

**IN THE MATTER OF THE BANKRUPTCY OF**  
**0849809 B.C. LTD. (FORMERLY, DOWLAND INDUSTRIAL WORKS LTD.)**  
**OF KAMLOOPS**  
**IN THE PROVINCE OF BRITISH COLUMBIA**  
**REPORT ON THE TRUSTEE'S**  
**PRELIMINARY ADMINISTRATION**  
**ESTATE NO. 11-1879668**

Alvarez & Marsal Canada Inc. (“A&M”) was appointed Receiver and Manager (the “Receiver”) of Dowland Contracting Ltd. (“DCL”), 0849809 B.C. Ltd. (formerly, Dowland Industrial Works Ltd.) (the “Company” or “084”) and 6070 N.W. Limited (collectively, the “Dowland Group”) on May 21, 2013 (the “Receivership Date”) pursuant to an order (the “Receivership Order”) of the Court of Queen’s Bench of Alberta (the “Court”). A copy of the Receivership Order is attached as Appendix “A”.

On June 9, 2014 (the “Bankruptcy Filing Date”), the Receiver filed a voluntary assignment in bankruptcy on behalf of 084 pursuant to paragraph 3(s) of the Receivership Order and A&M was appointed trustee (the “Trustee”), subject to affirmation by the creditors of the Company at the first meeting of creditors to be held on June 27, 2014. A copy of the certificate of appointment is attached as Appendix “B”.

**Background**

084 is privately held and duly incorporated under the Business Corporations Act (British Columbia) with its head office formerly located in Kamloops, B.C.

084 provided a full suite of construction services for commercial, industrial, institutional and design-build projects. The type of services provided included design, construction, management, logistics, foundation installations, soil investigation and general contracting. The Dowland Group also provided support services for oil and gas exploration and energy infrastructure projects.

In early 2013, the Dowland Group experienced financial difficulties due to numerous circumstances including, without limitation, a number of disputes with owners and contractors with respect to various construction projects in which the Dowland Group was involved including a project known as the Dasque Cluster Hydroelectric Project (the “Dasque Project”) which was undertaken by 084 in or around Terrace, B.C. Significant losses and cost overruns by 084 occurred with respect to the Dasque Project and as a result, 084’s solvency could not be preserved.

On October 4, 2013, the Court granted a Sale Approval and Vesting Order approving the sale of select parcels of personal property of 084 to Canonbie Contracting Limited including among other things, all the right, title and interest in the name “Dowland Industrial Works Ltd.” The Receiver also collected miscellaneous accounts and payments totaling \$402,000 to date. Attached as Appendix “C” is a copy of the Receiver’s Statement of Cash Receipts and Disbursements as at June 9, 2014.

Further background on the Company’s business affairs and financial difficulties is disclosed in the Receiver’s reports which, along with other related materials, are available on the Receiver’s website at [www.alvarezandmarsal.com/dowland](http://www.alvarezandmarsal.com/dowland).

## **Conservatory & Protective Measures and Preliminary Evaluation of Assets**

As at the Bankruptcy Filing Date, the Receiver was in possession and control of all the assets of 084, which consist solely of cash on hand of approximately \$796,000. The estimated net realizations to secured creditors are approximately \$355,000 before additional costs of realization and professional fees, which is further detailed below.

### **Books and Records**

The Receiver has taken possession of the books and records of the Company and the Trustee will have access as required to complete the administration of the bankruptcy estate. The records of the Company are currently being held at a third party storage facility in Edmonton, AB.

### **Provable Claims and Secured Claims**

The Royal Bank of Canada (“RBC”) is owed approximately \$21.1 million which is secured by among other things, a General Security Agreement against all present and after acquired personal property of the Company.

Continental Casualty Company (“CNA”) and Intact Insurance Company (“Intact”) have registered security interests but the amounts are not quantified as at the date of this report.

The Trustee has obtained an independent legal opinion on the security interest held by RBC, CNA and Intact which indicates that the security held by the secured creditors is legal, valid and binding obligation against the Company, subject to standard qualifications.

In addition to the secured claims, there are two prior ranking claims by Service Canada for the Wage Earner’s Protection Program of \$7,000 and the Canada Revenue Agency (“CRA”) for payroll withholdings for an estimated potential amount of \$434,000. The trust audit examination by the CRA remains ongoing and the payroll withholdings amount may change pending the outcome of the examination.

The estimated shortfall to the secured creditors is summarized as follows:

**0849809 B.C. Ltd. (formerly, Dowland Industrial Works Ltd.)**  
**Estimated Shortfall to Secured Creditors**  
**As At June 9, 2014**  
**(000's)**

Assets available for realization (Note 1):	
Cash	\$ 796
Project accounts receivable	nil
	<u>796</u>
Estimated potential prior ranking claims:	
Wage Earner's Protection Program	(7)
Payroll source deductions (CRA) (Note 2)	(434)
	<u>(441)</u>
<b>Net realizations available to secured creditors before additional costs of realization and professional fees</b>	<b>355</b>
Amounts due to secured creditors:	
RBC	21,105
CNA	unknown
Intact	unknown
	<u>21,105</u>
Less:	
Estimated realizations from DCL (Note 3)	<u>(12,274)</u>
<b>Estimated shortfall to secured creditors</b>	<b><u>\$ (8,476)</u></b>

Notes:

(1) As per the Statement of Affairs of 084 filed June 9, 2014.

(2) Amount is the potential payroll source deductions owed per the preliminary trust audit examination report; the examination remains ongoing and the amount may change pending the outcome of the examination.

(3) Amounts owed to secured creditors are in respect of both 084 and DCL.

As indicated above, the Trustee expects that the realization from the assets of the Company will be insufficient to satisfy the secured creditors. Accordingly, it is not expected that there will be any distributions available for the unsecured creditors.

As disclosed in the Statement of Affairs of the Company, there are 208 unsecured creditors with total unsecured claims of \$30.6 million and additional unknown claim amounts.

### Legal Proceedings

The Trustee has not commenced any legal proceedings and is not aware of any proceedings commenced against the estate.

### Reviewable Transactions and Preference Payments

The Trustee has conducted a preliminary review of the books and records of the Company with respect to reviewable transactions and preference payments and has not noted any transactions of significance.

### **Trustee's Intention to Act and Possible Conflict of Interest**

On May 21, 2014, A&M became the Receiver, without security, of all of Dowland Group's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.

The Trustee has had an independent legal opinion of the security of RBC, CNA and Intact which indicates it is valid and enforceable against the assets of 084 and the Trustee and consequently, there is no conflict of interest.

### **Third Party Deposits and Guarantees**

The Receiver has guaranteed the Trustee with respect to reasonable fees, expenses and claims in its activities as Trustee of the estate.

**ALVAREZ & MARSAL CANADA INC.**  
in its capacity as the Trustee in Bankruptcy of  
0849809 B.C. Ltd. (formerly, Dowland Industrial Works Ltd.)  
and not in its personal capacity



Todd M. Martin  
Senior Vice President

## **APPENDIX A**

COURT FILE NUMBER  
COURT  
JUDICIAL CENTRE

1303 06092  
COURT OF QUEEN'S BENCH OF ALBERTA  
EDMONTON



PLAINTIFF  
DEFENDANT  
DOCUMENT

ROYAL BANK OF CANADA  
DOWLAND CONTRACTING LTD., DOWLAND INDUSTRIAL WORKS  
LTD., DOWLAND CONSTRUCTION, INC. and 6070 N.W.T. LIMITED  
ORDER

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF PARTY  
FILING THIS DOCUMENT

Ray C. Rutman  
Dentons Canada LLP  
2900 Manulife Place  
10180 – 101 Street  
Edmonton, Alberta T5J 3V5  
Ph. (780) 423-7246 Fx. (780) 423-7276  
File No.: 125665-8417

DATE ON WHICH ORDER WAS PRONOUNCED: 6<sup>th</sup> day, May, 2013

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

NAME OF JUSTICE/MASTER WHO MADE THIS ORDER: Associate Chief Justice J.D. Rooke

UPON the application of ROYAL BANK OF CANADA in respect of DOWLAND CONTRACTING LTD. ("Contracting"), DOWLAND INDUSTRIAL WORKS LTD. ("Industrial"), DOWLAND CONSTRUCTION, INC. ("Construction"), 6070 N.W.T. LIMITED ("6070"), (Contracting, Industrial and 6070 being referred to herein individually and collectively as the "Debtor"); AND UPON having read the Application, the Affidavits of Gary Ivany, filed; the Affidavits of Luis Copat sworn April 30, 2013 and May 6, 2013; the Affidavit of Patrick McGuinness, filed; AND UPON reading the consent of Alvarez & Marsal Canada Inc. to act as receiver and manager (the "Receiver") of the property of the Debtor, filed; AND UPON reading Bench Briefs filed on behalf of the Plaintiff and on behalf of Intact Insurance Company; AND UPON being advised of the consent of the Defendants to this Order; AND UPON hearing counsel for the Applicant and counsel for other interested persons; IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this Order is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.A. 1985 c.B-3, as amended (the "BIA") and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2 (the "JA") and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7 (the "PPSA") Alvarez & Marsal Canada Inc. is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
- (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
  - (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
  - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;
  - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
  - (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
  - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
  - (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;

- (h) to 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 the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (k) to market any or all 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;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,and in each such case notice under subsection 60(8) of the *PPSA* shall not be required;
- (m) to 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;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (s) to assign the Debtor into bankruptcy;
- (t) to apply for any Orders, in any jurisdiction for recognition of this Order, recognition of the rights and power of the Receiver or any other Order for the purpose of assisting or facilitating the exercise of the rights and powers granted by this Order; and
- (u) to take any steps reasonably incidental to the exercise of these powers;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### DUTY TO PROVIDE ACCESS AND CO-OPERATION OF THE RECEIVER

4. (i) The Debtor, (ii) all of its respective current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined by the *Companies' Creditors Arrangement Act*) with the Debtor from terminating such contract or exercising any rights of set-off, in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
  - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
    - A. complies with the order, or
    - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
  - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
  - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the *BIA* or any other applicable legislation.

#### RECEIVER'S ACCOUNTS

- 16. Any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").
- 17. The Receiver and its legal counsel shall pass their accounts from time to time.
- 18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### FUNDING OF THE RECEIVERSHIP

- 19. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

20. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
22. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

23. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

JUDGMENT

24. It is hereby declared that there is due and owing by the ~~Debtor, Guy and Development~~ <sup>Defendants</sup> to RBC the following sums and RBC is granted judgment against such persons in such amounts:
  - (a) Dowland Contracting Ltd. - \$21,061,792.58 plus interest thereon from and after May 6, 2013 at the rate of \$2,366.71 per day plus costs on a solicitor and his own client full indemnity basis;
  - (b) Dowland Industrial Works Ltd. - \$21,104,604.75 plus interest thereon from and after May 6, 2013 at the rate of \$4,639.75 per day plus costs on a solicitor and his own client full indemnity basis;
  - (c) Dowland Construction Inc. - \$20,065,753.42 plus interest thereon from and after May 6, 2013 at the rate of \$4,383.56 per day plus costs on a solicitor and his own client full indemnity basis;
  - (d) 6070 N.W.T. Limited - \$21,061,792.58 plus interest thereon from and after May 6, 2013 at the rate of \$4,616.28 per day plus costs on a solicitor and his own client full indemnity basis.

GENERAL

25. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
26. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
27. The Registrar of Titles is directed to register a copy of this Order in the Land Titles Office against Title to any land in which the Debtor holds any interest by way of lease or otherwise notwithstanding the requirements of Subsection 191(1) of the *Land Titles Act* R.S.A. 2000 c L-4.
28. In accordance with Section 13(2) of the *JA*, Section 99 of the *Business Corporations Act*, and the *Rules of Court* 1.2, 1.3, 1.4 and 6.11(1)(e), subject to any further order of this Honourable Court:
  - (a) The Receiver is authorized, in its discretion, to report to this Honourable Court by report as opposed to affidavit;
  - (b) The Court may consider the information and evidence of any such report on the hearing of any application.
29. Subject to any further direction of this Honourable Court, the Court shall consider the information and evidence contained in any such report filed by the Receiver on the hearing of any application to the extent that the information and evidence contained in such a report is relevant and material to any matter before this Honourable Court.
30. The Plaintiff is given leave to apply in the future upon notice to Intact Insurance Company for a Receivership Order in relation to Construction.
31. 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 Receiver 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 and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
32. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.
33. The Plaintiff shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor estate with such priority and at such time as this Court may determine.

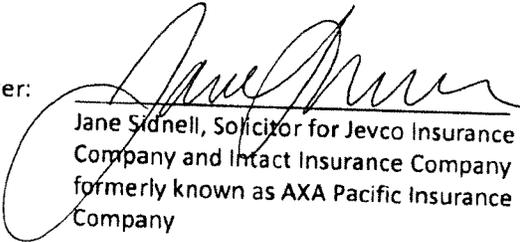
- 33 (a) Notwithstanding the pronouncement of this Order, this Order shall not be effective unless it is filed with the Clerk of the Court by or on behalf of Dentons Canada LLP on or before May 21, 2013 or such later date as may be authorized by this Honourable Court by further Order, which filing may occur without further Order or notice to any person and irrespective of the filing by any of the Defendants of:
- (i) a Notice of Intention to Make a Proposal pursuant to the *BIA*;
  - (ii) a Proposal pursuant to the *BIA*;
  - (iii) an application for an Initial Order pursuant to the *Companies' Creditors Arrangement Act*; or
  - (iv) an application in Canada with respect to any of the Defendants for an Order recognizing any Order or proceedings from another jurisdiction.
- (b) If this Order is not filed with the Clerk of the Court by or on behalf of Dentons Canada LLP on or before May 21, 2013, then, absent further Order authorizing a later filing, this Order shall not be filed by or on behalf of Dentons Canada LLP with the Clerk of the Court.
- (c) Subject to paragraph 33(e) of this Order, nothing in this Order shall be considered or deemed to affect or interfere in any way with the right and ability of all or any of Intact Insurance Company formerly known as AXA Pacific Insurance Company, Jevco Insurance Company, Continental Casualty Company and CNA (individually a "Surety" and collectively the "Sureties") to attend on, investigate or to complete any project or bonded contract for which that Surety has issued a Bond involving all or any of the Defendants ("Projects" or "Bonded Contracts" as the case may be).
- (d) Subject to paragraph 33(e) of this Order, nothing in this Order shall be considered or deemed to affect or interfere in any way with the Sureties' right and ability to obtain documents and information from the Defendants or from any obligee or claimant as those terms may be defined in any bond granted by a Surety in regard to Projects or Bonded Contracts ("Bonds").
- (e) The stay and suspension of rights and remedies against the Defendants, the Receiver or affecting the Property imposed by paragraphs 8 and 9 of this Order is hereby lifted, vacated and set aside insofar as concerns the Surety's attendance on, investigation of and/or completion of any Project or Bonded Contract to the extent such rights or remedies arise from Bonds, Projects or Bonded Contracts provided that nothing herein shall be considered to affect or alter the priority of any person to funds in relation to Bonds, Projects or Bonded Contracts or any contracts in relation thereto or entitle Sureties or any other person to use any funds arising through the Projects or Bonded Contracts or any contracts in relation thereto otherwise owing to all or any of the Defendants to complete work in respect of the Projects or Bonded Contracts or otherwise without prior notice to and consent of the Receiver or further Order of this Honourable Court on application made with notice to the Receiver.

- 34. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
- 35. An alternative dispute resolution process with respect to the matters raised in these proceedings is dispensed with.

  
\_\_\_\_\_  
A.C.J.Q.B.A.  
NIEASON 3 FOR RUVKO AGS  
MAY 13, 2013

Agreed as being the Order granted:

Agreed as being the Order granted:

Per:   
\_\_\_\_\_  
Jane Sidnell, Solicitor for Jevco Insurance Company and Intact Insurance Company formerly known as AXA Pacific Insurance Company

Per: \_\_\_\_\_  
Darren Bieganeck, Q.C., Solicitor for the Defendants

Agreed as being the Order granted:

Per: \_\_\_\_\_  
Daniel Gilborn, Solicitor for Continental Casualty Company and CNA

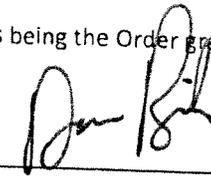
- 34. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
- 35. An alternative dispute resolution process with respect to the matters raised in these proceedings is dispensed with.

  
\_\_\_\_\_  
A.C.J.Q.B.A.  
NIELSON'S FOR RUCKER AC JS  
MAY 13, 2013

Agreed as being the Order granted:

Per: \_\_\_\_\_  
Jane Sidnell, Solicitor for Jevco Insurance  
Company and Intact Insurance Company  
formerly known as AXA Pacific Insurance  
Company

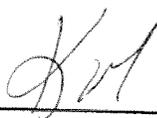
Agreed as being the Order granted:

  
\_\_\_\_\_  
Darren Bieganeck, Q.C., Solicitor for the  
Defendants

Agreed as being the Order granted:

Per: \_\_\_\_\_  
Daniel Gilborn, Solicitor for Continental  
Casualty Company and CNA

- 34. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
- 35. An alternative dispute resolution process with respect to the matters raised in these proceedings is dispensed with.

  
\_\_\_\_\_  
A.C.J.Q.B.A. *NICHOLSON J. FOR ROOKE AGS*  
*MAY 13, 2013.*

Agreed as being the Order granted:

Agreed as being the Order granted:

Per: \_\_\_\_\_  
Jane Sidnell, Solicitor for Jevco Insurance  
Company and Intact Insurance Company  
formerly known as AXA Pacific Insurance  
Company

Per: \_\_\_\_\_  
Darren Bieganeck, Q.C., Solicitor for the  
Defendants

Agreed as being the Order granted:

Per:   
\_\_\_\_\_  
Daniel Gilborn, Solicitor for Continental  
Casualty Company and CNA

## **APPENDIX B**



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of: British Columbia  
Division No.: 04 - Vernon  
Court No.: 11-1879668  
Estate No.: 11-1879668

In the Matter of the Bankruptcy of:  
**0849809 BC Ltd. (formerly, Dowland Industrial Works Ltd.)**  
Debtor

**ALVAREZ & MARSAL CANADA INC.**  
Trustee

Ordinary Administration

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Date and time of bankruptcy:	June 10, 2014, 11:13	Security:	\$0.00
Date of trustee appointment:	June 10, 2014		
Meeting of creditors:	June 27, 2014, 11:00 Four Points by Sheraton Kamloops Sun Dial Room, 1175 Rogers Way Kamloops, British Columbia Canada,		
Chair:	Trustee		

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CERTIFICATE OF APPOINTMENT - Section 49 of the Act; Rule 85

I, the undersigned, official receiver in and for this bankruptcy district, do hereby certify that:

- the aforementioned debtor filed an assignment under section 49 of the *Bankruptcy and Insolvency Act*;
- the aforementioned trustee was duly appointed trustee of the estate of the debtor.

The said trustee is required:

- to provide to me, without delay, security in the aforementioned amount;
- to send to all creditors, within five days after the date of the trustee's appointment, a notice of the bankruptcy; and
- when applicable, to call in the prescribed manner a first meeting of creditors, to be held at the aforementioned time and place or at any other time and place that may be later requested by the official receiver.

Date: June 10, 2014, 14:19

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902



## APPENDIX C

**0849809 B.C. Ltd. (formerly, Dowland Industrial Works Ltd.)**  
**Statement of Cash Receipts and Disbursements**  
**As at June 9, 2014**  
**(000's)**

**Receipts**

Collection of accounts receivable	\$	402
Sale of property and equipment		327
Settlement from Rocanville project		100
Net GST refund		15
Other receipts		37
		<u>881</u>

**Disbursements**

Contractor services		10
Storage fees		7
Lease for offices		15
Utilities		7
Security		1
Professional fees		42
Other disbursements		3
		<u>85</u>

**Net cash flow** \$ 796

**Closing cash balance** \$ 796