rogers") dated August 2005 (the "Lease") under which Coast Marine was granted a 5 year lease of the Property. The Lease was subsequently extended to July 31, 2015.
38. In addition, Coast Marine entered into a tolling agreement with VSG dated May 29, 2014 commencing in November 2013 (the "Tolling Agreement") pursuant to which Coast Marine provides access to the Property to VSG so that VSG can operate from the Property. Pursuant to the Tolling Agreement, VSG is to pay \$4,696 per month (the "Toll") to Coast Marine. This is

approximately equivalent to the monthly payments due to Rogers under the Lease. Prior to the appointment of the Receiver, VSG was paying the Toll directly to Rogers in lieu of the payments due under the Lease. This arrangement has continued since the Receiver's appointment. The Group has no operations at the Property, but does have several vessels moored at the docks immediately adjacent to the Property.

39. The Receiver is also aware of a further agreement entered into between VSG, Mr. Kleaman, 0872484 B.C. Ltd., Bryan Hall (Principal of VSG), Hall & Tenney Holdings Ltd., BD Hall Constructors Corp., BD Hall Excavation & Shoring Ltd., Coast Marine, Coast 2004 and 0985357 B.C. Ltd. (the "Settlement Agreement"). The Receiver understands that the Settlement Agreement was entered into so as to resolve a number of disputes among the parties to that agreement. The Receiver is in the process of reviewing the Settlement Agreement and is in discussions with VSG to determine what claims, if any, the Receiver may have which would enable it to realize additional value for the benefit of the estate.

X. RECEIVER'S RECEIPTS AND DISBURSEMENTS

40. For the period June 26 to September 16, 2014, the Receiver's gross receipts total \$211,912.83 as shown in the R&D.
41. During the same period, the Receiver has made disbursements totaling \$32,915.57, including, amongst other items, moorage fees in the amount of \$14,349.81 and Broker sales commissions of \$4,350.00.
42. The Receiver's net receipts as at September 16, 2014 amount to \$178,997.26.


XI. CONCLUSION

43. The Receiver respectfully requests that this Court grant orders:
- a) approving of the sale of the Katzie Pride (official number 188220) pursuant to the Katzie Pride Contract and vesting the Katzie Pride in the purchaser free and clear of all encumbrances upon payment of the Katzie Pride Purchase Price; and
 - b) approving of the Receiver's activities to date as set forth in this report.

Dated at Vancouver, British Columbia this 19th day of September, 2014

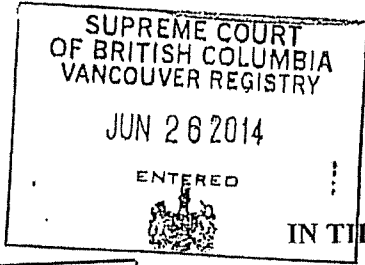
DELOITTE RESTRUCTURING INC.

In its capacity as Court-appointed Receiver and Manager of
Katzie Coast Marine Services Inc., Katzie Coast Marine Operations (2009) Inc., Coast Marine Services 2004 Ltd.,
0818987 B.C. Ltd., and Coast Marine Services Inc.
and not in its personal capacity.



Per: Huey Lee, MBA, CMA, CIRP
Senior Vice President

APPENDIX A
RECEIVERSHIP ORDER DATED JUNE 26, 2014



No. S-144832
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA



Between:

Bank of Montreal

Petitioner

And:

Katzie Coast Marine Services Inc.
Katzie Coast Marine Operations (2009) Inc.
Coast Marine Services 2004 Ltd.
0818987 B.C. Ltd.
Coast Marine Services Inc.
Katzie First Nation Band

Respondents

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE)
) 26/JUN/2014
)
SAVAGE)

The Application of the Petitioner for an Order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing DELOITTE RESTRUCTURING INC. as Receiver-Manager (in such capacity, the "Receiver"), without security, of all of the assets, undertakings and properties of KATZIE COAST MARINE SERVICES INC., KATZIE COAST MARINE OPERATIONS (2009) INC., COAST MARINE SERVICES 2004 LTD., 0818987 B.C. LTD., and COAST MARINE SERVICES INC. (collectively, the Debtors"), coming on for hearing at Vancouver, British Columbia, on Thursday, the 26th day of June, 2014;

AND ON HEARING Magnus Verbrugge and S. Luke Dineley, counsel for the Petitioner and those other counsel listed on Schedule "A" hereto; AND UPON READING the material filed,

including the First Affidavit of Larry Chipman sworn June 17, 2014 and the consent of **DELOITTE RESTRUCTURING INC.** to act as the Receiver:

THIS COURT ORDERS AND DECLARES that:

APPOINTMENT

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA **DELOITTE RESTRUCTURING INC.** is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of **KATZIE COAST MARINE SERVICES INC., KATZIE COAST MARINE OPERATIONS (2009) INC., COAST MARINE SERVICES 2004 LTD., 0818987 B.C. LTD.,** and **COAST MARINE SERVICES INC.** (collectively, the **Debtors**) including all proceeds thereof (the **"Property"**) and including, without limitation, the property described in Schedule **"B"** hereto.

RECEIVER'S POWERS

2. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the other business, or cease to perform any contracts of the Debtors;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
 - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;

- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$2,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. (i) the Debtors, (ii) all of the Debtors' current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.
5. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or

making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

6. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

7. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of Proceeding except for service of the initiating documentation on the Debtors and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

8. All rights and remedies (including, without limitation, set-off rights) against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. The stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

NO INTERFERENCE WITH THE RECEIVER

9. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

10. All Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services of any kind to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

11. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post-Receivership Accounts") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

12. Subject to the right of employees to terminate their employment notwithstanding paragraph 10, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtors, including any successor employer liabilities as provided for in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay and amounts in respect of obligations imposed specifically on receivers by applicable legislation. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.
13. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete

one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

14. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, 1999, S.C. 1999, c. 33, the *Fisheries Act*, R.S.C. 1985, c. F-14, the *Environmental Management Act*, R.S.B.C. 1996, c. 118 and the *Fish Protection Act*, S.B.C. 1997, c. 21 and regulations thereunder (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

15. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:
- (a) any gross negligence or wilful misconduct on its part; or
 - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

16. The reasonable fees and disbursements of the Receiver and its legal counsel, in each case at their standard rates and charges, shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that

the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

17. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

19. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$200,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
20. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "C" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
22. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION


23. That any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

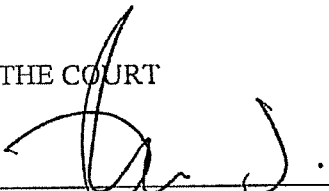
24. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
25. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.
26. This Court requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this 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.
27. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
28. The Petitioner shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Petitioner's security or, if not so provided by the Petitioner's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.
29. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.


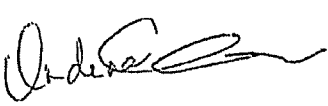
30. Endorsement of this Order by counsel appearing on this application other than the Petitioner is hereby dispensed.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Magnus Verbrugge
 Party Lawyer for the Petitioners

BY THE COURT


REGISTRAR 


Certified a true copy according to the records of the Supreme Court at Vancouver, B.C.

This 19TH day of AUGUST, 2014



Authorized Signing Officer
Rowena Choi

SCHEDULE "A"
LIST OF COUNSEL

SCHEDULE "B"

PROPERTY

All present and after-acquired personal property of the Debtors including, without limitation, the following property:

Katzie Coast Marine Services Inc. Property

1. the Marine Vessel known as "Katzie Pride", Official Number 188220
2. the Marine Vessel known as "Coast VII", Official Number 817594
3. the Marine Vessel known as "C.M. Scout", Official Number 313915

Coast Marine Services 2004 Ltd. Property

4. the Marine Vessel known as "Transporter No. 2", Official Number 323228
5. the Marine Vessel known as "Delta Fox", Official Number 197844
6. the Marine Vessel known as "Malaspina Straits", Official Number 322437
7. unnamed vessel, Serial Number ZVG000229C191
8. barge loading ramp, Serial Number 00001-100
9. floating barge ramp, Serial Number 0001-70

0818987 B.C. Ltd. Property

10. the Marine Vessel known as "Miller 309", Official Number 348863

SCHEDULE "C"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT

\$ _____

1. THIS IS TO CERTIFY that **DELOITTE RESTRUCTURING INC.**, the Receiver (the "Receiver") of all of the assets, undertakings and properties of **KATZIE COAST MARINE SERVICES INC.**, **KATZIE COAST MARINE OPERATIONS (2009) INC.**, **COAST MARINE SERVICES 2004 LTD.**, **0818987 B.C. LTD.**, and **COAST MARINE SERVICES INC.** (collectively, the **Debtors**) including all proceeds thereof (the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the ___ day of _____, 2014 (the "**Order**") made in SCBC Action No. _____ has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded _____ not in advance on the ___ day day of each month after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of Montreal from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Vancouver, British Columbia.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 201__.

DELOITTE RESTRUCTURING INC.,
solely in its capacity as Receiver of the
Property, and not in its personal capacity

Per: _____
Name: _____
Title: _____

Vancouver Registry
No. S-144832

IN THE SUPREME COURT OF BRITISH
COLUMBIA

BETWEEN:

Bank of Montreal

Petitioner

- and -

Katzie Coast Marine Services Inc.
Katzie Coast Marine Operations (2009) Inc.
Coast Marine Services 2004 Ltd.
0818987 B.C. Ltd.
Coast Marine Services Inc.
Katzie First Nations Band

Respondents

ORDER MADE AFTER APPLICATION
(RECEIVERSHIP ORDER)

BORDEN LADNER GERVAIS LLP
1200 Waterfront Centre
200 Burrard Street
P.O. Box 48600
Vancouver, BC V7X 1T2
Telephone: (604) 687-5744
Attn: Magnus Verbrugge

Attn: D & D.

**APPENDIX B
VESSEL LISTING**

Vessel Name	Serial Number	Status	Location
Katzie Pride	ON188220	Subject to contract	KinShip Maritime Inc., Porpoise Bay, Sechelt
Coast VII	ON817594	For sale	Mercury Transport Inc., Horseshoe Bay
C.M. Scout	ON313915	For sale	Shelter Island Marina, Richmond
Transporter No. 2	ON323228	For sale	St. Vincent Bay, Jervis Inlet, Sunshine Coast
Delta Fox	ON197844	For sale	89 Rogers St., Vancouver
Malaspina Straits	ON322437	For sale	89 Rogers St., Vancouver
No registered name (known as Coast 12)	C04736BC	For sale	89 Rogers St., Vancouver
C.F.W. Vagg	ON326511	Sold	n/a
Coast 9 (IX)	ON816141	Sold	n/a
California Pilot	ON812701	Sold	n/a

APPENDIX C
SALE AND PURCHASE AGREEMENT FOR THE "KATZIE PRIDE" DATED AUGUST 20, 2014

THIS AGREEMENT is dated for reference as of the 20th day of August, 2014.

BETWEEN:

GISBOURNE MARINE SERVICES LTD., a company
duly incorporated in the Province of British Columbia,
having an address of 5867 - 165B Street, Surrey, BC V3S
4G2

(the "**Purchaser**")

OF THE FIRST PART

AND:

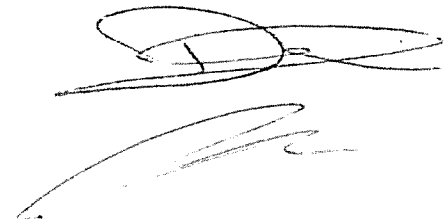
DELOITTE RESTRUCTURING INC., having an address of
2800 - 1055 Dunsmuir Street, 4 Bentall Centre, Vancouver, BC
V7X 1P4, in its capacity as receiver and manager of the assets and
undertakings of Katzie Coast Marine Services Inc., and not in its
personal capacity

(the "**Vendor**")

OF THE SECOND PART

WHEREAS:

- A. Pursuant to an order (the "**Receivership Order**") of the Supreme Court of British Columbia (the "**Court**") made June 26, 2014 in Supreme Court of British Columbia Action No. S144832, Vancouver Registry (the "**Proceedings**"), the Vendor was appointed receiver and manager of the assets and undertakings of Katzie Coast Marine Services Inc. ("**Katzie Coast**");
- B. Pursuant to the Receivership Order, the Vendor has the authority to sell any or all of the assets and undertakings of Katzie Coast, including that certain tugboat named "**Katzie Pride**" and having an Official Number of 188220 (the "**Vessel**"); and
- C. The Purchaser has offered to purchase the Vessel from the Vendor, along with all equipment spares and supplies on board the Vessel as at the date of this Agreement (collectively, the "**Vessel Assets**").

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

NOW THEREFORE THIS AGREEMENT WITNESSES that the parties mutually agree as follows:

1. **Purchase and Sale**

1.1 Subject to the terms and conditions set forth in this Agreement, at the Closing Time (as hereinafter defined), the Vendor shall sell to the Purchaser, and the Purchaser shall purchase from the Vendor, all of Katzie Coast's right, title and interest in and to the Vessel Assets free and clear of and from any and all security interests, mortgages, 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, including that certain mortgage registered against the Vessel in favour of Bank of Montreal and shown as Mortgage "E" in the Transport Canada Transcript of Registry in respect of the Vessel (the "BMO Mortgage").

2. **Purchase Price**

2.1 The purchase price for the Vessel Assets is \$320,000 plus GST of \$16,000 and PST of \$22,400 for a total of \$358,400 (the "Purchase Price").

3. **Deposit, Payment of Purchase Price and Broker's Commission**

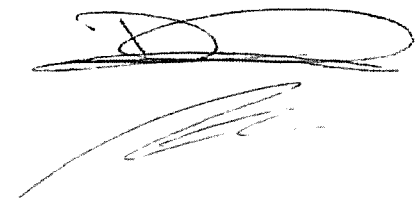
3.1 The sum of \$35,000 (the "Deposit") will be paid to the Vendor's solicitors within two business days of execution of this Agreement.

3.2 At the Closing Time, the Purchase Price will be paid as follows:

- (a) the Deposit will be released to the Vendor unconditionally; and
- (b) the balance of the Purchase Price, being the sum of \$323,400 (the "Balance of the Purchase Price"), shall be paid by the Purchaser to the Vendor by way of bank draft or certified cheque.

3.3 The Deposit is non-refundable and shall be forfeited by the Purchaser to the Vendor if the Purchaser does not, for any reason, complete the purchase and sale of the Vessel in accordance with the terms of this Agreement, and thereafter this Agreement will be null and void and of no further effect and neither the Vendor nor the Purchaser shall have any remedy against the other. Notwithstanding the foregoing, the Deposit will be returned by the Vendor to the Purchaser if the Vesting Order is not granted or if an order is made by any court of competent jurisdiction enjoining the Vendor from selling the Vessel.

3.4 If the Vendor does not, for any reason, complete the purchase and sale of the Vessel in accordance with the terms of this Agreement, including if the Vesting Order is not granted or if an order is made by any court of competent jurisdiction enjoining the Vendor from selling the

A handwritten signature in black ink, consisting of a large, stylized initial 'D' followed by a series of loops and a long horizontal stroke extending to the right.

Vessel, the Deposit shall be returned to the Purchaser and this Agreement will be null and void and of no further effect and neither the Vendor nor the Purchaser shall have any remedy against the other.

- 3.5 The parties hereby acknowledge and agree that: (i) the Vendor has engaged Harlow Marine International Inc. and Accurate Bailiff Ltd. (together the "**Broker**") in respect of the sale of the Vessel, including the transaction contemplated by this Agreement; (ii) the Vendor is responsible for paying the Broker's commission in the amount agreed upon between the Broker and the Vendor (the "**Broker's Commission**"); and (iii) conditional upon the completion of the purchase and sale of the Vessel in accordance with the terms of this Agreement, the Broker's Commission is payable from the Purchase Price at the Closing Time.

4. **Confidentiality**

- 4.1 The parties hereby acknowledge and agree that, except as required by law (including without limitation the *Freedom of Information and Protection of Privacy Act* (British Columbia), the negotiations between the Purchaser and the Vendor or its agent are to be kept strictly private and confidential.

5. **Costs and Expenses**

- 5.1 The Purchaser hereby agrees that, in addition to the Purchase Price, the Purchaser shall be responsible for and bear all costs of conveyance and registration of the Vessel, including without limitation any costs associated with registration of the Vessel in the name of the Purchaser in the Ship's Registry, arranging financing, drafting and executing any mortgage documents, and performing any title or lien searches.
- 5.2 The parties hereby agree that all other costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring that expense.

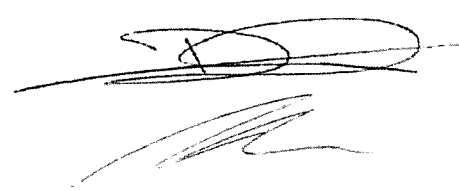
6. **Vesting Order**

- 6.1 As soon as practicable after execution of this Agreement, and in any event by no later than September 26, 2014, the Vendor will apply for an Order of the Court in the Proceedings (the "**Vesting Order**") approving this Agreement and the transactions contemplated hereby and, subject to payment of the Purchase Price, vesting title to the Vessel Assets in the Purchaser free and clear of and from any and all security interests, mortgages, 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.

7. **Representations**

- 7.1 The Vendor represents and warrants that:

(a) subject to Court approval of this Agreement, it has the authority pursuant to the

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Receivership Order to sell the Vessel Assets on the terms and conditions contained herein and to apply for an order vesting title to the Vessel Assets in the Purchaser.

- 7.2 The Purchaser represents and warrants that:
- (a) it is authorized to enter into the transactions described herein; and
 - (b) it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).
- 7.3 The Purchaser acknowledges that the Vendor makes no representations or warranties as to the quality, quantity or fitness for purpose of the Vessel Assets, or any other representation or warranty whatsoever as to the Vessel Assets, and the Purchaser acknowledges that it is acquiring the Vessel Assets "as is" and "where is" without warranty and at their present location. The Purchaser acknowledges and agrees that: (i) any surveys or other information provided by the Vendor or its agents are for information purposes only and are not to be relied upon by the Purchaser as being accurate; (ii) it is the Purchaser's responsibility to complete an inspection of the Vessel and that they are satisfied that the Vessel is in a condition that is satisfactory to their requirements; and (iii) that any cost for shipyard work or moving the Vessel is at the Purchaser's expense, including any repairs or modifications that the Vessel may require.

8. **Conditions Precedent to the Completion of the Transaction**

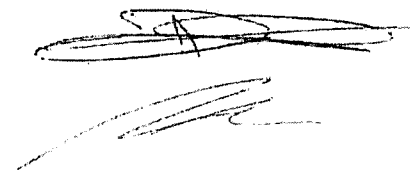
- 8.1 The obligations of the Vendor and the Purchaser to conclude the transactions contemplated hereunder are subject to the following conditions:
- (a) the Vendor will have obtained the Vesting Order by no later than September 26, 2014; and
 - (b) on the Closing Date, the Vessel shall be in substantially the same condition as it was on the date of execution of this Agreement.

9. **Closing**

- 9.1 The completion of the purchase and sale of the Vessel will be 12:00 noon (the "Closing Time") on September 30, 2014 (the "Closing Date").

10. **Deliverables of the Vendor At Closing**

- 10.1 At the Closing Time, the Vendor shall deliver or cause to be delivered to the Purchaser:
- (a) a completed Form 6 Bill of Sale executed by Katzie Coast by the Vendor as its receiver and manager;
 - (b) a commercial sales invoice with a valid and current tax number; and
 - (c) all other deeds, bills of sale, transfers and assignments as are necessary to effectively vest



good and marketable title to the Vessel Assets in the Purchaser free and clear of all liens, mortgages, encumbrances, equities or claims of every nature and kind whatsoever.

11. **Deliverables of the Purchaser at the Closing**

11.1 At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor:

- (a) a bank draft or certified cheque payable to the ^{Vendor} ~~Purchaser~~ for the Balance of the Purchase Price.

12. **Sales and Excise Taxes**

12.1 All taxes payable pursuant to the *Social Services Tax Act* of British Columbia arising out of the transactions contemplated by this Agreement shall be paid by the Purchaser.

13. **Maintenance of the Vessel and Risk**

13.1 The Vendor shall maintain the Vessel and keep the Vessel's equipment in substantially the same condition as at the date of this Agreement up to the Closing Time. From and after the Closing Time, the Purchaser shall bear all responsibility to maintain, and any risk of loss in respect of, the Vessel.

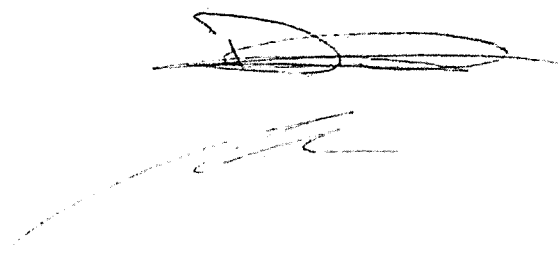
13.2 Notwithstanding anything to the contrary in this Agreement, in the event of actual or constructive total loss of the Vessel prior to the Closing Time, this Agreement will terminate without further action or liability on the part of either party and the full amount of the Deposit will be returned to Purchaser.

14. **Assignment of Purchaser's Interest**

14.1 At any time before 12:00 noon on the last business day before the date on which the Vendor applies for the Vesting Order, the Purchaser may assign its rights under this Agreement to a nominee (the "Assignee") by providing written notice of such assignment to the Vendor, along with the Assignee's written undertaking to the Vendor to be bound by and perform all of the Purchaser's obligations under this Agreement, in which case all references to Purchaser hereunder shall be references to the Assignee as purchaser. Notwithstanding any assignment of its rights under this Agreement, the Purchaser shall remain liable to carry out its obligations and covenants hereunder in the event the Assignee does not do so.

15. **Role of the Vendor**

15.1 The Purchaser hereby acknowledges and agrees that the Vendor is entering into this agreement solely in its capacity as the receiver and manager of Katzie Coastal and not in its personal capacity, and that Deloitte Restructuring Inc. shall have no personal obligations or liabilities in relation to this Agreement, howsoever arising, whether direct or indirect.



16. **Time of the Essence**

16.1 Time is expressly declared to be of the essence of this Agreement and each of the terms and conditions of this Agreement.

17. **Entire Agreement**

17.1 This Agreement constitutes the entire agreement between the parties and, except as stated, contains all of the covenants, representations and warranties of the parties. There are no verbal statements, covenants, representations, warranties, undertakings or agreements between the parties. This Agreement may not be amended or modified in any respect, except by written instrument executed by the parties.

18. **Further Assurances**

18.1 The parties shall execute and deliver such further documents and instruments and do all such acts and things as may be reasonably necessary or requisite to carry out the full intent and meaning of this Agreement and to effect the transactions contemplated by this Agreement.

19. **Governing Law**

19.1 This Agreement shall be governed by the laws of the Province of British Columbia and the laws of Canada applicable therein.

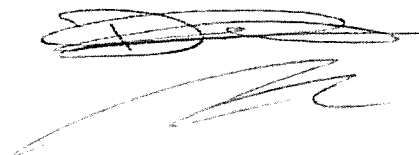
20. **Execution in Counterpart**

20.1 This Agreement may be executed in counterpart and delivered by facsimile, email of a pdf copy or other electronic means of transmission, and all such executed counterparts shall be considered originals for all purposes and, taken together, will constitute execution of this Agreement.

21. **Notices**

21.1 Any notice required or permitted to be given to any of the parties to this Agreement may be given by prepaid registered post or personally delivered to the address of such party above stated or to such other address as such party may by notice provided in lieu thereof, and any such notice shall be deemed to have been given and received by the party to whom it was addressed on delivery, if delivered personally, and if mailed, on the second day following the mailing thereof.

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22. **Enurement**

22.1 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

EXECUTED as of the 20 day of August, 2014.

SIGNED, SEALED AND DELIVERED)
BY GISBOURNE MARINE SERVICES)
LTD. in the presence of:)

GISBOURNE MARINE SERVICES LTD.

Row Gisbourne)
Name)

Per: 
Authorized Signatory

5867 165A St Surrey)
Address)

President)
Occupation)

SIGNED, SEALED AND DELIVERED)
BY DELOITTE RESTRUCTURING)
INC., in its capacity as receiver and)
manager of Katzie Coast Marine Services)
Inc. and not in its personal capacity, in)
the presence of:)

DELOITTE RESTRUCTURING INC.

PAUL CHAMBERLAIN)
Name)

Per: 
Authorized Signatory

1055 DUNSMUIR ST, VANCOUVER)
Address)

ACCOUNTANT)
Occupation)

APPENDIX D
RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JUNE 26 TO SEPTEMBER 16, 2014

APPENDIX D
IN THE MATTER OF THE RECEIVERSHIP OF
KATZIE COAST MARINE SERVICES INC.,
KATZIE COAST MARINE OPERATIONS (2009) INC.,
COAST MARINE SERVICES 2004 LTD., 0818987 B.C. LTD.,
AND COAST MARINE SERVICES INC.

Receiver's Statement of Receipts and Disbursements
For the Period of June 26, 2014 to September 16, 2014
(Canadian Funds)

Receipts

Cash on-hand	\$ 105,192.83
Payments from Vancouver Sand & Gravel Inc.	30,000.00
Proceeds from sale of assets	25,000.00
Proceeds from sale of vessels	43,500.00
PST collected	4,795.00
GST collected	3,425.00

Total Receipts

\$ 211,912.83

Disbursements

Appraisal fees	\$ 3,500.00
Newspaper ad	552.16
Insurance premiums	8,676.00
Moorage	14,349.81
Sales commission	4,350.00
GST paid	1,137.60
OSB filing fees	350.00

Total Disbursements

(32,915.57)

Net Receipts

\$ 178,997.26