COURT FILE NO. 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

Clerk's Stamp

JUDICIAL CENTRE OF EDMONTON
FILED
JUL 23 2018
Clerk of the Court

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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS LTD.

DOCUMENT **APPROVAL AND VESTING ORDER (AUCTION BY MONITOR)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Darren R. Bieganek, QC/Ryan F.T. Quinlan
Barrister & Solicitor
Phone: 780.441.4336
Fax: 780.969.6381
Email: dbieganek@dcllp.com/rquinlan@dcllp.com

File #204-196164
DUNCAN CRAIG LLP
LAWYERS MEDIATORS
2800 Scotia Place
10060 Jasper Avenue
Edmonton, Alberta Canada T5J 3V9

DATE ON WHICH ORDER WAS PRONOUNCED: **July 23, 2018**

LOCATION OF HEARING: **Edmonton, Alberta**

NAME OF JUDGE WHO MADE THIS ORDER: **The Honourable Mr. Justice S.D. Hillier**

UPON THE APPLICATION of Ernst & Young Inc. (the "Monitor"), in its capacity as the Court-appointed Monitor of 667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd., 1919209 Alberta Ltd. and Canada North Group LP Holdings Ltd. (collectively the "Applicants") authorizing it to enter into and complete an agreement with Maynards Industries Canada Ltd. ("Maynards") pursuant to which Maynards will sell by way of public auction the unutilized and surplus rolling stock and dorms presently located at the Farmlands, as are more fully set out and described in the Confidential Supplement to the Monitor's Sixteenth Report (the "Purchased Assets"), on behalf of the Monitor and Applicants in accordance with the net minimum guarantee proposal set out and described in the Confidential Supplement to the Monitor's Sixteenth Report (the "Transaction"), and vesting in the ultimate purchasers of the Purchased Assets by way of the Maynards' auction (the "Purchasers") the Applicants' right, title and interest in and to the Purchased Assets; AND UPON HAVING READ the Initial Order dated July 5, 2017, the Amended Order Increasing the Administration Charge, Approving Plan of Arrangement Under Section 193 of the Business Corporations Act (Alberta) and the Subsequent Sale of Certain Camp Assets dated March 20, 2018, the Amended Order Approving Winterburn Sale, Assigning Litigation, etc. dated April 30, 2018, the Sixteenth Report of the Monitor (the "Report"), the Confidential Supplement to the Report (the "Confidential Supplement"), and the Affidavit of Service; AND UPON

HEARING the submissions of counsel for the Monitor and any other affected parties that may be present;
IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

[1] Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTIONS

[2] The Transaction is commercially reasonable and in the best interests of the Applicants and its stakeholders. The Transaction is hereby approved, and the completion and execution of agreement and other documents related to the Transaction with Maynards (collectively the "Sale Agreement") is hereby authorized and approved, with such minor amendments as the Monitor may deem necessary. The Monitor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction, giving effect to the public auction process contemplated therein, or for the conveyance of the Purchased Assets to the Purchasers (or their respective nominees).

VESTING OF PROPERTY

[3] Upon Maynards receiving the proceeds of sale from the Purchased Assets, all such proceeds shall immediately be impressed with a charge in favour of the Monitor and shall be held in trust for the benefit of the Monitor until such time as the sale proceeds are received by the Monitor. While held by Monitor, the proceeds shall be held in a separate trust account for the benefit of the Monitor.

[4] Upon the delivery of a Monitor's certificate to Maynards substantially in the form set out in **Schedule "A"** hereto (the "Monitor's Certificate"), all of the Applicants' right, title and interest in and to the Purchased Assets shall vest absolutely in the respective names of the Purchasers (or their respective nominees), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, 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:

> any encumbrances or charges created by the Initial Order and any other Orders granted in these proceedings; and

all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; but excluding the permitted encumbrances listed on **Schedule "B"**; and

for greater certainty, this Court orders that all of the registrations and encumbrances in respect of the Claims affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

[5] The purchase price paid for each of the Purchased Assets through the auction process, or the net minimum guarantee amount as paid to the Monitor, as applicable, shall be allocated to each specific asset, net of any commissions payable, taxes payable and costs associated with the sale of that particular asset, as set out in the Sale Agreement (the "Sale Costs").

[6] From and after the closing of the Transaction (including receipt from Maynards by the Monitor of the payment of the respective purchase prices paid by Purchasers through the auction process for the Purchased Assets, net of the applicable Sale Costs, any and all persons with financing statements registered at Personal Property Registry for the Province of Alberta in respect of the Applicants shall, within ten (10) days of receipt of a notice from the Monitor or the Monitor's solicitors, discharge their Claims registered at the Personal Property Registry against the serial numbered goods sold as part of the Purchased Assets and shall provide evidence of such discharge to the solicitors for the Monitor. If such party shall fail to affect such discharge within the time stipulated herein, then the solicitors for the Monitor are authorized to discharge from the Personal Property Registry any Claim registered against any of the Purchased Assets being purchased by the Purchasers.

[7] No further authorization or approval or any other action by any authority or regulatory body exercising jurisdiction over the Purchased Assets shall be required for the closing and post-closing implementation of the Transaction. For further certainty, upon delivery of the Monitor's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the appropriate government authorities are hereby directed to register such transfers, interests, authorizations, discharges, discharge statements of conveyances, as may be required to convey clear title to the Purchased Assets to the Purchasers, subject only to the Permitted Encumbrances.

[8] For the purposes of determining the nature and priority of the Claims, the net proceeds from the sale of each of the Purchased Assets (to be held in an interest bearing trust account by the Monitor) shall stand in the place and stead of such Purchased Assets, and from and after the delivery of the Monitor's Certificate, all Claims and encumbrances shall attach to the net proceeds from the sale of each of the Purchased Assets with the same priority as they had with respect to

each of the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

[9] The Purchasers (and their respective nominees, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Applicants.

[10] From and after the delivery of the Monitor's Certificate, the Applicants and all persons who claim by, through or under the Applicants in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Purchased Assets and, to the extent that any such persons remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchasers (or their respective nominees).

[11] The Purchasers (or their respective nominees) shall be entitled to hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Applicants, or any person claiming by or through or against the Applicants.

[12] The Monitor is to file with the Court a copy of the Monitor's Certificate after completion of the Transaction.

[13] Notwithstanding:

The pendency of these proceedings;

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

Any assignment in bankruptcy made in respect of the Applicants, and

The provisions of any federal or provincial statute,

the vesting of the Purchased Assets in the Purchasers (or their respective nominees) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, 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.

[14] The Monitor, the Purchasers (or their respective nominees) and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

SEALING

[15] The Confidential Supplement to the Monitor's Sixteenth Report shall be sealed on the Court file until further Order of this Court, notwithstanding Division 4 of Part 6 of the Alberta *Rules of Court.*

[16] The Clerk of this Honourable Court shall file the Confidential Supplement to the Monitor's Sixteenth Report in sealed envelopes that set out the style of cause of these proceedings and states that:

> THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY ERNST & YOUNG INC., in its capacity as Court-Appointed Monitor of 667402 ALBERTA LTD., et al. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO AN ORDER ISSUED BY JUSTICE S.D. HILLIER ON JULY 23, 2018 UNTIL FURTHER ORDER OF THIS COURT.

MISCELLANEOUS MATTERS

[17] The net sale proceeds from the Transaction shall be held back and not distributed without further Order of this Court, subject to the terms of this Order and in particular paragraph 6 hereof.

[18] The Sixteenth Report of the Monitor and the Confidential Supplement to the Sixteenth Report, and the activities of the Monitor outlined therein, are hereby approved provided, however, that only the Monitor in its personal capacity and only with respect to its own personal liability shall be entitled to rely upon or utilize in any such approval.

[19] This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

"S.D. Hillier"

Justice of the Court of Queen's Bench of Alberta

Schedule "A"

Form of Monitor's Certificate

COURT FILE NUMBER	1703-12327	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	EDMONTON	
	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED	
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. and 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS LTD.	
DOCUMENT	**MONITOR'S CERTIFICATE**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	DUNCAN CRAIG LLP LAWYERS MEDIATORS 2800 Scotia Place, 10060 Jasper Avenue Edmonton, Alberta, T5J 3V9 Attention: Darren R. Bieganek, QC / Ryan F.T. Quinlan Phone: 780.441.4386/780.441.4336 Fax: 780.969.6381 Email: dbieganek@dcllp.com / rquinlan@dcllp.com File No.: 204-196164	

RECITALS

A. Pursuant to an Order of the Honourable Justice K.G. Nielsen of the Court of Queen's Bench of Alberta, Judicial District of Edmonton (the "Court") dated July 5, 2017, and subsequent Orders granted by the Court thereafter, Ernst & Young Inc. was appointed as the Monitor of 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. 1919209 ALBERTA LTD. and CANADA NORTH GROUP LP HOLDINGS LTD. (collectively, the "Applicants").

B. Pursuant to an Order of the Court dated July 23, 2018, the Court approved an agreement (the "Sale Agreement") between the Monitor and Maynards Industries Canada Ltd. ("Maynards") dated ______________ to auction certain assets of the Applicants (the "Purchased Assets") and provided for the vesting in the ultimate purchasers of the Purchased Assets at auction (the "Purchasers") of the Applicants' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to Maynards of a certificate confirming (i) the payment by Maynards of all respective purchase prices, net of all applicable commissions, taxes and sale costs, for the Purchased Assets; (ii) that the conditions to closing of the Sale Agreement have been satisfied or waived by the Monitor and Maynards; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchasers (or their respective nominees) have paid and the Monitor has received the net sale proceeds from Maynards for the Purchased Assets payable pursuant to the Sale Agreement;

2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Monitor and Maynards; and

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

4. This Certificate was delivered by the Monitor at ______________ on ______________________.

Ernst & Young Inc., in its capacity as Monitor of the Applicants, and not in its personal capacity.

Per:______________________

Name: Matt McCulloch

Title:

SCHEDULE "B"

Permitted Encumbrances

None.