Court File No. N/M/17/10

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL DISTRICT OF MIRAMICHI

IN THE MATTER OF THE RECEIVERSHIP OF:

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC., ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC.

PURSUANT TO Section 33 of The *Judicature Act,* R.S.N.B. 1973, Ch. J-2, Rule 41, Rules of Court, New Brunswick and Section 243 of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3

BETWEEN:

THE BANK OF NOVA SCOTIA, a Canadian chartered bank with a registered office in the City of Saint John, Province of New Brunswick

APPLICANT

- and –

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC., ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC., all of which are carrying on business in the Province of New Brunswick

RESPONDENTS

RECORD ON MOTION

dated May 5, 2011

ON BEHALF OF THE MOVING PARTY,
ERNST & YOUNG INC., for the motion returnable
May 10, 2011 at 9:30 a.m. AST

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IN BANKRUPTCY AND INSOLVENCY
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BETWEEN:

THE BANK OF NOVA SCOTIA, a Canadian chartered bank with a registered office in the City of Saint John, Province of New Brunswick

APPLICANT

- and –

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC, ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC., all of which are carrying on business in the Province of New Brunswick

RESPONDENTS

INDEX

TAB 1

COURT FILE NO.: N/M/17/10

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK	COUR DU BANC DE LA REINE DU NOUVEAU-BRUNSWICK
IN BANKRUPTCY AND INSOLVENCY	DIVISION DE PREMIERE INSTANCE
JUDICIAL DISTRICT OF MIRAMICHI	CIRCONSCRIPTION JUDICIAIRE DE MIRAMICH

IN THE MATTER OF THE RECEIVERSHIP OF:

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC, ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC.

PURSUANT TO Section 33 of The *Judicature Act,* R.S.N.B. 1973, Ch. J-2, Rule 41, Rules of Court, New Brunswick and Section 243 of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3

B E T W E E N: ENTRE:

THE BANK OF NOVA SCOTIA, a Canadian chartered bank with a registered office in the City of Saint John, Province of New Brunswick

(Applicant)

-and-

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY

HOLDINGS INC., ATCON VENEER PRODUCTS INC, ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC. all of which are carrying on business in the Province of New Brunswick

(Respondents)

- and –

IN THE MATTER OF THE APPLICATION OF ERNST & YOUNG INC. in its capacity as Court-appointed receiver and receiver manager of the property, assets and undertakings of the Respondents.

NOTICE OF MOTION
(FORM 37A)

AVIS DE MOTION
(FORMULE 37A)

TO:

DESTINAIRE:

The Persons on the Service List attached hereto as **Schedule "B"** to this Notice of Motion

Ernst & Young Inc. in its capacity as receiver and receiver manager of the property, assets and undertakings of the Respondents (the "**Receiver**") will apply to the Court of Queen's Bench, at 673 King George Highway, Miramichi, New Brunswick., on the 10th day of May, 2011, at 9:30 a.m. AST via teleconference for the following relief:

Le demandeur (ou selon le cas) demandera a la Cour a ___________ (lieu précis) _____________, le ______________, 20____, à ____ h, d'ordonner (indiquer l'ordonnance demandée, lesmotifs à discuter et les renvois aux dispositions léglislatives ou règles qui seront invoquées);

(a) an Order, substantially in the form and substance of the draft order attached hereto as **Schedule "A"** (the "**Draft Order**"), *inter alia*:

  (i) abridging and validating the timing and method of service of the Notice of Motion, the Seventeenth Report of the Receiver dated May 5, 2011 (the "**Seventeenth Report**"), the Supplement to the Seventeenth Report of the Receiver dated May 5, 2011 (the "**Supplemental Report**") and the Record on Motion, if necessary, so that this Motion is properly returnable and further service is dispensed with;

  (ii) approving the sale transaction (the "**Transaction**") with respect to the real property and commercial building municipally known as 170 Walsh Street, Miramichi, New Brunswick (the "**Walsh Street Property**"), contemplated by an agreement of purchase and sale dated as of March 22, 2011 between the Receiver and Sunny Corner Enterprises Inc. (the "**Purchaser**"), a redacted copy of which is appended to the Seventeenth Report (the "**APS**");

  (iii) authorizing and approving the execution by the Receiver of the APS and the Receiver executing such other documents or taking such additional actions as may be necessary or desirable to complete the Transaction and to convey the Walsh Street Property to the Purchaser;

  (iv) declaring that upon the delivery of a certificate to the Purchaser substantially in the form attached as Schedule "A" to the Draft Order (the "**Receiver's Certificate**"), all right, title and interest of Atcon Property Holdings Inc. in and to the Walsh Street Property shall vest absolutely in the Purchaser, free and clear of and from any and all other interests, claims or encumbrances of any nature or kind

  (v) to the extent necessary, declaring that for the purposes of determining the nature and priority of claims, the net proceeds from the sale of the Walsh Street Property (the "**Proceeds**") shall stand in the place and stead of the Walsh Street Property, and that from and after the delivery of the Receiver's Certificate all claims and encumbrances shall attach to the Proceeds with the same priority as they had with respect to the Walsh Street Property immediately prior to the sale; and

(b) such further and other relief as may be just.

The grounds upon which the Receiver relies are as follows:

1. The relief sought by the Receiver is appropriate in the circumstances and is in accordance with the jurisdiction of the Court under the *Bankruptcy and Insolvency Act* and the inherent jurisdiction of the Court;

2. The Transaction:

   (a) is the result of a process that was reasonable in the circumstances;

   (b) is supported by the Receiver and deemed appropriate by the Receiver, and is supported by the Province of New Brunswick, the stakeholder with an interest in the Walsh Street Property; and

   (c) provides consideration for the Walsh Street Property that is reasonable and fair.

3. The Receiver relies on:

   (a) the *Rules of Court* , as amended, including but not limited to Rules 1.03, 2.01, 2.02 and 3.02;

   (b) the *Judicature Act*, R.S.N.B. 1973, c. J-2, as amended, including but not limited to sections 21, 26 and 31;

   (c) the *Land Titles Act*, S.N.B. 1981, c. L-1.1, as amended, including but not limited to sections 29, 48 and 70; and

4. Such further and other grounds as counsel for the Receiver may advise and this Honourable Court may permit.

UPON the hearing of the motion the following affidavit or other documentary evidence will be presented:

A l'audition de la motion, les affidavits ou les autres preuves littérales suivantes seront présentées:

(1) The Seventeenth Report;

(2) The Supplemental Report; and

(3) Such further and other affidavits or documentary evidence as counsel for the Receiver may advise and this Honourable Court may permit.

You are advised that:

(a) you are entitled to issue documents and present evidence at the hearing in English or French or both;

(b) the applicant intends to proceed in the English language; and

(c) if you intend to proceed in the other official language, an interpreter may be required and you must so advise the Clerk at least 5 days before the hearing.

Sachez que:

(a) vous avez le droit d'émettre des documents et de présenter votre preuve à l'audience en français, en anglais ou dans les deux langues;

(b) le demandeur à l'intention d'utiliser la langue anglais; et

(c) si vous avez l'intention d'utiliser l'autre langue officielle, les services d'un interprète pourront être requis et vous devrez un aviser le greffier au moins 5 jours avant l'audience.

DATED at Toronto, Ontario, this 5th day of May, 2011.

SAM P. RAPPOS
BORDEN LADNER GERVAIS LLP
Solicitors for the Receiver

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Counsel to Ernst & Young Inc.,
the Court-appointed Receiver
of the Respondents

SCHEDULE "A"

Court File No. N/M/17/10

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL DISTRICT OF MIRAMICHI

IN THE MATTER OF THE RECEIVERSHIP OF:

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC, ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC.

PURSUANT TO Section 33 of The *Judicature Act,* R.S.N.B. 1973, Ch. J-2, Rule 41, Rules of Court, New Brunswick and Section 243 of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3

BETWEEN:

THE BANK OF NOVA SCOTIA, a Canadian chartered bank with a registered office in the City of Saint John, Province of New Brunswick

APPLICANT

- and –

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC, ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC., all of which are carrying on business in the Province of New Brunswick

RESPONDENTS

APPROVAL AND VESTING ORDER

THIS MOTION, made by Ernst & Young Inc. in its capacity as Court-appointed receiver and receiver manager of the property, assets and undertakings of the Respondents (the "**Receiver**") for an order, *inter alia*, authorizing the Receiver to sell the Walsh Street Property (as defined below), authorizing and approving the execution of the APS (as defined below) by the Receiver; authorizing and directing the Receiver to take such steps and execute such additional documents as may be necessary or desirable for the completion of the Walsh Street Property sale transaction; vesting the Walsh Street Property in and to the Purchaser (as defined below) free and clear of any liens or encumbrances, and authorizing and empowering the Receiver to utilize the net sale proceeds of the Walsh Street Property for the purpose of making payments (including interim payments) required or permitted by the Receivership Order, was heard this day at 673 King George Highway, Miramichi, New Brunswick.

ON READING the Receiver's Notice of Motion dated May 5, 2011, the Seventeenth Report of the Receiver dated May 5, 2011 and the appendices attached thereto (the "**Seventeenth Report**") and the Supplement to the Seventeenth Report of the Received dated May 5, 2011 (the "**Supplemental Report**"), and on hearing the submissions of counsel for the Receiver and such other counsel in attendance,

1. **THIS COURT ORDERS** that the time for service of the Receiver's Notice of Motion, the Seventeenth Report, the Supplemental Report and the Record on Motion shall be and is hereby abridged and validated so that the motion is properly returnable today, and that any further service thereof is hereby dispensed with.

2. **THIS COURT ORDERS AND DECLARES** that the sale of the real property and commercial building municipally known as 170 Walsh Street, Miramichi, New Brunswick, PID 40206989 (the "**Walsh Street Property**") pursuant to the agreement of purchase and sale between the Receiver and Sunny Corner Enterprises Inc. (the "**Purchaser**") dated March 22, 2011 (the "**APS**") is hereby approved.

3. **THIS COURT ORDERS AND DECLARES** that the execution of the APS by the Receiver is hereby authorized and approved, and the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the conveyance of the Walsh Street Property to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**Receiver's Certificate**"), all of Atcon Property Holdings Inc.'s ("**APHI**") right, title and interest in and to the Walsh Street Property shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by Order of The Honourable Mr. Justice Riordon granted in these proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (New Brunswick), the *Land Titles Act* (New Brunswick), or any other registry system (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Walsh Street Property are hereby expunged and discharged as against the Walsh Street Property.

5. **THIS COURT ORDERS** that notwithstanding this Court Order and despite paragraph 4 of this Order, easements and rights of way and such other interests including prescriptive interests shall continue with respect to the Walsh Street Property.

6. **THIS COURT ORDERS** that upon the registration under the *Land Titles Act* (New Brunswick) of a transfer for the Walsh Street Property by the Receiver, the Land Registrar is hereby directed to enter the Purchaser as the owner of the Walsh Street Property in fee simple, and is hereby directed to delete and expunge from title to the Walsh Street Property all of the Claims and Encumbrances registered with the Land Registrar.

7. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims and Encumbrances, the net proceeds from the sale of the Walsh Street Property shall stand in the place and stead of the Walsh Street Property, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Walsh Street Property with the same priority as they had with respect to Walsh Street

Property, as if the Walsh Street Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

8. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

9. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of APHI and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of APHI;

the vesting of the Walsh Street Property in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy appointed in respect of APHI and shall not be void or voidable by creditors of APHI, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. **THIS COURT ORDERS** that the Receiver is authorized and empowered, upon receipt of the net sale proceeds under the APS (the "**Net Sale Proceeds**"), to utilize the Net Sale Proceeds for the purpose of making payments (including interim payments) required or permitted by the Receivership Order dated March 2, 2010 granted in these proceedings as amended by the Order dated March 30, 2010 granted in these proceedings.

11. **THIS COURT ORDERS** that the Supplemental Report shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope and shall only be opened upon further Order of the Court.

Dated at Miramichi, New Brunswick, this 10th day of May, 2011.

Thomas W. Riordon
Judge of the Court of Queen's Bench of
New Brunswick

Schedule A – Form of Receiver's Certificate

N/M/17/10

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL DISTRICT OF MIRAMICHI

IN THE MATTER OF THE RECEIVERSHIP OF:

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC, ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC.

PURSUANT TO Section 33 of The *Judicature Act,* R.S.N.B. 1973, Ch. J-2, Rule 41, Rules of Court, New Brunswick and Section 243 of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3

BETWEEN:

THE BANK OF NOVA SCOTIA, a Canadian chartered bank with a registered office in the City of Saint John, Province of New Brunswick

APPLICANT

- and –

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC, ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC., all of which are carrying on business in the Province of New Brunswick

RESPONDENTS

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of The Honourable Mr. Justice Riordon of The Court of Queen's Bench of New Brunswick (the "**Court**") dated March 2, 2010, as amended, Ernst & Young Inc. was appointed as receiver and receiver manager in respect of the property, assets and undertakings of the Respondents (the "**Receiver**").

B. Pursuant to an Order of the Court dated May 10, 2011 (the "**Approval and Vesting Order**"), the Court approved the agreement for purchase and sale made as of March 22, 2011 (the "**APS**") between the Receiver and Sunny Corner Enterprises Inc. (the "**Purchaser**"), and provided for the vesting in the Purchaser of the right, title and interest of Atcon Property Holdings Inc. in and to the Walsh Street Property (as defined in the Approval and Vesting Order), which vesting is to be effective with respect to the Walsh Street Property upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the purchase price for the Walsh Street Property; (ii) that the conditions to closing as set out in the APS have been satisfied or waived by the appropriate party; and (iii) the transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APS or the Approval and Vesting Order.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the purchase price for the Walsh Street Property payable on the closing date pursuant to the APS;

2. The conditions to closing as set out in the APS have been satisfied or waived by the Receiver or the appropriate party; and

3. The Transaction has been completed to the satisfaction of the Receiver.

This Certificate was delivered by the Receiver at ________ [TIME] on _______ [DATE].

ERNST & YOUNG INC. in its capacity as the Receiver of the Respondents and not in its personal or corporate capacity

By: ______________________________

Name: Paul D. Hickey

Title: Senior Vice President

SCHEDULE "B"

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
TRIAL DIVISION
JUDICIAL DISTRICT OF MIRAMICHI

Court File No. N/M/16/10

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

- and -

IN THE MATTER OF ATCON CONSTRUCTION INC., ATCON INDUSTRIAL SERVICES INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC., ENVIREM TECHNOLOGIES INC. all of which are carrying on business in the Province of New Brunswick

- AND –

Court File No. N/M/17/10

IN THE MATTER OF THE RECEIVERSHIP OF:

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC., ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON INDUSTRIAL SERVICES INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. and ENVIREM TECHNOLOGIES INC.

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(as of May 5, 2011)

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jean.b.goguen@ca.pwc.com

Court-appointed Receiver of Atcon Industrial Services Inc. and Atcon Plywood Inc.

CANADA REVENUE AGENCY
Insolvency Unit, Atlantic Region
Moncton Tax Services Office
50 King Street, PO Box 1070
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300 Steelcase Rd. W. #23
Markham, ON L3R 2W2

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SODEXO
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Montreal, QC H3C 1T8

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Fax: (514) 866-8732
E-mail: John.Mignacca@Sodexo.com

TAB 2

Court File No. N/M/17/10

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL DISTRICT OF MIRAMICHI

IN THE MATTER OF THE RECEIVERSHIP OF:

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC., ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC.

PURSUANT TO Section 33 of The *Judicature Act,* R.S.N.B. 1973, Ch. J-2, Rule 41, Rules of Court, New Brunswick and Section 243 of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3

BETWEEN:

THE BANK OF NOVA SCOTIA, a Canadian chartered bank with a registered office in the City of Saint John, Province of New Brunswick

APPLICANT

- and –

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC., ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC., all of which are carrying on business in the Province of New Brunswick

RESPONDENTS

SEVENTEENTH REPORT OF THE RECEIVER
(Approval of Sale of 170 Walsh Street)
May 5, 2011

INTRODUCTION AND PURPOSE

1. In connection with the applications of The Bank of Nova Scotia (the "**Bank**") pursuant to section 33 of the *Judicature Act* (New Brunswick), Rule 41 of the Rules of Court of New Brunswick, and section 243 of the *Bankruptcy and Insolvency Act* (Canada) that were heard by The Honourable Mr. Justice Riordon of the Court of Queen's Bench of New Brunswick on March 1, 2010 and March 30, 2010, Ernst & Young Inc. was respectively appointed as receiver and receiver manager of the property, assets and undertakings of the following entities (the "**Receiver**"):

   (a) Atcon Group Inc., Atcon Holdings Inc., Atcon Property Holdings Inc. ("**APHI**"), Atcon Veneer Products Inc. and Atcon Logistics Inc. pursuant to the Receivership Order dated March 2, 2010 (the "**March 2 Order**"); and

   (b) Atcon Construction Inc., Atcon Management Services Inc., Atcon Civil Ltd., Dycon Construction Ltd., Atcon Structures Inc. and Envirem Technologies Inc. (now known as 058545 N.B. Inc.) pursuant to an Order dated March 30, 2010 granted in these proceedings (the "**March 30 Order**", and the March 30 Order together with the March 2 Order, the "**Receivership Order**").

2. The Receivership Order authorized the Receiver to, among other things:

   (a) take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

   (b) receive, preserve and protect the Property, or any parts thereof;

   (c) engage consultants, appraisers, agents and experts, among other persons, to assist with the exercise of the Receiver's powers and duties;

   (d) 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;

(e) sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court in respect of any transaction in which the purchase price exceeds $100,000 or the aggregate purchase price of all transactions less than $100,000 exceeds $1,000,000; and

(f) 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.

3. The purpose of this Seventeenth Report is to report to this Honourable Court on the status of matters relating to the Walsh Street Property (as defined below) and recommend that this Honourable Court grant an order approving the APS (as defined below), approving the execution of the APS by the Receiver, vesting the Walsh Street Property in and to the Purchaser (as defined below) free and clear of any liens or encumbrances, and authorizing and empowering the Receiver to utilize the net sale proceeds of the Walsh Street Property for the purpose of making payments (including interim payments) required or permitted by the Receivership Order.

TERMS OF REFERENCE

4. In preparing this Seventeenth Report, the Receiver has been provided with, and has relied upon, unaudited historical financial statements, other unaudited financial information and projections prepared by the Respondents, the books and records of the Respondents, discussions with the management and employees of the Respondents, and other information from various sources. The Receiver has assumed that the information it has been provided is accurate and complete. The Receiver did not audit, review or otherwise attempt to verify the accuracy or completeness of the information. Accordingly, the Receiver expresses no opinion or other form of assurance with respect to the information presented in this Seventeenth Report or relied upon by the Receiver in preparing this Seventeenth Report. Further, the nature of the Receiver's work completed in these proceedings will not necessarily disclose errors, misstatements, irregularities or illegal acts, if such exist, on the part of the Respondents, or its officers or employees or in the information.

5. All references to monetary amounts in this Seventeenth Report are in Canadian dollars unless otherwise noted.

6. Capitalized terms not defined in this Seventeenth Report are as defined in the Receivership Order.

7. Copies of court materials in these proceedings may be obtained from the Receiver's website established in connection with the Respondents (www.ey.com/ca/atcon).

WALSH STREET PROPERTY

Background

8. APHI, a Respondent in these proceedings, is the registered owner of the real property and commercial building municipally known as 170 Walsh Street, Miramichi, New Brunswick, PID 40206989 (the "**Walsh Street Property**"). Attached hereto as **Appendix "A"** is a copy of a Certificate of Registered Ownership for the Walsh Street Property dated May 4, 2011 (the "**Certificate**").

9. As set out in the Certificate, the Walsh Street Property is subject to the following registered encumbrances:

   (a) a debenture or other voluntary charge registered in favour of Roynat Inc. ("**Roynat**") on July 30, 1999, bearing registration number 10387810;

   (b) a notice of security interest registered in favour of Irving Oil Limited ("**Irving**") on May 27, 2003, bearing registration number 16305204; and

   (c) debentures and assignments of mortgage or charge registered in favour of the Bank (the "**Bank Registrations**").

10. With respect to the Roynat registration, counsel to the Receiver has received written confirmation from a representative of Roynat that no amounts are owed to Roynat in connection with the debenture, and Roynat is prepared to consent to a discharge of the registration. Counsel to Roynat has also confirmed to the Receiver in writing that the Roynat debenture has been satisfied and may be discharged.

11. With respect to the Irving registration, attached hereto as **Appendix "B"** is a copy of the Notice of Security Interest registered by Irving against the Walsh Street Property (the "**Notice**"). According to the Notice, it was registered by Irving pursuant to section 49(2) of the New Brunswick PPSA to provide notice that a security interest in a fixture or crop attached to the land had been created in specific collateral in favour of Irving. The Notice identifies the owner of the Walsh Street Property as Arvin Special Machinery Ltd. ("**Arvin**"), which, the Receiver understands, is a predecessor to Atcon Construction Inc. by way of amalgamation. The Notice states that the registration is effective for five (5) years from the date of registration, which was May 27, 2003. As a result, it appears that the registration of the Notice lapsed on May 27, 2008.

12. The Receiver contacted Irving's business office on May 5, 2011 and was informed by an Irving representative that:

   (a) Irving had a single account with Arvin for service to the Walsh Street Property;

   (b) the Walsh Street Property account was closed in April 2009 and there is no balance owing for services or goods situated at the Walsh Street Property; and

   (c) there have been no deliveries of product or rental charges billed in relation to the Walsh Street Property since April 2009, and it appears that the collateral listed in the Notice was paid in full prior to 2007.

13. With respect to the Bank Registrations, counsel to the Bank has confirmed to the Receiver in writing that the Bank Registrations have been, or will be, assigned to the Province of New Brunswick (the "**Province**"). Counsel to the Bank has also confirmed that the Bank holds no other security with respect to the Walsh Street Property.

AIS and Auction

14. As previously noted in the Sixteenth Report of the Receiver dated January 5, 2011 (the "**Sixteenth Report**"), the Walsh Street Property was leased by APHI to an affiliated company, Atcon Industrial Services Inc. ("**AIS**"), which previously conducted business at the Walsh Street Property. PricewaterhouseCoopers Inc. ("**PwC**") was appointed by this

Honourable Court as receiver and receiver manager of the property, assets and undertakings of AIS on March 30, 2010 in proceedings bearing Court File No. N/M/26/10 (the "**AIS Proceedings**"). Attached hereto as **Appendix "C"** is a copy of the Sixteenth Report (without appendices).

15. AIS maintained a significant amount of equipment at the Walsh Street Property (the "**AIS Machining Equipment**"), which PwC sought to realize upon by way of an auction agreement dated November 25, 2010 between PwC and Infinity Asset Solutions ("**Infinity**") (the "**Auction Agreement**").

16. As outlined in the Sixteenth Report, the Receiver recommended that this Honourable Court approve the Auction Agreement, as it provided for a going concern marketing sales process to be conducted with respect to the Walsh Street Property and the AIS Machining Equipment. The Auction Agreement granted unrestricted access to the Walsh Street Property to Infinity through to May 12, 2011 to allow Infinity adequate time to pursue a potential going concern sale of the AIS business (potentially inclusive of the Walsh Street Property), or to conclude an auction of the AIS Machining Equipment in the event that an *en bloc* sale did not materialize. The terms upon which the Receiver granted access to the Walsh Street Property to Infinity were outlined in an access agreement negotiated between the Receiver, PwC and Infinity (the "**Access Agreement**").

17. The Receiver received periodic updates from PwC on the status of Infinity's pursuit of a going concern sale of the AIS business. The Receiver understands from PwC that Infinity was unable to negotiate an acceptable going concern sale for the AIS Machining Equipment. As a result, as provided for in the Auction Agreement, an auction was conducted by Infinity for the AIS Machining Equipment on April 5, 2011 at the Walsh Street Property. Pursuant to the terms of the Access Agreement, Infinity is obligated to provide vacant possession of the Walsh Street Property to the Receiver on or before May 12, 2011.

<u>Proposed Sale of Walsh Street Property</u>

18. On March 15, 2011, the Receiver obtained an unsolicited offer from Mr. Eugene Nowlan to purchase the Walsh Street Property. Further information with respect to the unsolicited offer will be provided to the Court in the Supplement to the Seventeenth Report dated May 5, 2011 (the "**Supplemental Report**"). The Receiver will be seeking a sealing order from this Honourable Court with respect to the Supplemental Report, on the basis that the Supplemental Report contains sensitive commercial information, the dissemination of which could be prejudicial to the best interests of the Respondents' stakeholders and to the successful completion of the sale of the Walsh Street Property.

19. As at March 15, 2011, the Receiver had not publicly listed the Walsh Street Property for sale, since, as noted in the Sixteenth Report, there was the possibility of a going concern sale of the AIS Machining Equipment and the Walsh Street Property being achieved through the efforts of Infinity. However, based on the information received from PwC that a going concern sale for the Walsh Street Property with the AIS Machining Equipment was unlikely to materialize, the Receiver decided to proceed to publicly list the Walsh Street Property with a qualified realtor in order to expose the property to the market, with a view to maximizing the net realization for the stakeholders of APHI.

20. The Receiver enlisted the services of RE/MAX 3000 Ltd. ("**Re/Max**") to list the Walsh Street Property. Based upon comparable transactions in the local marketplace, Re/Max recommended to the Receiver that the Walsh Street Property be listed with the Multiple Listing Service ("**MLS**") at an asking price of $295,000 with the expectation that any transaction that might occur would likely be at a negotiated amount lower than the listing price.

21. Prior to listing the Walsh Street Property with the MLS, the Receiver reviewed an appraisal of the Walsh Street Property commissioned by PwC and completed by A Bound Corporation, a commercial and residential real property appraiser operating in the Province of New Brunswick, dated July 19, 2010 (the "**Appraisal**"). The Appraisal provided an estimate of the liquidation market value of the Walsh Street Property as of

July 15, 2010. A copy of the Appraisal will be provided to the Court as an appendix to a Supplemental Report.

22. Based on its review of the Appraisal, and the advice received from Re/Max, the Receiver agreed to list the Walsh Street Property at an asking price of $295,000 on March 17, 2011.

23. On March 18, 2011, Mr. Eugene Nowlan, on behalf of Sunny Corner Enterprises Inc. (the "**Purchaser**"), submitted a formal offer to purchase the Walsh Street Property. The Purchaser subsequently increased its offer in writing by executing an agreement of purchase and sale dated March 22, 2011 (the "**APS**"), which included additional conditions with respect to the manner in which the property would be delivered following the conclusion of the Infinity auction process for the AIS Machining Equipment. Attached hereto as **Appendix "D"** is a redacted copy of the APS, which was executed by the Receiver on March 23, 2011, subject to the approval of this Honourable Court. An unredacted copy of the APS will be provided to the Court as an appendix to the Supplemental Report.

24. The Receiver provided a copy of the APS to PwC for its review as it contained conditions relating to the Infinity auction process. PwC subsequently confirmed to the Receiver that the Walsh Street Property would be returned to the Receiver in accordance with the Purchaser's conditions in the APS.

25. The Receiver, following a review of the APS, a consideration of the appraised value of the Walsh Street Property contained in the Appraisal, and obtaining the view of Re/Max as to the reasonableness of the purchase price offered by the Purchaser, and having confirmed that the Walsh Street Property would be returned to the Receiver in accordance with the Purchaser's conditions by Infinity, executed the APS, subject to the approval of this Honourable Court.

26. The Receiver believes that the APS provides a reasonable realization for the Walsh Street Property and recommends that the APS be approved by this Honourable Court. It is the Receiver's view that the only reasonable alternative to a sale of the Walsh Street Property

under the APS would be the continued listing of the Walsh Street Property on the MLS, which does not guarantee a sale will be successfully completed at the same or higher price as contained in the APS, which is equal to the Walsh Street Property's appraised value contained in the Appraisal.

27. The Receiver had discussed the terms of the APS with a representative of the Province, being the stakeholder with the likely sole interest in the proceeds of sale of the Walsh Street Property. The Province has confirmed to the Receiver its support for the sale of the Walsh Street Property to the Purchaser pursuant to the terms and conditions of the APS.

28. Accordingly, the Receiver recommends that this Honourable Court authorize the Receiver to enter into the APS and approve the sale of the Walsh Street Property pursuant to the APS.

RELIEF SOUGHT BY THE RECEIVER

29. The Receiver respectfully requests that this Court grant an order authorizing and approving the execution of the APS by the Receiver, authorizing and directing the Receiver to take such steps and execute such additional documents as may be necessary or desirable for the completion of the Walsh Street Property sale transaction, vesting the Walsh Street Property in and to the Purchaser free and clear of any liens or encumbrances, and authorizing and empowering the Receiver to utilize the net sale proceeds of the Walsh Street Property for the purpose of making payments (including interim payments) required or permitted by the Receivership Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 5th day of May 2011

ERNST & YOUNG INC.
in its capacity as the Court-appointed Receiver of the Respondents and not in its personal or corporate capacity

By:

Paul D. Hickey, CA•CIRP
Senior Vice President

APPENDIX “A”

Form 47
Formule 47

CERTIFICATE OF REGISTERED OWNERSHIP
CERTIFICAT DE PROPRIÉTÉ ENREGISTRÉE

Land Titles Act, S.N.B. 1981, c. L-1.1, s.63
Loi sur l'enregistrement foncier, L.N.-B. de 1981, chap. L-11, art. 63

Parcel Identifier | Numéro d'identification de parcelle :

40206989

Owner | Propriétaire :

Atcon Property Holdings Inc.
626 Newcastle BLVD
Miramichi NB
E1V 2L3
Deed/Transfer | Acte de transfert/Transfert
Northumberland 2006-11-07 - 23036271

Manner of Tenure | Mode de tenure :

Not Applicable | Sans objet

Encumbrances | Charges :

ROYNAT INC.
644 Main ST
Moncton NB
E1C 1E7
Debenture Holder | Titulaire de la débenture
Debenture or Other Voluntary Charge | Débenture ou autre charge facultative
Northumberland 1999-07-30 1153 - 168 10387810

Irving Oil Limited
10 Sydney ST
Saint John NB
E2L 4K1
Claimant | Réclamant
Notice of Security Interest | Avis de sûreté
Northumberland 2003-05-27 - 16305204

Bank of Nova Scotia
Business Service Centre
5251 Duke ST Floor 7th Floor
Halifax NS
B3J 1P3
Debenture Holder | Titulaire de la débenture
Debenture or Other Voluntary Charge | Débenture ou autre charge facultative
Northumberland 2006-04-04 - 21917886

Bank of Nova Scotia
Business Service Centre
5251 Duke ST Floor 7th Floor
Halifax NS
B3J 1P3
Debenture Holder | Titulaire de la débenture
Debenture or Other Voluntary Charge | Débenture ou autre charge facultative
Northumberland 2006-04-04 - 21918132

Bank of Nova Scotia
Business Service Centre
5251 Duke ST Floor 7th Floor
Halifax NS
B3J 1P3
Debenture Holder | Titulaire de la débenture
Assignment of Mortgage or Charge | Cession d'hypothèque ou de charge
Northumberland 2009-07-07 - 27394502

Bank of Nova Scotia
Business Service Centre
5251 Duke ST Floor 7th Floor
Halifax NS
B3J 1P3
Debenture Holder | Titulaire de la débenture
Assignment of Mortgage or Charge | Cession d'hypothèque ou de charge
Northumberland 2009-07-07 - 27394528

Instruments in the Registration Process | Instruments dans le processus d'enregistrement :

NONE I AUCUN

THIS IS TO CERTIFY THAT the specified owner is the registered owner and holds title in fee simple, by virtue of the specified instrument(s) and in the specified manner of tenure, to the specified parcel, described in Schedule "A" attached hereto. The title to the land is subject to the overriding incidents specified in subsection 17(4) of the Act and also to the specified encumbrances.
LE PRÉSENT CERTIFICAT ATTESTE QUE le propriétaire spécifié est le propriétaire enregistré et est titulaire du titre en fief simple, en vertu de(s) l'instrument(s) spécifié(s), selon le mode spécifié de tenure de la parcelle spécifiée, décrite à l'Annexe <<A>> ci-jointe. Le titre du bien-fonds est soumis aux réserves dérogatoires précisées au paragraphe 17(4) de la Loi et également aux charges spécifées.

THE TITLE TO THE LAND may be subject to the specified instruments, which have been entered in the instrument record and may be entered on the title register when the registration process is completed.
LE TITRE DU BIEN-FONDS peut être soumis aux instruments spécifiés qui ont été portés au registre des instruments et qui peuvent être portés au registre des titres lorsque la procédure d'enregistrement est achevée.

THIS CERTIFICATE is evidence of the particulars contained herein as of the date and time of its issue. The description is not conclusive as to the boundaries or extent of the land.
LE PRÉSENT CERTIFICAT constitue la preuve des renseignements qu'il contient à la date et à l'heure de sa délivrance. La description n'est pas probante en ce qui concerne les limites ou l'étendue du bien-fonds.

Date & Time | Date et heure : 2011-05-04 08:48:57

Registrar of Land Titles for the District of New Brunswick
Le registrateur des titres de biens-fonds de la Circonscription du Nouveau-Brunswick

Report ID | Rapport ID : 3397824

Schedule A | Annexe A

PID | NID : 40206989

Apparent Parcel Access | Accès apparent à la parcelle : Public Access | Accès public

Status | État de la demande : Current | Courant

Effective Date/Time | Date et heure de prise d'effet : 2006-03-13 14:14:35

Legal Description | Description officielle :

That parcel of land and premises being in:

Place Name: Chatham, City of Miramichi
Parish: Chatham
County: Northumberland
Label of Parcel on Plan: Parcel A
Title of Plan: TOWN OF CHATHAM INDUSTRIAL PARK SUBDIVISION
Registration County: Northumberland
Registration Number of Plan: 149
Registration Date of Plan: August 28, 1973

APPENDIX “B”

FORM 1
NOTICE OF SECURITY INTEREST
(Fixtures or Crops)
(Personal Property Security Act, c.p-7.1 of the Acts of New Brunswick, 1993, s.49(2))

TAKE NOTICE that a security interest in collateral that is or may become a fixture or crop attaching to land has been created and the particulars of the security interest are as follows:

I certify that this instrument is registered or filed in the Northumberland County Registry Office, New Brunswick,
J'atteste que cet instrument est enregistré ou déposé au bureau d'enregistrement du comté de Northumberland, Nouveau-Brunswick
MAY 27 2003 — date
11:32 — time - heure
16305204 — number - numéro
Dale Thibodeau
Deputy Registrar - Conservateur Adjoint

Debtor- Name and Address:
ARVIN MACHINE WORKS INC.
1965 WATER STREET
CHATHAM, NEW BRUNSWICK E1N 4B5

Secured Party- Name and Address:
IRVING OIL LIMITED
10 SYDNEY STREET
SAINT JOHN, NEW BRUNSWICK, E2L 4K1

Description of Collateral:

BOILER, VIESSMAN, VR2-63
CONTROL, VITRONIC Z001 230
CONTROL, VITRONIC, 7133 374
PIPING TEE, 7237 422
STAND BOILER, 7133 076
BURNER, RIELLO, OIL, Z001 025
MIXING VALVE, 2" 4 WAY, 7133 018
MIXING VALVE MOTOR, 7133 390

The land on which the collateral is or will be located or affixed is described as follows:

PID # 40206989
PLEASE SEE ATTACHED SCHEDULE "A"

Name of owner of land as it appears in the land registry (if different from The debtor's name) :*

ARVIN SPECIAL MACHINERY LTD.

The security agreement providing for this security interest is/is not a trust indenture.*

The registration of this notice is effective for 5 years from registration.*

*Delete Inapplicable portions.

DATED this 1st day of May, 2003.

WITNESS
W Roberts

[signature]
Signature of Secured Party or Agent

SCHEDULE "A"

All that lot, piece or parcel of lands and premises situate, lying and being in the Town of Chatham in the County of Northumberland and Province of New Brunswick, more particularly bounded and described as follows:

BEING and intended to be Parcel "A" in a Subdivision plan entitled Town of Chatham Industrial Park Subdivision, prepared by T. G. Williston, New Brunswick Land Surveyor, dated the 19th day of July, 1973 and filed in the Northumberland County Records Office the 28th day of August 1973 as Number 149, TOGETHER WITH a right of way over that parcel of land designated as Parcel "B" in the above mentioned subdivision plan and in addition a right of way of a width of sixty-six (66) feet running from the Southwesterly sideline of Parcel "B" along an access road to the North Easterly side of Hill Street.

CANADA

PROVINCE OF NEW BRUNSWICK

COUNTY OF SAINT JOHN

I, Wendy Roberts, of the City of Saint John in the County of Saint John and Province of New Brunswick,

MAKE OATH AND SAY:

1. I am employed as a Credit Management Support Associate Level 1 at the City of Saint John in the Province of New Brunswick by Irving Oil Limited, named in the foregoing instrument, and as such have personal knowledge for the matters herein deposed to.

2. I was personally present and did see the foregoing instrument duly signed, sealed and executed by Art Weare as agent for the said Irving Oil Limited.

3. I am subscribing witness to the said instrument.

SWORN TO at the City of Saint John in the County of Saint John in the Province of New Brunswick this 1st day of May, 2003 AD.	)	
BEFORE ME:	)	
.... Commissioner of Oaths	)	W Roberts ....

Dawn M. Merrifield
Commissioner of Oaths
My Commission Expires
December 31, 2003

APPENDIX "C"

Court File No. N/M/17/10

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL DISTRICT OF MIRAMICHI

IN THE MATTER OF THE RECEIVERSHIP OF:

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC., ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC.

PURSUANT TO Section 33 of The *Judicature Act,* R.S.N.B. 1973, Ch. J-2, Rule 41, Rules of Court, New Brunswick and Section 243 of the *Bankruptcy and Insolvency Act,* R.S.C. 1985, c. B-3

BETWEEN:

THE BANK OF NOVA SCOTIA, a Canadian chartered bank with a registered office in the City of Saint John, Province of New Brunswick

APPLICANT

- and –

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC., ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC., all of which are carrying on business in the Province of New Brunswick

RESPONDENTS

SIXTEENTH REPORT OF THE RECEIVER
(Auction/Sale of Assets located at the Walsh Street Property)
January 5, 2011

INTRODUCTION AND PURPOSE

1. In connection with the applications of The Bank of Nova Scotia pursuant to section 33 of the *Judicature Act* (New Brunswick), Rule 41 of the Rules of Court of New Brunswick, and section 243 of the *Bankruptcy and Insolvency Act* (Canada) that were heard by The Honourable Mr. Justice Riordon of the Court of Queen's Bench of New Brunswick on March 1, 2010 and March 30, 2010, Ernst & Young Inc. ("**EYI**") was respectively appointed as receiver and receiver manager (the "**Receiver**") of the property, assets and undertakings of:

   (a) Atcon Group Inc., Atcon Holdings Inc., Atcon Property Holdings Inc., Atcon Veneer Products Inc. and Atcon Logistics Inc. pursuant to the Receivership Order dated March 2, 2010 (the "**March 2 Order**"); and

   (b) Atcon Management Services Inc., Atcon Civil Inc., Dycon Construction Ltd., Atcon Structures Inc., Atcon Construction Inc. and Envirem Technologies Inc. (now known as 058545 N.B. Inc.) pursuant to an Order dated March 30, 2010 (the "**March 30 Order**", and the March 30 Order together with the March 2 Order, the "**Receivership Order**").

2. The Receivership Order, among other things, authorizes and empowers the Receiver to:

   (a) take possession and control of the Property;

   (b) receive, preserve and protect the Property, or any parts thereof;

   (c) 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;

   (d) sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court in respect of any transaction in which the purchase price exceeds $100,000 or the aggregate purchase price of all transactions less than $100,000 exceeds $1,000,000;

(e) 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;

(f) engage consultants, appraisers, agents, experts 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 the Receivership Order; and

(g) take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

3. The purpose of this Sixteenth Report is to report to this Honourable Court on matters relating to the activities of the Receiver relating to the Walsh Street Property (as defined herein).

TERMS OF REFERENCE

4. In preparing this Sixteenth Report, the Receiver has been provided with, and has relied upon, unaudited historical financial statements, other unaudited financial information and projections prepared by the Respondents and PwC (as defined herein), the books and records of the Respondents, discussions with the management and employees of the Respondents and PwC, and other information from various sources. The Receiver has assumed that the information it has been provided is accurate and complete. The Receiver did not audit, review or otherwise attempt to verify the accuracy or completeness of the information. Accordingly, the Receiver expresses no opinion or other form of assurance with respect to the information presented in this Sixteenth Report or relied upon by the Receiver in preparing this Sixteenth Report. Further, the nature of the Receiver's work completed in these proceedings will not necessarily disclose errors, misstatements, irregularities or illegal acts, if such exist, on the part of the Respondents, or their officers or employees or in the information.

5. All references to monetary amounts in this Sixteenth Report are in Canadian dollars unless otherwise noted.

6. Capitalized terms not defined in this Sixteenth Report are as defined in the Receivership Order.

7. Copies of Court materials in these proceedings may be obtained from the Receiver's website established in connection with the Respondents (www.ey.com/ca/atcon).

WALSH STREET PROPERTY

8. Pursuant to the provisions of the March 2 Order, EYI was appointed as Receiver of the Property of Atcon Property Holdings Inc. ("**APHI**"). APHI is the registered owner of the real property and commercial building municipally known as 170 Walsh Street, Miramichi, New Brunswick (the "**Walsh Street Property**"). As a result, any sale of the Walsh Street Property is subject to the provisions of the Receivership Order. Attached hereto and marked as **Appendix "A"** is a copy of the Certificate of Registered Ownership for the Walsh Street Property, PID 40206989, dated January 4, 2011.

9. The Receiver understands that the Walsh Street Property was leased by APHI to an affiliated company, Atcon Industrial Services Inc. ("**Atcon Industrial**"), which previously conducted business at the Walsh Street Property. The Receiver understands that Atcon Industrial's machining division occupied the Walsh Street Property up to March 30, 2010. As a result, the Receiver understands that there were, and still remain, significant amounts of equipment owned by Atcon Industrial located at the Walsh Street Property (the "**AIS Machining Equipment**").

10. On March 30, 2010, PricewaterhouseCoopers Inc. was appointed by this Honourable Court as receiver and receiver manager of the property, assets and undertakings of Atcon Industrial ("**PwC**") in proceedings bearing Court File No. N/M/26/10 (the "**Atcon Industrial Proceedings**").

11. Since its appointment on March 1, 2010, the Receiver has secured, insured and maintained the Walsh Street Property in accordance with the provisions of the Receivership Order. Following PwC's appointment as receiver and receiver manager of Atcon Industrial on March 30, 2010, PwC and the Receiver discussed potential methods to realize upon the AIS Machining Equipment and the Walsh Street Property in a co-

ordinated manner that would facilitate the greatest recovery being achieved for the stakeholders of Atcon Industrial and APHI, avoid the unnecessary duplication of realization efforts and costs and create employment opportunities in the Miramichi area.

12. The Receiver and PwC agreed that a going concern or *en bloc* sale of the AIS Machining Equipment and the Walsh Street Property would be in the best interests of the stakeholders of both Atcon Industrial and APHI, as any such sale: (i) would be the sale of a turn-key operation; (ii) would likely generate the highest return for the stakeholders with an interest in the assets; and (iii) would have the potential to create employment opportunities in the Miramichi area.

13. As the vast majority of the assets that would be subject to any such going concern sale, being the AIS Machining Equipment, are subject to the Atcon Industrial Proceeding, the Receiver considered it prudent to defer listing the Walsh Street Property for sale to allow PwC time to conduct its marketing efforts with respect to the AIS Machining Equipment, as PwC's efforts could potentially secure a going concern sale of both the AIS Machining Equipment and the Walsh Street Property.

14. The Receiver understands that in July 2010, PwC entered into negotiations with a potential going concern buyer for the AIS Machining Equipment and the Walsh Street Property. However, such negotiations failed to result in a binding agreement being entered into between the parties.

15. On November 22, 2010, PwC notified the Receiver that it was contemplating accepting a net minimum guarantee offer from Infinity Asset Solutions Inc. ("**Infinity**"), along with its joint venture partners Plant & Machinery Inc. and Machinery Network Auctions, with respect to the AIS Machining Equipment. The net minimum guarantee offer provided for, first, a going concern sale offering for the AIS Machining Equipment and the Walsh Street Property, then, if necessary, an on-site public auction sale of the AIS Machining Equipment. The Receiver has reviewed a copy of the Third Report of PwC dated as of December 22, 2010 in the Atcon Industrial Proceeding, which has a copy of the auction agreement dated November 25, 2010 between PwC and Infinity (the "**Auction Agreement**") attached thereto as Appendix "D".

16. The Receiver understands, based on its discussions with PwC and its review of the Auction Agreement, that, in the event the Auction Agreement is approved by this Honourable Court, Infinity and its joint venture partners intend to spend between 30 and 45 days seeking going concern offers for the AIS machining business, which potential going concern sale may include the AIS Machining Equipment and the Walsh Street Property, by marketing the assets to its "worldwide database". However, if a going concern sale does not materialize, Infinity proposes to auction the AIS Machining Equipment directly from the Walsh Street Property within 125 days of PwC obtaining Court approval of the Auction Agreement.

17. PwC sought the Receiver's position on the proposed sales approach under the Auction Agreement with respect to the AIS Machining Equipment and the Walsh Street Property, which would see either:

    (a) the Walsh Street Property included in a going concern sale resulting from the Infinity sales process under the Auction Agreement, subject to the Receiver's consent to the going concern offer and the approval of this Honourable Court to the sale of the Walsh Street Property; or

    (b) PwC and Infinity requiring exclusive unrestricted access to the Walsh Street Property for a period of time, such that an auction of the AIS Machining Equipment could be conducted from the Walsh Street Property, and the subsequent listing by the Receiver of the Walsh Street Property with a real estate broker.

18. On November 30, 2010, December 14, 2010 and January 4, 2011, the Receiver confirmed to PwC that it was prepared to co-operate with PwC with respect to the proposed sales process under the Auction Agreement, subject to acceptable arrangements being negotiated by the Receiver and PwC to address various issues, including but not limited to:

    (a) liability insurance concerns;

    (b) cost and proceed allocations; and

(c) obligations to clean and repair any damage to the Walsh Street Property that may occur during Infinity's marketing process or during the removal of the AIS Machining Equipment from the Walsh Street Property, if necessary.

19. The Receiver and PwC have agreed in principal to the terms of an access and proceeds/cost sharing agreement whereby PwC and Infinity will be granted unrestricted access to the Walsh Street Property for the purpose of marketing the AIS machining business to going concern buyers, and if such a process fails to result in a going concern sale of the AIS Machining Equipment and the Walsh Street Property, to conduct an auction of the AIS Machining Equipment directly from the Walsh Street Property. The Receiver has informed PwC that any going concern offer that includes the Walsh Street Property that is received by Infinity is subject to the Receiver's consent, following the Receiver's consideration of the offer, and the approval of this Honourable Court.

20. The Receiver recommends that this Honourable Court approve the Auction Agreement, as it provides for a going concern marketing and sales process to be conducted with respect to the Walsh Street Property that has the possibility of resulting in a going concern sale of the AIS Machining Equipment and the Walsh Street Property, which, if completed, may result in benefits for the Miramichi community and economy, higher realizations being generated for the stakeholders of Atcon Industrial and APHI and minimal duplication of costs.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 5th day of January 2011.

ERNST & YOUNG INC.
in its capacity as the Court-appointed
Receiver of the Respondents and not in its
personal or corporate capacity
By:

Paul D. Hickey, CA•CIRP
Senior Vice President

APPENDIX "A"

Form 47
Formule 47

CERTIFICATE OF REGISTERED OWNERSHIP
CERTIFICAT DE PROPRIÉTÉ ENREGISTRÉE

Land Titles Act, S.N.B. 1981, c. L-1.1, s.63
Loi sur l'enregistrement foncier, L.N.-B. de 1981, chap. L-11, art. 63

Parcel Identifier | Numéro d'identification de parcelle :

40206989

Owner | Propriétaire :

Atcon Property Holdings Inc.
626 Newcastle BLVD
Miramichi NB
E1V 2L3
Deed/Transfer | Acte de transfert/Transfert
Northumberland 2006-11-07 - 23036271

Manner of Tenure | Mode de tenure :

Not Applicable | Sans objet

Encumbrances | Charges :

ROYNAT INC.
644 Main ST
Moncton NB
E1C 1E7
Debenture Holder | Titulaire de la débenture
Debenture or Other Voluntary Charge | Débenture ou autre charge facultative
Northumberland 1999-07-30 1153 - 168 10387810

Irving Oil Limited
10 Sydney ST
Saint John NB
E2L 4K1
Claimant | Réclamant
Notice of Security Interest | Avis de sûreté
Northumberland 2003-05-27 - 16305204

Bank of Nova Scotia
Business Service Centre
5251 Duke ST Floor 7th Floor
Halifax NS
B3J 1P3
Debenture Holder | Titulaire de la débenture
Debenture or Other Voluntary Charge | Débenture ou autre charge facultative
Northumberland 2006-04-04 - 21917886

Bank of Nova Scotia
Business Service Centre
5251 Duke ST Floor 7th Floor
Halifax NS
B3J 1P3
Debenture Holder | Titulaire de la débenture
Debenture or Other Voluntary Charge | Débenture ou autre charge facultative
Northumberland 2006-04-04 - 21918132

Bank of Nova Scotia
Business Service Centre
5251 Duke ST Floor 7th Floor
Halifax NS
B3J 1P3
Debenture Holder | Titulaire de la débenture
Assignment of Mortgage or Charge | Cession d'hypothèque ou de charge
Northumberland 2009-07-07 - 27394502

Bank of Nova Scotia
Business Service Centre
5251 Duke ST Floor 7th Floor
Halifax NS
B3J 1P3
Debenture Holder | Titulaire de la débenture
Assignment of Mortgage or Charge | Cession d'hypothèque ou de charge
Northumberland 2009-07-07 - 27394528

Instruments in the Registration Process | Instruments dans le processus d'enregistrement :

NONE | AUCUN

THIS IS TO CERTIFY THAT the specified owner is the registered owner and holds title in fee simple, by virtue of the specified instrument(s) and in the specified manner of tenure, to the specified parcel, described in Schedule "A" attached hereto. The title to the land is subject to the overriding incidents specified in subsection 17(4) of the Act and also to the specified encumbrances.
LE PRÉSENT CERTIFICAT ATTESTE QUE le propriétaire spécifié est le propriétaire enregistré et est titulaire du titre en fief simple, en vertu de(s) l'instrument(s) spécifié(s), selon le mode spécifié de tenure de la parcelle spécifiée, décrite à l'Annexe <<A>> ci-jointe. Le titre du bien-fonds est soumis aux réserves dérogatoires précisées au paragraphe 17(4) de la Loi et également aux charges spécifées.

THE TITLE TO THE LAND may be subject to the specified instruments, which have been entered in the instrument record and may be entered on the title register when the registration process is completed.
LE TITRE DU BIEN-FONDS peut être soumis aux instruments spécifiés qui ont été portés au registre des instruments et qui peuvent être portés au registre des titres lorsque la procédure d'enregistrement est achevée.

THIS CERTIFICATE is evidence of the particulars contained herein as of the date and time of its issue. The description is not conclusive as to the boundaries or extent of the land.
LE PRÉSENT CERTIFICAT constitue la preuve des renseignements qu'il contient à la date et à l'heure de sa délivrance. La description n'est pas probante en ce qui concerne les limites ou l'étendue du bien-fonds.

Date & Time | Date et heure : 2011-01-04 10:02:14

Registrar of Land Titles for the District of New Brunswick
Le registrateur des titres de biens-fonds de la Circonscription du Nouveau-Brunswick

Report ID | Rapport ID : 3300069

Schedule A | Annexe A

PID | NID : 40206989

Apparent Parcel Access | Accès apparent à la parcelle : Public Access | Accès public

Status | État de la demande : Current | Courant

Effective Date/Time | Date et heure de prise d'effet : 2006-03-13 14:14:35

Legal Description | Description officielle :

That parcel of land and premises being in:

Place Name: Chatham, City of Miramichi
Parish: Chatham
County: Northumberland
Label of Parcel on Plan: Parcel A
Title of Plan: TOWN OF CHATHAM INDUSTRIAL PARK SUBDIVISION
Registration County: Northumberland
Registration Number of Plan: 149
Registration Date of Plan: August 28, 1973

APPENDIX "D"

REALTOR®

THE NORTHERN NEW BRUNSWICK REAL ESTATE BOARD INC.
L'ASSOCIATION IMMOBILIERE DU NORD DU NOUVEAU-BRUNSWICK INC.

MLS MULTIPLE LISTING SERVICE®

AGREEMENT OF PURCHASE AND SALE

The Buyer Sunny Corner Enterprises Inc.

offers to buy from the Seller Ernst & Young Inc. in its capacity as Receiver Atcon Property Holdings through

Listing Agent Remax 3000 Ltd./Ltee and Selling Agent RE/MAX 3000 Ltd/Ltée

the property bearing PID(s) 40206989

and civic address 170 Walsh Avenue, Miramichi, NB with land size

measurements of 7.14 Acres or 2.89 Hectares (all measurements being more or less)

at a purchase price of Two Hundred and Eighty Thousand Dollars ($cdn.[redacted])

The parties agree that, if this transaction is subject to HST, any such HST applicable to the transaction is _____ is not ✓ included in the amount of the purchase price on the following terms:

1. **FINANCING:**
   (a) The Buyer submits with this offer [redacted] Dollars ([redacted])
   _____cash/ ✓ cheque payable to the Listing Agent as a deposit to be held in trust, pending completion or other termination of this Agreement and to be credited towards the purchase price on completion. Balance of purchase price to be paid on closing or as otherwise stated in this Agreement.

   (b) This Agreement is subject to the Buyer or the Buyer's Agent delivering written approval for a mortgage in the amount of approximately $_____________ (or _____________% of purchase price) at the current interest rate on or before (day/month/year) 12 / 04 / 2011 to the Seller or Seller's Agent; failing which the Agreement becomes null and void and all deposit money paid under this Agreement to be returned to Buyer without interest or penalty.

2. **CLOSING DATE :** This Agreement shall be completed on or before the 24 day of, May, year 2011 (hereinafter called the closing date). Upon completion, vacant possession of the property shall be given to the Buyer, unless the property is rented in which event the Buyer shall accept any present tenancy and be entitled to the rents and profits thereafter.

3. **CHATTELS AND FIXTURES**
   (a) The following chattels as viewed on (day/month/year) 21 / 03 / 2011 are to remain with the property and shall be included in the purchase price and are to be in good working order free and clear of encumbrances at the time of closing:
   Property being sold "as is where is". Inclusions that purchasers request to remain with property on closing are as follows: all heating and cooling systems (including oil tanks associated with same), alarm system in both buildings, crane rails.
   (b) All permanent fixtures attached to the property are to remain and shall be included in the purchase price.
   (c) The Seller advises the Buyer of the following leases for equipment or fixtures located on the property, and the Buyer agrees to assume said leases on closing. Hot Water Tank_____ Furnace & Heating System_____ Propane Tank_____ Other_____

Seller	Buyer
OK	SH

Initials required

Property "as is where is". No guarantee for any rental equipment.

OK SH

4. **TITLE SEARCH:** The Seller shall furnish to the Buyer a legal description of the property, which is the subject of this Agreement. The Buyer shall have until (month/day/year) 05 / ~~30~~ 01 / 2011 to investigate the title to the property, at his own expense. If within that time any valid objection to title is made in writing to the Seller, which the Seller is unable or unwilling to remove prior to closing, and which the Buyer will not waive, this Agreement shall be null and void and the deposit shall be returned to the Buyer, without interest, and the Seller shall not be liable for any costs or damages.

5. **TRANSFER:** The conveyance (of the property which is the subject of this Agreement) shall be drawn and executed in a registerable form at the expense of the Seller, and be delivered on payment of the purchase price on the closing date. It is understood that if any survey work or permits are required to put the conveyance in registerable form, the cost of this shall be the responsibility of the Seller. The property is to be conveyed free from encumbrances, except as to any easements, registered restrictions or covenants that affect the property and do not materially affect the enjoyment and/or marketability of the property subject to the provisions set out in paragraph 15 of this Agreement, if any.

♦ PAN# 02835362

6. **RISK:** All lands, buildings, fixtures and all other property being purchased, shall be and remain at the risk of the Seller. Pending completion of the sale, the Seller will hold all insurance policies and the proceeds thereof in trust for the parties as their interests may appear and in the event of damage to the said property, the Buyer may either have the proceeds of the insurance and complete the purchase, or may cancel the Agreement and have all monies theretofore paid returned without interest.

7. **ADJUSTMENTS:**
(a) Interest, rentals, taxes, rates, fuel on the premises and assessments are to be adjusted to the date of closing. The cost of municipal improvements, (including, but without limiting the generality of the phrase "municipal improvements", betterment charges and capital charges for utility or municipal services) completed as of the date of this Agreement, are to be paid by the Seller on or before the closing date unless otherwise stated.

(b) Unless as otherwise provided in this Agreement, if this transaction is subject to any applicable taxes imposed by government legislation, said taxes shall be in addition to and not included in the purchase price.

8. **PAYMENT:** Any tender of documents to be delivered or money payable hereunder may be made upon the Seller or the Buyer or any party acting on their behalf. Money paid, subsequent to the deposit, shall be by Solicitor's trust cheque, cash, certified cheque (or their equivalent) drawn on a chartered Canadian Bank, Trust Company or Credit Union.

9. **PRE-CLOSING INSPECTION:** The Buyer shall have the right, upon providing the Seller with reasonable notice, to conduct a pre-closing viewing of the property to ensure that the property is in the same state of repair as viewed on the date of this Agreement.

10. **UFFI CLAUSE:** The Seller warrants to the best of his knowledge that the property does not contain Urea Formaldehyde Foam Insulation and this warranty shall survive the completion of this Agreement.

11. **SURVEYOR'S REAL PROPERTY REPORT:** The cost of a *Surveyor's Real Property Report* shall be the responsibility of the Buyer. Notwithstanding the foregoing, the Seller is to supply to the Buyer any *Surveyor's Real Property Report* that may be in his possession without any warranty whatsoever

12. **INSPECTION:** The Buyer shall be entitled to have a property inspection conducted at his own expense. If the results of the Property Inspection Report are not satisfactory to the Buyer, the Buyer may terminate this Agreement by delivering written notice to the Seller, or his Agent, by (day/month/year) 15 /04 /2011 in which case the deposit shall be returned to the Buyer, without interest, and the Seller shall not be liable for any costs or damages. The Buyer does ✓ or does not ______ (initials) require a property inspection.

13. ~~PROPERTY CONDITION DISCLOSURE: The Seller shall provide a Property Condition Disclosure Statement which shall be acceptable to the Buyer as a condition of this offer.~~

14. **WATER TEST:** This Agreement is subject to the Buyer, at his expense, satisfying himself that the water supply of the property meets the acceptable quantity and bacteriological standards, notice of which is to be delivered to the Seller, or the Seller's Agent, within 20 days of the acceptance of this offer. If the results of water testing do not meet acceptable standards, the Buyer may terminate this Agreement by delivering written notice to the Seller, or the Seller's Agent, in which case, the deposit shall be returned to the Buyer without interest, and the Seller shall not be liable for any costs or damages.

15. **TERMS AND CONDITIONS:**
This Agreement is further subject to the following terms and conditions:
See schedule A to form part of this agreement.

Seller Buyer
Initials required

16. **DEFAULT:** If the Buyer defaults in the completion of the sale under the terms of this Agreement, any money, not exceeding 10% of the purchase price, paid hereunder shall be forfeited to the Seller by way of liquidated damages, or the Seller may (at his option), compel the Buyer to complete the sale.

17. **BINDING AGREEMENT:** Time shall in all respects be of the essence in this Agreement. In the event of a written Agreement of extension, time shall continue to be of the essence. This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns. ***This Agreement is to be read with all changes of gender or number required by the context.***

18. **FAX TRANSMISSION:** The parties hereto agree that this Agreement may be transmitted by facsimile or such similar device and that the reproduction of signatures by facsimile or such similar device will be treated as binding as if originals and each party hereto undertakes to provide each and every other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.

♦ FAN# 02835362

19. **AGENCY:** The Seller and Buyer acknowledge having received, read and understood the brochure published by the New Brunswick Real Estate Association entitled Working With A REALTOR®.

(a) The Seller has an agency relationship with ______ (Agent) as represented by ______ (Salesperson)

______ (Agent) as represented by ______ (Salesperson)

(b) The Buyer has an agency relationship with ______ (Agent) as represented by ______ (Salesperson)

(c) The Buyer and the Seller have consented to a Limited Dual Agency relationship with RE/MAX 3000 Ltd/Ltée (Agent)

as represented by LISA MCCORMACK (Salesperson) and LISA MCCORMACK (Salesperson)

Having signed a Limited Dual Agency Agreement dated (day/month/year) 18 / 03 / 2011

NB If only (a) has been completed, the Buyer is acknowledging no agency relationship. If only (b) has been completed the Seller is acknowledging no agency relationship.

20. **OFFER:**
This offer shall be open for acceptance by the Seller until noon pm of the (day/month/year) 23 / 03 / 2011, after which time, if not accepted by the Seller and a copy delivered to the Buyer or his/her agent, this offer shall be null and void and all deposit monies shall be returned to the Buyer, without interest, and the Buyer shall not be liable for any costs or damages.

Dated at Miramichi, N.B., this 22 day of March, year 2011

Signed, sealed and delivered in the presence of ______ Witness ______ Witness

I have hereunto set my hand and seal ______ Buyer SEAL ______ Buyer SEAL

21. **ACCEPTANCE:**
(a) I accept the above offer and agree to sell on the terms and conditions, as therein set forth.

Dated at Halifax NS ~~N.B.~~, this 23rd day of March, year 2011

Signed, sealed and delivered in the presence of ______ Witness ______ Witness

I have hereunto set my hand and seal ______ Seller SEAL ______ Seller SEAL

(b) I confirm this offer was presented and not accepted ___ day / month / year ______ Seller ______ Seller

22. **COUNTER OFFER:**
a) I confirm having read and understood this Agreement and have modified the price to ______ Dollars ($______) along with the following amendments ______

______ on the ______ day of ______, year ______

b) The counter offer shall be open for acceptance by the Buyer until ______ am/pm of the (day/month/year) ___/___/___, after which time, if not accepted by the Buyer and a copy delivered to the Seller or his agent, this counter offer shall be null and void and all deposit monies shall be returned to the Buyer, without interest, and the Seller shall not be liable for any costs or damages.

Dated at ______ N.B., this ______ day of ______, year ______

Signed, sealed and delivered in the presence of ______ Witness ______ Witness

I have hereunto set my hand and seal ______ Seller SEAL ______ Seller SEAL

c) The Buyer hereby agrees to the above changed price of $______ and all other amendments contained in this counter offer.

Dated at ______ N.B., this ______ day of ______, year ______

Signed, sealed and delivered in the presence of ______ Witness ______ Witness

I have hereunto set my hand and seal ______ Buyer SEAL ______ Buyer SEAL

Seller's Solicitor ______ Buyer's Solicitor John McAllister

(February 2008)

◆ PAN # 02835362

REALTOR®

THE NORTHERN NEW BRUNSWICK REAL ESTATE BOARD INC.
L'ASSOCIATION IMMOBILIÈRE DU NORD DU NOUVEAU-BRUNSWICK INC.

MLS

ADDENDUM SCHEDULE " A "

Attached to and forming part of the Agreement of Purchase and Sale dated the 22 day of March, 20 11.

BETWEEN:

Buyer(s): Sunny Corner Enterprises Inc.

AND

Seller(s): Ernst & Young Inc. in its capacity as Receiver Atcon Property Holdings

on the Property known as 170 Walsh Avenue, Miramichi, NB PAN/MLS®#02835362

1. This agreement is further subject to the following terms and conditions:

1. Conditional upon all machines with transformers being disconnected at transformer and those without transformers being disconnected at machine, and all ends to be terminated properly.

2. Subject to purchasers being satisfied as to any Environmental issues. Purchasers may require a Phase II Environmental which will be completed at purchasers expense and to their satisfaction and approval on or before April 29, 2011.

3. Conditional upon purchasers performing an inspection post auction and no later than May 15, 2011.

4. Conditional upon the purchasers obtaining satisfactory insurance quote for property on or before April 15, 2011.

5. Offer is subject to court approval, this will take place once all conditions, with exception of post-auction walk through, have been met.

6. No PCDS, purchasers are aware property being sold "as is where is".

Failing to meet these conditions offer is null and void and deposit to be returned to purchasers with no penalties.

NOTE: This schedule must be signed by all parties to the Agreement.

Witness's Signature Jim Goslin	Buyer's Signature
Witness's Signature C Harding	Buyer's Signature
Witness's Signature	Seller's Signature
Witness's Signature	Seller's Signature

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