

**ATIKOKAN FOREST PRODUCTS LTD.
SEVENTH REPORT OF THE RECEIVER**

June 28, 2012

Court File No. CV-10-9041-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

BETWEEN:

G.E. CANADA EQUIPMENT FINANCING G.P.

Applicant

- AND -

ATIKOKAN FOREST PRODUCTS LTD.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF*
JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

SEVENTH REPORT OF
PRICEWATERHOUSECOOPERS INC.
AS RECEIVER OF
ATIKOKAN FOREST PRODUCTS LTD.

June 28, 2012

BACKGROUND

1. On January 4th, 2011, by Order (the “**Atikokan Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) PricewaterhouseCoopers Inc. (“**PwC**”) was appointed as receiver (the “**Receiver**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”), over all the assets, undertakings and properties (the “**Atikokan Property**”) of Atikokan Forest Products Ltd. (“**Atikokan**” or the “**Company**”). The appointment of the Receiver is referred to herein as the “**Receivership Proceedings**”.
2. On the same date, by Order of the Court (the “**Northern Receivership Order**”), PwC was also appointed as receiver, pursuant to section 243(1) of the BIA and section 101 of the CJA, over all the assets, undertakings and properties (the “**Northern Property**”) of Northern Sawmills Inc. (“**Northern**”).
3. By Order of the Court on January 4th, 2011 (the “**Atikokan Sale Process Order**”), the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Atikokan Property, or any material portions thereof, substantially in accordance with the sale process (the “**Atikokan Sale Process**”) outlined in the Report of PwC as proposed receiver of Atikokan, dated December 30, 2010 (the “**Proposed Receiver’s Report**”).
4. By Order of the Court also made on January 4th, 2011 (the “**Northern Sale Process Order**”), the Receiver was authorized and directed to carry out and conduct a sale process in respect of the Northern Property, or any material portions thereof, substantially in accordance with the sale process (the “**Northern Sale Process**”) outlined in the Report of PwC as proposed receiver of Northern, dated December 30, 2010.
5. On January 14, 2011, the Court made an Order approving the advertisement and the teaser to be used by the Receiver in the Atikokan Sale Process.

6. April 18, 2011, the Receiver filed its second report with the Court (the “**Second Report**”), which, *inter alia*:
 - i) outlined the status of the Atikokan Sale Process; and
 - ii) sought an adjournment of the motion (the “**SFL Motion**”) brought by Her Majesty The Queen in Right of the Province of Ontario (the “**Province**”) seeking an Order authorizing the lifting of the stay of proceedings in effect pursuant to the Atikokan Receivership Order, to allow the Ministry of Northern Development, Mines and Forestry (the “**MNDMF**”) to take steps to commence the termination of a Sustainable Forest License No. 542442 (the “**SFL**”) granted by the MNDMF to Atikokan and to provide the Receiver and G.E. Canada Equipment Financing G.P. (“**GE**”), Atikokan’s primary secured creditor, with an opportunity to make representations to the MNDMF in connection with the wood allocation to the Atikokan mill site (the “**Wood Allocation**”).
7. On May 2, 2011, the Receiver filed its third report with this Court (the “**Third Report**”) which, *inter alia*:
 - i) summarized the transaction (the “**EACOM Transaction**”) entered into on April 29, 2011, between the Receiver and EACOM Timber Corporation (“**EACOM**”), for the purchase and sale of substantially all of the Atikokan Property, subject to a number of conditions precedent that are more fully described in the Third Report;
 - ii) summarized discussions in which the Receiver engaged in an attempt to determine sources for obtaining the Wood Allocation; and
 - iii) described the Receiver’s activities with respect to the development of a plan for carrying out Atikokan’s obligations in maintaining the Sapawe Forest under the SFL.
8. On May 12, 2011, the Receiver filed its fourth report with this Court (the “**Fourth Report**”) which, *inter alia*:

- i) provided the Court with an update on the SFL Motion and the Receiver's discussions with the MNDMF and commercial third parties in an attempt to determine sources for obtaining the Wood Allocation; and
 - ii) advised the Court of the Receiver's alternative proposal to the Province's motion for the lifting of the stay in the Atikokan receivership proceedings, in an effort to balance the interests of various parties with respect to the SFL, including the Receiver, GE, as Atikokan's primary secured creditor, and the MNDMF and to address concerns that were raised by Abibow Canada Inc. ("**Abibow**").
9. On July 27, 2011, the Receiver filed its fifth report with the Court (the "**Fifth Report**"), which, *inter alia*:
- i) described the outcome of the SFL Motion and the cancellation of the SFL;
 - ii) advised this Court of the termination of the EACOM Transaction;
 - iii) described the continuation of the Atikokan Sale Process, following the termination of the EACOM Transaction, and sought the Court's approval of the agency sale agreement (the "**Agency Sale Agreement**") between the Receiver and Maynards Industries Ltd. ("**Maynards**") relating to the liquidation of the Atikokan Property;
 - iv) advised the Court of the results of the review conducted by the Receiver's counsel in respect of the security granted by Atikokan in favour of its secured creditors;
- and provided the Court with information in support of the Receiver's motion for:
- v) the extension of the Atikokan Sale Process timeline for finalizing and executing an agreement up to and including July 22, 2011, *nunc pro tunc*, to allow the Receiver to complete the Atikokan Sale Process;
 - vi) the approval of the Agency Sale Agreement, including authorizing the Receiver to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transaction; and

- vii) the increase of the Receiver's borrowing limit, as set out in paragraph 20 of the Atikokan Receivership Order, from \$300,000 to \$425,000.
10. On August 11, 2011, the Receiver filed its sixth report with the Court (the "**Sixth Report**") which, *inter alia*, provided the Court with an update with respect to:
- i) a meeting held on August 10, 2011, among the Receiver, the Town of Atikokan, and its consultants and legal counsel, EACOM and the Rainy Lake Tribal Council, to understand what efforts the Town and others had made, if any, with respect to determining whether an 'en bloc' sale of the Atikokan Property was available;
 - ii) the Receiver's earlier efforts to determine whether a wood supply, acceptable to EACOM, as the then purchaser, was available to the Receiver or EACOM on the terms and conditions set out in the EACOM Transaction; and
 - iii) the unfavourable impact of delaying the sale of the Atikokan Property pursuant to the Agency Sale Agreement.
11. The purpose of this, the Receiver's seventh report (the "**Seventh Report**", and collectively with the Proposed Receiver's Report, the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report and the Sixth Report, the "**Reports**") is to update the Court with respect to:
- i) The activities of the Receiver since the date of the Sixth Report;
 - ii) The results of the liquidation of the Company's assets pursuant to the Agency Sale Agreement;
 - iii) The efforts made by the Receiver to sell the real property owned by Atikokan, which includes the Atikokan Site (defined below) and 22 Maple Crescent, Atikokan, Ontario ("**22 Maple Cres**", and collectively, the "**Real Property**"); and
 - iv) the Receiver's statement of cash receipts and disbursements from the Date of Appointment to June 8, 2012;

and to seek an order of the Court:

- v) approving the activities of the Receiver as set out in the Sixth Report and the Seventh Report including the Receiver's Statement of Cash Receipts and Disbursements set out herein;
 - vi) sealing **Confidential Appendix "A"**, containing a summary of the bids received for the Atikokan Site;
 - vii) approving the GE Distribution (as hereinafter defined);
 - viii) approving the Buchanan Sales Distribution (as hereinafter defined);
 - ix) approving the fees and disbursements of the Receiver and its counsel, as set out in this Seventh Report and the Fee Affidavits;
 - x) approving the distribution of the remaining monies in relation to the Atikokan Property to GE;
 - xi) discharging the Receiver subject to the Receiver completing its administration of the Receivership Proceedings and completing the Remaining Duties; and
 - xii) declaring that PwC is immediately released from any liability that PwC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting in its capacity as Receiver, save and except for the Receiver's gross negligence or willful misconduct.
12. A compendium of the Orders and Reports in the Receivership Proceedings has been prepared and filed by the Receiver's legal counsel, Osler, Hoskin & Harcourt LLP ("**Osler**") to assist the Court with respect to this motion.
 13. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided to it and expresses no opinion or other form of assurance in respect of the information contained therein.
 14. All monetary amounts referred to herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein are as defined in the Reports.

RECEIVER'S ACTIVITIES SINCE THE SIXTH REPORT

RECEIVER'S ACTIVITIES

15. Since the date of the Sixth Report, the Receiver has:
- i) executed the Agency Sale Agreement with Maynards as authorized in the Liquidation Order and worked with Maynards to prepare for the sale of assets (not including the Real Property) by auction on September 27 and 28, 2011 (the "**Atikokan Auction**"), including maintaining utility services, identifying potential third party claims and providing product and asset details to support Maynards' marketing efforts among other activities;
 - ii) reviewed potential priority claims in respect of Atikokan to determine the amount of reserve, if any, required to be maintained prior to making a distribution of proceeds;
 - iii) monitored the results of the Liquidation Process (hereinafter defined), including obtaining regular updates on sale results from Maynards and monitoring the removal of the assets sold at the Auction;
 - iv) responded to property proof of claims filed with the Receiver by third parties and worked to have goods released where appropriate;
 - v) worked with the Ministry of the Environment ("**MOE**") to identify potential environmental hazards at the Atikokan Site (defined below), and engaged an environmental waste removal contractor to remove chemicals and fuel from the Atikokan Site before the preceding winter, to avoid a spill or contamination;
 - vi) participated in various calls and discussions with the MOE and arranged a discussion among the MOE and a representative of Buchanan Sales Inc. ("**Buchanan Sales**") to consider the status of a waste-wood pile on the Atikokan Site;
 - vii) solicited offers for the Real Property from interested parties as further described below;

- viii) responded to requests from parties interested in the purchase or liquidation of the Atikokan Property and referred them to Maynards where appropriate; and
- ix) responded to requests for information from creditors, employees and other stakeholders as appropriate.

LIQUIDATION OF CERTAIN PROPERTY BY MAYNARDS

16. On August 11, 2011, the Court made an order (the “**Liquidation Order**”) approving the Agency Sale Agreement between the Receiver and Maynards and authorized the Receiver to execute the Agency Sale Agreement and to take such other steps as were necessary and desirable for the completion of the liquidation of the Atikokan Property (the “**Liquidation Process**”).
17. On September 27 and 28, 2011, Maynards conducted an auction of the Atikokan Property except the Real Property, the results of which are summarized as follows:

Atikoken Forest Products Ltd. Reconciliation of Liquidation Proceeds	
	CAD\$
Total Proceeds from Liquidation	1,452,832
Less: Maynard's Costs	(125,000)
Maynard's Participation Fee	(85,566)
Net Proceeds of Liquidation	1,242,266

18. Subsequent to the completion of the Atikokan Auction, successful bidders were required to remove purchased Property from the real property located at Highway 623 Sapawe Road, Sapawe, Ontario (the “**Atikokan Site**”). Delays were experienced in connection with the removal of the purchased Property from the Atikokan Site due to bad weather and difficulties experienced by Maynards in coordinating the dismantling and demolition efforts of a number of purchasers and their agents. As a result of the delays, purchasers required additional time to remove purchased Property. Accordingly, Maynards, in consultation with the Receiver, granted extensions to the time for removal of the purchased Property. As of the date of this Report, all of the items purchased by third parties during the Liquidation

Process have been removed from the Atikokan Site. Maynards has confirmed that the sale is complete and that there are no remaining issues outstanding with respect to the Atikokan Auction.

19. The Receiver entered into an agreement with 6322093 Manitoba Inc. o/a Global Recycling & Recovery (“GRR”) whereby GRR took possession of the Atikokan Property and the Northern Property, effective January 22, 2012, to obtain adequate time to remove the assets that it purchased in the Atikokan Auction in exchange for GRR providing \$10,000 to cover all direct and indirect costs associated with maintaining the Atikokan Property and the Northern Property, excluding professional fees until the date that GRR departed the Atikokan Property and Northern Property. GRR departed the Atikokan Property on or about May 10, 2012. While in possession of the Atikokan Property, GRR facilitated the removal of certain third party assets at the Receiver’s direction, including a weigh scale owned by the MNDMF.

THE RECEIVER’S EFFORTS TO SELL THE REAL PROPERTY

20. Following the termination of the EACOM Transaction, in addition to negotiating the Agency Sale Agreement with Maynards and completing the sale of certain of Atikokan’s Property in the Liquidation Process, the Receiver subsequently contacted various parties who had expressed an interest in the Real Property (the “**Interested Parties**”) to determine whether these parties were interested in purchasing the Atikokan Site.
21. Commencing in early February 2012, the Receiver contacted four Interested Parties regarding the sale of the Atikokan Site. The Receiver updated a dataroom with relevant documentation related to the Atikokan Site and, subject to obtaining executed non-disclosure agreements, provided access to the Interested Parties for the purpose of commencing their due diligence.
22. On February 10, 2012, the Receiver sent an email to each of the Interested Parties setting a deadline to submit a bid on the Atikokan Site of February 23, 2012 at 5:00pm EST (the “**Bid Deadline**”). The Receiver included in this notice a draft asset purchase

agreement which was to be used as the basis for any offers provided for the Atikokan Site.

23. On the Bid Deadline, the Receiver received two offers for the Atikokan Site. The Receiver reviewed the terms and conditions of these offers and determined that neither offer for the Atikokan Site was acceptable. A summary of the relevant terms and conditions of these offers is attached hereto as **Confidential Appendix "A"**. As disclosure of the terms of these offers could negatively affect future efforts to realize on the Atikokan Site, the Receiver is seeking an order sealing the Confidential Appendix A until further order of the Court.
24. The Receiver has concluded that, at this time, the Atikokan Site is currently incapable of being realized by it in an amount that justifies the effort to complete a sale. It is not cost effective for the Receiver to remain in place solely in relation to the Atikokan Site until it can be sold. The Receiver has discussed the status of the Atikokan Site with counsel for G.E. Canada Equipment Financing G.P. ("**GE**") and counsel for Buchanan Sales and will provide control of the Atikokan Site to Atikokan / the Buchanan group, subject to the charges and security interests associated therewith. On April 11, 2012, the Receiver discussed the results of the sale process for the Atikokan Site with representatives from both the MOE and the Buchanan group of companies and advised them of the Receiver's intention to cease its efforts to realize on the Atikokan Site. The Receiver is unaware of any objections or concerns of the Buchanan group of companies or the MOE, in this respect. Additionally, the MOE and Buchanan Sales will be served with this Seventh Report.
25. On March 22, 2011, the Receiver received an offer for \$45,000 in respect of 22 Maple Cres, a residential house owned by Atikokan (the "**22 Maple Offer**"). The 22 Maple Offer was the only offer received by the Receiver in respect of 22 Maple Cres. The Receiver determined that Buchanan Sales had a prior ranking security interest in and to 22 Maple Cres. Buchanan Sales advised the Receiver that it did not wish the Receiver to attempt to realize on 22 Maple Cres. On July 7, 2011, GE's counsel, Stikeman Elliott LLP, advised the Receiver that GE did not object to the Receiver allowing Buchanan

Sales to deal with 22 Maple Offer directly. Accordingly, pursuant to the authority granted to the Receiver in paragraph 3(l) of the Atikokan Receivership Order, the Receiver released Atikokan's interest in and to 22 Maple Cres in favour of Buchanan Sales.

RECEIVER'S STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

26. The Receiver's Statement of Cash Receipts and Disbursements for the period from January 4, 2011 to June 8, 2012 is summarized as follows:

STATEMENT OF RECEIPTS AND DISBURSEMENTS	
For the Period from January 4, 2011 to June 8, 2012	
RECEIPTS	CAD\$
Net Proceeds of Liquidation	1,242,256
Receiver's Borrowings	425,000
Funding of Professional Costs	53,056
Pre Appointment GST Refunds	12,155
Rental Income	7,950
Cash on Hand	5,675
Interest Income	2,391
Miscellaneous	6,883
TOTAL RECEIPTS	1,755,366
DISBURSEMENTS	
Payroll	161,150
Rent / Telephone / Utility	149,130
Insurance	126,320
Operating Expenses	47,898
Receiver Fees & Disbursements	46,952
Legal Fees	18,219
Bank Charges	3,359
Statutory costs	1,804
Sales Tax (HST, PST)	14,152
TOTAL OPERATING DISBURSEMENTS	568,984
Less: Repayment of Receiver's Borrowings	(425,000)
Costs of Receiver's Borrowings	(15,526)
NET RECEIPTS OVER DISBURSEMENTS	745,856

27. The majority of professional fees of the Receiver and its legal counsel have been and are being paid directly by GE. Payment of the professional fees has been made directly to the Receiver and its counsel and accordingly these funds are not included as receipts or disbursements in the Statement of Cash Receipts and Disbursements set out above. Further detail of the professional fees of the Receiver and its counsel in these Receivership Proceedings are set out below and in the Fee Affidavits, filed separately.
28. As at the date of this Seventh Report, and as further described below, the Receiver estimates additional disbursements of approximately \$100,000 from cash on hand will be required to complete the Receivership Proceedings, including payment of estimated remaining fees and disbursements of the Receiver and its legal counsel and various administrative costs for any liabilities of the Receiver incurred during the Receivership Proceedings (the “**Outstanding Disbursements**”).
29. The Receiver respectfully requests that the Court approve the Receiver’s Statement of Cash Receipts and Disbursements.

OBLIGATIONS TO LENDERS

30. As more particularly described in the Fifth Report, on July 25, 2011, Osler provided a security review opinion to the Receiver (the “**Osler Opinion**”) stating that, subject to the assumptions, qualifications and limitations contained therein, Osler is of the opinion that the security granted by Atikokan in favour of each of GE and its related entities (the “**GE Entities**”) creates a valid security interest in favour of the GE Entities in the personal property described in its security.
31. As more particularly described in the Osler Opinion, in respect of the inter-creditor arrangements between the GE Entities and Buchanan Sales (collectively, the “**Secured Lenders**”), the Osler Opinion in effect states that, except for the personal property of Atikokan classified as “motor vehicle”, the security granted by Atikokan in favour of the GE Entities ranks in priority to the security granted by Atikokan in favour of Buchanan Sales. In respect of the collateral classified as “motor vehicle”, the security granted by

Atikokan in favour of Buchanan Sales ranks in priority to the security granted by Atikokan in favour of the GE Entities.

32. In summary, the Company's obligations to the GE Entities are governed by the following agreements and other documents (collectively, the "**GE Credit Agreements**"):
- i) Equipment Loan and Security Agreement dated April 2, 2007 (the "**Initial Atikokan ELSA**") as amended March 25, 2009 (the "**First Atikokan ELSA Amendment**") as further amended on June 18, 2009 (collectively the "**Atikokan ELSA**");
 - ii) General Security Agreement (the "**Atikokan GSA**") dated April 2, 2007 granted by Atikokan in favour of the GE Entities;
 - iii) Charge/Mortgage for a principal amount of \$13,000,000 in favour of the GE Entities incorporating the Standard Charge Terms (as defined therein) and registered against the title to the Atikokan Site on April 2, 2007 (the "**Atikokan Charge**") and an agreement amending charge dated March 16, 2009 (the "**Atikokan Charge Amendment**") registered on March 30, 2009;
 - iv) Acknowledgement of Standard Charge Terms to the GE Entities dated March 30, 2007 from Atikokan (the "**Atikokan Acknowledgement**");
 - v) Guarantee and Indemnity as amended on March 25, 2009 granted by Atikokan in favour of GE relating to certain obligations of Northern to GE (the "**Atikokan Guarantee**"); and
 - vi) Equipment Security Agreement dated March 25, 2009 granted by Atikokan in favour of GE (the "**Atikokan ESA**").
33. The principal amount owing under the GE Credit Agreements as of November 30, 2010 was approximately \$8,626,641.
34. The Company's obligations to Buchanan Sales are governed by the following agreements

and other documents (collectively, the “**Buchanan Credit Agreements**”):

- i) Demand Debenture in the principal amount of \$5,000,000 dated February 27, 2008 granted by Atikokan in favour of Buchanan Sales (the “**Buchanan Sales/Atikokan February 27 Debenture**”);
 - ii) Charge/Mortgage for a principal amount of \$5,000,000 in favour of Buchanan Sales registered on March 7, 2008 (the “**First Buchanan Atikokan Charge**”);
 - iii) Demand Debenture in the principal amount of \$5,000,000 dated November 27, 2008 granted by Atikokan in favour of Buchanan Sales (the “**Buchanan Sales/Atikokan November 27 Debenture**”);
 - iv) Charge/Mortgage for a principal amount of \$5,000,000 in favour of Buchanan Sales registered on November 28, 2008 (the “**Second Buchanan Atikokan Charge**”);
 - v) Waiver dated March 25, 2009 (the “**Buchanan Sales re Atikokan Waiver**”) granted by Buchanan Sales in favour of the GE Entities;
 - vi) Postponement of Interest registered March 30, 2009 pursuant to which Buchanan Sales’ rights under the First Buchanan Atikokan Charge are postponed to the rights held by the GE Entities under the Atikokan Charge; and
 - vii) Postponement of Interest registered on March 30, 2009 pursuant to which the rights under the Buchanan Sales’ Second Buchanan Atikokan Charge are postponed to the rights held by the GE Entities under the Atikokan Charge.
35. The principal amount owing under the Buchanan Credit Agreements as of January 4, 2011 was approximately \$10,046,500.

REQUEST FOR APPROVAL OF THE GE DISTRIBUTION

36. The Receiver is seeking an order of the Court approving a distribution by the Receiver to the GE of \$640,000 on account of the GE Entities' secured indebtedness under the GE Credit Agreements.
37. As summarized in the Receiver's receipts and disbursements for the period ending June 8, 2012, the Receiver is in possession of \$745,856. After the GE Distribution, the Receiver will retain cash of approximately \$100,000 to fund the costs associated with the Receiver fulfilling its duties. Upon payment of all of the Outstanding Disbursements, any residual amounts will be distributed to GE, subject to the Court granting the relief sought by the Receiver as set out in this Seventh Report. The following is a summary of the Receiver's funds available for distribution:

Proposed GE Distribution	
	CAD\$
CASH ON HAND	745,856
Reserve:	
Unpaid Professional Fees and work in progress	52,330
Remaining Costs	50,000
Total Reserve	102,330
Net funds available for distribution	643,525

38. The Receiver's estimate of accrued costs to date includes:
- i) professional fees for the Receiver and the Receiver's counsel of approximately \$52,000 including amounts invoiced which will be paid shortly, and amounts accrued for professional costs to date; and
 - ii) other costs for the administration of the estate from the date of the Receivership of approximately \$50,000, including final invoices for costs such as utilities and insurance and an estimate of professional costs associated with the completion of the Receivership Proceedings.

39. Paragraphs 17 and 20 (as amended) of the Receivership Order provided for certain charges against the assets of the Company, in the following priority:
- i) Receiver's Charge; and
 - ii) Receiver's Borrowing Charge in the amount of \$450,000.
40. The Receiver will maintain the Receiver's Charge for costs associated with the completion of the Receivership Proceedings. All borrowings by the Receiver under the Receiver's Borrowing Charge have been repaid and no amounts remain outstanding in respect of amounts previously borrowed from GE by the Receiver.
41. The Receiver has reviewed the payroll records of Atikokan and has confirmed that no "wages" (as defined in the BIA) are owing to former employees of Atikokan pursuant to section 81.4 of the BIA.
42. Accordingly, the Receiver respectfully seeks an order approving and authorizing the payment of the GE Distribution.

REQUEST FOR APPROVAL OF THE BUCHANAN SALES DISTRIBUTION

43. As described above, the security held by Buchanan Sales ranks in priority to the security held by GE in respect of that property which is defined as "motor vehicle".
44. Based on its review of the detailed lot-by-lot results of the Liquidation Process, the Receiver has determined that gross proceeds from the sale of "motor vehicles" of \$5,250 were realized by Maynards. The Receiver has advised Buchanan Sales' legal counsel, Blake Cassels & Graydon LLP that it is of the view that a pro-rata share of the costs of preserving and protecting these assets as well as the costs of liquidating the assets should be borne by both Buchanan Sales and GE. Accordingly, the Receiver proposes to distribute \$3,000 to Buchanan Sales (the "**Buchanan Sales Distribution**") in connection with net amounts realized from the sale of "motor vehicles" resulting from the Liquidation Process.
45. The Receiver respectfully seeks an order approving and authorizing the payment of the

Buchanan Sales Distribution.

REQUEST FOR FEES APPROVAL

46. The Receiver and Osler have maintained detailed records of their professional time and costs. The Receiver is seeking the approval of its fees and disbursements and those of Osler for the period from December 21, 2010 to April 30, 2012 (the “**Period**”) in connection with the performance of their duties in the Receivership.
47. Pursuant to paragraph 17 of the Receivership Order, any expenditure or liability properly made or incurred by the Receiver, including the fees and disbursements of the Receiver and the fees and disbursements of its legal counsel, were authorized to be paid on a periodic basis subject to any final assessment or taxation as may be ordered by the Court. In addition, the Receiver’s Charge was granted as security for, inter alia, the fees and disbursements of the Receiver and its counsel.
48. The total fees of the Receiver during the Period amount to \$332,330.32, together with expenses and disbursements in the amount of \$24,141.74 (both excluding Harmonized Sales Tax (“**HST**”)) (collectively, the “**Receiver’s Fees and Disbursements**”). The time spent by the Receiver’s personnel during the Period is more particularly described in the Affidavit of Tracey Weaver of the Receiver (the “**Weaver Affidavit**”), sworn in support hereof and filed separately. Exhibit “A” to the Weaver Affidavit is a summary of the personnel, hours, and hourly rates charged by the Receiver in respect of the Receivership proceedings for the Period.
49. The total fees incurred by the Receiver for services provided by Osler during the Period amount to \$150,769.50 together with expenses and disbursements in the amount of \$1,466.42 (both excluding HST) (collectively, the “**Osler Fees and Disbursements**”). The time spent by Osler personnel during the Period is more particularly described in the Affidavit of Shireen Young of Osler (the “**Osler Affidavit**”), sworn in support hereof and filed separately. The Osler Affidavit provides a summary of the personnel, hours, and hourly rates charged by Osler in respect of the

Receivership for the Period.

50. The Receiver respectfully submits that the Receiver's Fees and Disbursements and the Osler Fees and Disbursements are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Receivership Order. Accordingly, the Receiver now seeks the approval of the Receiver's Fees and Disbursements and the Osler Fees and Disbursements.

REMAINING DUTIES

51. As summarized herein, the Receiver has completed its duties as set out in the Receivership Order and subsequent orders, with respect to the Atikokan Property, except for the following outstanding matters (the "**Remaining Duties**"):
 - i) payment of the Outstanding Disbursements;
 - ii) distribution of the remaining funds on hand to GE; and
 - iii) other administrative matters incidental to the Receiver's appointment.
52. Notwithstanding the fact that there are certain Remaining Duties, the Receiver is of the view that it is appropriate to seek an order of the Court discharging the Receiver at this time. The Remaining Duties are not disputed and the Receiver will be able to complete the Remaining Duties within a reasonable period of time. As a result, the Receiver is of the view that it ought to be discharged as part of this motion so that the creditors are not required to fund another motion in this Receivership Proceeding.

RECOMMENDATION

53. The Receiver respectfully requests and recommends for the reasons outlined above in this Seventh Report that this Court make an Order, *inter alia*:
 - i) approving the activities of the Receiver as set out in the Sixth Report and the Seventh Report including the Receiver's Statement of Cash Receipts and Disbursements set out herein;

- ii) sealing Confidential Appendix A containing the bid summary for the Atikokan Site;
- iii) approving the GE Distribution;
- iv) approving the Buchanan Sales Distribution;
- v) approving the fees and disbursements of the Receiver and its counsel, as set out in this Seventh Report and the Fee Affidavits;
- vi) approving the distribution of the remaining monies in relation to the Atikokan Property to GE;
- vii) discharging the Receiver subject to the Receiver completing its administration of the Receivership Proceedings and completing the Remaining Duties; and
- viii) declaring that PwC is immediately released from any liability that PwC now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of PwC while acting in its capacity as Receiver, save and except for the Receiver's gross negligence or willful misconduct.

All of which is respectfully submitted this 28th day of June, 2012.

PricewaterhouseCoopers Inc.

In its capacity as Receiver of
Atikokan Forest Products Ltd.



Greg Prince
Senior Vice President