

S-144832



No.
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.

Respondents

PETITION TO THE COURT

This proceeding has been started by the Petitioner for the relief set out in Part 1 below.

If you intend to respond to this petition, you or your lawyer must

- (a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- (b) serve on the petitioner
 - (i) 2 copies of the filed response to petition, and
 - (ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

Time for response to petition

A response to petition must be filed and served on the petitioner

- (a) if you reside anywhere within Canada, within 21 days after the date on which a copy of the filed petition was served on you,
- (b) if you reside in the United States of America, within 35 days after the date on which a copy of the filed petition was served on you,

- (c) if you reside elsewhere, within 49 days after the date on which a copy of the filed petition was served on you, or
- (d) if the time for response has been set by order of the court, within that time.

- (1) The address of the registry is: 800 Smithe Street
Vancouver, British Columbia
V6Z 2E1
- (2) The ADDRESS FOR SERVICE of the petitioner is: BORDEN LADNER GERVAIS LLP
1200 Waterfront Centre
200 Burrard Street
P.O. Box 48600
Vancouver, British Columbia
V7X 1T2
Attention: Magnus C. Verbrugge
- Fax number address for service (if any) of the petitioner: None
- E-mail address for service (if any) of the petitioner: None
- (3) The name and office address of the petitioner's lawyer is: BORDEN LADNER GERVAIS LLP
1200 Waterfront Centre
200 Burrard Street
P.O. Box 48600
Vancouver, British Columbia
V7X 1T2
Attention: Magnus C. Verbrugge

CLAIM OF THE PETITIONER

Part 1: ORDER SOUGHT

1. An Order appointing **DELOITTE RESTRUCTURING INC.** as Receiver and Manager (in such capacity, the "**Receiver**") of certain 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 Property, as defined in Part 2, paragraph 17) on the terms of the draft Order annexed hereto.

Part 2: FACTUAL BASIS

1. The Petitioner, Bank of Montreal, is a chartered bank of Canada with an office at Mezzazine Level – 595 Burrard Street, Vancouver, British Columbia, V7X 1L7.
2. The Respondent, Katzie Coast Marine Service Inc. (“**Katzie Services**”), is a company incorporated in the Province of British Columbia under incorporation number BC0851407 with a registered and records office located at 202 – 185 Forrester Street, North Vancouver, British Columbia, V7H 0A6.
3. The Respondent, Katzie Coast Marine Operations (2009) Inc. (“**Katzie Operations**”), is a company incorporated in the Province of British Columbia under incorporation number BC0855151 with a registered and records office located at 202 – 185 Forrester Street, North Vancouver, British Columbia, V7H 0A6.
4. The Respondent, Coast Marine Services 2004 Ltd. (“**Coast Services 2004**”), is a company incorporated in the Province of British Columbia under incorporation number BC0708662 with a registered and records office located at 300 – 1497 Marine Drive, West Vancouver, British Columbia, V7T 1B8.
5. The Respondent, 0818987 B.C. Ltd. (“**0818987**”), is a company incorporated in the Province of British Columbia under incorporation number BC0818987 with a registered and records office located at 300 – 1497 Marine Drive, West Vancouver, British Columbia, V7T 1B8.
6. The Respondent, Coast Marine Service Inc. (“**Coast Services**”), is a company incorporated in the Province of British Columbia under incorporation number BC0705126 with a registered and records office located at 300 – 1497 Marine Drive, West Vancouver, British Columbia, V7T 1B8.
7. In connection with a commitment letter dated January 23, 2012, as amended by letter dated August 27, 2012, the Petitioner extended to Katzie Services a term facility loan in the principal amount of \$2,750,000 (the “**Katzie Services Loan**”), and to Katzie Operations a revolving operating credit facility in the principal amount of \$1,000,000 (the “**Operating**”).

Loan”), and a corporate MasterCard facility in the principal amount of \$100,000 (the **“MasterCard Facility”**, and together with the Operating Loan, the **“Katzie Operations Loan”**). The Katzie Services Loan and Katzie Operations Loan are collectively referred to as the **“Loans”**.

8. By a guarantee dated February 24, 2012, Katzie Services provided a guarantee limited to the principal amount of \$1,100,000 with respect to Katzie Operations’ obligations to the Petitioner pursuant to the Katzie Operations Loan (the **“Katzie Services Guarantee”**).

9. As security for the Loans and the Katzie Services Guarantee, Katzie Services granted in favour of the Petitioner, *inter alia*, the following:

- (a) a security agreement dated February 24, 2012 (the **“Katzie Services Security Agreement”**) with respect to which financing statements were registered in the British Columbia personal property registry (the **“PPR”**) on February 28, 2012 under base registration nos. 609492G and 609654G, against all of Katzie Services’ present and after-acquired personal property; 64 shares in each of the following vessels: (i) Katzie Pride, (ii) CM Scout, and (iii) Coast VII; a floating barge ramp with the serial no. 0001-70, 22 Side Dump Industries trailers, a Caterpillar 980C, a Komatsu PC 308 Excavator; and all debts and proceeds thereof due to Katzie Services (the **“Katzie Services Property”**); and
- (b) a marine loan agreement with Katzie Services dated February 24, 2012 (the **“Katzie Services Marine Loan Agreement”**) for which the following mortgages were granted by Katzie Services in favour of the Petitioner, and subsequently registered with Transport Canada on February 28, 2012:
 - (1) Mortgage **“F”** against the vessel named Coast VII, official number 817594;
 - (2) Mortgage **“L”** against the vessel named C.M. Scout, official number 313915; and
 - (3) Mortgage **“E”** against the vessel named Katzie Pride, official number 188220,(the **“Katzie Services Mortgages”**).

10. By a guarantee dated February 24, 2012, Katzie Operations provided a guarantee limited to the principal amount of \$2,750,000 with respect to Katzie Services' obligations to the Petitioner pursuant to the Katzie Services Loan (the "**Katzie Operations Guarantee**").

11. As security for the Loans and the Katzie Operations Guarantee, Katzie Operations granted in favour of the Petitioner, *inter alia*, a security agreement dated February 24, 2012 (the "**Katzie Operations Security Agreement**") with respect to which financing statements were registered in the PPR on February 29, 2012 under base registration nos. 610649G and 610670G, and on July 17, 2012 under base registration nos. 852319G and 852320G, against all of Katzie Operations' present and after-acquired personal property, and all debts and proceeds thereof due to Katzie Operations (the "**Katzie Operations Property**").

12. By guarantees dated February 24, 2012, Coast Services 2004 provided a guarantee limited to the principal amount of \$1,100,000 with respect to Katzie Operations' obligations to the Petitioner pursuant to the Katzie Operations Loan, and a guarantee limited to the principal sum of \$2,750,000 with respect to Katzie Service's obligations to the Petitioner pursuant to the Katzie Services Loan (collectively, the "**Coast Services 2004 Guarantees**").

13. As security for the obligations under the Coast Services 2004 Guarantees, Coast Services 2004 granted to the Petitioner, *inter alia*, the following:

- (a) a security agreement dated February 24, 2012 (the "**Coast Services 2004 Security Agreement**") with respect to which financing statements were registered in the PPR on February 28, 2012 under base registration nos. 609699G and 609716G against all of Coast Services 2004's present and after-acquired personal property; 64 shares in each of the following vessels: (i) Delta Fox, (ii) Malaspina Straits, (iii) Transporter No. 2, (iv) an unnamed vessel with a serial number ZVG000229C191, and (v) a barge loading ramp with a serial number 00001-100 (the "**Coast Services 2004 Vessels**"); a street sweeper; and all debts and proceeds thereof due to Coast Services 2004 (the "**Coast Services 2004 Property**"); and

(b) a marine loan agreement dated February 24, 2012 with Coast Services 2004, Katzie Services, and Katzie Operations (the “**Coast Services 2004 Marine Loan Agreement**”) in connection with the Loans, for which the following mortgages were granted by Coast Services 2004 in favour of the Petitioner, and subsequently registered with Transport Canada on February 28, 2012:

- (1) Mortgage “G” against the vessel named Transporter No. 2, official no. 323228;
- (2) Mortgage “K” against the vessel named Delta Fox, official no. 197844; and
- (3) Mortgage “M” against the vessel named Malaspina Straits, official no. 322437,

(the “**Coast Services 2004 Mortgages**”).

14. By guarantees dated February 24, 2012, 0818987 provided a guarantee limited to the principal amount of \$1,100,000 with respect to Katzie Operations’ obligations to the Petitioner pursuant to the Katzie Operations Loan, and a guarantee limited to the principal sum of \$2,750,000 with respect to Katzie Services’ obligations to the Petitioner pursuant to the Katzie Services Loan (collectively, the “**0818987 Guarantees**”).

15. As security for the obligations under the 0818987 Guarantees, 0818987 granted to the Petitioner, *inter alia*, the following:

- (a) a security agreement dated February 24, 2012 (the “**0818987 Security Agreement**”) with respect to which financing statements were registered in the PPR on February 28, 2012 under base registration nos. 609725G and 609739G against all of 0818987’s present and after-acquired personal property; 64 shares in the vessel named Miller 309; and all debts and proceeds thereof due to 0818987 (the “**0818987 Property**”); and
- (b) a marine loan agreement dated February 24, 2012 with 0818987, Katzie Services, Katzie Operations and (the “**0818987 Marine Loan Agreement**”) in connection with the Loans, for which a mortgage was granted by 0818987 in favour of the Petitioner, and registered with Transport Canada on February 28, 2012 as

Mortgage “E” against the vessel named Miller 309, official number 348863 (the “**0818987 Mortgage**”).

16. By guarantees dated February 24, 2012, Coast Services provided a guarantee limited to the principal sum of \$1,100,000 with respect to Katzie Operations’ obligations to the Petitioner pursuant to the Katzie Operations Loan, and a guarantee limited to the principal sum of \$2,750,000 with respect to Katzie Services’ obligations to the Petitioner pursuant to the Katzie Services Loan (collectively, the “**Coast Services Guarantees**”, and together with the Katzie Services Guarantee, the Katzie Operations Guarantee, the Coast Services 2004 Guarantees, and the 0818987 Guarantees, the “**Guarantees**”).

17. As security for the obligations under the Coast Services Guarantees, Coast Services granted to the Petitioner, *inter alia*, a security agreement dated February 24, 2012 (the “**Coast Services Security Agreement**”) with respect to which financing statements were registered in the PPR on February 28, 2012 under base registration nos. 609674G and 609691G against all of Coast Services’ present and after-acquired personal property and all debts and proceeds thereof due to Coast Services (the “**Coast Services Property**”). The Katzie Services Property, the Katzie Operations Property, the Coast Services 2004 Property, the 0818987 Property, and the Coast Services Property are collectively referred to as the “**Property**”).

18. By August 2013, Katzie Services and Katzie Operations were each in default of their obligations to the Petitioner under the terms of the Katzie Services Loan and the Katzie Operations Loan, respectively.

19. Katzie Services, Katzie Operations, Coast Services 2004, 0818987, the Katzie First Nation Band, and Coast Services (collectively, the “**Katzie Group**”) requested that the Petitioner forbear from realizing on its security. On September 15, 2013, the Petitioner and the Katzie Group entered into a forbearance agreement (the “**Forbearance Agreement**”) wherein the Petitioner agreed not to enforce its security provided certain terms and conditions were met. The term of the Forbearance Agreement expired on December 10, 2013.

20. By December 2013, the Katzie Group were in default under the terms of the Forbearance Agreement.

21. The Petitioner continued to communicate and negotiate with the Katzie Group upon expiration of the Forbearance Agreement. However, by May 2014 the Katzie Group remained in default under the terms of the Loans and their respective security and guarantees.

22. As a result of the foregoing, by letter dated May 27, 2014, the Petitioner demanded payment from each of the Katzie Group of all amounts owing under the Loans, the security and the guarantees, but each of the Katzie Group have failed, refused, or neglected to pay the amount owing to the Petitioner.

23. As of May 27, 2014, the amount of the indebtedness owing to the Petitioner under the Katzie Operations Loan is \$1,369,571.05 together with interest accruing thereafter. The amount claimed does not include any penalty or bonus.

24. As of May 27, 2014, the amount of the indebtedness owing to the Petitioner under the Katzie Services Loan is \$2,491,671.50 together with interest accruing thereafter. The amount claimed does not include any penalty or bonus.

25. The Petitioner believes that Katzie Services, Katzie Operations, Coast Services 2004, 0818987, and Coast Services have little or no cash, and are unable to pay their respective obligations as they become due.

26. The Petitioner believes that the assets of Katzie Services, Katzie Operations, Coast Services 2004, 0818987, and Coast Services have marketable value, and accordingly wishes to have a receiver appointed so that a process to sell the assets can be initiated for the benefit of their respective creditors.

Part 3: LEGAL BASIS

1. The Petitioner will rely on Rules 2-1, 8-1, 10-2, 13-5, 14-1, 16-1 and 21-7 of the *Rules of Court*;
2. Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
3. Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended;
4. Section 66 of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359, as amended; and

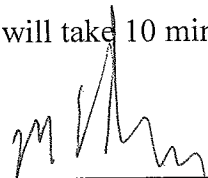
5. the inherent jurisdiction of this Honourable Court.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Lawrence Chipman.

The petitioner estimates that the hearing of the petition will take 10 minutes.

Date: 17/JUN/2014



Signature of Magnus C. Verbrugge
 Petitioner lawyer for Petitioner
Bank of Montreal

To be completed by the court only:

Order made

in the terms requested in paragraphs _____ of Part 1 of this petition

with the following variations and additional terms:

Date: _____

Signature of Judge Master

APPENDIX I

No.
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.

Respondents

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE

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)
)

____/JUL/2014

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 the property more particularly described herein, coming on for hearing at Vancouver, British Columbia, on the ____ day of _____, 2014

AND ON HEARING Magnus Verbrugge, 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 interest 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**) in and to the property described in Schedule "B" hereto (the **"Property"**).

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

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
4. floating barge ramp, Serial Number 0001-70

Coast Marine Services 2004 Ltd. Property

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

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 interest 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.** in and to the property described in Schedule "B" hereto (collectively, 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. _____

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.
Katzie First Nations Band
Coast Marine Services Inc.

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

No.
Vancouver Registry

In the Supreme Court of British Columbia

Between

Bank of Montreal

Petitioner

and

Katzie Coast Marine Services Inc., and
others

Respondents

PETITION TO THE COURT

MCV

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