

**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

**AMENDED RECORD ON MOTION
dated August 4, 2011**

**ON BEHALF OF THE MOVING PARTY,
ERNST & YOUNG INC., for the motion returnable
August 15th, 2011 at 9:30 a.m. AST**

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RESPONDENTS

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 - Schedule "A" Service List
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2. Twentieth Report of the Receiver dated July 20, 2011
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 - Appendix "B" Lease between Atcon Logistics Inc. and Miramichi Airport Commission (1993) Inc. dated November 29, 2005
 - Appendix "C" Waiver of Condition by Bryce Holdings Inc. dated November 30, 2010
 - Appendix "D" Approval and Vesting Order dated December 3, 2010
 - Appendix "E" Letter from Harry H. Williamson to Martin & Cook, dated December 20, 2010
 - Appendix "F" Letter from Borden Ladner Gervais LLP to Miramichi Airport Commission (1993) Inc. dated February 24, 2011
 - Appendix "G" Agreement of Purchase and Sale between Ernst & Young Inc. and Miramichi Airport Commission (1993) Inc. dated April 13, 2011
 - Appendix "H" Letter from Borden Ladner Gervais LLP to Smith & Smith, dated April 18, 2011
3. Supplement to the Twentieth Report of the Receiver dated August 4, 2011
 - Appendix "A" Settlement Letter as between the Receiver, Bryce Holdings Inc. and Miramichi Airport Commission (1993) Inc. dated July 26, 2011

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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

COUR DU BANC DE LA REINE
DU NOUVEAU-BRUNSWICK

DIVISION DE PREMIERE
INSTANCE

CIRCONSCRIPTION
JUDICIAIRE DE MIRAMICH

**IN THE MATTER OF THE
RECEIVERSHIP OF:**

**ATCON GROUP INC., ATCON
HOLDINGS INC., ATCON PROPERTY
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PRODUCTS INC., ATCON LOGISTICS
INC., ATCON CONSTRUCTION INC.,
ATCON MANAGEMENT SERVICES
INC., ATCON CIVIL LTD., DYCON
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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)**

ENTRE:

-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 and manager of the property, assets and undertakings of the Respondents.

AMENDED NOTICE OF MOTION
(FORM 37A)

AVIS DE MOTION MODIFIÉ
(FORMULE 37A)

TO:

DESTINAIRE:

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

Ernst & Young Inc. in its capacity as receiver and receiver and 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 via teleconference call on Monday, August 15, 2011 at 9:30 am AST for the following relief:

Le demandera à la Cour à
le , à :

- (a) an Order, substantially in the form of the draft Order attached as **Schedule "B"** to this Notice of Motion, *inter alia*:
- i) abridging and validating the timing and method of service of the Notice of Motion, the Receiver's Twentieth Report to the Court dated July 20, 2011 (the "**Twentieth Report**"), the Supplement to the Twentieth Report of the Receiver dated August 4, 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) authorizing the Receiver to sell the Airport Hangar (as defined below) to Miramichi Airport Commission (1993) Inc. ("**MAC**");
 - iii) authorizing and approving the execution of the APS (as defined below) by the Receiver;
 - iv) 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 Airport Hangar sale transaction;
 - v) vesting the Airport Hangar in and to MAC free and clear of any liens or encumbrances; and
 - vi) authorizing and empowering the Receiver to utilize the net sale proceeds of the Airport Hangar for the purpose of making payments (including interim payments) required or permitted by the Receivership Order;
 - ~~vii) declaring that the lease dated December 1, 2010 entered into between MAC and Bryce Holdings Inc. ("**Bryce**") is void and of no force or effect, and that Bryce has no interest whatsoever, including without limitation a leasehold interest, in the Leased Premises (as defined below) and the Airport Hangar;~~
- (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 provisions of the Receivership Order granted in these proceedings, the jurisdiction of the Court under the *Bankruptcy and Insolvency Act* and the inherent jurisdiction of the Court.

2. The Property of Atcon Logistics Inc. ("**Atcon Logistics**") includes an airport hangar (the "**Airport Hangar**") situated on land leased by Atcon Logistics from MAC pursuant to a twenty year lease dated November 29, 2005 (the "**Logistics Lease**"). The leased lands are municipally known as 50 Airport Road, Miramichi, New Brunswick and identified as Parcel 2 on Airport Apron, West side of Plan of Survey 92-14-2 (the "**Leased Premises**").
3. The Receiver understands that Atcon Logistics purchased the Airport Hangar in December 2005 for a purchase price of \$150,000 and that the Airport Hangar had an assessed tax value in 2010 of approximately \$143,700.

The Initial Listing and Offer – Bryce Holdings Inc.

4. On October 29, 2010, the Receiver entered into a listing agreement with a licensed real estate agent, RE/MAX 3000 Ltd./Ltee ("**Re/Max**"), for the marketing and sale of the Airport Hangar. The Airport Hangar was listed at a price of \$199,000.
5. The Receiver subsequently received an offer for the Airport Hangar from Bryce in the amount of \$160,000. On November 12, 2010 the Bryce offer was accepted by the Receiver and the parties entered into an Agreement of Purchase and Sale (the "**Bryce Agreement**").
6. The sale to Bryce was subject to (i) the approval of this Honourable Court and (ii) Bryce arranging for a lease for the Leased Premises on terms substantially similar to the Logistics Lease. The Receiver is informed that Bryce and MAC entered into a lease for the Leased Premises on December 1, 2010 (the "**Bryce Lease**"). Approval of the sale transaction was subsequently granted by this Honourable Court on December 3, 2010.
7. No specific closing date was agreed to between Bryce and the Receiver. On December 14, 2010 Mr. Harry H. Williamson, Q.C., ("**Mr. Williamson**") counsel to the Receiver, advised the Re/Max agent that he anticipated the sale to Bryce would close on or before December 17, 2010.
8. In the afternoon on December 17, 2010, the Re/Max agent advised Mr. Williamson that Bryce would not be willing to complete the transaction if the sale did not close that day. Notwithstanding the Receiver's efforts to exchange draft closing documents that afternoon and to close the transaction on the following business day, Bryce took the position that the sale transaction was dead.
9. Discussions between Bryce and the Receiver continued but no agreement could be reached with respect to closing the sale. Accordingly, on February 23, 2011 the sale transaction with Bryce was terminated.

The Second Listing and Offer – Miramichi Airport Commission (1993) Inc.

10. On February 24, 2011 the Receiver instructed Re/Max to re-list the Airport Hangar. The Receiver subsequently received two further offers for the Airport Hangar, which were ultimately rescinded or rejected.
11. The Receiver then approached MAC, which had previously made unsolicited offers for the purchase of the Airport Hangar. An agreement of purchase and sale was executed between MAC and the Receiver on April 13, 2011 for the sale of the Airport Hangar (the “APS”) for a purchase price of \$140,000.
12. The APS is subject to two conditions: (i) the approval of this Honourable Court and (ii) nullification of the Bryce Lease.

Request for Declaration that the Bryce Lease is Void

- ~~13. It was the clear intention of the parties that the Bryce Lease would not be effective if the sale of the Airport Hangar to Bryce did not close. Although the Bryce Lease does not specifically provide that it is conditional on a closing of the sale of the Airport Hangar to Bryce or on a termination of the Logistics Lease, it was executed by Bryce and MAC in anticipation of Bryce concluding its acquisition of the Airport Hangar.~~
- ~~14. The Logistics Lease is in good standing and has remained effective and enforceable between the Receiver and MAC throughout the term of these proceedings. The Receiver has continued to fulfil all of the obligations which have arisen under the Logistics Lease since the Receiver’s appointment on March 2, 2010, including: (i) making the annual rental payments, (ii) maintaining insurance on the property and (iii) paying the property taxes which have accrued.~~
- ~~15. Furthermore, pursuant to paragraph 10 of the Receivership Order,

“no person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, license or permit in favour of or held by Ateon Logistics without the written consent of the Receiver or leave of this Honourable Court.”~~

~~No such consent has been given and no leave has been sought to alter, assign or discontinue the Logistics Lease.~~
- ~~16. MAC could not convey an interest in the Leased Premises to Bryce which had already been conveyed to Ateon Logistics pursuant to the Logistics Lease.~~
- ~~17. If Bryce did somehow acquire an interest in the Leased Premises, that interest is fully subordinate to the Receiver’s interest in the Leased Premises under the~~

~~Logistics Lease.~~

- ~~18. The APS is conditional on the nullification of the Bryce Lease. The Receiver's efforts to obtain an acknowledgement to that effect from Bryce have been unsuccessful.~~
- ~~19. The Receiver requests a declaration from this Honourable Court that the Bryce lease is void and of no force and effect, and that Bryce has no interest whatsoever in the Leased Premises and the Airport Hangar. Such a declaration is necessary in order for the Receiver to be in a position to realize upon the Airport Hangar for the benefit of the stakeholders of Ateon Logistics.~~

Resolution of the Bryce Lease Condition

13. Subsequent to the preparation of the Twentieth Report, Bryce, MAC and the Receiver reached an agreement with respect to the second condition in the APS.
14. Pursuant to a settlement letter dated July 26, 2011 and accepted by MAC and Bryce on July 27, 2011 and August 2, 2011, respectively:
- a. Bryce has confirmed that the Bryce Lease is null and void and of no force or effect; and
 - b. MAC has confirmed that the condition in the APS relating to the nullification of the Bryce Lease has been satisfied or waived.

Request for Approval of the Sale to Miramichi Airport Commission (1993) Inc.

15. ~~20.~~ The Receiver has taken all fair, reasonable and ethical steps to obtain the best price for the Airport Hangar by conducting a sale process and completing an APS that preserves the integrity and fairness of the sale process. The Airport Hangar has been listed for sale since October 29, 2010 and sufficient efforts have been made to market the property.
16. ~~21.~~ The APS provides for a purchase price of \$140,000 which is approximately 88% of the purchase price contained in the sale of the Airport Hangar to Bryce, which was previously approved by this Honourable Court.

Other Grounds

17. ~~22.~~ 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, and
18. ~~23.~~ 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:

- (1) The Twentieth 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.

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

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 en aviser le greffier au moins 5 jours avant l'audience.

DATED at Toronto, Ontario, this 4th day of August, 2011



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Solicitors for the Receiver

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**Counsel to Ernst & Young Inc.,
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of the Respondents**

TOR01: 4698761: v1

SCHEDULE “A”

**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
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Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985,
c. B-3**

**SERVICE LIST
(as of July 19, 2011)
(Airport Hangar Motion)**

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No. N/M/17/10**

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CANADA REVENUE AGENCY

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MIRAMICHI AIRPORT COMMISSION

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Dale Mattison, Airport Manager

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SMITH & SMITH

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Counsel to Bryce Holdings Inc.

SCHEDULE “B”

**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
(Airport Hangar)**

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 Airport Hangar (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 Airport Hangar sale transaction; vesting the Airport Hangar in and to the Purchaser (as defined below) free and clear of any liens or encumbrances, authorizing and empowering the Receiver to utilize the net sale proceeds of the Airport Hangar for the purpose of making payments (including interim payments) required or permitted by the Receivership Order and declaring that the Bryce Lease (as defined below) is void and of no force or effect and that Bryce (as defined below) has no interest in the Leased Premises (as defined below) and the Airport Hangar, was heard this day at 673 King George Highway, Miramichi, New Brunswick.

ON READING the Twentieth Report of the Receiver dated July 20, 2011 (the “**Twentieth Report**”) and the Supplement to the Twentieth Report of the Receiver dated August 4, 2011 (the “**Supplemental Report**”), and the appendices attached thereto (~~the “**Twentieth 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 Twentieth 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 airport hangar (the **Airport Hangar**) owned by Atcon Logistics Inc. (“**Atcon Logistics**”) and situated on land leased by Atcon Logistics from the Miramichi Airport Commission (1993) Inc. (“**MAC**” or the “**Purchaser**”) municipally known as 50 Airport Road, Miramichi, New Brunswick and identified as Parcel 2 on Airport Apron, West side of Plan of Survey 92-14-2 (the “**Leased Premises**”) pursuant to the agreement of purchase and sale between the Receiver and MAC dated April 13, 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 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 Logistics' right, title and interest in and to the Airport Hangar 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 Airport Hangar are hereby expunged and discharged as against the Airport Hangar.

5. **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 Airport Hangar shall stand in the place and stead of the Airport Hangar, 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 Airport Hangar with the same priority as they had with respect to the Airport Hangar, as if the Airport Hangar had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

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

7. **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 Atcon Logistics and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of Atcon Logistics;

the vesting of the Airport Hangar in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy appointed in respect of Atcon Logistics and shall not be void or voidable by creditors of Atcon Logistics, 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.

8. **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.

~~9. **THIS COURT ORDERS AND DECLARES** that the lease agreement dated December 1, 2010 (the “**Bryce Lease**”) between MAC and Bryce Holdings Inc. (“**Bryce**”) is void and of no force or effect, and that Bryce has no interest whatsoever, including without limitation a leasehold interest, in the Leased Premises and the Airport Hangar.~~

Dated at Miramichi, New Brunswick, this 15th day of August, 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 August 15, 2011 (the "**Approval and Vesting Order**"), the Court approved the agreement for purchase and sale made as of April 13, 2011 (the "**APS**") between the Receiver and Miramichi Airport Commission (1993) Inc. (the "**Purchaser**"), and provided for the vesting in the Purchaser of the right, title and interest of Atcon Logistics Inc. in and to the Airport Hangar, which vesting is to be effective with respect to the Airport Hangar 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 Airport Hangar; (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 Airport Hangar 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:

Title:

2

**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
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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

**TWENTIETH REPORT OF THE RECEIVER
(Airport Hanger)
July 19, 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. ("**Atcon Logistics**") 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 Twentieth Report is to report to this Honourable Court on the status of matters relating to the Airport Hanger (as defined below) and recommend that this Honourable Court grant an Order:
- (a) authorizing the Receiver to sell the Airport Hanger to MAC (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 Airport Hanger sale transaction, vesting the Airport Hanger in and to MAC free and clear of any liens or encumbrances upon delivery of the Receiver's Certificate to MAC, and authorizing and empowering the Receiver to utilize the net sale proceeds of the Airport Hanger for the purpose of making payments (including interim payments) required or permitted by the Receivership Order; and
 - (b) declaring that the lease dated December 1, 2010 entered into between MAC and Bryce (as defined below) is void and of no force or effect, and that Bryce has no interest, including without limitation a leasehold interest, whatsoever in the Leased Premises (as defined below) and the Airport Hanger.

TERMS OF REFERENCE

4. In preparing this Twentieth 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 Twentieth Report or relied upon by the Receiver in preparing this Twentieth 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 Twentieth Report are in Canadian dollars unless otherwise noted.
6. Capitalized terms not defined in this Twentieth 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).

AIRPORT HANGER

Background

8. EYI was appointed as Receiver of the Property of Atcon Logistics pursuant to the March 2 Order. Following its appointment, and in accordance with the provisions of the Receivership Order, the Receiver performed a review of the books, records and asset listings of Atcon Logistics.
9. The Property of Atcon Logistics includes an airport hanger (the "**Airport Hanger**") that was purchased by Logistics for \$150,000 in December 2005. The Receiver understands that the Airport Hanger had an assessed tax value of approximately \$143,700 in 2010. The Receiver previously reported to this Honourable Court with respect to matters concerning the Airport Hanger in its Fifteenth Report dated December 1, 2010 (the

“Fifteenth Report”). A copy of the Fifteenth Report (without appendices) is attached hereto as **Appendix “A”**.

10. The land that the Airport Hanger is situated on, which is approximately 1714 m² in size, is municipally known as 50 Airport Road, Miramichi, New Brunswick and is identified as Parcel 2 on Airport Apron, West side of Plan of Survey 92-14-2 (the **“Leased Premises”**). The Receiver understands that the Leased Premises is owned by the Miramichi Airport Commission (1993) Inc. (**“MAC”**).
11. The Leased Premises is subject to a 20-year lease between Atcon Logistics and MAC dated November 29, 2005 (the **“Logistics Lease”**). A copy of the Logistics Lease is attached hereto as **Appendix “B”**. The Logistics Lease commenced on December 1, 2005 and has a termination date of November 30, 2025.
12. The Logistics Lease provides for rental payments of \$1,000 plus HST per annum plus increases, payable in one annual instalment on December 1. The Logistics Lease also requires Atcon Logistics to pay the real property taxes, utilities and local improvements, and maintain insurance, among other things.
13. Since its appointment on March 1, 2010, the Receiver has made the annual rental payment, maintained insurance and paid the property taxes that have accrued since March 1, 2010.
14. Pursuant to paragraph 10 of the Receivership Order, no person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, license or permit in favour of or held by Atcon Logistics, without the written consent of the Receiver or leave of this Honourable Court. As of the date of this Twentieth Report, the Receiver has not consented to the termination or assignment of the Logistics Lease and MAC has not sought the leave of this Honourable Court with respect thereto.
15. As a result, it is the Receiver’s view that the Logistics Lease with respect to the Leased Premises is currently effective and enforceable between the Receiver, acting on behalf of Atcon Logistics, and the MAC.

Sale to Bryce

16. As is described in greater detail in the Fifteenth Report, the Receiver entered into a listing arrangement with RE/MAX 3000 Ltd./Ltee ("**Re/Max**") for the marketing and sale of the Airport Hanger on October 29, 2010. Bryce Holdings Inc. ("**Bryce**") submitted a formal offer to purchase the Airport Hanger for \$160,000 on November 10, 2010.
17. On November 12, 2010, the Bryce offer was accepted by the Receiver. The agreement was subject to Bryce securing a satisfactory lease agreement with MAC and the approval of this Honourable Court, as described in paragraphs 19 and 20 of the Fifteenth Report.
18. The Receiver received written confirmation from Bryce on November 30, 2010 in a Waiver of Condition executed by Bryce (the "**Waiver**") that it had secured a satisfactory lease agreement with MAC. A copy of the Waiver is attached hereto as **Appendix "C"**.
19. The Receiver has been informed by Mr. Dale Mattinson, Airport Manager at MAC, that a lease agreement was entered into between Bryce and MAC dated December 1, 2010. The Receiver has not seen a copy of this lease, but has been informed by Mr. Mattinson that the lease is substantially in the same form as the Logistics Lease and that the lease does not specifically provide that it is conditional on a closing of the sale of the Airport Hanger to Bryce or on a termination of the Logistics Lease by MAC or the Receiver.
20. The sale of the Airport Hanger to Bryce was approved by this Honourable Court on December 3, 2010. A copy of the Approval and Vesting Order dated December 3, 2010 (the "**Approval and Vesting Order**") is attached hereto as **Appendix "D"**. As provided for in the Approval and Vesting Order, the vesting of the Airport Hanger in and to Bryce was to occur upon the Receiver delivering a Receiver's Certificate to Bryce. It is the Receiver's understanding that no specific closing date was established by the parties. This understanding is reflected in the Waiver provided by Bryce, which provides that the "[c]losing date [is] to be determined once vendors have court approval."
21. On the morning of December 14, 2010, Mr. Harry H. Williamson, Q.C., New Brunswick counsel to the Receiver, advised the Re/Max agent that he anticipated that the sale transaction would close on or before December 17, 2010. However, Mr. Williamson had

a doctor's appointment in the afternoon of December 14, 2010, and following that appointment, was required to spend the next four days in hospital to receive necessary medical attention.

22. In the afternoon of December 17, 2010, Mr. Williamson received a report from the Re/Max agent advising that Bryce had taken the position that, if the transaction did not close that afternoon, Bryce would not be willing to complete the transaction. On that day, Mr. Williamson arranged to forward documents to Ms. Ellen Cook, counsel representing Bryce in the sale transaction, requesting her agreement as to the contents of the documents. Mr. Williamson advised Ms. Cook that the closing could take place early the following week. Ms. Cook mentioned that she had amended the statement of adjustments to remove the HST component, which Mr. Williamson took to mean that she was in agreement with the rest of the documents.
23. The closing documents were executed by the Receiver on December 20, 2010 and faxed copies were in Mr. Williamson's possession on December 20, 2010. Mr. Williamson sent a confirmation letter to Ms. Cook on December 20, 2010 confirming her verbal advice from that morning that the sale transaction was dead because the "self imposed December 17 deadline had been missed" and questioning Bryce's ability to arbitrarily choose a closing date without notice. A copy of the letter dated December 20, 2010 is attached hereto as **Appendix "E"**. Mr. Williamson followed up with Ms. Cook on January 6, 2011 with respect to this matter.
24. On January 20, 2011, counsel to Bryce, Mr. Gerald Smith, Q.C., wrote to Mr. Williamson on a "without prejudice" basis with respect to matters relating to the sale transaction and the Airport Hanger. Borden Ladner Gervais LLP ("**BLG**"), counsel to the Receiver, and Mr. Smith exchanged correspondence in February 2011 with respect to the Airport Hanger. As Mr. Smith's correspondence was characterized as being on a "without prejudice" basis, the Receiver is not in a position to disclose the contents of the correspondence.
25. However, the Receiver is in a position to confirm that, as of February 23, 2011, the sale transaction with Bryce was terminated. On February 24, 2011, BLG notified MAC of the

termination of the sale agreement with Bryce. Attached hereto as **Appendix "F"** and is a copy of the letter from BLG to MAC dated February 24, 2011, a copy of which was sent to Mr. Smith.

26. It is the Receiver's position that Bryce breached its agreement with the Receiver with respect to the Airport Hanger in failing to close the sale transaction. To date, the Receiver has not taken steps in respect of this breach, but reserves its rights to do so if the Receiver deems it to be appropriate.
27. The Receiver has been informed by Mr. Mattinson that Bryce has sent lease and property tax payments to MAC with respect to the Leased Premises, and that MAC has returned all such payments to Bryce and/or has not deposited any cheques received from Bryce.

Sale to MAC

28. The Receiver instructed Re/Max to re-list the property on February 24, 2011. The Receiver received an offer that was subsequently rescinded due to financing issues. A second offer was received but was not accepted by the Receiver due to the quantum of the purchase price offered.
29. As noted in the Fifteenth Report, MAC previously made unsolicited offers to the Receiver for the purchase of the Airport Hanger prior to the listing of the Airport Hanger. Following discussions between the Receiver and MAC, an agreement of purchase and sale was executed between MAC and the Receiver on April 13, 2011 for the sale of the Airport Hanger (the "APS"). A copy of the APS is attached hereto as **Appendix "G"**.
30. The purchase price under the APS is \$140,000. MAC has provided a \$5,000 deposit to be held in trust, pending completion or other termination of the agreement and to be credited towards the purchase price on completion. The APS is conditional upon the Receiver obtaining Court approval of the sale transaction, and nullifying the lease agreement between MAC and Bryce on or before April 27, 2011, failing which the offer was null and void. The deadline date was subsequently extended to August 31, 2011.

31. In a letter dated April 18, 2011, BLG informed Mr. Smith that the Receiver was in discussions with a potential purchaser for the Airport Hanger. BLG informed Mr. Smith that it was the Receiver's view that any lease entered into between Bryce and MAC was conditional upon the closing of the sale transaction. In the letter, a copy of which was sent to MAC, BLG informed Mr. Smith that MAC shared this view, as MAC had confirmed this to the Receiver. BLG noted the Receiver's understanding that Bryce was making various representations in the local marketplace that it had a binding lease agreement in place with MAC with respect to the Leased Premises, which the Receiver was of the view was in violation of paragraph 10 of the Receivership Order. A copy of the April 18, 2011 letter is attached hereto as **Appendix "H"**.
32. Between April 19, 2011 and June 23, 2011, Mr. Smith and BLG communicated in writing regarding matters relating to the Airport Hanger. As Mr. Smith's correspondence was characterized as being on a "without prejudice" basis, the Receiver is not in a position to disclose the contents of the correspondence. However, the Receiver is in a position to report that, to date, the Receiver and Bryce have not agreed to a settlement of the outstanding matters between them with respect to the Airport Hanger.

RELIEF SOUGHT BY THE RECEIVER

33. It is the Receiver's view that it has made sufficient efforts to obtain the best price possible for the sale of the Airport Hanger. The APS provides for a purchase price of \$140,000, which is approximately 88% of the purchase price of the sale of the Airport Hanger to Bryce that was previously approved by this Honourable Court. The Receiver is of the view it has taken all fair, reasonable and ethical steps to obtain the best price for the Airport Hanger by conducting a sale process and completing an APS that preserved the integrity and fairness of the sale process and a sale by an officer of this Honourable Court.
34. As a component of the sale transaction to MAC, the Receiver is requesting that this Honourable Court grant an Order declaring that any lease agreement between Bryce and MAC is null and void. It is the Receiver's view that such relief is appropriate, as such

relief is necessary for the Receiver to be in a position to realize upon the Airport Hanger for the benefit of the stakeholders of Atcon Logistics.

35. Furthermore, it is the Receiver's view, as well as MAC's, that the Bryce lease was executed in anticipation of Bryce concluding its acquisition of the Airport Hanger pursuant to the agreement of purchase and sale approved by this Honourable Court on December 3, 2010, which agreement Bryce unilaterally declared to be terminated on December 17, 2010. It is the Receiver's view that, as the Logistics Lease was, and continues to be, in good standing, any sale of the Airport Hanger to Bryce required the Receiver to agree to an assignment or termination of the Logistics Lease. As noted above, the Logistics Lease was entered into in December 2005, has not been terminated or assigned, and is in good standing. As well, the Receiver has not been asked to terminate or assign the Logistics Lease. As a result, it is the Receiver's view that any leasehold interest acquired by Bryce is subordinate to the Receiver's interests in the Leasehold Premises under the Logistics Lease.
36. Accordingly, the Receiver respectfully requests that this Court grant an order:
 - (a) authorizing the Receiver to sell the Airport Hanger to MAC, 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 Airport Hanger sale transaction, vesting the Airport Hanger in and to MAC free and clear of any liens or encumbrances, and authorizing and empowering the Receiver to utilize the net sale proceeds of the Airport Hanger for the purpose of making payments (including interim payments) required or permitted by the Receivership Order; and
 - (b) declaring that the lease dated December 1, 2010 entered into between MAC and Bryce (as defined below) is void and of no force or effect, and that Bryce has no interest, including without limitation a leasehold interest, whatsoever in the Leased Premises (as defined below) and the Airport Hanger.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 20th day of July, 2011

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

By:

A handwritten signature in black ink, appearing to be 'G. Kinsman', written over a horizontal line.

George C. Kinsman, CA•CIRP
Senior Vice President

APPENDIX “A”

**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

**FIFTEENTH REPORT OF THE RECEIVER
(Approval of Sale of Airport Hanger)
December 1, 2010**

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. ("**Atcon Logistics**") 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 Fifteenth Report is to report to this Honourable Court on the status of matters relating to the Airport Hanger (as defined below) and recommend that this Honourable Court grant an Order authorizing the Receiver to sell the Airport Hanger, 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 Airport Hanger sale transaction, vesting the Airport Hanger 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 Airport Hanger for the purpose of making payments (including interim payments) required or permitted by the Receivership Order.

TERMS OF REFERENCE

4. In preparing this Fifteenth 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 Fifteenth Report or relied upon by the Receiver in preparing this Fifteenth 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 Fifteenth Report are in Canadian dollars unless otherwise noted.
6. Capitalized terms not defined in this Fifteenth 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).

AIRPORT HANGER

8. EYI was appointed as Receiver of the Property of Atcon Logistics pursuant to the March 2 Order. Following its appointment, and in accordance with the provisions of the Receivership Order, the Receiver performed a review of the books, records and asset listings of Atcon Logistics.
9. The Property of Atcon Logistics includes an airport hanger (the "**Airport Hanger**") situated on land leased by Atcon Logistics from the Miramichi Airport Commission (1993) Inc. ("**MAC**") municipally known as 50 Airport Road, Miramichi, New Brunswick and identified as Parcel 2 on Airport Apron, West side of Plan of Survey 92-14-2 ("**50 Airport Road**").
10. The Receiver understands that Atcon Logistics entered into a lease with MAC with respect to 50 Airport Road, which was effective on December 1, 2005 and had a twenty (20) year term. The Receiver also understands that: (i) Atcon Logistics purchased the Airport Hanger in December 2005 for a purchase price of \$150,000; (ii) Atcon Logistics made improvements to the Airport Hanger following the purchase, bringing the total cost incurred by Atcon Logistics for the Airport Hanger to approximately \$224,976; (iii) the Airport Hanger had a net book value of \$191,572.28 on the books and records of Atcon Logistics; and (iv) the Airport Hanger had an assessed tax value in 2010 of approximately \$143,700.

11. During the summer months of 2010, the Receiver was presented with three unsolicited offers to purchase the Airport Hanger in the amounts of \$1.00, \$25,000 and \$95,000. The Receiver rejected the two lowest unsolicited offers, each presented by MAC, on the basis that they were of insufficient value. The third unsolicited offer for \$95,000, which was from Bryce Holdings Inc. (the "**Purchaser**"), was also rejected on the basis that the offer was of insufficient value. The Receiver advised both parties of its intentions to offer the Airport Hanger for sale through a public sales process at a later point in time.
12. On October 29, 2010, the Receiver, pursuant to the powers contained in paragraphs 3(e) and (m) of the Receivership Order, entered into a listing agreement with a licensed real estate agent, RE/MAX 3000 Ltd./Ltee ("**Re/Max**"), for the marketing and sale of the Airport Hanger. Attached hereto and marked as **Appendix "A"** is a copy of the Listing Agreement (Authority to Sell) dated October 29, 2010.
13. Re/Max discussed with the Receiver the estimated value of the Airport Hanger, as it was Re/Max's view that the Airport Hanger is a unique type of property in Miramichi, New Brunswick. Re/Max informed the Receiver that, in its opinion, an appropriate listing price for the Airport Hanger at that time was \$199,000.
14. Accordingly, based on the unsolicited offers previously received and the advice received from Re/Max, the Receiver agreed to have the Airport Hanger listed at \$199,000 on the Multiple Listing Service ("**MLS**").
15. Subsequent to the Airport Hanger being listed on the MLS, the Purchaser contacted the Receiver and verbally offered to purchase the Airport Hanger for \$150,000. The Receiver advised the Purchaser that \$150,000 was not acceptable, and that all future communications with respect to the Airport Hanger should be made through Re/Max, acting as the Receiver's real estate agent.
16. On November 10, 2010, the Purchaser contacted Re/Max and submitted a formal offer to purchase the Airport Hanger for \$160,000. On November 12, 2010, a second interested buyer contacted Re/Max and submitted an offer to purchase the Airport Hanger for \$112,500.

17. The Receiver sent a counter-offer to the Purchaser in the amount of \$170,000, which was rejected by the Purchaser. The Purchaser confirmed that it was not prepared to increase its offer above \$160,000. The Receiver instructed Re/Max to contact the second offering party and determine if it was prepared to increase its offer to \$170,000. The second party confirmed that it was not prepared to increase its offer above \$112,500.
18. The Receiver reviewed the Purchaser's offer with Re/Max, who indicated that the \$160,000 offer represented, in its opinion, a reasonable value for the Airport Hanger. As such, on November 12, 2010 the Purchaser's offer was accepted by the Receiver, subject to the approval of this Honourable Court. Attached hereto and marked as **Appendix "B"** is a copy of the agreement of purchase and sale dated November 12, 2010 (the "APS").
19. The APS provides that the Airport Hanger is being sold to the Purchaser on an "as is, where is" basis. However, as detailed in paragraph 15 of the APS, the agreement is subject to the Purchaser securing a satisfactory lease agreement with MAC for 50 Airport Road on or before November 19, 2010. If a satisfactory lease agreement cannot be reached, the agreement will become null and void.
20. The Receiver reports that the Purchaser and the Receiver agreed to an extension of the deadline for the Purchaser to secure a satisfactory lease agreement with MAC to November 30, 2010. The Receiver further reports that it received written confirmation from the Purchaser on November 30, 2010 that the Purchaser has secured a satisfactory lease agreement with MAC, satisfying the condition contained in the APS.
21. After reviewing the APS and obtaining the view of Re/Max as to the reasonableness of the purchase price, the Receiver believes that the APS is the superior offer received for the Airport Hanger and recommends that the APS be approved by this Honourable Court. The only reasonable alternative to a sale of the Airport Hanger under the APS would be the continued listing of the Airport Hanger on MLS, which does not guarantee a sale will be successfully completed at the same or higher price as contained in the APS, which is approximately eighty per cent (80%) of the listing price and eighty-four percent (84%) of the net book value of the Airport Hanger.

22. Accordingly, the Receiver believes it has conducted an appropriate market test for the Airport Hanger and recommends that this Honourable Court authorize the Receiver to enter into the APS and approve the sale of the Airport Hanger pursuant to the APS.

RELIEF SOUGHT BY THE RECEIVER

23. The Receiver respectfully requests that this Court grant an order authorizing the Receiver to sell the Airport Hanger, 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 Airport Hanger sale transaction, vesting the Airport Hanger 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 Airport Hanger for the purpose of making payments (including interim payments) required or permitted by the Receivership Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 1st day of December 2010

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 “B”

LEASE

FORM A19

Standard Forms of Conveyances Act, S.N.B. 1980, c. S-12.2, s.2

The Parties to this Lease are:

MIRAMICHI AIRPORT COMMISSION (1993) INC., a duly incorporated company, having its Head Office at Miramichi, in the County of Northumberland and Province of New Brunswick,

THE LESSOR

- and -

ATCON LOGISTICS INC., a body corporate, having its Head Office at 626 Newcastle Boulevard in the County of Northumberland and Province of New Brunswick, E1V 2L3,

THE LESSEE

The Lessor leases to the Lessee the premises described in Schedule "A" attached hereto on the following conditions:

DURATION:	Twenty (20) years.
DATE OF COMMENCEMENT:	December 1, 2005
DATE OF TERMINATION:	November 30, 2025
RENT:	\$1,000.00 per year plus H.S.T. plus increases yearly as per Schedule "C".
PAYMENT DATES:	Payable in one annual instalment in advance beginning on December 1, 2005 and payable on the 1 st day of December each year thereafter until the Lease is expired.
PLACE OF PAYMENT:	Lessor's Office situated at Miramichi, New Brunswick.
EXTENSIONS:	See Schedule "C"

The Lease contains the covenants and conditions which are set out in:

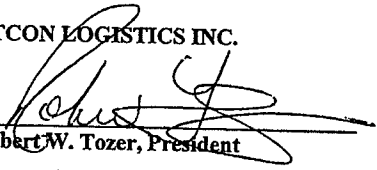
- (a) the Leases Regulation - Standard Forms of Conveyances Act and set out in Schedule "B" attached hereto;
- (b) Schedule "C" attached hereto.

DATED at Miramichi, New Brunswick this 29th day of November, A.D., 2005.

**MIRAMICHI AIRPORT COMMISSION
(1993) INC.**


President

ATCON LOGISTICS INC.


Robert W. Tozer, President

SCHEDULE "A"

All and singular that parcel of land and premises situate at Miramichi in the County of Northumberland and Province of New Brunswick, being and intended to be **PARCEL 2** on Airport Apron, West side of Plan of Survey 92-14-2 and consisting of 1714 m².

SCHEDULE "B"

11. The Lessee shall pay rent.
12. The Lessee shall maintain the premises in good repair.
13. The Lessee shall permit the Lessor to inspect the premises upon reasonable notice.
14. The Lessee shall not alter the premises without the Lessor's consent.
15. The Lessee shall use the premises for agreed purposes only.
17. The Lessees shall comply with all laws.
18. The Lessee shall deliver vacant possession upon termination of the lease.
23. The Lessee shall provide public liability insurance.
26. On breach of any covenant the Lessor may recover all costs from the Lessee as rent.
27. The Lessor may re-enter the premises on the insolvency of the Lessee.
28. The Lessor promises to the Lessee quiet enjoyment of the premises.
30. The Lessor shall pay the real property taxes and local improvements and the Lessee shall reimburse it's portion thereof to the Lessor.
36. Where the Lessee holds over the tenancy is monthly.
38. The Lessor is not responsible for the injury to person or property upon the premises unless due to the negligence of the Lessor.
41. Condonation, excuse or overlooking of any default does not operate as waiver.
46. The Lessor may re-enter the premises upon non-payment of rent or other breach.

SCHEDULE "C"

- 1.01 In the event of conflict or inconsistency between the covenants and conditions contained in Schedule "C" and the covenants and conditions contained in Schedule "B", those contained in Schedule "C" shall prevail.
- 1.02 The Lessee shall not assign this Lease or sublet the premises without the prior written consent of the Lessor, and such consent will not be unreasonably withheld.
- 1.03 In this Lease, "premises", shall mean Lease Parcel 2, measuring 1714 square metres on the West side of Plan of Survey 92-14-2.
- 1.04 No major structural changes shall be made without the written consent of the Lessor, which consent shall not be unreasonably withheld.
- 1.05 The Lessee shall be entitled to access to, and use of, the runway if the runway is available, however, the Lessor shall not be obliged to maintain or to operate a runway.
- 1.06 The Lessee shall pay to the Lessor its prorated share of the yearly property taxes based upon an assessed value of the Lessee's premises.
- 1.07 The Lessee shall provide liability insurance.
- 1.09 The Lessee shall use the premises for hangar facilities only.
- 1.10 The Lessee and its customers shall have access to the leased premises by virtue of a right-of-way over the Lessor's property for the purpose of travel from the main highway to the leased property through the gate adjacent to the terminal building or through such other gate as may be preferable from time to time.
- 1.11 The Lessee shall keep the premises neat and clean and shall not keep goods and equipment outside of the hangar so as to render the premises untidy.
- 1.12 The Lessee shall be responsible for snow removal and grass cutting on the leased premises.
- 1.13 The Lessee shall set back any building at lease one point five (1.5) metres from the dividing line between the demised property and the concrete taxiway.
- 1.15 The Lessee shall be responsible for its customers access to the leased premises and shall adhere to the aerodrome security measures as required by Transport Canada.

RENTAL INCREASES

- 2.01 The Tenant shall pay as additional rent an amount equal to any increase in the Consumer Price Index for the past Federal Budget Year. This increase, calculated as a percentage of the previous years rent, shall be payable on July 1st of the given year.

UTILITIES

- 3.01 The Lessee will be responsible for bringing any utilities to the leased premises at its own expense and the Lessor hereby grants to the Lessee an Easement across the Lessor's property for the purpose of erecting and maintaining such poles and wires as are necessary to deliver power from the terminal building to the leased premises.

INSURANCE

4.01 Tenant's Insurance

- (a) The Tenant shall, during the whole of the Term and during such other time as the Tenant occupies the Land, take out and maintain the following insurance, in such form and with such companies as the Landlord may reasonably approve:
 - i) comprehensive general liability insurance against claims for bodily injury, including death and property damage or loss arising out of the use or occupation of the Land, or the Tenant's business on or about the Land, and such insurance shall be in the joint name of the Tenant and Landlord so as to indemnify and protect both the Tenant and Landlord and shall contain a "cross liability" or "severability of interests" clause so that the Landlord and the Tenant may be insured in the same manner and to the same extent as if individual policies had been issued to each, and shall be for the amount of not less than \$2,000,000.00 combined single limit or such other amount as may be reasonably required by the Landlord from time to time, and such comprehensive general liability insurance shall, for the Tenant's benefit only, include contractual liability insurance in a form and of a nature broad enough to insure the obligations imposed upon the Tenant under the terms of this Lease;
 - ii) all risks property insurance on all buildings and improvements constructed on the Land including, without limitation, the Improvements;
 - iii) boiler and machinery insurance on such boilers and pressure vessels as may be installed by, or under the exclusive control of, the Tenant in the Land; and
 - iv) automobile insurance with respect to all motor vehicles owned or operated by the Tenant.
- (b) The policies of insurance referred to above shall contain the following:
 - i) provisions that the Landlord is protected notwithstanding any act, neglect or misrepresentation of the Tenant which might otherwise result in the avoidance of a claim under such policies and that such policies shall not be affected or invalidated by any act, omission or negligence of any third party which is not within the knowledge or control of the Landlord;
 - ii) provisions that such policies and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by the Landlord and that any coverage carried by the Landlord shall be excess coverage;
 - iii) all property and boiler insurance referred to above shall include the Landlord and the Tenant as named insureds as their respective interests may appear, and shall provide for waivers of the insurer's rights of subrogation as against the Landlord and those for whom the Landlord is, in law, responsible;

- iv) provisions that such policies shall not be cancelled without the insurer providing the Landlord thirty (30) days' written notice stating when such cancellation shall be effective.
- (c) The Tenant shall further during the whole of the Term maintain such other insurance in such amounts and upon such terms as the Landlord may reasonably determine from time to time.
- (d) Evidence satisfactory to the Landlord of all such policies of insurance shall be provided to the Landlord.

USE AND OCCUPATION

5.01 Environmental Matters

- (a) The Landlord makes no representations or warranties in respect of the state or condition of the Land or any Environmental Matters in respect of the Land. The Landlord recognizes the Tenant will undertake a site assessment, at its cost, to determine the condition of the Land. The site assessment will be completed prior to, construction on or development of the Land. A copy of the site assessment will be submitted to the Landlord and affixed hereto.
- (b) The Tenant acknowledges and agrees that the Landlord, either itself or through its officers or agents, has not made and that the Tenant has not relied upon, any representations from the Landlord, its officers or agents as to:
 - i) the suitability of the Land for use by the Tenant;
 - ii) the existence, nature or extent of any pollution on or of the Land; or
 - iii) the need to take any remedial action in relation to any pollution on or of the Land.

The Tenant hereby assumes any and all duties, obligations or liabilities arising from its use of the Land under any Environmental Laws and Regulations in respect of the Land, and any costs, expenses or liabilities for any remedial action for any pollution of the Land caused by the Tenant during the Term.

- (b) The Tenant shall conduct its business and affairs on the Land in a prudent and responsible manner and with all due care and due diligence with respect to Environmental Matters,
- (d) The Tenant shall comply with all Environmental Laws and Regulations.
- (e) The Tenant shall ensure that the design of any improvement on the Land, including the Improvements, addresses and deals with any Environmental Matters which can be reasonably foreseen.
- (f) The Tenant shall clean-up any parts of the Land where there has occurred, at any time during the Term, an Environmental Adverse Effect, with all due care and due diligence.

- (g) The Tenant shall immediately notify the Landlord, and provide to the Landlord such information as is available to the Tenant:
 - i) of any failure of the Tenant to comply with any of the requirements of any Environmental Laws and Regulations; or
 - ii) if the Tenant is the subject of any pending or, to the knowledge of the Tenant after due inquiry, threatened environmental proceeding; or
 - iii) if an Environmental Adverse Effect of which it is aware occurs or is threatened relating to the Tenant's operation on the Land, including any improvements thereon, or on the Airport.
- (h) The Tenant shall, within six (6) months of the date of execution of this Lease, provide to the Landlord for approval a written proposal of the Tenant's policy and procedures with respect to Environmental Matters, which will include a separate environmental emergency response plan, and shall make such amendments as, in the Landlord's reasonable opinion, are from time to time required, and the Tenant shall carry out its operation in accordance with the approved policy and procedures. The Tenant's policy and procedures shall address, but are not limited to fuel storage and handling; storage, transport, use and disposal of hazardous materials and special waste; water quality practice; and waste management. The Tenant shall require any person it grants a right or privilege to under this Lease to comply with the Tenant's policy and procedures.
- (i) The Tenant shall at all times with respect to storage tank systems comply with all Environmental Laws and Regulations and shall, upon such prior notice to the Tenant as the Landlord considers reasonable, permit the Landlord to examine all records relating to the operation and maintenance of storage tank systems.
- (j) The Tenant shall not discharge from the Land or permit to be discharged from the Land by any person for whom the Tenant is responsible or allow to pass from the Land into the sewer systems, storm drains or surface drainage facilities on the Airport, any material or substance as may cause an Environmental Adverse Effect or which may be contrary to any sewer discharge bylaw of the City of Miramichi.
- (k) The Landlord shall, upon such prior notice to the Tenant as the Landlord considers reasonable, have reasonable access to inspect the Land, including any building and improvements, to determine compliance with Environmental Laws and Regulations provided that the Landlord shall cause as minimal interference as possible when exercising its right of access. Copies of all reports from any testing relating to Environmental Matters shall be provided to the Landlord.
- (l) If at any time during the Term there is an Environmental Adverse Effect arising out of the Tenant's operations and, in the reasonable opinion of the Landlord, it is necessary in order to minimize any damages, expenses, penalties and related fees or costs, arising from such Environmental Adverse Effect the Landlord, in addition to any other rights and remedies under this Lease, may, upon such prior notice to the Tenant as the Landlord considers reasonable, enter the Land including any improvements thereon, and take necessary measures to minimize such damages, expenses, penalties and related fees and costs, and to ensure compliance with Environmental Laws and Regulations, all at the Tenant's expense.

- (m) The Tenant shall install and maintain at its cost, such grease, oil, glycol and sand interceptors of a type and capacity as reasonably required by the Landlord.
- (n) The Tenant shall not later than six (6) months prior to the end of the Term complete an environmental audit reasonably satisfactory to the Landlord to determine the environmental condition of the Land. The Tenant shall leave the soil and ground water of the Land at the end of the Term in the same or better condition as such soil and ground water was at the commencement of this Lease and shall undertake all remedial work required to ensure that there are no Environmental Matters creating an Environmental Adverse Effect resulting from the Tenant's acts or omissions during the Term.
- (o) The lessee acknowledges his or her responsibility to ensure all of his or her tenants are responsible for researching, being familiar with, and complying with the most current and applicable laws, regulations, codes and guidelines. Tenants are required to submit to the Airport Manager a copy of their Environmental Policy and Procedures including an Environmental Emergency Response Plan.
- (p) The provisions of this Article shall survive the expiration of this Lease to the extent that the Environmental Adverse Effect or breach of Environmental Laws and Regulations occurred during the Term.

5.02 Airport Security

The Tenant acknowledges that the security obligations of the Landlord and the Tenant are established and governed by the Aeronautics Act of Canada and the Aerodrome Security Regulation. The Tenant shall comply with such Act and such Regulations and with the Landlord's security measures as provided in the Rules and Regulations, including but not limited to those relating to restricted area passes, personnel identification systems and security clearance procedures, and shall pay to the Landlord on demand all charges levied by the Landlord for those security measures.

5.03 Non-Smokers' Health

The Tenant acknowledges that the non-smokers' health obligations of the Landlord and the Tenant are established and governed by the Non-Smokers' Health Act and the Non-Smokers' Health Regulations. The Tenant shall comply with such Act and such Regulations and with the Landlord's non-smoking policies and procedures as provided in the Rules and Regulations pursuant to this Lease.

5.04 Additional Rights of the Landlord

The Landlord reserves the right to grant licences, rights of way or privileges to others on, over, under, through or across the Land, provided however, that such rights of way or privileges are not detrimental to the proper conduct of the business or operation of the Improvements and related services, will not damage or disrupt permanently the Improvements, will not impose any cost upon the Tenant, and will not weaken, diminish or impair the right and obligations of the parties under this Lease. If during the Term, such rights of way or privileges are granted by the Landlord, the Tenant shall not do or knowingly permit to be done any act or thing which might interfere with the exercise of such rights. The Tenant agrees to execute documents necessary for these purposes, if requested by the Landlord.

- 6.01 The Lessee shall be entitled to extend the term of this Lease for an additional twenty (20) year period provided that he gives notice on or before June 30, 2022 that he intends to exercise this option.

TERMINATION

- 7.01 Notwithstanding any other provision of this Lease, the Lessee shall be entitled, on giving six (6) months prior written notice to the Lessor, to terminate this Lease.

BREACH

- 8.00 Should either party to this Lease breach any of the covenants, terms or conditions of this Lease, the other party to this Lease shall be entitled to give thirty (30) days written notice requiring that the breach be remedied and if the breach is not or can not be remedied within thirty (30) days, the other party may remedy the breach and recover any costs associated with such remedy from the defaulting party or the other may elect to declare the Lease frustrated, in which case the Lease will be deemed to be terminated.

NOTICES

- 9.01 Except as otherwise provided herein, notices shall be in writing and shall be delivered to the party entitled to receive the same by personal delivery, or by registered or certified mail. Notices may also be communicated by any electronics means which can produce a written copy, provided that written acknowledgment or receipt of the electronic communication notice is obtained.
- 9.02 Any notice given under this Lease shall be effective as of the date of delivery in the case of personal services, as of the date of mailing in the case of notices sent by registered or certified mail and as of the date of electronic transmission in cases of notices given by electronic communication where receipt of the communication has been acknowledged in writing.
- 9.03 All notices and correspondence exchange between the Lessor and the Lessee as required to fulfil the obligations of this Lease shall be sent by either of the following methods: by registered or certified mail, by facsimile, by personal delivery or by courier to:

The Lessor: Miramichi Airport Commission (1993) Ltd.
PO Box 355
Miramichi, New Brunswick
E1N 3A7
Attention: President
Fax: (506) 778-1895

The Lessee: Atcon Logistics Inc.
626 Newcastle Blvd.
Miramichi, New Brunswick
E1V 2L3

or to such other person or address as either party may designate by notice given in accordance with this Lease.

HEADINGS

- 10.00 The headings herein are inserted for convenience of reference only and do not form part of this Lease.

LAW

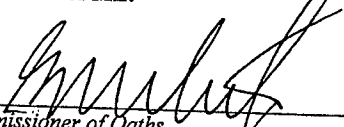
- 11.00 The application law governing this Lease shall be the law of the Province of New Brunswick.

CANADA
PROVINCE OF NEW BRUNSWICK
COUNTY OF NORTHUMBERLAND

I, **R.A. STINSON**, of the City of Miramichi, in the County of Northumberland and Province of New Brunswick, **MAKE OATH AND SAY AS FOLLOWS:**

1. **THAT** I am President of MIRAMICHI AIRPORT COMMISSION (1993) INC. the Grantor named in the within Lease.
2. **THAT** the President is an authorized signing officers of MIRAMICHI AIRPORT COMMISSION (1993) INC.
3. **THAT** the signature "R.A. Stinson" is the signature of me, this deponent, and is in my proper handwriting.
4. **THAT** the seal affixed to the within Lease purporting to be the seal of MIRAMICHI AIRPORT COMMISSION (1993) INC. is the Corporate Seal of MIRAMICHI AIRPORT COMMISSION (1993) INC. and was affixed thereto by me by order of the Board of Directors of the said Company.
5. **THAT** the within Lease was executed as aforesaid by authority of the said Company.

*SWORN TO at the City of Miramichi,
in the County of Northumberland
in the Province of New Brunswick,
this 29th day of November, A.D.,
2005. BEFORE ME:*



*A Commissioner of Oaths
Being A Solicitor*



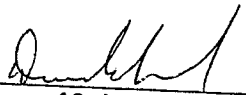
R.A. Stinson

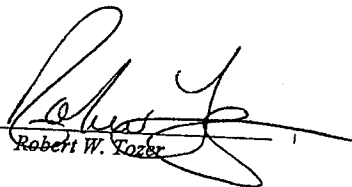
CANADA
PROVINCE OF NEW BRUNSWICK
COUNTY OF NORTHUMBERLAND

I, **ROBERT W. TOZER**, of the City of Miramichi, in the County of Northumberland and Province of New Brunswick, **MAKE OATH AND SAY AS FOLLOWS:**

1. **THAT** I am President of **ATCON LOGISTICS INC.**, named in the within Lease.
2. **THAT** the President is the authorized signing officer of **ATCON LOGISTICS INC.**
3. **THAT** the signature "Robert W. Tozer" subscribed to the within Indenture of Lease is the signature of Robert W. Tozer deponent, and is in my proper handwriting.
4. **THAT** the seal affixed to the within Indenture of Lease purporting to be the seal of **ATCON LOGISTICS INC.** is the corporate seal of **ATCON LOGISTICS INC.** and was affixed thereto by me by order of the Board of Directors of the said Company.
5. **THAT** the within Indenture of Lease was executed as aforesaid by authority of the said Company.

*SWORN TO at the City of Miramichi,
in the County of Northumberland
and Province of New Brunswick,
this 27 day of November, A.D., 2001, BEFORE ME:*


A Commissioner of Oaths
Being a Solicitor


Robert W. Tozer

APPENDIX “C”

NOV-30-2010 14:53

REMAX 3000 LTD/LTÉE

506 778 8705

P.002/003

REMAX 3000 Ltd./Ltée

2436 King George Hwy. Unit 3 Miramichi, NB E1V 6V9

Tel: (506) 624-2500

Toll Free: (877) 624-2507

Fax: (506) 778-8705

Email: office@remaxmiramichi.com

www.remaxmiramichi.com

Waiver of Condition(s)

Property known as: 50 Airport Rd Miramichi (Parcel survey 92-11-2)
In accordance with the provisions of the Agreement of Purchase & Sale between:

Bryce Holdings Inc. as Purchaser(s) and
Ernst + Young Inc. in its capacity as receiver manager as Vendor(s),
Dated this 18 day of November, 2010, this is to notify you

that: Purchasers have secured satisfactory lease
agreement with Miramichi Airport Commission Inc.
This condition is now satisfied. Closing date to be
determined once vendors have court approval.

Relating to the sale of property is hereby waived and the aforementioned Agreement shall now be firm and binding. This Notice of Waiver of Condition is acknowledged, by the undersigned.

Dated at Miramichi this 30 day of November, 2010

[Signature]
Witness

[Signature]
Purchaser

Witness

Purchaser

Dated at _____ this _____ day of _____, 20____

Witness

Vendor

Witness

Vendor

APPENDIX “D”

**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

SWR
3 Dec 2010

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 Airport Hanger (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 Airport Hanger sale transaction; vesting the Airport Hanger 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 Airport Hanger 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 Fifteen Report of the Receiver dated December 1, 2010 and the appendices attached thereto (the "**Fifteenth 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 Fifteenth 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 airport hanger owned by Atcon Logistics Inc. ("**Atcon Logistics**") and situated on land leased by Atcon Logistics from the Miramichi Airport Commission (1993) Inc. municipally known as 50 Airport Road, Miramichi, New Brunswick and identified as Parcel 2 on Airport Apron, West side of Plan of Survey 92-14-2 (the "**Airport Hanger**") pursuant to the agreement of purchase and sale between the Receiver and Bryce Holdings Inc. (the "**Purchaser**") dated November 12, 2010 (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 to the Purchaser.

Jeun
3 Dec 2010

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 Logistics' right, title and interest in and to the Airport Hanger 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 Airport Hanger are hereby expunged and discharged as against the Airport Hanger.

5. **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 Airport Hanger shall stand in the place and stead of the Airport Hanger, 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 Airport Hanger with the same priority as they had with respect to the Airport Hanger, as if the Airport Hanger had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

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

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

- (a) the pendency of these proceedings;

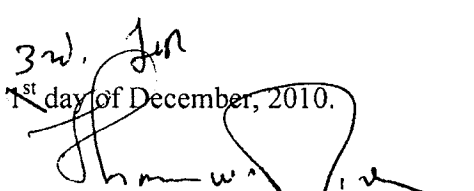
Jem
3 Dec 2010

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of Atcon Logistics and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of Atcon Logistics;

the vesting of the Airport Hanger in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy appointed in respect of Atcon Logistics and shall not be void or voidable by creditors of Atcon Logistics, 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.

8. **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.

Dated at Miramichi, New Brunswick, this 3rd day of December, 2010.


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

John
3 Dec 2010

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 December 3, 2010 (the "**Approval and Vesting Order**"), the Court approved the agreement for purchase and sale made as of November 12, 2010 (the "**APS**") between the Receiver and Bryce Holdings Inc. (the "**Purchaser**"), and provided for the vesting in the Purchaser of the right, title and interest of Atcon Logistics Inc. in and to the Airport Hanger, which vesting is to be effective with respect to the Airport Hanger 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 Airport Hanger; (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 Airport Hanger 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].

Jul
30th 2010

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

By: _____

Name:

Title:

John
3 Dec 2011

APPENDIX “E”

Law Office of Harry H. Williamson, Q.C.

Barristers and Solicitors / Avocats et Notaires

Harry H. Williamson, Q.C.
Mario J. Lanteigne

Place Keystone Place – Suite 304
270 Avenue Douglas Avenue
Bathurst, N. B.
E2A 1M9

Telephone: (506) 546-6050
Telecopier: (506) 545-1010
E-mail: hhwilliamson@nb.aibn.com
E-mail: mariolanteigne@nb.aibn.com

December 20, 2010

VIA FACSIMILE: 506-778-2412

MARTIN & COOK

Attention: Ellen D. Cook Q.C.
13 Henderson Street
P.O. Box 460
Miramichi, NB
E1N 3A8

Re: Sale of Assets of Atcon Logistics Inc.
to Bryce Holdings Inc.
50 Airport Road, Miramichi, NB
Our File: E5010-011

Dear Ms. Cook,

I have reviewed this transaction.

According to the waiver signed on November 30th a closing date was to be determined once the vendor had Court approval. Court approval was obtained on December 3rd. No specific closing date was agreed to.

On Friday, December 17th we sent you our documents and requested your agreement to the same and advised that closing could take place early in the week.

You responded by mentioning that you had amended the Statement of Adjustments to remove HST which we took as agreement to the balance of the documents.

We had these documents executed today, we have in our possession faxed copies of the same and the originals will be here tomorrow.

Late Friday afternoon, at approximately 3:50 pm, we were advised by the real estate company that if the transaction did not close on Friday the buyer would not be willing to complete the transaction.

.../2

MARTIN & COOK

Attention: Ellen D. Cook Q.C.

Page 2

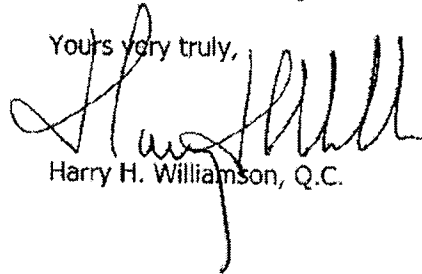
December 20, 2010

You confirmed this morning that your client, Bryce Holdings Inc., is not prepared to proceed and effectively the transaction is dead.

As you can appreciate we very much question your client's ~~to~~ ability to arbitrarily choose a closing date without notice.

Pursuant to clause 16 of the agreement of purchase and sale we will be couriering the original documents to you subject to a specific escrow that the documents will not be released to the purchaser until you have delivered to us the closing proceeds.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Harry H. Williamson', is written over the typed name. To the right of the signature is a horizontal line.

Harry H. Williamson, Q.C.

HHW:sf

CC: George C. Kinsman

APPENDIX “F”

Sam P. Rappos
T (416) 367-6033
F (416) 361-7306
srappos@blg.com

Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street W
Toronto, ON, Canada M5H 3Y4
T 416.367.6000
F 416.367.6749
blg.com

BLG
Borden Ladner Gervais

File No. 005258/000006

February 24, 2011

DELIVERED BY E-MAIL AND FACSIMILE

Miramichi Airport Commission (1993) Ltd.
PO Box 355
Miramichi, NB E1N 3A7

Attention: Dale Mattinson - Airport Manager

**Re: Lease dated November 29, 2005 between Atcon Logistics Inc. and
Miramichi Airport Commission (1993) Inc.**

We are counsel to Ernst & Young Inc. ("EYI"), the Court-appointed receiver and receiver manager of Atcon Logistics Inc. ("Atcon Logistics") pursuant to the Receivership Order of Justice Riordon of the Court of Queen's Bench of New Brunswick dated March 2, 2010, Court File No. N/M/17/10 (the "Receiver"). EYI is also the trustee in bankruptcy of Atcon Logistics.

Pursuant to the lease dated November 29, 2005 between Atcon Logistics, as lessee, and Miramichi Airport Commission (1993) Inc. ("MAC"), as lessor (the "Lease"), Atcon Logistics entered into a twenty (20) year lease commencing on December 1, 2005 for the real property municipally known as 50 Airport Road, Miramichi, NB (the "Real Property"). Atcon Logistics is the owner of an airport hanger situated on the Real Property (the "Airport Hanger"). In October 2010, the Receiver listed the Airport Hanger with a real estate agent and subsequently entered into an agreement of purchase and sale with Bryce Holdings Inc. (the "Purchaser") dated November 12, 2010 (the "Sale Agreement"). The sale of the Airport Hanger was conditional on, among other things, the Purchaser agreeing to terms of a lease of the Real Property with MAC. The Receiver was informed by the Purchaser on November 30, 2010 that a satisfactory lease arrangement had been entered into between the Purchaser and MAC. Counsel to the Purchaser is copied on this letter.

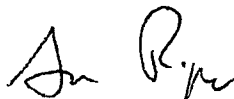
We hereby notify you that the sale of the Airport Hanger to the Purchaser did not close, and the Sale Agreement has been terminated. It is the Receiver's position that any lease arrangement agreed to between the Purchaser and MAC was conditional upon the closing of the sale of the Airport Hanger to the Purchaser, and as the sale did not close, any such lease arrangement is null and void. Additionally, it is the Receiver's position that the Lease continues to be enforceable and binding on MAC, as the Lease has not been terminated and the Receiver has not assigned Atcon Logistics' rights under the Lease to any party.

Please be advised that it is the Receiver's intention to locate an alternate buyer for the Airport Hanger, and that the Receiver will likely be in contact with MAC in the near future to discuss the

terms of any potential sale of the Airport Hanger and the re-leasing of the Real Property to the new purchaser. If you have any questions regarding the foregoing, please do not hesitate to contact Steve McLaughlin of the Receiver's office at 902 421 6248, Steven.J.McLaughlin@ca.ey.com.

We ask that you please provide written confirmation of your receipt of this letter.

Yours truly,

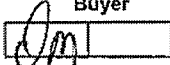


Sam P. Rappos

Cc: George C. Kinsman and Steve J. McLaughlin, *Ernst & Young Inc.*
Gerald F. Smith, Q.C., *counsel to Bryce Holdings Inc.*

::ODMA\PCDOCS\TOR01\4577696\1

APPENDIX “G”

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) 23 / 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 14 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:
 1. Conditional upon vendors nullifying lease agreement with Bryce Holdings Inc. on or before April 27, 2011. Failing which offer is null and void. 2. No Property Condition Disclosure Statement. Property being sold
 "as is where is". 3. Offer is subject to court approval, to be done by vendors, this will take place once all conditions of this offer have been met.
- | | |
|---|---|
| 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.

♦ PAN # 201025853♦ Acknowledgement of completion of Page 2 - Seller's Initials _____ / Buyer's Initials Im / Agreement Purchase and Sale Page 2 of 3

WEBForms™ Mar/2008

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 _____ as represented by _____
 _____ Agent _____ Salesperson
 _____ as represented by _____
 _____ Agent _____ Salesperson

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

(c) The Buyer and the Seller have consented to a Limited Dual Agency relationship with RE/MAX 3000 Ltd/Ltee
 as represented by LISA MCCORMACK and LISA MCCORMACK
 _____ Salesperson _____ Agent
 _____ Salesperson

Having signed a Limited Dual Agency Agreement dated (day/month/year) 13 / 04 / 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 5:00 pm of the (day/month/year) 18 / 04 / 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 13 day of April, year 2011

Signed, sealed and delivered in the presence of

Witness S. Vandenberg

 Witness

I have hereunto set my hand and seal

Miramichi Airport Commission (1993) Inc. SEAL
 Buyer John Matteson SEAL
 Buyer

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

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

(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 George Martin (February 2008)

◆ PAN # 201025853

◆ Acknowledgement of completion of Page 3 - Seller's Initials _____ / _____ Buyer's Initials Im Agreement Purchase and Sale Page 3 of 3
 WEBForms™ Mar2008



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



WORKING WITH A REALTOR®

AN EXPLANATION OF THE RELATIONSHIP BETWEEN YOU AND A REALTOR®

AGENCY DISCLOSURE

Members of The Canadian Real Estate Association abide by a strict Code of Ethics and Standards of Business Practice, which serves to protect the buying and selling public alike.

One of the ethical obligations embodied in the Code requires that the REALTOR® disclose who they are representing in a real estate transaction.

ARTICLE 2

A REALTOR® shall fully disclose in writing to, and is advised to seek written acknowledgement from, his or her Clients and those Customers who are not represented by other Registrants regarding the role and nature of the service the REALTOR® will be providing. This disclosure shall be made at the earliest possible opportunity and in any event prior to the REALTOR® providing professional services which go beyond providing information as a result of incidental contact by a consumer.

If you have any questions about the contents of this form, contact your local real estate board/association or talk to the REALTOR with whom you are dealing.

When working with a real estate agent in buying or selling real estate, it is important that you understand who the agent is representing in the transaction.

Is the agent representing the seller, the buyer, or both? Who is the agent's client? Who is the customer?

The difference between RECEIVING INFORMATION AND SERVICES FROM AN AGENT and BEING REPRESENTED BY AN AGENT is the difference between a CUSTOMER and being a CLIENT.

The person who is represented by an agent is a CLIENT. The agent owes the client the duties of utmost care, integrity, confidentiality and loyalty. A CUSTOMER, on the other hand can also receive valuable information and assistance from an agent, but is not represented by that agent.

Regardless of who the agent represents, however, the agent is obliged to treat all parties to a transaction honestly and fairly. The agent must:

- respond honestly and accurately to questions concerning the property;
- disclose material facts which the agent knows or reasonably ought to know about the property;
- promptly present all offers to the seller;
- market the property without regard to race, creed, sex, handicap, religion or national origin.

SELLER'S AGENT

A SELLER'S AGENT represents the seller - either as a LISTING AGENT under a listing agreement with the seller OR by cooperating as a SUB-AGENT, typically through the Multiple Listing Service®.

In dealing with prospective buyers (customers), a SELLER'S AGENT can provide a variety of information and services to assist the buyer in his/her decision making, but the SELLER'S AGENT is not the agent for the buyer.

• Seller's Initials _____ / Buyer's Initials *Om* _____

Working with a REALTOR®

Page 1 of 2

WEBForms™ Mar/2008

BUYER'S AGENT

A BUYER'S AGENT represents the buyer, preferably pursuant to a Buyer Agreement. A BUYER'S AGENT'S primary allegiance is to the buyer.

DUAL AGENT

DUAL AGENCY occurs when a real estate agent is representing both buyer and seller in the same transaction. Since the agent has promised a duty of confidentiality, loyalty, and full disclosure to both parties simultaneously, it is necessary to limit these duties in this situation, if both parties consent.

A DUAL AGENT may not represent both parties without their informed consent, and must ensure that the parties understand the possible effects of the dual representation including, for example, that no information received in connection with the transaction can be treated as confidential unless an agreement in writing limiting the transfer of information exists.

ACKNOWLEDGEMENT

This form does not create an agency relationship. Its purpose is to ensure that all parties understand who is representing whom and to acknowledge that disclosure of this representation has occurred.

I have read and understood this form and acknowledge that LISA MCCORMACK
 of RE/MAX 3000 Ltd/Ltée (name of salesperson) disclosed he/she is representing:
 (name of company)

☐ Seller, as listing agent or sub-agent ☐ Buyer, as buyer's agent ☒ Both, Seller and Buyer, with the full knowledge and consent of all parties

Seller _____ Date _____

Seller _____ Date _____

Miramichi Airport Commission (1993) Inc.
 Buyer _____ Date _____
John Mattinson
 Buyer _____ Date _____



REALTOR, REALTORS and the REALTOR logo are trademarks that identify real estate professionals in Canada who are members of The Canadian Real Estate Association and as such, subscribe to a high standard of professional service and to a strict Code of Ethics.

(February 2008)

◆ Seller's Initials _____ / Buyer's Initials Im /

Working with a REALTOR®

Page 2 of 2

WEBForms™ Mar/2008



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



LIMITED DUAL AGENCY AGREEMENT

(consent to agent acting for both Buyer and Seller and to limiting the scope of the agency)

BETWEEN: RE/MAX 3000 Ltd/Ltée

(Agent)

AND: Miramichi Airport Commission

(Buyer)

AND: Ernst & Young Inc. in its capacity as Receiver Atcon Property Holdings

(Seller)

RE: 50 AIRPORT ROAD (PARCEL 2 ON AIRPORT APR MIRAMICHI

EIN 4B3

(Property)

In order to facilitate the purchase and sale of the property, the Buyer, the Seller, and Agent agree as follows:

1. The Buyer and the Seller acknowledge and agree that it is not a breach of duty to either of them for the Agent to act as agent for both the Buyer and the Seller and they consent to the Agent acting for both the Buyer and the Seller as a limited dual agent with respect to the purchase and sale of the property.
2. Any previous agreements between the Agent and either the Buyer or the Seller modified shall continue in full force and effect except as modified by this Agreement. In the event of conflict, the provisions of this Agreement shall apply.
3. The Buyer and the Seller acknowledge and agree that with respect to the purchase and sale of the property, the Agent and its salespersons will be the agent for both the Buyer and the Seller and will represent both parties as a limited dual agent with the following changes and limitations to its duties as agent:
 - a) the Agent will deal with the Buyer and the Seller impartially;
 - b) the Agent will have a duty of disclosure to both the Buyer and the Seller except that:
 - i) the Agent will not disclose that the Buyer is willing to pay a price or agree to terms other than those contained in the Agreement of Purchase and Sale, or that the Seller is willing to accept a price or terms other than those contained in the Listing Agreement;
 - ii) the Agent will not disclose the motivation of the Buyer to buy or the Seller to sell unless authorized by the Buyer or the Seller;
 - iii) the Agent will not disclose personal information about either the Buyer or the Seller unless authorized in writing.
 - c) without limiting 3(b) the Agent will disclose to the Buyer defects about the physical condition of the property known to the Agent.
4. By signing this contract, the Buyer and the Seller acknowledge having read and understood the attached form entitled Working With A REALTOR®.

Signed, sealed and delivered this 13 day of April, year 2011

LISA MCCORMACK

Agent's Salesperson

Agent's Salesperson

Witness to Buyer

Witness to Buyer

Witness to Seller

Witness to Seller

Miramichi Airport Commission (1993) Inc.

Buyer

Buyer

Seller

Seller

APPENDIX “H”

Sam P. Rappos
T (416) 367-6033
F (416) 361-7306
srappos@blg.com

Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street W
Toronto, ON, Canada M5H 3Y4
T 416.367.6000
F 416.367.6749
blg.com

BLG
Borden Ladner Gervais

File No. 005258/000006

April 18, 2011

DELIVERED BY EMAIL

Gerald F. Smith, Q.C.
Smith & Smith
155 Pleasant Street
P.O. Box 100
Miramichi, NB E1V 3M2

Dear Mr. Smith,

**Re: In the Matter of the Receivership of Atcon Group Inc. et al, Court File No.
N/M/17/10 (the "Receivership Proceeding")**

As you know, we are counsel to Ernst & Young Inc., the Court-appointed receiver and receiver-manager of Atcon Logistics Inc. ("**Logistics**") in the Receivership Proceeding (the "**Receiver**"). Pursuant to the Receivership Order of Justice Riordon granted in the Receivership Proceeding dated March 2, 2010, as amended by the Order of Justice Riordon granted in the Receivership Proceeding dated March 30, 2010 (collectively, the "**Receivership Order**"), the Receiver was authorized and empowered by the Court to: (a) take possession and control of the property, assets, undertakings of Logistics (the "**Property**"); (b) receive, preserve and protect the Property; (c) market any or all of the Property; and (d) sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with approval of the Court. A copy of the Receivership Order is enclosed hereto as **Appendix "1"**.

The Property subject to the Receivership Order includes: (a) an airport hanger owned by Logistics (the "**Airport Hanger**") situated on real property municipally known as 50 Airport Road., Miramichi, NB (the "**Real Property**"); and (b) the rights of Logistics under a lease dated November 29, 2005 between Miramichi Airport Commission (1993) Inc. ("**MAC**"), as lessor, and Logistics, as lessee (the "**Lease**"). Under the terms of the Lease, Logistics and MAC agreed to a twenty-year lease commencing on December 1, 2005. Please note that the airport manager of MAC is copied on this letter.

Pursuant to paragraph 9 of the Receivership Order, all rights and remedies against Logistics, or affecting the Property, are stayed and suspended except with the written consent of the Receiver or leave of the Court. Pursuant to paragraph 10 of the Receivership Order, no person is permitted to discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal rights, contract, agreement, license or permit in favour of or held by Logistics, without written consent of the Receiver or leave of the Court.

As a result of the above-cited provisions of the Receivership Order, any sale of the Airport Hanger and any assignment of the rights of Logistics under the Lease require Court approval. Additionally, MAC is not permitted to terminate or cease to perform any right under the Lease, and all persons are prohibited from interfering with any rights Logistics has under the Lease, without the written consent of the Receiver or leave of the Court.

The Receiver entered into an agreement of purchase and sale with your client, Bryce Holdings Inc. ("**Bryce**"), dated November 12, 2010 (the "**Sale Agreement**"). Pursuant to section 15 of the Sale Agreement, the sale of the Airport Hanger was conditional on, among other things, Bryce agreeing to terms of a lease of the Real Property with MAC. The Receiver was informed by Bryce on November 30, 2010 that a satisfactory lease arrangement had been entered into between Bryce and MAC. The sale of the Airport Hanger to Bryce was approved by the Court in the Receivership Proceeding pursuant to the Approval and Vesting Order of Justice Riordon dated December 3, 2010. A copy of the order is enclosed hereto as **Appendix "2"**.

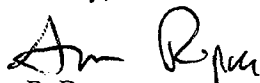
As you know, and as is further set out in our letters to you dated February 11, 2011 and February 23, 2011, the Receiver was ready, willing and able to close the Sale Agreement transaction and was agreeable to Bryce accepting delivery of all closing documents and closing the Sale Agreement transaction on or before February 18, 2011. Bryce failed to take steps to close the Sale Agreement by February 18, 2011, and as a result, the Sale Agreement has been terminated. In our February 11, 2011 letter, we informed you that if the Sale Agreement transaction did not close, the Receiver would proceed to notify MAC in writing that it was the Receiver's position that any lease agreement entered into between Bryce and MAC was null and void and that the Lease continued to be in force. A letter to this effect was sent to MAC dated February 24, 2011, a copy of which was sent to you. For ease of reference, copies of the above referenced letters are enclosed hereto as **Appendix "3"**.

The Receiver is currently in discussions with a potential purchaser for the sale of the Airport Hanger. The Receiver understands that Bryce has been making representations to various parties that it has a binding lease with respect to the Real Property. As stated above and in our previous correspondence to you, it is the Receiver's position that any lease entered into between Bryce and MAC was conditional upon the closure of the Sale Agreement. As the Sale Agreement did not close, the lease is null and void. We understand that MAC is also of the view that any lease arrangement entered into between Bryce and MAC is null and void and has attempted to return lease and property tax payments it has received from Bryce. The Receiver's position corresponds with the provisions of the Receivership Order, which prohibit MAC from terminating or failing to perform under the Lease without the written consent of the Receiver or approval of the Court. As no such consent or approval had been obtained, the Lease remains in effect. Additionally, we note that, by making representations that it has rights with respect to the Real Property, Bryce is interfering with the rights of the Receiver with respect to the Lease, which is in direct violation of paragraph 10 of the Receivership Order.

At this time, the Receiver requests that Bryce confirm in writing that it has no lease or other interest with respect to the Real Property and that it will cease to make any representations with respect to the Real Property. If Bryce does not provide such written confirmation to the Receiver or its counsel by April 30, 2011, the Receiver will have no choice but to seek declaratory relief from the Court in the Receivership Proceeding that any lease arrangement between the Purchaser

and MAC is null and void, and will seek to recover its costs, on a solicitor-client basis, personally from Bryce.

Yours truly,



Sam P. Rappos
Encl.

Cc: George C. Kinsman, *Ernst & Young Inc.*
Dale Mattison, *Miramichi Airport Commission*
Harry H. Williamson, Q.C.

::ODMA\PCDOCS\TOR01\46168172

3

**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

**SUPPLEMENT TO THE
TWENTIETH REPORT OF THE RECEIVER
August 4, 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. was respectively appointed as receiver and receiver manager 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; 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.
2. The Receivership Order authorized the Receiver to, among other things:
 - (a) settle, extend or compromise any indebtedness owing to the Respondents; and
 - (b) 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 any of the Respondents, for any purpose pursuant to the Receivership Order.
3. The purpose of this Supplement to the Twentieth Report (the "**Supplemental Report**") is to provide information to this Honourable Court on an agreement that has been reached between Bryce, MAC and the Receiver to settle any outstanding matters between the parties in connection with the Bryce Lease (as defined below) and the proposed sale of the Airport Hanger to MAC.

TERMS OF REFERENCE

4. In preparing this Supplemental 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 Supplemental Report or relied upon by the Receiver in preparing this Supplemental 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 Supplemental Report are in Canadian dollars unless otherwise noted.
6. Capitalized terms not defined in this Supplemental Report are as defined in the Twentieth Report.
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).

SETTLEMENT WITH BRYCE HOLDINGS INC.

8. As described in greater detail in the Twentieth Report, the Receiver and MAC entered into an agreement of purchase and sale with respect to an Airport Hanger on April 13, 2011. The sale is conditional on:
 - (a) the Receiver obtaining Court approval of the sale transaction, and

- (b) the nullification of the lease dated December 1, 2010 between Bryce and MAC (the "**Bryce Lease**").
9. The Receiver was initially unable to obtain an acknowledgement from Bryce that the Bryce Lease was of no force and effect. Accordingly, on July 22, 2011, the Receiver served its Twentieth Report and Notice of Motion on the service list requesting an Order, *inter alia*, authorizing and approving the sale of the Airport Hanger to MAC and declaring that the Bryce Lease is void and of no force or effect.
10. Subsequent to service of the Twentieth Report, the Receiver was advised by Dale Mattinson of MAC that an agreement had been reached with Bryce pursuant to which Bryce would be prepared to acknowledge that the Bryce Lease is void and of no force and effect. The Receiver reviewed the terms of the proposed tri-partite agreement and concluded that entering into such an agreement would be in the best interests of the stakeholders of Atcon Logistics.
11. On July 26, 2011, the Receiver wrote a letter to MAC and Bryce to confirm the terms of the proposed agreement (the "**Settlement Letter**"). The essential terms of the agreement are as follows:
- (a) Bryce confirms that the Bryce Lease is null and void and of no force and effect;
 - (b) Bryce will not oppose the Receiver's motion, returnable August 15, 2011, for approval of the sale of the Airport Hanger to MAC;
 - (c) MAC will pay the sum of \$5,000 to Bryce in connection with its legal fees;
 - (d) MAC confirms that the condition of sale relating to the nullification of the Bryce Lease has been satisfied or waived;
 - (e) The Receiver confirms that it will not pursue Bryce for any damages under or in connection with the Agreement of Purchase and Sale dated November 12, 2010 between Bryce and the Receiver (the "**Bryce APS**"); and
 - (f) The Receiver will release to Bryce the \$1,000 deposit that it holds in connection with the Bryce APS.
12. The Settlement Letter was accepted by MAC on July 27, 2011 and by Bryce on August 2, 2011. A copy of the Settlement Letter, executed in counterparts by each of the parties, is attached hereto as **Appendix "A"**.

13. As a consequence of the agreement reached with Bryce and MAC, the Receiver does not expect to pursue its request for a declaration from this Honourable Court that the Bryce Lease is void and of no force or effect when the Receiver attends on the motion for approval of the sale of the Airport Hanger to Bryce on August 15, 2011.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 4th day of August, 2011

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

By:

A handwritten signature in black ink, appearing to be 'G. Kinsman', written over a horizontal line.

George C. Kinsman, CA•CIRP
Senior Vice President

APPENDIX “A”

Michael J. MacNaughton
T 416.367.8846
F 416.682.2837
mmacnaughton@blg.com

Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street W
Toronto, ON, Canada M5H 3Y4
T 416.367.6000
F 416.367.6749
blg.com

BLG
Borden Ladner Gervais

July 26, 2011

DELIVERED BY EMAIL

WITHOUT PREJUDICE

Bryce Holdings Inc.
c/o Gerald F. Smith, Q.C.
Smith & Smith
155 Pleasant Street
P.O. Box 100
Miramichi, NB E1V 3M2

- and -

Miramichi Airport Commission (1993) Ltd.
PO Box 355
Miramichi, NB E1N 3A7

Attention: Dale Mattinson - Airport Manager

Dear Sirs/Mesdames:

Re: In the Matter of the Receivership of Atcon Group Inc. *et al*, Court File No. N/M/17/10 (the "Receivership Proceeding")

As you know, Ernst & Young Inc. is the receiver and receiver and manager of the Respondents in the above noted proceeding (in such capacity, the "**Receiver**"). Borden Ladner Gervais LLP ("**BLG**") is counsel to the Receiver.

The Receiver understands that a settlement arrangement has been negotiated between Bryce Holdings Inc. ("**Bryce**") and Miramichi Airport Commission (1993) Inc. ("**MAC**") to settle the outstanding dispute between the parties relating to the Airport Hangar located on the lands municipally known as 50 Airport Road, Miramichi, New Brunswick. The purpose of this letter (the "**Settlement Letter**") is to document and confirm the settlement arrangement on terms acceptable to Bryce, MAC and the Receiver.

Subject to execution of this Settlement Letter by Bryce and MAC, and in consideration of the mutual covenants and agreements contained herein, Bryce, MAC and the Receiver agree to the following:

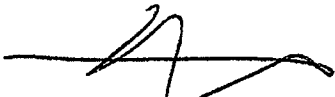
- (i) Bryce hereby confirms that the lease dated December 1, 2010 between Bryce and MAC (the "**Bryce Lease**") is null and void and of no force or effect;
- (ii) Bryce will not oppose the Receiver's motion, returnable August 15, 2011, in the above noted proceedings, for approval of the sale of the Airport Hangar to MAC;

- (iii) MAC will pay the sum of \$5,000 to Bryce as a contribution towards the legal fees incurred by Bryce in connection with this matter;
- (iv) MAC hereby confirms to the Receiver that any condition relating to the nullification of the Bryce Lease in the Agreement of Purchase and Sale dated April 13, 2011 between MAC and the Receiver has been satisfied or waived;
- (v) The Receiver hereby confirms to Bryce that it will not pursue Bryce for any damages under or in respect of the Agreement of Purchase and Sale dated November 12, 2010 between Bryce and the Receiver (the "Bryce APS");
- (vi) The Receiver will release to Bryce the \$1,000 deposit that it holds in relation to the Bryce APS; and
- (vii) This Settlement Letter may be executed in counterparts.

We trust the above is satisfactory. Please indicate your acceptance of the terms and conditions set out in this letter by returning three original (3) executed copies of this letter to the undersigned. This settlement (and each term and condition) is conditional upon the receipt by BLG of this letter executed and agreed to by MAC and Bryce by 5:00 p.m. eastern time on 29 July 2011.

Yours very truly

BORDEN LADNER GERVAIS LLP



Michael J. MacNaughton

MJM/mlp

Agreed to, confirmed and accepted this _____ day of _____, 2011.

BRYCE HOLDINGS INC.

Per: _____

Name: _____

Title: _____

Agreed to, confirmed and accepted this 27 day of July, 2011.

MIRAMICHI AIRPORT COMMISSION (1993) INC.

Per: Dale Mattinson

Name: Dale Mattinson

Title: Airport Manager

Michael J. MacNaughton
T 416.367.6646
F 416.682.2837
mmacnaughton@blg.com

Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street W
Toronto, ON, Canada M5H 3Y4
T 416.367.6000
F 416.367.6749
blg.com

BLG
Borden Ladner Gervais

July 26, 2011

DELIVERED BY EMAIL

WITHOUT PREJUDICE

Bryce Holdings Inc.
c/o Gerald F. Smith, Q.C.
Smith & Smith
155 Pleasant Street
P.O. Box 100
Miramichi, NB E1V 3M2

- and -

Miramichi Airport Commission (1993) Ltd.
PO Box 355
Miramichi, NB E1N 3A7

Attention: Dale Mattinson - Airport Manager

Dear Sirs/Mesdames:

**Re: In the Matter of the Receivership of Atcon Group Inc. *et al*, Court File No.
N/M/17/10 (the "Receivership Proceeding")**

As you know, Ernst & Young Inc. is the receiver and receiver and manager of the Respondents in the above noted proceeding (in such capacity, the "Receiver"). Borden Ladner Gervais LLP ("BLG") is counsel to the Receiver.

The Receiver understands that a settlement arrangement has been negotiated between Bryce Holdings Inc. ("Bryce") and Miramichi Airport Commission (1993) Inc. ("MAC") to settle the outstanding dispute between the parties relating to the Airport Hangar located on the lands municipally known as 50 Airport Road, Miramichi, New Brunswick. The purpose of this letter (the "Settlement Letter") is to document and confirm the settlement arrangement on terms acceptable to Bryce, MAC and the Receiver.

Subject to execution of this Settlement Letter by Bryce and MAC, and in consideration of the mutual covenants and agreements contained herein, Bryce, MAC and the Receiver agree to the following:

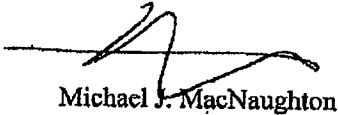
- (i) Bryce hereby confirms that the lease dated December 1, 2010 between Bryce and MAC (the "Bryce Lease") is null and void and of no force or effect;
- (ii) Bryce will not oppose the Receiver's motion, returnable August 15, 2011, in the above noted proceedings, for approval of the sale of the Airport Hangar to MAC;

- (iii) MAC will pay the sum of \$5,000 to Bryce as a contribution towards the legal fees incurred by Bryce in connection with this matter;
- (iv) MAC hereby confirms to the Receiver that any condition relating to the nullification of the Bryce Lease in the Agreement of Purchase and Sale dated April 13, 2011 between MAC and the Receiver has been satisfied or waived;
- (v) The Receiver hereby confirms to Bryce that it will not pursue Bryce for any damages under or in respect of the Agreement of Purchase and Sale dated November 12, 2010 between Bryce and the Receiver (the "Bryce APS");
- (vi) The Receiver will release to Bryce the \$1,000 deposit that it holds in relation to the Bryce APS; and
- (vii) This Settlement Letter may be executed in counterparts.

We trust the above is satisfactory. Please indicate your acceptance of the terms and conditions set out in this letter by returning three original (3) executed copies of this letter to the undersigned. This settlement (and each term and condition) is conditional upon the receipt by BLG of this letter executed and agreed to by MAC and Bryce by 5:00 p.m. eastern time on 29 July 2011.

Yours very truly

BORDEN LADNER GERVAIS LLP

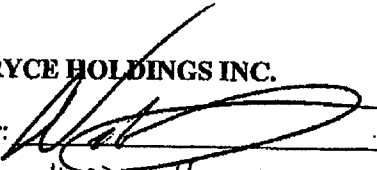


Michael J. MacNaughton

MJM/mlp

Agreed to, confirmed and accepted this 2nd day of August, 2011.

BRYCE HOLDINGS INC.

Per: 

Name: WADE HUMPHREYS

Title: PRESIDENT

Agreed to, confirmed and accepted this _____ day of _____, 2011.

MIRAMICHI AIRPORT COMMISSION (1993) INC.

Per: _____

Name: _____

Title: _____