Court File No. N/M/17/10

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

IN THE MATTER OF THE RECEIVERSHIP OF:

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

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

BETWEEN:

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

APPLICANT

- and –

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

RESPONDENTS

TWENTY-FIFTH REPORT OF THE RECEIVER
(Approval of Deh Cho Settlement Agreement and Second Interim Distribution Motion)
8 April 2013

INTRODUCTION AND PURPOSE

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

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

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

2. The Receivership Order authorizes 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) receive and collect all monies and accounts now owed or thereafter owing to the Respondents and exercise all remedies of the Respondents in collecting such monies;

   (d) settle, extend or compromise any indebtedness owing to the Respondents;

   (e) 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; and

   (f) apply to the Court for advice and directions in the discharge of its powers and duties under the Receivership Order.

3. The purpose of this Twenty-Fifth Report is to:

(a) report to this Honourable Court on the status of matters relating to the Deh Cho Bridge Project (as defined below) and recommend that this Honourable Court grant an Order: (i) approving the Deh Cho Settlement Agreement (as defined below); (ii) authorizing and approving the execution of the Deh Cho Settlement Agreement by the Receiver; and (iii) 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 settlement contained in the Deh Cho Settlement Agreement;

(b) provide an update to this Honourable Court on various asset realizations since the Receiver's Twenty-Third Report dated 25 July 2012 – which was filed in connection with the interim distribution approval motion heard on 31 July 2012;

(c) seek the approval of this Honourable Court of an interim distribution to certain Secured Creditors (as defined below) that has been agreed to and accepted by the Secured Creditors; and

(d) seek the approval of this Honourable Court of the conduct, actions and activities of the Receiver set out in the Twenty-Fourth Report of the Receiver dated 15 February 2013 and this Twenty-Fifth Report.

TERMS OF REFERENCE

4. In preparing this Twenty-Fifth 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. Except as noted in the body of this Twenty-Fifth Report, 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 provided to the Receiver and presented in the Twenty-Fifth Report or relied upon by the Receiver in preparing the Twenty-Fifth 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 Twenty-Fifth Report are in Canadian dollars unless otherwise noted.

6. Capitalized terms not defined in this Twenty-Fifth 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).

Deh Cho Bridge Project

8. The Deh Cho bridge project involved the construction of a bridge over the MacKenzie River near Fort Providence, Northwest Territories (the "**Deh Cho Bridge Project**"). The Deh Cho Bridge Corporation Ltd. ("**DCBC**") was incorporated by the Deh Gah Got'ie First Nation and the Fort Providence Metis Council so that they could enter into a concession agreement with the Government of the Northwest Territories ("**GNWT**") to develop, design, construct, operate, manage, maintain and rehabilitate the bridge (the "**Concession Agreement**").

9. As previously reported, DCBC retained Atcon Construction to provide engineering, design, bridge fabrication and construction services pursuant to a $133,628,450 guaranteed maximum fixed price contract dated 22 February 2008 (the "**Deh Cho Contract**").

10. On 30 December 2009, DCBC provided written notice of the termination of the Deh Cho Contract to Atcon Construction. A copy of the notice of termination is attached as **Appendix "A"**.

11. The Receiver understands that the GNWT terminated its Concession Agreement with DCBC following a "Project Company Event of Default" under the terms of the Concession Agreement, effective 1 April 2010. As a result of this termination, the GNWT assumed ownership of the Deh Cho Bridge Project.

12. The Deh Cho Contract contained a termination provision which stipulated how the parties would determine the final contract payment to Atcon Construction, if any, in the event the Deh Cho Contract was terminated prior to the completion of the bridge. Pursuant to the terms of the termination provision, Atcon Construction was entitled to recover all reasonable and proper amounts actually expended or legally payable by Atcon Construction, together with a specified

mark-up percentage to cover profit and all other expenditures or costs incurred by Atcon Construction.

13. Following its appointment in March 2010, the Receiver, with the assistance of Atcon Construction accounting personnel, undertook to assemble a complete project accounting with supporting documentation in relation to the Deh Cho Contract as administered by Atcon Construction between 22 February 2008 and 30 December 2009. As a result of the Receiver's review, a termination claim in the amount of $5,329,728 was calculated and delivered by the Receiver to the GNWT on 19 October 2010 (the "**Termination Claim**"). A copy of the Termination Claim (without attachments) is attached as **Appendix "B"**.

14. Following the delivery of the Termination Claim, the Receiver and GNWT engaged in a series of meetings and exchanges of correspondence and additional supporting documentation with respect to the Termination Claim. GNWT retained its own financial consultant to perform a detailed review of the supporting materials assembled by the Receiver with respect to the Termination Claim. GNWT challenged a number of the assumptions underlying the Receiver's analysis and expressed concern over the inclusion of certain costs in the Termination Claim. GNWT's position was that a large number of costs in the Termination Claim were not properly claimable as a result of, among other things:

(a) inadequate supporting documentation not having been provided;

(b) concerns that items claimed were not delivered to the project site;

(c) fundamental differences between the parties' interpretations on cost eligibility requirements;

(d) differences of opinion on the quantum of certain mark-up values;

(e) differences of opinion with respect to the inclusion of a mark-up on the settlement that was entered into with a sub-contractor that provided services in connection with the project; and

(f) differences of opinion with respect to the ability of the receivership estate to claim certain equity contributions previously advanced by Atcon Construction to DCBC.

Deh Cho Settlement Agreement

15. Notwithstanding the differences between the positions of the parties, both sides remained committed to negotiating a reasonable and fair settlement. On 6 November 2012, the Receiver, representatives from the GNWT, and their respective counsel met in Toronto, Ontario to discuss, on a without prejudice basis, the merits of each parties' respective position, with a view to reaching a settlement.

16. The Receiver reports that, as a result of the without prejudice discussions, a settlement of the Termination Claim has been reached between the Receiver and GNWT, subject to the Receiver obtaining this Honourable Court's approval of the settlement. Attached hereto and marked as **Appendix "C"** is a copy of the minutes of settlement and accompanying releases effective 6 November 2012 between the Receiver and GNWT (the "**Deh Cho Settlement Agreement**").

17. The Deh Cho Settlement Agreement provides that, subject to the approval of this Honourable Court, GNWT will pay $1,300,000 (the "**Deh Cho Settlement Agreement Funds**") to the Receiver and will release the Receiver and Atcon Construction with respect to all potential claims held by DCBC in connection with the Deh Cho Contract.

18. The Receiver is of the view that the Deh Cho Settlement Agreement represents a fair and reasonable settlement of the matters relating to the Termination Claim, on the basis that:

    (a) the Bank, which has valid, perfected and enforceable security against the property of Atcon Construction and is the party with the proprietary interest in any amounts recovered by the Receiver in connection with the Termination Claim, supports the terms of the Deh Cho Settlement Agreement and the quantum of the Deh Cho Settlement Agreement Funds to be paid by GNWT; and

    (b) in the event that the Deh Cho Settlement Agreement is not approved by this Honourable Court, time consuming and costly litigation would be necessary to resolve the issues between the parties, perhaps in both the Province of New Brunswick and the Northwest Territories, and there is no guarantee that the Receiver would be successful in realizing as much or more for the Atcon Construction receivership estate as it will pursuant to the Deh Cho Settlement Agreement as a result of such litigation.

19. For the foregoing reasons, the Receiver recommends the approval by this Honourable Court of the Deh Cho Settlement Agreement.

PROPERTY REALIZATIONS

Property of the Respondents Realized Post 25 July 2012

20. On 25 July 2012, the Receiver issued its Twenty-Third Report (the "**Twenty-Third Report**"), which provided a summary of asset realizations generated by the Receiver to that date. Since the filing of the Twenty-Third Report, the following additional amounts, which are more fully detailed below, have been realized:

Property/Transaction	Cash Proceeds
1 Whalen Street	$13,094.20
Nelson Street and St. Patrick's Drive Properties	$8,978.01
CNRL Contract Funds	$86,212.86

1 Whalen Street

21. The Property of Atcon Construction includes property municipally known as 1 Whalen Street, Miramichi, New Brunswick, bearing PAN 2811122 and PID 40179715 ("**1 Whalen Street**"). 1 Whalen Street is an approximately 2.55 acre vacant lot in the upper industrial park in Newcastle, Miramichi.

22. The Receiver sought and received approval from this Honourable Court to sell 1 Whalen Street to Hitchman Construction Inc. Additional details associated with the 1 Whalen Street transaction and the Receiver's efforts to sell the property are contained within the Receiver's Twenty-Second Report to this Honourable Court dated 13 July 2012.

23. The Receiver successfully closed the 1 Whalen Street property sale which generated $13,094.20 after all closing adjustments.

Nelson Street Properties and St. Patrick's Drive Property

24. Atcon Management Services Inc. ("**AMSI**") was the registered owner of parcels of real property located on Nelson Street in Miramichi, New Brunswick and identified as PID 40221426, PID 40219941, and PID 40221434 (collectively, the "**Nelson Street Properties**"). AMSI was also the registered owner of a parcel of real property located on St. Patrick's Drive in Miramichi, New Brunswick and identified as PID 40466039 (the "**St. Patrick's Drive Property**").

25. The Nelson Street Properties and the St. Patrick's Drive Property were sold in conjunction with the larger Atcon Plywood sale facilitated by PricewaterhouseCoopers acting in its capacity as Receiver of Atcon Plywood Inc., as approved by this Court on 18 February 2013. The proposed allocation of the $15,000 gross selling price between the four land parcels was described in the Receiver's Twenty-Fourth Report as being:

(i)	PID 40221426	$1,745
(ii)	PID 40219941	$5,580
(iii)	PID 40221434	$4,185
(iv)	PID 40466039	<u>$3,490</u>
		$15,000

26. The tax arrears outstanding and payable in respect of the St. Patrick's Drive Property (PID 40466039) exceeded the amount of the purchase price allocated to that property. Consequently, the entire net recovery realized from these land sales totaling $8,978.01 has been fully attributed to the Nelson Street Properties.

<u>CNRL Contract Funds</u>

27. Atcon Construction provided a variety of contractor services to Canadian Natural Resources Ltd. ("**CNRL**") in the Province of Alberta. Gowling Lafleur Henderson LLP ("**Gowlings**"), in its capacity as counsel to Atcon Construction, received certain funds from CNRL to be held in trust in connection with the services provided by Atcon Construction to CNRL (the "**CNRL Contract Funds**"). Gowlings released $129,843.55 of CNRL Contract Funds to the Receiver on 19 April 2012.

28. Gowlings continued to hold the remaining balance of approximately $175,000 of the CNRL Contract Funds in its trust account (the "**Remaining CNRL Funds**") which Gowlings claimed a priority interest over in relation to unpaid legal fees.

29. The Receiver previously reported that settlement discussions with respect to the Remaining CNRL Funds had not been successful and that a motion would be brought before this Honourable Court to settle the dispute between the parties. Subsequent to filing the Receiver's Twenty-Third Report settlement discussions resumed between the parties and a satisfactory agreement was reached between Gowlings, the Receiver and the Bank being the secured creditor with a beneficial interest in the Remaining CNRL Funds, which resulted in $86,212.86 of additional proceeds being paid to the Receiver and the balance being retained by Gowlings to be applied against its unpaid legal fees.

PROPOSED DISTRIBUTIONS

30. Subject to this Honourable Court approving the Deh Cho Settlement Agreement and upon receipt of the Deh Cho Settlement Agreement Funds in the amount of $1,300,000, the Receiver proposes to make a second interim distribution (the "**Second Interim Distribution**") to certain Secured Creditors (as defined below) of the Respondents on account of their respective security interests over the property of the Respondents.

31. As reported in the Receiver's Twenty-Third Report, a distribution methodology was negotiated and agreed amongst the primary secured creditors of the Estate (the "**Distribution Methodology**") and an interim distribution calculated using the Distribution Methodology was approved by Order of this Honourable Court dated 31 July 2012.

32. The Receiver has engaged in discussions with representatives of and/or counsel for the primary secured creditors of the Respondents including the Bank, the Province of New Brunswick (the "**Province**"), Aviva Insurance Company of Canada and its affiliated entities ("**Aviva**"), and GE Canada Equipment Financing G.P. and its affiliated entities ("**G.E.**", and together with the Bank, the Province and Aviva, the "**Secured Creditors**") regarding the proposed Second Interim Distribution.

33. As a result of those discussions, the Secured Creditors have agreed to the distributions set out below. The proposed distributions, which have been calculated in accordance with the Distribution Methodology, are as follows:

(a) the sum of $1,300,000.00 to the Bank, as the beneficial security holder over proceeds arising from the Deh Cho Settlement Agreement Funds, the sale of the Nelson Street Properties and the settlement with respect to the Remaining CNRL Funds;

(b) the sum of $7,871.86 to the Province, as the beneficial security holder over proceeds arising from the sale of 1 Whalen Street;

(c) the sum of $18,048.51 to G.E. in relation to a reduced allocation of its CRA Deemed Trust Holdback (as defined below), arising from the increased realizations generated for the benefit of the Bank and the Province; and

(d) the sum of $7,551.09 to Aviva in relation to a reduced allocation of its CRA Deemed Trust Holdback (as defined below), arising from the increased realizations generated for the benefit of the Bank and the Province.

34. The Bank and the Province hold beneficial interests in the net proceeds generated from the assets which are subject to this distribution motion. As noted above, the increase in the net proceeds for the direct benefit of the Bank and the Province correspondingly reduce the amount of the holdback allocated to G.E. and Aviva on a pro-rata basis in connection with the claim of the Canada Revenue Agency against Atcon Construction for alleged unremitted employee source deductions (the "**CRA Deemed Trust Holdback**").

35. Attached as **Appendix "D"** is the Receiver's Statement of Receipts and Disbursements for the period ending 11 March 2013 which summarizes all receivership transactions to that date and, for illustrative purposes, includes a forecasted receipt of the $1,300,000 Deh Cho Settlement Agreement Funds. Attached as **Appendix "E"** is a Proceed Allocation summary allocating all receipts (including the forecasted Deh Cho Settlement Agreement Funds) amongst beneficial security holders. In addition, attached as **Appendix "F"** is a Net Proceed Allocation Summary which allocates all receipts (including the forecasted Deh Cho Settlement Agreement Funds) and calculates each beneficial security holder's pro rata share of the CRA Deemed Trust Holdback.

RELIEF SOUGHT BY THE RECEIVER

36. The Receiver respectfully requests that this Honourable Court grant an Order in the form submitted by the Receiver:

(a) approving the Deh Cho Settlement Agreement and the execution of the Deh Cho Settlement Agreement by the Receiver;

(b) authorizing and empowering the Receiver to make the Second Interim Distribution to the Bank, G.E., Aviva and the Province in the amounts indicated above; and

(c) approving the conduct, actions and activities of the Receiver in administering these receivership proceedings as described in the Twenty-Fourth Report and in this Twenty-Fifth Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 8th day of April 2013.

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

By:

George C. Kinsman, CA•CIRP
Senior Vice President

DEH CHO BRIDGE
CORPORATION

P.O. Box 299 Fort Providence, NT X0E 0L0

Via email, fax and mail

NOTICE OF TERMINATION

Atcon Construction Inc.
626 Newcastle Blvd.
Miramichi, New Brunswick,
Canada E1V 2L3

Fax: (506) 627-1225

Attn: Mr Robert Tozer, President

December 30, 2009

Dear Mr. Tozer:

Re: NOTICE OF TERMINATION: Construction Contract for Deh Cho (Mackenzie River) Bridge Construction, Yellowknife Highway (No. 3) NT, KM 24, Near For Providence, NT (the "Construction Contract"), made between the Deh Cho Bridge Corporation (the "Corporation') and Atcon Construction Inc. ("Atcon"), February 22, 2008

This notice of termination is delivered in accordance with GC 11 of the Construction Contract.

Pursuant to GC 41.1 of the Construction Contract, the Corporation hereby terminates the Construction Contract effective as of today's date.

Please cease all Atcon work on the Project as soon as practical. Please contact Mr. Andrew Gamble to discuss logistics for Atcon to wind up its work on the Project in an orderly manner.

Pursuant to GC 41.3, the Corporation must, upon termination, make a termination payment to Atcon in accordance with the process set out in the Construction Contract. The parties should discuss and attempt to achieve agreement as to the quantum of termination payment. The Corporation proposes a meeting in this regard at a mutually convenient time in January. If the parties cannot agree, we will proceed to the costs calculation process in GC 50, as dictated by GC 41.4 of the Construction Contract.

Sincerely,

Michael Vandell

Michael Vandell
President

c Hon. Michael Mcleod
Minister of Transportation

Mr. Greg Sooley
Sun Life Assurance Company of Canada

Mr. Greg Yearwood
Ontario Teachers' Pension Plan Board

Mr. Henry G. Hamilton II
BNY Trust Company of Canada

Mr. Russell Neudorf, Deputy Minister
Department of Transportation

Mr. Andrew Gamble
Project Developer

ERNST & YOUNG

Ernst & Young Inc.
1959 Upper Water Street
13th Floor
Halifax, Nova Scotia B3J 3N2

Tel: 902 420 1080
Fax: 902 420 0503
ey.com/ca

McCarthy Tétrault LLP
Barrister & Solicitors
#5300 Toronto Dominion Bank Tower
66 Wellington Street West
Toronto ON M5K 1E6

19 October 2010

Attention: Awanish Sinha

Construction Contract for Deh Cho (Mackenzie River) Bridge Construction Yellowknife Highway (No. 3), NT, km 24 near Fort Providence, NT between Atcon Construction Inc. ("Atcon") and Deh Cho Bridge Corporation Ltd. ("Deh Cho") dated February 2008 (the "Contract")

Further to Deh Cho's Notice of Termination dated December 30, 2009, we have now had the opportunity to calculate the Termination costs in accordance with GC 41.3 in respect of the above captioned Contract.

The Termination costs payable are $5,329,728. Attached as Schedule 1 is a Summary of Supporting Information showing the line items and the method of calculation. Also attached as Tabs A through H are the materials supporting each line item.

In brief, the Termination costs were calculated based on the following:

Item	**Value**
Total paid under the Contract by Deh Cho to Atcon [Tab A]	-$36,110,918
Total paid to Ruskin [Tab C]	$11,826,806
Total paid to Rowes [Tab D]	$5,698,611
10% Mark up on amounts in Tabs C and D	$1,752,542
Total subcontractors spend apart from Ruskin and Rowes [Tab E]	$457,966
10% mark up items on subcontractors spend apart from Ruskin and Rowes	$45,797
Total suppliers spend apart from Ruskin and Rowes [Tab F]	$16,579,053
20% mark up items on suppliers spend apart from Ruskin and Rowes	$3,315,811
Atcon's costs of leased equipment not included in the general ledger [Tab G]	$504,906
20% mark up on leased equipment costs	$100,981

Item	Value
Atcon's mark-up on the Ruskin settlement	$500,000
Atcon's equity (retainage) [Tab H]	$658,174
TOTAL	**$5,329,728**

Note that for the purposes of calculating the Termination costs, it has been assumed that DCBC settled Ruskin's action against it by payment of $5,000,000. Please provide a copy of the settlement agreement for confirmation of the settlement amount (which will be adjusted accordingly).

Pursuant to clause TP8.1 of the Contract, this amount is due as soon as is practicable. Please remit this amount on or before 5 November 2010.

We look forward to your reply.

Yours very truly,

ERNST & YOUNG INC.

Per:

George Kinsman, CA•CIRP
Senior Vice President

enclosure

ATCON/DCBC
DEH CHO (MACKENZIE RIVER) BRIDGE CONSTRUCTION
MINUTES OF SETTLEMENT

WHEREAS the Deh Cho Bridge Corporation Ltd. (the "Corporation") and Atcon Construction Inc. (the "Contractor") were parties to the Construction Contract for Deh Cho (MacKenzie River) Bridge Construction Yellowknife Highway (No. 3), NT, KM 24 Near Fort Providence, NT, dated February 22, 2008 (the "Construction Contract");

AND WHEREAS following the termination of the Construction Contract pursuant to the Corporation's Notice of Termination dated December 30, 2009, the Contractor advised the Corporation that the Contractor had outstanding claims arising from the Construction Contract and related or in reference to the bridge construction project contemplated therein (the "Project"), including, but not limited to the termination payment pursuant to GC 41 of the Construction Contract (the "Termination Payment") and the anticipated Equity Investment by the Contractor in the capital stock of the Corporation (the "Equity Participation Agreement") (collectively, the "Contractor's Claims");

AND WHEREAS, subsequent to the termination of the Construction Contract, the Government of the Northwest Territories (the "GNWT") has assumed management of the Project pursuant to a private agreement between the Corporation and the GNWT;

AND WHEREAS, in lieu of calling upon a Letter of Credit provided by the Contractor for the Project, the GNWT negotiated an agreement with the Government of New Brunswick ("GNB") whereby the GNB provided a fund (the "LOC Fund") through which the GNWT could address the Contractor's deficiencies under the Construction Contract (the "Deficiencies");

AND WHEREAS, subsequent to the termination of the Construction Contract, the Contractor is now in a receivership proceeding before the Court of Queen's Bench of New Brunswick, and Ernst & Young Inc. ("E&Y") was appointed as receiver and manager of the property, assets and undertakings of the Contractor with the ability to settle, extend or compromise any indebtedness owing to the Contractor and execute, assign, issue and endorse documents of whatever nature in respect of any of the property of the Contractor, whether in the name of E&Y as receiver or in the name and on behalf of the Contractor, for any purpose pursuant to the receivership order;

AND WHEREAS the parties wish to fully and finally resolve all matters between them arising out from, related to, or in reference to the Construction Contract and all of the claims that the parties have had, have, or may have with respect to the Construction Contract and the Equity Participation Agreement, with the exceptions set out in these Minutes of Settlement below;

NOW THEREFORE the Corporation and the Contractor agree as follows:

1. **Recitals:** The parties represent, warrant, acknowledge and agree that the Recitals set out herein are true and accurate.

2. **Court Approval:** The terms of these Minutes of Settlement will be subject to and contingent upon approval by the Court of Queen's Bench of New Brunswick in the receivership proceeding regarding the Contractor (the "Court Approval").

3. **Settlement Payment:** The GNWT, through counsel for the Corporation, (McCarthy Tétrault LLP) will pay to counsel for E&Y, acting in its capacity as receiver for the Contractor (Gowlings LLP), in trust, the all-inclusive amount of $1,300,000.00, payable within 15 days of the Court Approval, in full satisfaction of all the Contractor's Claims.

4. **Full and Final Releases:** E&Y, acting in its capacity as Court-appointed receiver for the Contractor and on behalf of the Contractor shall execute the Full and Final Release attached as Schedule "**A**" and provide executed copies to E&Y's counsel to be held in trust; the Corporation and the GNWT shall execute the Full and Final Release attached as Schedule "**B**" and provide executed copies to the Corporation's counsel to be held in trust; once counsel to the parties have confirmed receipt of payment and satisfaction of the payment obligation in these Minutes of Settlement, and the granting of Court Approval, counsel shall release the respective Full and Final Releases from trust.

5. **No Admission:** The parties agree that this settlement and these Minutes of Settlement are not, and shall not be deemed to be, any admission of liability whatsoever on the part of the Corporation and/or the GNWT.

6. **Confidentiality:** The parties agree to maintain strict confidentiality of this settlement and the terms contained in these Minutes of Settlement, and shall not disclose same to any third-party (except their respective legal or financial advisors), except as required by law, or for the purposes of enforcing any obligation under these Minutes of Settlement as against another party. Notwithstanding the foregoing, E&Y as receiver of the Contract shall file a copy of these Minutes of Settlement with the Court of Queen's Bench of New Brunswick and serve it on the parties on the service list in the receivership proceeding as part of its motion for Court Approval.

7. **Counterparts:** These Minutes of Settlement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be exchanged either in original, electronic transmission or faxed form and the parties adopt any signatures received by electronic transmission and/or a receiving fax machine as original signatures of the parties.

8. **Governing Law:** These Minutes of Settlement shall be governed by, interpreted and construed and enforced in accordance with the laws of the Northwest Territories, including the federal laws of Canada applicable in such territory.

In witness whereof the parties have caused these Minutes of Settlement to be executed by their duly authorized representatives at various locations, effective as of November 6, 2012.

WITNESS

ATCON CONSTRUCTION INC., by its Court-appointed receiver Ernst & Young Inc.

Per:

Title: Senior Vice President

I have authority to bind the Corporation.

066468/436503
MT DOCS 11963575v3

WITNESS	**ERNST & YOUNG INC. in its capacity as Court-appointed receiver of ATCON CONSTRUCTION INC. and not in its personal or corporate capacity** **Per:** **Title:** Senior Vice President I have authority to bind the Corporation.
WITNESS	**DEH CHO BRIDGE CORPORATION LTD.** **Per:** **Title:** I have authority to bind the Corporation.
WITNESS	**GOVERNMENT OF THE NORTHWEST TERRITORIES** **Per:** **Title:**

066468/436503
MT DOCS 11963575v3

WITNESS

ERNST & YOUNG INC. in its capacity as Court-appointed receiver of ATCON CONSTRUCTION INC. and not in its personal or corporate capacity

Per:

Title:

I have authority to bind the Corporation.

WITNESS

DEH CHO BRIDGE CORPORATION LTD.

Per:

Title:

I have authority to bind the Corporation.

WITNESS

GOVERNMENT OF THE NORTHWEST TERRITORIES

Per:

Title:

WITNESS

ERNST & YOUNG INC. in its capacity as Court-appointed receiver of ATCON CONSTRUCTION INC. and not in its personal or corporate capacity

Per:

Title:

I have authority to bind the Corporation.

WITNESS

DEH CHO BRIDGE CORPORATION LTD.

Per:

Title:

I have authority to bind the Corporation.

WITNESS

GOVERNMENT OF THE NORTHWEST TERRITORIES

Per: RUSSELL NEUDORF

Title: DEPUTY MINISTER

Schedule "A"

FULL AND FINAL RELEASE
(Atcon release of DCBC and GNWT)

IN CONSIDERATION OF the receipt of payment of the sum of ONE MILLION AND THREE HUNDRED THOUSAND CANADIAN DOLLARS ($1,300,000.00) and, subject to the paragraph below, the abandonment of any and all existing or potential actions, causes of action, choses in action, suits, proceedings, debts, sums of money, accounts, bonds, covenants, contracts, liabilities, damages, grievances, executions, judgments, demands, injunctive relief or other claims of any kind whatever, in law and in equity and whether actual or potential, known or unknown, anticipated or possible (collectively, "**Claims**") that the Deh Cho Bridge Corporation Ltd. and/or the Government of the Northwest Territories has had, now has, or may hereafter have against Atcon Construction Inc. and/or Ernst & Young Inc. in its capacity as Court-appointed receiver of the property, assets and undertaking of Atcon Construction Inc., arising from, related to, or with respect to: (a) the Construction Contract for Deh Cho (MacKenzie River) Bridge Construction Yellowknife Highway (No. 3), NT, KM 24 Near Fort Providence, NT, between the Deh Cho Bridge Corporation Ltd. and Atcon Construction Inc., dated February 22, 2008 (the "Construction Contract"); and (b) the Proposed Equity Investment by Atcon Construction Inc. in the capital stock of the Deh Cho Bridge Corporation Ltd., material terms agreed to in principle(the "Equity Participation Agreement") , as set out in the Full and Final Release (DCBC Release of Atcon and E&Y) dated _______________, 2013, all of which constitutes good and valuable consideration, the receipt of which is hereby acknowledged, ATCON CONSTRUCTION INC. and ERNST & YOUNG INC., in its capacity as a Court-appointed receiver of the property, assets and undertaking of Atcon Construction Inc. and not in its personal or corporate capacity (collectively hereinafter the "Releasors"), do hereby release, remise and forever discharge the DEH CHO BRIDGE CORPORATION LTD., the GOVERNMENT OF THE NORTHWEST TERRITORIES, and their respective officers, directors, employees, servants, affiliates, agents administrators, successors and assigns as the case may be (collectively hereinafter the "Releasees") from any and all Claims that the Contractor and E&Y as receiver of the Contractor has had, now has, or may hereafter can, shall or may have on account of, in relation to, based on, connected with, by reason of or arising out of or with respect to any matters dealing with, the Construction Contract and the Equity Participation Agreement.

IT IS FURTHER UNDERSTOOD AND AGREED that the Government of the Northwest Territories is <u>not</u> abandoning or releasing its claim for the costs of identifying and remedying construction deficiencies, or other costs that the Government of the Northwest is entitled to recover, from a fund established by the Government of New Brunswick in substitution for a letter of credit issued by Atcon Construction Inc. (the "LOC Fund") in connection with the Construction Contract. For greater certainty, the Government of the Northwest Territories <u>is</u> abandoning any right to claim directly from the Releasors for construction deficiencies, including any right to claim against the Releasors for costs that exceed the amount in the LOC Fund.

IT IS FURTHER UNDERSTOOD AND AGREED that for the said consideration, the Releasors will not make claim or take any proceedings in connection with the Claims released herein against any other person or party who may claim contribution or indemnity from the Releasees by virtue of said claim or proceedings; and that in the event the Releasors breach this covenant the Releasors will indemnify and hold harmless the Releasees in respect of any such claim for contribution or indemnity.

IT IS FURTHER UNDERSTOOD AND AGREED that the provision of said consideration is deemed to be no admission whatsoever of any liability on the part of the said Releasees with respect to any Claims.

IT IS FURTHER UNDERSTOOD AND AGREED that this Full and Final Release may be signed in counter-part.

THE PROVISIONS of this Release shall enure to the benefit of and shall be binding upon each of the Releasors' respective heirs, executors, administrators, legal personal representatives, successors and permitted assigns.

THIS RELEASE shall be governed by, interpreted and construed and enforced in accordance with the laws of the Northwest Territories, including the federal laws of Canada applicable in such territory.

IN WITNESS WHEREOF the Releasors have hereunto executed this Release, by the hand of a duly authorized signing officer, this 30th day of January, 2013.

WITNESS

ATCON CONSTRUCTION INC., by its Court-appointed receiver Ernst & Young Inc.

Per:

Title: Senior Vice President

I have authority to bind the Corporation.

WITNESS

ERNST & YOUNG INC., in its capacity as Court-appointed receiver of Atcon Construction Inc. and not in its personal or corporate capacity

Per:

Title: Senior Vice President

I have authority to bind the Corporation.

Schedule "B"

FULL AND FINAL RELEASE
(DCBC Release of Atcon and E&Y)

IN CONSIDERATION OF the abandonment of any and all existing or potential actions, causes of action, choses in action, suits, proceedings, debts, sums of money, accounts, bonds, covenants, contracts, liabilities, damages, grievances, executions, judgments, demands, injunctive relief or other claims of any kind whatever, in law and in equity and whether actual or potential, known or unknown, anticipated or possible (collectively, "**Claims**") that Atcon Construction Inc. or Ernst & Young Inc. in its capacity as court-appointed receiver for Atcon Construction Inc. and not in its personal or corporate capacity has had, now has, or may hereafter have arising from, related to, or with respect to: (a) the Construction Contract for Deh Cho (MacKenzie River) Bridge Construction Yellowknife Highway (No. 3), NT, KM 24 Near Fort Providence, NT, between the Deh Cho Bridge Corporation Ltd. and Atcon Construction Inc., dated February 22, 2008 (the "Construction Contract"); and (b) the Proposed Equity Investment by Atcon Construction Inc. in the capital stock of the Deh Cho Bridge Corporation Ltd., material terms agreed to in principle(the "Equity Participation Agreement") , as set out in the Full and Final Release (Atcon release of DCBC and GNWT) dated _______________, 2013, all of which constitutes good and valuable consideration, the receipt of which is hereby acknowledged, the DEH CHO BRIDGE CORPORATION LTD., the GOVERNMENT OF THE NORTHWEST TERRITORIES and their respective officers, directors, employees, servants, affiliates, agents, administrators, successors and assigns as the case may be (collectively hereinafter the "Releasors"), do hereby release, remise and forever discharge ATCON CONSTRUCTION INC., ERNST & YOUNG INC. in its capacity as court-appointed receiver of Atcon Construction Inc., and their respective officers, directors, employees, servants, affiliates, agents administrators, successors and assigns as the case may be (collectively hereinafter the "Releasees") from any and all Claims that any of the Releasors has had, now has, or may hereafter can, shall or may have on account of, in relation to, based on, connected with, by reason of or arising out of or with respect to any matters dealing with the Construction Contract and the Equity Participation Agreement, except as indicated in the paragraph immediately following this paragraph.

IT IS FURTHER UNDERSTOOD AND AGREED that the Government of the Northwest Territories is not abandoning or releasing its claim for the costs of identifying and remedying construction deficiencies, or other costs that the Government of the Northwest is entitled to recover, to the extent that these costs can be recovered from a fund established by the Government of New Brunswick in substitution for a letter of credit issued by Atcon Construction Inc. (the "LOC Fund") in connection with the Construction Contract. For greater certainty, the Releasors are hereby abandoning any right to claim directly from the Releasees for construction deficiencies, including any right to claim against the Releasees for costs that exceed the amount in the LOC Fund.

IT IS FURTHER UNDERSTOOD AND AGREED that for the said consideration, and subject to the paragraph immediately above, the Releasors will not make claim or take any proceedings in connection with the Claims released herein against any other person or party who may claim contribution or indemnity from the Releasees by virtue of said claim or proceedings; and that in the event the Releasors breach this covenant the Releasors will indemnify and hold harmless the Releasees in respect of any such claim for contribution or indemnity.

IT IS FURTHER UNDERSTOOD AND AGREED that the provision of said consideration is deemed to be no admission whatsoever of any liability on the part of the said Releasees with respect to any Claims.

IT IS FURTHER UNDERSTOOD AND AGREED that this Full and Final Release may be signed in counter-part.

THE PROVISIONS of this Release shall enure to the benefit of and shall be binding upon each of the Releasors' respective heirs, executors, administrators, legal personal representatives, successors and permitted assigns.

THIS RELEASE shall be governed by, interpreted and construed and enforced in accordance with the laws of the Northwest Territories, including the federal laws of Canada applicable in such territory.

IN WITNESS WHEREOF the Releasors have hereunto executed this Release, by the hand of a duly authorized signing officer, this day of , 2012.

WITNESS

DEH CHO BRIDGE CORPORATION LTD.

Per: Michael Vandell

Title: President

I have authority to bind the Corporation.

WITNESS

GOVERNMENT OF THE NORTHWEST TERRITORIES

Per:

Title:

IT IS FURTHER UNDERSTOOD AND AGREED that this Full and Final Release may be signed in counter-part.

THE PROVISIONS of this Release shall enure to the benefit of and shall be binding upon each of the Releasors' respective heirs, executors, administrators, legal personal representatives, successors and permitted assigns.

THIS RELEASE shall be governed by, interpreted and construed and enforced in accordance with the laws of the Northwest Territories, including the federal laws of Canada applicable in such territory.

IN WITNESS WHEREOF the Releasors have hereunto executed this Release, by the hand of a duly authorized signing officer, this day of , 2013.

WITNESS

DEH CHO BRIDGE CORPORATION LTD.

Per:

Title:

I have authority to bind the Corporation.

WITNESS

GOVERNMENT OF THE NORTHWEST TERRITORIES

Per: RUSSELL NEUDORF

Title: DEPUTY MINISTER

066468/436503
MT DOCS 11963575v5

District of New Brunswick
Division No. 51
Court No.
Estate No.

Appendix D

IN THE MATTER OF THE RECEIVERSHIP OF
THE ATCON GROUP OF COMPANIES (as defined in Note 1)
RECEIVER'S CONSOLIDATED STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD 01 MARCH 2010 TO 11 MARCH 2013

RECEIPTS	Note	GENERAL ACCOUNT		Note	SEGREGATED ACCOUNTS		TOTAL
1. Cash on hand		9,863.13					
Transfer from BNS re:CCAA accounts	Note 2	2,226,504.00					
Proceeds of Receiver certificate borrowings		1,200,000.00	3,436,367.13				
2. Realization of assets							
Eastern Canadian tender sale proceeds		3,443,442.49					
Western Canadian tender sale proceeds		541,606.12					
Shell accounts receivable	Note 3	924,314.94					
Pennecon Settlement	Note 4	3,139,859.53					
Suncor Settlement		2,500,000.00					
CNRL Settlement		86,212.86					
Deh Cho Settlement		1,300,000.00					
Sale proceeds - 67-69 General Manson Way	Note 5	696,072.82					
058545 NB Inc. sale proceeds - Trust 1	Note 6	4,235,238.93					
058545 NB Inc. sale proceeds - Trust 2	Note 6	26,923.05					
Funding received from Envirem Organics to fund obligations		140,876.99					
Miscellaneous accounts receivable		897,231.25					
Miscellaneous asset sales		1,083,467.47	19,015,246.45				
3. Miscellaneous							
HST collected		358,940.67					
HST refund		462,326.47					
Interest		109,623.45	930,890.59				
4. Funds held in trust							
Shell accounts receivable - CRA deemed trust holdback				Note 3	3,814,364.93		
Shell accounts receivable - CRA non-deemed trust holdback				Note 3	1,004,241.00		
Shell accounts receivable - Builder's lien holdback				Note 3	4,012,477.26	8,831,083.19	
TOTAL RECEIPTS			**23,382,504.17**			**8,831,083.19**	**32,213,587.36**
DISBURSEMENTS							
1. Fees paid							
Fees paid to official receiver			770.00				
2. Operational disbursements							
Utilities		96,365.07					
Rent		102,086.03					
Security		3,777.50					
Equipment leasing		909,368.41					
Repairs and maintenance		69,867.31					
Wages and benefits		1,645,316.62					
Insurance		259,748.04					
Telephone		60,273.68					
Other expenses		69,321.19	3,216,123.85				
3. Miscellaneous							
HST input tax credit		864,192.09					
HST remitted		116,047.04					
CCAA period HST		551,747.15					
CRA - HST requirement to pay	Note 7	268,223.77					
Bank charges and interest		79,772.50	1,879,982.55				
4. Receiver's Remuneration							
Receiver fees and costs			3,032,955.95				
5. Legal fees and costs			2,573,125.48				
6. Other professional fees			421,684.71				
7. Distribution to Deemed Trust Claimants and Secured Creditors							
Deemed Trust Claim - Revenu Quebec			6,205.20				
Repayment of Receivers Certificate			1,200,000.00				
Bank of Nova Scotia			7,314,321.14	Note 8	2,576,577.04		
Caterpillar Financial Services Limited			808,629.63	Note 8	1,200,000.00		
GE			416,074.87				
Province of New Brunswick			340,879.90				
Aviva			174,076.42				
Emeco Canada			-	Note 8	235,900.22	4,012,477.26	
TOTAL DISBURSEMENTS			**21,384,829.70**			**4,012,477.26**	**25,397,306.96**
Excess of receipts over disbursements			**1,997,674.47**			**4,818,605.93**	**6,816,280.40**

Note 1 - Refer to the 246(2) report for list of companies included in this consolidated statement of receipts & disbursements.
Note 2 - See Court Order dated 23 April 2010.
Note 3 - See Court Order dated 18 June 2010.
Note 4 - See Court Order dated 30 June 2010.
Note 5 - See Court Order dated 28 July 2010.
Note 6 - See Court Order dated 22 March 2010.
Note 7 - Distribution of proceeds received from Pennecon settlement to CRA relating to HST Requirement to Pay. See Court Order dated 30 June 2010.
Note 8 - Distribution of funds held in trust related to Shell accounts receivable - Builder's lien holdback. See Court Order dated 28 October 2010.

ATCON GROUP INC ET AL **Appendix E**
PROCEED ALLOCATION - RECEIVERSHIP PERIOD (BASED ON COX & PALMER PRIORITIES MEMO)
11 MARCH 2013

Parcel # (if applicable)	Company	Receipt Detail	Receipt Amount	BNS	PNB	CAT	GE	Aviva	CRA	Emeco	Envirem Funding (Kiely)	HST	Rceivers Certificate	TOTAL
		Cash on hand												
	ACI	Cash on hand	9,863	9,863										9,863
		Accounts Receivable												
	ACI	Account Receivable - Shell	9,755,398	8,319,498		1,200,000				235,900				9,755,398
	ACI	Account Receivable - Pennecon	3,139,860	3,139,860										3,139,860
	ACI	Account Receivable - Suncor	2,500,000	2,500,000										2,500,000
		Account Receivable - CNRL	86,213	86,213										86,213
		Account Receivable - Deh Cho	1,300,000	1,300,000										1,300,000
	ACI	Account Receivable - Miscellaneous	897,231	897,231										897,231
		Quarry Assets												
Parcel 1.1 A	ACI	Belledune Conveyors	230,000	230,000			note 1							230,000
Parcel 1.1 D	ACI	Belledune Inventory	26,000	26,000			note 1							26,000
Parcel 1.1 E	ACI	Belledune Lease and Licenses	782,000	782,000										782,000
Parcel 1.2 A	ACI	Woodstock - Luff Conveyor	7,000	7,000			note 1							7,000
Parcel 1.2 C	ACI	Woodstock - Ricc & Lake Scale	16,200	16,200			note 1							16,200
Parcel 1.2 D	ACI	Woodstock - Tank & Diesel Fuel	300	300			note 1							300
Parcel 1.2 E	ACI	Woodstock - Crushed rock inventory	19,000	19,000										19,000
Parcel 1.2 F	ACI	Woodstock - Quarry Land PID 10208858	162,000					162,000						162,000
Parcel 1.2 G	ACI	Woodstock - Quarry leases, licenses, permits	5,000	5,000										5,000
Parcel 1.3 A	ACI	Miramichi Quarry	156,000	156,000										156,000
	ACI	Rock inventory	16,497	16,497										16,497
	ACI	Western Aggregate	50,000	50,000										50,000
		Equipment												
Parcel 2.1 B	ACI	Kobelco Crane	177,000	177,000										177,000
	ACI	Eastern Auction Proceeds (Parcels 2, 3, 4 en bloc with exceptions)	1,215,831	1,215,831										1,215,831
	ACI	Western Auction Proceeds	541,606	541,606										541,606
	ACI	Deh Cho assets	89,250	89,250										89,250
	ACI	Ortner Aggregates Washer	17,000	17,000										17,000
	ACI	Fitzpatrick Auctioneering Services	46,919	46,919										46,919
	ACI	NL Equipment	202,000	202,000										202,000
	ACI	Scrap steel	10,000	10,000										10,000
	ACI	Furniture & office equipment from ACI location in Fredericton, NB sold to Envirem	7,500	7,500										7,500
		Real Estate												
Parcel 5.1 A	ACI	626 Newcastle Blvd., Miramichi, New Brunswick	218,615	218,615										218,615
Parcel 5.1 B	ACI	Office furnishings	17,900	17,900										17,900
Parcel 5.2 A	ACI	114 Whalen Street, Miramichi, New Brunswick	-			-								-
Parcel 5.2 B	ACI	Office furnishings	-	-										-
Parcel 5.3	ACI	115 Whalen Street, Miramichi, New Brunswick	24,353		24,353									24,353
Parcel 5.4 A	APH	3 Chapel Road, Miramichi, New Brunswick	74,640	74,640										74,640
Parcel 5.4 B	ACI	Contents - Equipment & Materials	-	-										-
Parcel 5.5	APH	48 Torbay Rd., Miramichi, New Brunswick	66,457			66,457								66,457
Parcel 5.6	AMSI	Nelson Street, Miramichi, New Brunswick PIDs 40221426, 40219941, 4021434	8,978	8,978										8,978
Parcel 5.7	ACI	Crosby Road, Newcastle Bvld, Miramichi, New Brunswick PIDs 40052912, 40052995, 40328734, 40328742	16,268	16,268										16,268
Parcel 5.8	ACI	Newcastle Bvld, Miramichi, New Brunswick PIDs 40127862, 40177131, 40277873, 40175622, 40277881	58,812	58,812										58,812
Parcel 5.9	ACI	Napan Road, Centre Napan, New Brunswick PID 40053001	1,000	1,000										1,000
Parcel 5.10	ACI	Mullin Stream Road, Curventon, New Brunswick PID 40125825	-	-										-
Parcel 5.11	ACI	Old Napan Road, Miramichi, New Brunswick PID 40313660	-	-										-
Parcel 5.12	APH	King George Highway, Miramichi, New Brunswick PID 40165656	31,363		31,363									31,363
Parcel 5.13	ACI	1 Whalen Street, Miramichi, New Brunswick PID 40179715	13,094		13,094.20									13,094
Parcel 5.14	AMS	149 St. Patrick's Drive, Miramichi, New Brunswick PID 40217994	6,931	6,931										6,931
Parcel 5.15	ACI	St. Patrick's Drive, Miramichi, New Brunswick PID 40466039 (no net value realized after tax obligation)	-		-									-
Parcel 5.16	ACI	CNR Rail Siding, Miramichi, New Brunswick PID 40218687	-	-										-
Parcel 5.17	AMS	Hubbard Street, Miramichi, New Brunswick PID 40219933	402	402										402
Parcel 5.18	ACI	Cross Roads, Miramichi, New Brunswick PID 40276263	125,654	125,654										125,654
Parcel 5.19	ACI	Exmoor, Miramichi, New Brunswick PID 40335184	5,120	5,120										5,120
Parcel 5.20	AMS	Raiche Street, Miramichi, New Brunswick PID40374266	998	998										998
Parcel 5.21	APH	Island View Drive PID 40473068, Donaldy Road PID 40473076, Route 126 40095887	52,690	19,495		33,195								52,690
Parcel 5.22	AMS	Nelson Street, Miramichi, New Brunswick PID 40286668	11,930	11,930										11,930
Parcel 5.23	AMS	Nelson Street, Miramichi, New Brunswick PID 40221459	8,293	8,293										8,293
	ACI	67-69 General Manson Way	696,073				696,073							696,073
	APH	Beechwood Real Property	170,670		170,670									170,670
	ALI	Airport Hangar	130,508	130,508										130,508
	APH	170 Walsh St.	246,739		246,739									246,739
														-
		Proceeds from sale of Envirem	4,235,238.93	3,371,631		723,926		138,960	722					4,235,239
		Envirem Funding	26,923								26,923			26,923

Parcel # (if applicable)	Company	Receipt Detail	Receipt Amount	BNS	PNB	CAT	GE	Aviva	CRA	Emeco	Envirem Funding (Kiely)	HST	Rceivers Certificate	TOTAL
		Envirem Funding	140,877								140,877			140,877
		Interest	109,623	109,623										109,623
		HST Collected	358,941									358,941		358,941
		Receivers Certificate	1,200,000										1,200,000	1,200,000
		CCAA Transfer - Allocate to BNS (funded via AR collections - subject to BNS security)	2,226,504	2,226,504										2,226,504
		HST Refund	244,722									244,722		244,722
		HST Refund	217,604									217,604		217,604
			32,213,587	26,281,069	486,219	2,023,577	696,073	300,960	722	235,900	167,800	821,267	1,200,000	32,213,587
		Realizations NON-ACI assets included above (See Appendix F)	1,135,805	587,381	448,772	99,651	-	-	-	-	-	-	-	1,135,805

ATCON GROUP INC. ET AL
NET PROCEED ALLOCATION (DRAFT - BASED ON COX & PALMER PRIORITIES MEMO)
11 MARCH 2013

Appendix F

REALIZATIONS TO DATE	BNS	PNB	CAT	GE	Aviva	CRA	Emeco	Envirem	HST	Receivers Certificate	TOTAL
Proceed recovery (prior to cost allocations)	26,281,068.96	486,218.66	2,023,577.34	696,072.82	300,960.24	721.95	235,900.22	167,800.04	821,267.14	1,200,000.00	32,213,587.36
Less proceeds which offset costs								(167,800.04)	(821,267.14)	(1,200,000.00)	(2,189,067.18)
Less proceeds generated - Asset determined not to be an estate asset			(1,200,000.00)				(235,900.22)				(1,435,900.22)
Less: cash proceeds Envirem - see Envirem Distribution Schedule (non ACI assets)	(3,371,630.79)		(723,925.96)		-	(721.95)					(4,096,278.69)
Proceeds from asset realization - available for secured creditor distribution (excluding Envirem)	22,909,438.17	486,218.66	99,651.38	696,072.82	300,960.24	-	-	-	-	-	24,492,341.27
Less: Realization from assets not subject CRA Claims (non ACI assets)	(587,381.48)	(448,771.93)	(99,651.38)	-	-	-	-	-	-	-	(1,135,804.79)
Proceeds From ACI Asset Realizations - Subject to CRA Claims	22,322,056.69	37,446.73	-	696,072.82	300,960.24	-	-	-	-	-	23,356,536.48
Net operating disbursements allocated between Secured Creditors - subject to CRA Claims	(9,356,348.44)	(5,617.01)		(34,803.64)	(24,300.00)	-	-	-	-	-	(9,421,069.09)
Net recovery before CRA Claim Provisions, Envirem Allocation and Non ACI Net Realizations	12,965,708.25	31,829.72		661,269.18	276,660.24	-	-	-	-	-	13,935,467.39
Deemed Trust Claim Revenue Quebec - Paid	(5,773.38)	(14.17)		(294.45)	(123.19)						(6,205.20)
Deemed Trust holdback provision for CRA Claims	(4,447,944.17)	(10,919.33)		(226,851.35)	(94,909.53)						(4,780,624.38)
Net balance available for distribution before Envirem and non ACI net proceed realizations	8,511,990.69	20,896.22	-	434,123.38	181,627.51	-	-	-	-	-	9,148,637.81
Add back Envirem Distribution (non ACI related)	3,371,630.79	-	723,925.96	-	-	721.95	-	-	-	-	4,096,278.69
Add back: realization from assets not subject to CRA Claims (non ACI assets)	587,381.48	448,771.93	99,651.38	-	-	-	-	-	-	-	1,135,804.79
Less costs applicable to assets not subject to CRA Claims (non ACI assets)		(120,916.39)	(14,947.71)								(135,864.10)
	587,381.48	327,855.54	84,703.67	-	-	-	-	-	-	-	999,940.69
Costs funded by BNS secured receivables - to be recovered from AIS Estate Creditors	(250,110.52)										(250,110.52)
Costs funded by BNS secured receivables - included in Envirem net distribution	(328,531.65)										(328,531.65)
Less interim distribution previously funded	(9,890,898.18)	(340,879.90)	(808,629.63)	(416,074.87)	(174,076.42)						(11,630,559.00)
Amount Available for Distribution - pending CRA Deemed Trust and Non Deemed Trust claim appeals	2,001,462.61	7,871.86	(0.00)	18,048.51	7,551.09	721.95	-	-	-	-	2,035,656.02
									Deemed trust holdback		4,780,624.38
											6,816,280.40
										Per R&D	6,816,280.40
										Difference	-