

COURT FILE NUMBER QBG No. 938 of 2019
COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE SASKATOON

IN THE MATTER OF THE RECEIVERSHIP OF 7 G.B. ENTERPRISES INC.

NOTICE OF APPLICATION
(Sale Approval, Vesting, Distribution, and Discharge)

NOTICE TO RESPONDENTS: All parties listed on the Service List

This application is made against you. You are a respondent. You have the right to state your side of this matter before the Court. To do so, you must be in Court when the application is heard as shown below:

Where: Court of Queen's Bench for Saskatchewan
 Judicial Centre of Saskatoon
 520 Spadina Crescent East
 Saskatoon, SK S7K 3G7

Date: February 28th, 2020

Time: 10:00 a.m.

Go to the end of this document to see what you can do and when you must do it.

Remedy claimed or sought:

1. The applicant, Deloitte Restructuring Inc. (the "**Receiver**"), in its capacity as the court-appointed receiver of certain assets of 7.G.B. Enterprises Inc. (the "**Debtor**"), seeks an order pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**");
 - (a) deeming service of this Notice of Application and all other materials filed in support of the same on the parties listed in the Service List established in these proceedings to be good, valid, timely, and sufficient;
 - (b) authorizing and directing the Receiver to complete the proposed purchase and sale transaction (the "**Transaction**") respecting the property of the Debtor (the "**Properties**") more particularly described in the asset purchase agreement (the "**APA**") between the Receiver and 0756369 B.C. Ltd., attached to the Confidential Report of the Receiver dated February 24, 2020 (the "**Confidential Report**");
 - (c) vesting in 0756369 B.C. Ltd. (the "**Purchaser**"), all of the Debtor's right, title, and interest in and to the Properties free and clear of all liens, charges, security interests, and other encumbrances;

(d) sealing the Confidential Report until further Order of the Court, or upon the filing of the Receiver's Certificate as contemplated by the draft Order filed herein;

(e) approving:

(i) all of the Actions of the Receiver to date in relation to the discharge of the Receiver's Mandate, as more particularly described in the First Report of the Receiver dated February 24, 2020 (the "**Report**");

(ii) the professional fees and disbursements of the Receiver and the Receiver's legal counsel, McDougall Gauley LLP, as set out in the Report (including the fees and disbursements necessary to finalize the receivership), without the necessity of a formal passing of its accounts; and

(iii) the Residual Holdback, repayment of the Court authorized Borrowing Facility and distribution of the net sale proceeds, as recommended in the Report;

(f) adjudging and declaring that:

(i) the Receiver shall not be liable for any act or omission, including, without limitation, any act or omission arising from, relating to, or in connection with its discharge of the Receiver's Mandate, with the exception of any liability arising out of fraud, gross negligence, or willful misconduct on the part of the Receiver;

(ii) the Receiver has never had and shall not in the future have any liability in regard to any act or omission of the Debtor, including, without limitation, in relation to the business of the Debtor, payment of and/or accounting for any taxes (including, without limitation, goods and services tax) on revenues earned or any indebtedness or obligations whatsoever or howsoever incurred by the Debtor; and

(iii) no action or proceeding shall be commenced against the Receiver in any way arising from or related to its capacity or conduct as the court-appointed receiver of the Debtor, except with prior leave of this Court and on prior written notice to the Receiver and such further order securing, as security for costs, the costs of the Receiver in connection with any proposed action or proceeding as the Court hearing the motion for leave to proceed may deem just and appropriate;

(g) discharging the Receiver upon completion of the actions contemplated by the draft Order filed herein and the filing of a Discharge Certificate; and

(h) granting such further and other relief as counsel may request and this Honourable Court may allow.

Grounds for making this application:

2. Capitalized terms not otherwise defined in this notice of application shall have the respective meanings ascribed to them in the Order of the Honourable Mr. Justice B.J. Scherman dated the

16th day of July, 2019 (the "**Receivership Order**"), and the materials filed in support of this application.

3. The Receiver was appointed and took possession of the Properties on or about July 16, 2019. After engaging a professional property manager, completing necessary repairs and maintenance, and having the Properties appraised, the Receiver listed the same for sale.
4. Despite the Receiver's ongoing efforts, there have been minimal viewings and no offers to purchase the Properties, aside from the APA now presented for this Honourable Court's approval. For these reasons (and the additional reasons described in the Confidential Report), the Receiver is recommending this Honourable Court approve the APA and the Transaction.
5. The Confidential Report contains sensitive information respecting the particulars of the offer received and the amount of proceeds to be derived from the Transaction. Publicly disclosing this information prior to the approval and completion of the Transaction would be prejudicial to any further sale efforts in the event the Court does not approve the Transaction or the same does not close.
6. The Receiver has reviewed and analyzed the potential claims and their relative priority to the Net Proceeds of the Properties and formulated the distribution now proposed for Court approval. The administration of the receivership proceedings will be effectively complete following the closing of the Transaction and distribution of the Net Proceeds, such that the Receiver's discharge would be appropriate at that time.
7. On the evidence before this Honourable Court, the Receiver has carried out its mandate honestly, in good faith, and in compliance with the Receivership Order and the duties imposed on the Receiver by the BIA, *The Queen's Bench Act, 1998* SS 1998, c. Q-1.02, *The Personal Property Security Act, 1993*, SS 1993, c P-6.2, and common law.

Material or evidence to be relied on:

8. The Receiver relies on:
 - (a) This Notice of Application;
 - (b) The Service List;
 - (c) The Receiver's Report;
 - (d) The Confidential Receiver's Report (unfiled);
 - (e) The proposed form of draft Order;
 - (f) The Receiver's brief of law;
 - (g) Affidavit of Service in respect of items (a)-(c), (e)-(f) and (h);
 - (h) Proof of compliance with General Practice Directive #3;
 - (i) The pleadings and proceedings herein; and

(j) Such further and other material as this Honourable Court may allow.

Applicable Rules:

9. N/A

Applicable Acts and Regulations:

10. The Receiver relies upon the following Acts:

- (a) *The Queen's Bench Act, 1998*, SS 1998, c Q-1.02;
- (b) *The Personal Property Security Act, 1993*, SS 1993, c P-6.2; and
- (c) *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.

NOTICE

If you wish to oppose the application, you or your lawyer must prepare an affidavit in response, serve a copy at the address for service given at the end of this document, and file it in the court office, with proof of service, at least 7 days before the date set for hearing the application. You or your lawyer must also come to court for the hearing of the application on the date set.

AND FURTHER TAKE NOTICE that if you do not appear at the hearing an order may be made in your absence and enforced against you. YOU WILL NOT RECEIVE FURTHER NOTICE OF THIS APPLICATION.

Dated at the City of Saskatoon, Saskatchewan, this 24th day of February, 2020.

McDOUGALL GAULEY LLP

Per:



Solicitors for the applicant,
Deloitte Restructuring Inc.,
in its capacity as the court appointed receiver of
7.G.B. Enterprises Inc.

CONTACT INFORMATION AND ADDRESS FOR SERVICE

Name of firm: McDougall Gauley LLP
Name of lawyer in charge of file: Ian A. Sutherland
Address of legal firm: 500-616 Main Street, Saskatoon, SK S7H 0J6
Telephone / Facsimile: (306) 653-1212 / (306) 652-1323
Email address: isutherland@mcdougallgauley.com