

**Court File No. 2336/11**

**REGIONAL DIE CASTING LIMITED**

**RECEIVER'S SECOND REPORT TO COURT**

**October 28, 2011**

ONTARIO  
SUPERIOR COURT OF JUSTICE

BETWEEN:

ROYAL BANK OF CANADA

Applicant

-and-

REGIONAL DIE CASTING LIMITED

Respondent

SECOND REPORT TO THE COURT SUBMITTED BY  
PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY AS RECEIVER

1. On February 11, 2011 (the “**Date of Appointment**”), by Order of the Honourable Mr. Justice Matheson (the “**Appointment Order**”), PricewaterhouseCoopers Inc. (“**PwC**”) was appointed 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**”) without security, of all the property, assets and undertakings (the “**Property**”) of Regional Die Casting Limited (“**RDC**” or the “**Company**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.
2. On April 20, 2011, the Honourable Mr. Justice Henderson granted an Order (the “**Second Order**”) that, among other things:
  - (a) Approved the activities of the Receiver, as set out in the Receiver’s first report dated April 13, 2011 (the “**First Report**”) a copy of the First Report is attached hereto as **Appendix “B”**;

- (b) Authorized and approved the execution of the Sale Agreement, as defined in the First Report, by the Receiver and approved the Transaction, as defined in the First Report, involving the sale of certain machinery, equipment and related capital assets located at the Company's Premises, as hereinafter defined, to GoIndustry DoveBid Canada and the Branford Group ("**Go-Dove**");
  - (c) Authorized the Receiver to dispose of various third party assets; and
  - (d) Approved the fees and disbursements of the Receiver and its legal counsel for the period ended April 8, 2011.
3. The purpose of this, the Receiver's second report (the "**Second Report**"), is to provide this Honourable Court with an update on:
- (a) The Receiver's activities since the date of the Receiver's First Report;
  - (b) The Receiver's receipts and disbursements for the period from the Date of Appointment to September 27, 2011;
- and to seek an order of this Honourable Court:
- (c) Approving a distribution to the Royal Bank of Canada (the "**Bank**") in the amount \$550,000 (the "**Bank Distribution**") and such subsequent distributions as the Receiver, in its sole discretion, determines appropriate (the "**Subsequent Bank Distributions**");
  - (d) Approving the Second Report, and the activities of the Receiver as set out therein; and
  - (e) Approving the fees and disbursements of the Receiver's accounts for the period ending October 3, 2011 and fees and disbursements of its legal counsel for the period ending September 30, 2011.
4. This Second Report should be read in conjunction with the First Report.

## RESTRICTIONS

5. In preparing its Second Report, the Receiver has relied upon unaudited and draft financial information provided to it by the Company. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the financial information provided to it and expresses no opinion, or other form of assurance, in respect of the financial information contained in this report.
6. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars and exclude harmonized sales tax ("**HST**") unless specifically mentioned as including HST. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Appointment Order or the First Report.

## RECEIVER'S ACTIVITIES SINCE ITS FIRST REPORT

7. On August 22, 2011, in accordance with subsection 246(2) of the BIA, the Receiver filed its first interim report to the Superintendent of Bankruptcy.
8. The Receiver has established and maintained a website at [www.pwc.com/car-regionaldiecasting](http://www.pwc.com/car-regionaldiecasting) and posted periodic updates and materials with respect to the receivership proceedings as well as the concurrent bankruptcy (on January 25, 2011, the Company made an assignment for the general benefit of creditors). The Receiver has also established an information hotline for creditors and investors at (416) 687-8114. The Receiver continues to monitor its website and hotline and respond to enquiries received on a timely basis.
9. To facilitate the maintenance of the Premises, the Receiver continued the employment of one of the Company's employees.
10. Since its First Report, the Receiver has completed the sale of certain machinery, equipment and related capital assets at the Company's premises 695 Arvin Avenue, in Stoney Creek, Ontario ("**the Premises**") to Go-Dove. The Transaction closed on April 20, 2011 and net proceeds of \$557,000 were realized

by the Receiver. Pursuant to specific terms of the Sale Agreement, the Receiver allowed Go-Dove to prepare for and conduct a public auction on the Company's Premises on June 29, 2011 and provided Go-Dove with access to the Company's Premises until August 31, 2011 to facilitate the removal of the machinery, equipment and capital assets. As of the date of the Second Report, Go-Dove has completed their auction and all machinery, equipment and capital assets sold to Go-Dove have been removed from the Company's Premises.

11. The only remaining Property located at the Premises relate to two overhead cranes, which the Receiver elected to retain in order to increase the saleability of the building, and two leased photocopiers, which the lessor has abandoned.
12. The Receiver has completed realizations of scrap material located on the Premises and scrap material recovered from third party suppliers. All scrap and unsold finished goods inventory was re-melted into Zamac #3 alloy or sorted based on its input materials. The Zamac #3 alloy and scrap material was sold to various end users and scrap dealers through a competitive bidding process. The Receiver solicited offers from 10 different companies and accepted the highest offer received for each type of material. The sale of scrap was made in the ordinary course of business. A total of \$223,250.72 and USD \$42,035.83 was realized from the sale of scrap.
13. As of the date of the Second Report, the only asset not yet sold by the Receiver is the Premises. The Premises continues to be actively marketed for sale by Cushman & Wakefield Ltd, the Receiver's real estate broker.

## RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

The Receiver's statement of cash receipts and disbursements for the period February 11, 2011 to September 27, 2011 is summarized as follows:

<b>PricewaterhouseCoopers Inc.</b>	
<b>Court Appointed Receiver of Regional Die Casting Limited</b>	
<b>CONSOLIDATED STATEMENT OF RECEIPTS AND DISBURSEMENTS</b>	
<b>FOR THE PERIOD FEBRUARY 11 , 2011 TO SEPTEMBER 27, 2011</b>	
<b>RECEIPTS</b>	<b>\$</b>
Sale of Equipment	595,209.25
Sale of Inventory	295,317.53
Sale of Raw Material/Scrap	265,286.55
Pre Appointment GST Refund	76,202.27
Pre Appointment Accounts Receivable	36,620.34
HST Collected	11,549.66
Interest Earned	2,932.21
Insurance Refund	1,627.00
Miscellaneous Income	78.52
<b>TOTAL RECEIPTS</b>	<b>1,284,823.33</b>
<b>DISBURSEMENTS</b>	
Payroll and Employee related Costs	99,780.26
Receiver Fees & Disbursements	90,951.55
Deemed Trust Claim - Source Deductions	72,236.58
Utilities	36,075.54
Insurance	21,691.80
Legal Fees	20,808.68
Operating Expenses	16,225.15
HST (I.T.C.)	7,049.21
Bank Charges	255.00
Registration Fee	70.00
<b>TOTAL DISBURSEMENTS</b>	<b>365,143.77</b>
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS/ FUNDS HELD BY RECEIVER</b>	<b>919,679.56</b>
Note 1: USD Converted at 1.00	

14. Pursuant to paragraph 20 of the Appointment Order, the Receiver was authorized to borrow up to \$250,000, if required, (the “**Receiver’s Borrowings**”) for the purpose of funding the exercise of the powers and duties conferred upon it under the terms of the Appointment Order. To date, the Receiver has not incurred any Receiver’s Borrowings.
15. As at September 27, 2011, the Receiver estimates that there were accrued, unpaid obligations of approximately \$125,000, primarily consisting of professional fees of the Receiver and its legal counsel, accrued payroll, and other miscellaneous accrued expenses (collectively the “**Accrued Obligations**”).

## **REQUEST FOR APPROVAL OF DISTRIBUTIONS TO THE BANK**

### **Obligation to the Bank**

16. Details of the Companies’ obligations to the Bank are set out in the affidavit of Robert Fick sworn January 24, 2011, (the “**Fick Affidavit**”) filed in support of the Bank’s application for appointment of the Receiver. A copy of the Fick Affidavit, without Exhibits, is attached hereto as **Appendix “C”**.
17. In summary, RDC’s obligations to the Bank are governed by the following agreements and other documents (collectively, the “**the Credit Agreements**”):
  - (a) A credit facility entered into between the Company and RBC on May 29, 2009 which was further amended by a letter dated August 28, 2009. Indebtedness under the credit facility consists of the following (collectively, the “**Bank Credit Facilities**”):
    - i. A \$2,000,000 revolving demand facility repayable with interest at RBC’s prime rate plus 3.0%;
    - ii. A \$3,400,000 non-revolving term facility with interest at RBC’s prime rate plus 3.0%; and

- iii. A business visa to a maximum of \$20,000 with interest as set out in the monthly statements to cardholder.
  - (b) A general security agreement dated February 20, 2007, granting the Bank a security interest in all of RDC's assets, executed by RDC in favour of the Bank perfected under the Personal Property Security Act (the "PPSA") as registration number 20070219 1538 1862 0233 and registration number 20100804 1946 1531 9345 against inventory, equipment, accounts, and other (the "GSA"); and
  - (c) A collateral first mortgage in the amount of \$8,000,000, registered against property municipally known as 695 Arvin Avenue, Stoney Creek, Ontario, on February 21, 2007 (the "Mortgage").
18. All of the amounts advanced under the Bank Credit Facilities are secured by GSA in respect of the personal property of RDC and a charge/mortgage in respect of the Premises, (the "**Bank Security**").
19. The Bank has advised the Receiver that, as of October 18, 2011 the amount of principal, accrued interest and professional fees owing by RDC under the Bank Credit Facilities is \$3,784,032.65. Additional costs and interest will continue to accrue until the Company's obligations to the Bank are paid in full.

### **Security Opinion**

20. The Receiver has obtained an independent legal opinion (the "**Security Opinion**") from Aird & Berlis LLP ("**Aird & Berlis**") on the validity and enforceability of the Bank Security. The Security Opinion is applicable only to Ontario, where all of the Company's business and assets are located.
21. Subject to the customary qualifications and limitations contained therein, it is Aird & Berlis' opinion that the Bank Security is valid and enforceable and that the Bank has registered first in time against the personal property of RDC under the



*Personal Property Security Act (Ontario)* (the “PPSA”). A copy of Aird & Berlis’ security opinion is attached hereto as **Appendix “D”**.

### **Priority**

22. The Bank Security is subject to prior charges and security interests or claims against the Property, which include:
- (i) The Receiver’s Charge;
  - (ii) The Receiver’s Borrowing Charge; and
  - (iii) Property tax claims.
23. The Receiver is not aware of any liens, encumbrances or other rights of third parties, in respect of which registration against the Company is not required, that would have priority over the Bank Security with respect to the Company’s Property.

### **Request for Approval of a Distribution to the Bank**

24. In addition to the Accrued Obligations of approximately \$125,000, the Receiver has estimates future disbursements required in order to complete the Receivership Proceedings, of \$200,000. These future disbursements include the estimated remaining fees and disbursements of the Receiver and its legal counsel, payroll associated with the remaining employee (until such time as they are no longer required by the Receiver), and various other administrative costs associated with the administration of the Receivership Proceedings (the “**Outstanding Disbursements**”). Accordingly, the Receiver proposes to hold a reserve of \$200,000 from the net realizations in order to satisfy the Outstanding Disbursements.
25. The most recent tax bill received from the City of Hamilton indicates there is an outstanding balance of approximately \$204,363 related to property taxes on the Company’s Premises. Currently outstanding and future property taxes in respect of the Premises will be paid out of the proceeds of sale of the Premises.

26. The following table summarizes the amounts available after the proposed Bank Distribution:

<b>Consolidated CDN AND USD Accounts</b>	
	<b>\$</b>
Cash on Hand	919,680
Less:	
Accrued Obligations	115,000
Proposed Distribution	550,000
<b>Remaining Funds on Hand</b>	<b>254,680</b>
Note 1: USD Converted at 1.00	

27. The Receiver is seeking approval of a distribution in the amount of \$550,000 on account of the Bank Indebtedness.
28. The Receiver is of the view that in order to maximize efficiency and avoid the need to seek the approval of this Honourable Court to make Subsequent Bank Distributions, it is appropriate, in addition to seeking approval for the Bank Distribution, to seek this Honourable Court's approval to make Subsequent Bank Distributions as the Receiver determines are appropriate, subject to the Receiver maintaining sufficient reserves to complete the administration of the Receivership Proceedings, including satisfying prior claims in respect of the Property.

#### **REQUEST FOR FEE APPROVAL**

29. The Receiver and its counsel, Aird & Berlis, have maintained detailed records of their professional time and disbursements since the Date of Appointment.
30. Pursuant to paragraphs 17 to 19 of the Appointment Order, the fees and disbursements of the Receiver and the fees and disbursements of its legal counsel are authorized to be paid on a periodic basis out of the monies in its hand subject to any final assessment or taxation as may be ordered by the Court.

31. The total fees and disbursements of the Receiver during the period April 9, 2011 to October 3, 2011 (the “**Period**”) amount to \$81,019.10 (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 PwC (the “**Weaver Affidavit**”), sworn in support hereof and filed separately. Exhibit B to the Weaver Affidavit is a summary of the personnel, hours, and hourly rates charged by the Receiver in respect of the within proceedings for the Period.
32. The total fees and disbursements incurred by Aird & Berlis from April 11, 2011 to September 30, 2011 (the “**Aird & Berlis Fee Approval Period**”) amount to \$11,432.84 (the “**Aird & Berlis Fees and Disbursements**”). The time spent by Aird & Berlis’ personnel during the Aird & Berlis Fee Approval Period is more particularly described in the Affidavit of Christine Doyle of Aird & Berlis (the “**Doyle Affidavit**”), filed separately.
33. The Receiver respectfully submits that the Receiver’s Fees and Disbursements, and the Aird & Berlis Fees and Disbursements are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Appointment Order.
34. Accordingly, the Receiver seeks an order of this Honourable Court approving the Receiver’s Fees and Disbursements and the Aird & Berlis Fees and Disbursements.

## **RELIEF SOUGHT**

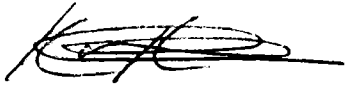
35. The Receiver respectfully requests this Honourable Court make an order:
  - (a) Approving a distribution to the Royal Bank of Canada in the amount \$550, and such subsequent distributions as the Receiver, in its sole discretion, determines appropriate;
  - (b) Approving the Second Report, and the activities of the Receiver as set out therein; and

- (c) Approving the fees and disbursements of the Receiver's accounts for the period ending October 3, 2011 and fees and disbursements of its legal counsel for the period ending September 30, 2011.

All of which is respectfully submitted on this 28<sup>th</sup> day of October 2011.

**PRICEWATERHOUSECOOPERS INC.**

In its capacity as Court appointed Receiver of  
Regional Die Casting Limited



Karen Kimel  
Vice President

## ***Appendix A***

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

THE HONOURABLE **MR.** ) WEDNESDAY, THE 9TH DAY  
**JUSTICE MATHESON** )  
 ) OF FEBRUARY, 2011

**ROYAL BANK OF CANADA**

Applicant

- and -

**REGIONAL DIE CASTING LIMITED**

Respondent

**APPLICATION UNDER** section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 as amended, section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended, and Rule 14.05(3)(g) and (h) of the *Rules of Civil Procedure*

**ORDER**

THIS APPLICATION made by the Royal Bank of Canada for an Order 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") appointing PricewaterhouseCoopers Inc. as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Regional Die Casting Limited (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 102 East Main Street, Welland, Ontario, L3B 3W6.

ON READING the affidavit of Robert Fick sworn January 24, 2011 and the Exhibits thereto and on hearing the submissions of counsel for the applicant and on reading the consent of PricewaterhouseCoopers Inc. to act as the Receiver and the consent of the Debtor;

## **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

## **APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, PricewaterhouseCoopers Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

## **RECEIVER'S POWERS**

3. THIS COURT ORDERS that 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 of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect 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 of the 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 Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such 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 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;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating



such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (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 \$100,000.00, provided that the aggregate consideration for all such transactions does not exceed \$200,00.00; 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 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,] shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (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 on 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; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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 TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its 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 to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that 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 due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that 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. THIS COURT ORDERS that 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. THIS COURT ORDERS that 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.

### **NO EXERCISE OF RIGHTS OR REMEDIES**

9. THIS COURT ORDERS that all rights and remedies 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 this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided 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. THIS COURT ORDERS that 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.

### **CONTINUATION OF SERVICES**

11. THIS COURT ORDERS that 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 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. THIS COURT ORDERS that 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. THIS COURT ORDERS that 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 any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

## **PIPEDA**

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, 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. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

### **LIMITATION ON THE RECEIVER'S LIABILITY**

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

## **RECEIVER'S ACCOUNTS**

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge 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, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

18. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. THIS COURT ORDERS that 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 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**

20. THIS COURT ORDERS that 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 \$250,000.00 (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 and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that 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.

22. THIS COURT ORDERS that 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.

23. THIS COURT ORDERS that 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.

#### **GENERAL**

24. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. 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.



27. THIS COURT ORDERS that 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, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

28. THIS COURT ORDERS that 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's estate with such priority and at such time as this Court may determine.

29. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (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.

Mark S. J.

Entered at Welland  
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as Document No. 282  
comme Document n. 282  
on Feb 11, 2011  
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by MO  
par \_\_\_\_\_

## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that, PricewaterhouseCoopers Inc. (the "Receiver") of the assets, undertakings and properties of Regional Die Casting Limited ("Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Order") made in an action having Court file number \_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

PricewaterhouseCoopers Inc. solely in its  
capacity as Receiver of the Property, and not in  
its personal capacity

Per: \_\_\_\_\_

Name:

Title:

## ***Appendix B***

Court File No. 2336/11

**REGIONAL DIE CASTING LIMITED**

**RECEIVER'S FIRST REPORT TO COURT**

**April 13, 2011**

ONTARIO  
SUPERIOR COURT OF JUSTICE

B E T W E E N :

ROYAL BANK OF CANADA

Applicant

-and-

REGIONAL DIE CASTING LIMITED

Respondent

FIRST REPORT TO THE COURT SUBMITTED BY  
PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY AS RECEIVER

1. On February 11, 2011, by Order of the Honourable Mr. Justice Matheson (the "Appointment Order"), PricewaterhouseCoopers Inc. ("PwC") was appointed 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") without security, of all the property, assets and undertakings (the "Property") of Regional Die Casting Limited ("RDC" or the "Company"). A copy of the Appointment Order is attached hereto as Appendix "A".
2. This is the Receiver's first report to the Court, the purpose of which is to:
  - (a) inform the Court of the Receiver's activities since the Appointment Order to date and to seek the Court's approval thereof;
  - (b) seek the Court's approval for the Receiver to dispose of third party assets for which no response has been received to the Receiver's inquiries;
  - (c) seek the Court's approval of the sale of certain machinery, equipment and related capital assets located at the Company's premises at 695 Arvin Avenue in Stoney

Creek (the "Premises") to GoIndustry DoveBid Canada and the Branford Group ("Go-Dove") and related relief providing for the vesting of the purchased assets in Go-Dove free and clear of all encumbrances;

- (d) provide the Court with the Receiver's Statement of Receipts and Disbursements for the period from February 11, 2011 to April 13, 2011 and seek the Court's approval thereof; and
  - (e) seek the Court's approval of the Receiver's accounts for the period ending April 8, 2011 and the accounts of its legal counsel for the period ending April 8, 2011.
3. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars and exclude harmonized sales tax ("HST") unless specifically mentioned as including HST. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Appointment Order.

#### **BACKGROUND INFORMATION**

- 4. The Company is a Canadian controlled, privately held corporation incorporated under the laws of the province of Ontario.
- 5. RDC manufactured zinc based die cast products for the automotive industry and other North American manufactures from industries including office furniture, plumbing, hardware, telecommunications, electrical and defence. RDC's zinc die casting plant (the "Zinc Die Casting Plant") is located at 695 Arvin Avenue, Stoney Creek, Ontario. The Premises, including the land and building, are owned by RDC.
- 6. On January 24, 2011 the Company terminated all of its employees, paid its employees all outstanding salary and vacation pay, and shut down operation of its Zinc Die Casting Plant.
- 7. Prior to the Appointment Order, on January 25, 2011, RDC made an assignment in bankruptcy for the general benefit of its creditors and PwC was appointed as trustee in bankruptcy (the "Trustee") of the estate of the bankrupt by the Official Receiver, which

appointment was affirmed by the creditors at the meeting of creditors held on February 11, 2011.

#### **RECEIVER'S ACTIVITIES SINCE ITS APPOINTMENT**

8. The Receiver has established a website at [www.pwc.com/car-regionaldiecasting](http://www.pwc.com/car-regionaldiecasting) to post periodic updates and materials with respect to the bankruptcy and receivership proceedings. The Receiver has also established an information hotline for creditors and investors at (416) 687-8114. The Receiver continues to monitor its website and hotline and respond to enquiries received on a timely basis.
9. Pursuant to the authority granted by paragraph 3 of the Appointment Order, the Receiver took possession and control of the Company on February 11, 2011 after receiving approval from the trustee in bankruptcy following the first meeting of inspectors on February 11, 2011.
10. Pursuant to paragraph 12 of the Appointment Order, immediately following its appointment, the Receiver established new bank accounts at RBC. All collections by the Receiver subsequent to its appointment have been deposited into the new bank accounts.
11. Pursuant to the authority granted by paragraph 3(d) of the Appointment Order, the Receiver engaged Aird & Berlis LLP ("Aird & Berlis"), as its independent legal counsel.
12. The Receiver completed its Notice and Statements of the Receiver pursuant to subsection 245(1) and 246(1) of the BIA.
13. Prior to the Receiver's appointment, RDC terminated all of its employees, paid its employees all outstanding salary and vacation pay, and shut down operation of its Zinc Die Casting Plant. According to RDC's books and records, the total outstanding severance and termination pay owing to the employees is \$1,738,805. To facilitate the orderly wind up of RDC's business, the Receiver continued the employment of 18 former employees of RDC on a temporary day to day basis to assist the Receiver with various receivership activities including but not limited to preparing financial information for accounts receivable and inventory reconciliations with RDC's customers, preparing T4s



and ROEs, identifying and assisting with the return of various tooling, moulds and dies (the "Tooling") owned by RDC's customers and completing work-in-process ("WIP") inventory. As at the date of this report, 2 former employees continued to be engaged by the Receiver.

14. Certain major automotive customers of RDC requested that the Trustee complete the Company's WIP inventory and run additional production in order to build up an inventory of parts before the transfer of its Tooling to a new supplier in order to avoid production line shutdowns at their respective plants, or those of their customers. The selling price of the inventory to be produced and completed was reviewed by the Trustee and price increases were enacted where necessary in order to ensure that all inventory sold by the Trustee was on a 'for-profit' basis with an acceptable profit margin after considering all-in completion costs. The Receiver continued these negotiations after its appointment and completed the production of the inventory per the customer's requirements.
15. With assistance from RDC's former staff and upon verification of ownership, the Trustee and the Receiver permitted RDC's customers to recover their Tooling, which were released to them on an as is, where is basis, upon execution of receipts.
16. While facilitating the release of customer tooling, in order to enhance the collection of accounts receivable and realization of inventory (inclusive of materials, work-in-progress, and finished goods), the Trustee and the Receiver negotiated with RDC's customer to:
  - (i) ensure collection of all outstanding accounts receivable owed by each customer before releasing the customers' Tooling; and
  - (ii) enter into various agreements with RDC's customers for the sale of remaining inventory.
17. The Receiver has completed its efforts to realize on RDC's accounts receivable and inventory from all of RDC's customers. The chart below provides a synopsis of the book value of accounts receivable and inventory as at January 25, 2011 and the amounts

realized by the Trustee and the Receiver as at April 6, 2011. All unsold finished goods inventory on site has been re-melted and sold as Zamac #3 alloy or sorted based on its input materials and will be sold as scrap.

**Asset Realizations**

**As at April 13, 2011**

<b>Description:</b>	<b>Book Value Jan 25, 2011</b>	<b>Receipts by Trustee</b>	<b>Receipts by Receiver</b>	<b>Total Receipts</b>	<b>Percent Collected</b>	<b>Note:</b>
Accounts Receivable	908,389	861,667	36,620	898,287	99%	
Inventory	750,000	617,843	295,318	913,161	122%	1
<b>Total</b>	<b>1,658,389</b>	<b>1,479,510</b>	<b>331,938</b>	<b>1,811,448</b>		

**Note 1:** The book value of inventory at January 25, 2011 was estimated by RDC for the statement of affairs. The Trustee and Receiver have realized on WIP, finished goods, and obsolete inventory and have collected more than was previously estimated as the value of the inventory.

18. Shortly after its appointment, the Receiver made efforts to contact all third parties that the Receiver believed had tooling located on the Company's Premises based on its review of the Company's books and records. Formal notices were sent by the Receiver to all third parties who did not respond to verbal requests or emails to pick up the Tooling on site. The notices advised the third parties to contact the Receiver within 5 business days to make arrangements to remove the Tooling failing which the Receiver would dispose of the Tooling with no further recourse to the third party. Three third parties informed the Receiver that they had no use of the Tooling and gave the Receiver permission to dispose of their respective Tooling. No response was received from 11 third parties. As a result, it is the intention of the Receiver, with the permission of this Court, to dispose of the Tooling without further regard to the rights of the third parties. Copies of the formal notices and a schedule of the Tooling to be disposed of are attached, as Appendix B.
19. The Company received demands for repossession of goods pursuant to Section 81.1 of the BIA from Xstrata Canada Corporation ("Xstrata") on January 27, 2011 and from Rochester Aluminum Smelting Canada Limited ("Rochester") on February 1, 2011. The Receiver returned \$179,377 in goods to Xstrata that met the criteria set out in Section 81.1 of the BIA. Additionally, the Receiver returned \$27,841 in goods to Rochester that met the criteria set out in Section 81.1 of the BIA.

## **SALE OF CERTAIN MACHINERY AND EQUIPMENT TO GO-DOVE**

20. Following its appointment, the Trustee engaged Hilco Asset Sales Canada ("Hilco") to conduct an appraisal (the "Appraisal") of RDC's fixed assets, machinery and equipment (the "Equipment") located at the Premises. The Appraisal is included as Appendix "C" to this Report, which is not attached but will be provided to the Court separately and will be the subject of a request for a Sealing Order given the confidential information concerning asset values which it contains.
21. Paragraphs 3(k), 3(l), 3(l)(i) and 3(l)(ii) of the Appointment Order provide that the Receiver is empowered and authorized to market the assets of the Company and to sell the assets of the Company, without Court approval for transactions not exceeding \$100,000 up to an aggregate for all such transactions of \$200,000, and otherwise with approval of the Court.
22. The Receiver sent a fixed asset listing to seven liquidators to solicit proposals for the sale of RDC's Equipment.
23. Six liquidators toured the Company's Premises and, thereafter, the Receiver obtained five different liquidation and/or purchase proposals including two cash offers and two net minimum guarantee offers. These proposals are summarized in Appendix "D" to this Report, which is not attached but will be provided to the Court separately and will be the subject of a request for a Sealing Order given the confidential information concerning asset values and offers which it contains.
24. Following its review of the liquidation offers received and clarification discussions with certain liquidators, the Receiver determined that the cash offer made by Go-Dove was the preferred offer, particularly considering the current uncertain economic environment. The zinc die casting manufacturing sector in North America has been heavily impacted by outsourcing of production to countries with lower labour costs and the automotive industry reducing demand for zinc based products which has resulted in decreased volumes, overcapacity in existing plants, an increase in the number of failed suppliers

and an excess supply of used machinery in the market. Additionally, the cash offer made by Go-Dove exceeds the orderly liquidation value of the Hilco Appraisal.

25. The Receiver has negotiated an agreement of purchase and sale with Go-Dove based on an updated proposal received dated March 22, 2011. The terms and conditions of the sale exclude two industrial cranes from the sale of the Equipment. The two industrial cranes will not be sold as part of the auction as the cranes will likely increase the value and saleability of the land and building by more than the expected proceeds from the cranes at auction.
26. The complete Go-Dove proposal is attached hereto as Appendix "E". The attached version of the Go-Dove proposal has been redacted to remove references with respect to confidential information, including information as to value. An unredacted copy of the Go-Dove proposal will be provided to the Court and will be the subject of a request for a Sealing Order.
27. The Receiver is of the opinion that the Go-Dove proposal is fair and reasonable, that it represents the highest and best realization available in respect of the assets within the risk tolerance of RBC and that completion of the transaction contemplated by the Go-Dove proposal will maximize recovery for RBC.
28. The Receiver respectfully requests that the Court approve the sale transaction contemplated by the Go-Dove proposal and grant the approval and vesting order contemplated therein.

#### **RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS**

29. As at April 13, 2011, the Receiver has realized cash receipts of CDN \$314,743.90 and USD \$327,121.87, and incurred disbursements of CDN \$162,781.27 and USD \$165. As a result, the balance of funds held by the Receiver as at April 13, 2011 is CDN \$151,962.63 and USD \$326,956.87. The Receiver's statements of receipts and disbursements, as at April 13, 2011, are attached hereto as Appendices "F" and "G" for its Canadian and US bank accounts respectively (the "Receiver's R&Ds").

## REQUEST FOR FEES APPROVAL

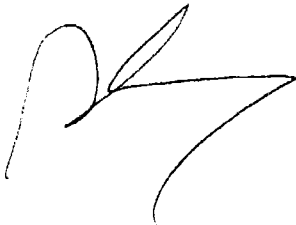
30. The Receiver and its counsel have maintained detailed records of their professional time and costs since the Receiver's appointment.
31. Pursuant to paragraphs 17, 18 & 19 of the Appointment Order, any expenditure or liability properly made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, 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 and the Receiver was authorized to pay its accounts on a periodic basis out of the monies in its hand subject to any final assessment or taxation as may be ordered by the Court.
32. The total fees of the Receiver during the period ending April 8, 2011 (the "Period") amount to \$82,929.00, together with expenses and disbursements in the amount of \$8,022.55 (both excluding HST). The time spent by Receiver personnel during the Period is more particularly described in the Affidavit of Tracey Weaver of PwC (the "Weaver Affidavit"), sworn in support hereof and filed separately. Exhibit "B" to the Weaver Affidavit is a summary of the personnel, hours, and hourly rates charged by the Receiver in respect of the within proceedings for the Period.
33. The total fees incurred by the Receiver for services provided by Aird & Berlis LLP during the period ending April 8, 2011 (the "Aird & Berlis Fee Approval Period") amount to \$9,355.50 together with expenses and disbursements in the amount of \$95.20 (both excluding HST). The time spent by Aird & Berlis personnel during the Aird & Berlis Fee Approval Period is more particularly described in the Affidavit of Christine Doyle of Aird & Berlis LLP (the "Doyle Affidavit"), filed separately.
34. The Receiver respectfully submits that the Receiver's fees and disbursements and those of its legal counsel are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Appointment Order. Accordingly, the Receiver now seeks the approval of the Receiver's fees and disbursements and those of Aird & Berlis LLP for the Period and the Aird & Berlis Fee Approval Period.

The Receiver respectfully submits to the Court this, its First Report.

Dated this 13th day of April, 2011

**PRICEWATERHOUSECOOPERS INC.**

in its capacity as Court appointed Receiver of  
Regional Die Casting Limited

A handwritten signature in black ink, appearing to be 'SC', with a long horizontal stroke extending to the right.

Per: Sean Casey

Title: Senior Vice President

## ***Appendix C***

Court file no.

ONTARIO  
SUPERIOR COURT OF JUSTICE

BETWEEN:

ROYAL BANK OF CANADA

Applicant

-and-

REGIONAL DIE CASTING LIMITED

Respondent

APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended, section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended, and Rule 14.05(3)(g) and (h) of the *Rules of Civil Procedure*

AFFIDAVIT OF ROBERT FICK

I, ROBERT FICK, of the Town of Whitby, in the Province of Ontario, MAKE OATH AND SAY:

1. I am an Account Manager in the Special Loans and Advisory Services Department of the applicant, Royal Bank of Canada ("RBC"). I have responsibility for matters pertaining to Regional Die Casting Limited (the "Debtor") and as such have personal knowledge of the matters to which I depose.
2. Where this affidavit is based upon information received from others, I verily believe that information to be true.



**Background**

3. The Debtor is a corporation incorporated pursuant to the laws of the Province of Ontario, which carries on business in Stoney Creek (City of Hamilton), in the Province of Ontario.
4. The Debtor carries on the business of custom zinc die casting.

**The RBC Loan Facilities**

5. The Debtor and RBC entered into a Credit Facilities Letter dated May 29, 2009 as amended by letter dated August 28, 2009 ("RBC Facility") and the indebtedness is evidenced in the RBC Facility as follows:
    - (A) Facility #4, \$2,000,000.00 Revolving Demand Facility repayable with interest at RBC's prime rate plus 3.0%;
    - (B) Facility #5, \$3,400,000.00 Non-Revolving Term Facility with interest at RBC's prime rate plus 3.0%;
    - (C) Business Visa to a maximum of \$20,000.00 with interest as set out in the monthly statements to cardholder.
- A copy of the RBC Facility is attached hereto and marked as Exhibit "A" to this my affidavit.

**RBC Security**

6. As security for the obligations of the Debtor, the Debtor granted to RBC:
  - (A) A General Security Agreement dated February 20, 2007. Attached hereto and marked as Exhibit "B" is a copy of this aforesaid agreement.
  - (B) A mortgage over the property municipally known as 695 Arvin Avenue, Stoney Creek, Ontario. Attached hereto and marked collectively as Exhibit "C" to this my affidavit is a copy of the Mortgage.
  - (C) An Assignment of Insurance dated February 20, 2007. Attached hereto and marked as Exhibit "D" to this my affidavit is a copy of the Assignment of Insurance.
7. As further security for the obligations of the Debtor, Anthony Corso, Barbara Corso, and Salvatore Corso provided to RBC:
  - (A) A Postponement and Assignment of Claims dated February 20, 2007. Attached hereto and marked collectively as Exhibit "E" are copies of the Postponement and Assignment of Claims.
  - (B) A Letter of Undertaking dated February 20, 2007 agreeing to fund any payment of deficiencies or covenant breaches within 30 days. Attached hereto and marked as Exhibit "F" is a copy of the Letter of Undertaking.

8. RBC perfected its security interests against the Debtor under RBC's security, pursuant to the provisions of the *Personal Property Security Act* (Ontario) ("PPSA") and the *Land Titles Act* (Ontario). Attached hereto and marked as Exhibit "G" to this my affidavit is a copy of a current Personal Property Security Registration System search result against the Debtor, dated January 20, 2011 and the Parcel Abstract Register dated January 21, 2011 both of which show RBC's registrations.

#### **RBC's Demand and Forbearance**

9. The Debtor defaulted in its obligations to RBC, having failed to duly and punctually pay amounts due under the aforesaid agreements.
10. RBC solicitors, upon RBC's instructions, demanded payment from the Debtor in the amount of \$5,105,781.52 on or about June 24, 2010, and delivered a Form B6 Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*. The demand letter and its enclosures addressed to the Company, together with the registered mail receipts dated June 25, 2010 are attached hereto and marked collectively as Exhibit "H" to this my affidavit.
11. I confirm that the facts and amounts set forth in the aforesaid demand letters were correct.
12. The Debtor waived the ten day notice period as otherwise prescribed by the *Bankruptcy and Insolvency Act* and the time period as set out in the demand.

Attached hereto and marked as Exhibit "I" to this my affidavit is a copy of the executed waiver dated July 2, 2010.

13. The Debtor and RBC entered into a Forbearance Letter Agreement (FLA") dated June 24, 2010 to provide the Debtor with an opportunity to demonstrate profitability by December 22, 2010. Attached hereto and marked as Exhibit "J" to this my affidavit is a copy of the executed FLA dated June 24, 2010.
14. As a condition of the FLA, the Debtor consented to Judgment to be held in escrow until an event of default under the terms of the FLA.
15. A statement of claim was issued against the Debtor on June 28, 2010. Attached hereto and marked as Exhibit "K" to this my affidavit is a copy of this statement of claim.
16. Judgment was obtained (but not issued an entered) as against the Debtor on July 9, 2010. Attached hereto and marked as Exhibit "L" to this my affidavit is a copy of the Judgment.
17. The Debtor and RBC entered into a further Forbearance Letter Agreement ("FLA2") dated November 15, 2010 extending the termination date from December 22, 2010 to January 31, 2011. Attached hereto and marked as Exhibit "M" to this my affidavit is a copy of FLA2.
18. The debtor has not returned to profitability and is currently indebted to RBC in the amount of \$5,115,000.00 on account of the demand and term loans.

**Basis for Court Appointed Receiver**

19. The Debtor has advised RBC that it will be making an assignment into bankruptcy in the immediate future.
20. The Debtor has consented to the appointment of the Receiver.
21. As at July 7, 2010 there was due and owing for property taxes some \$100,210.74. Attached hereto and marked as Exhibit "N" to this my affidavit is a copy of the Statement of Tax arrears from the City of Hamilton.
22. From a purely practical point of view, a receiver is required to locate the assets of the Debtor and to determine their ultimate value.
23. Given the failure of the Debtor to repay its obligations and the impending bankruptcy of the Debtor, I believe that a Court appointed receiver would be best placed to investigate, locate and realize upon the assets of the Debtor including the assets that are subject to the RBC's security, and to maximize the recovery for the benefit of RBC and all creditors.
24. RBC as a secured creditor wishes to ensure an orderly sale and distribution of the Debtor's assets and further wishes to take any and all steps necessary to protect the security granted by the Debtor to RBC and realize on same.
25. RBC considers it reasonable and prudent for it to begin the enforcement of its security in an effort to recover its outstanding indebtedness to the Debtor and it is


within RBC's rights to do so. RBC believes that the appointment of a receiver will enhance the prospect of recovery by RBC and protect all stakeholders.

26. I believe that in all of the circumstances, it would be just and convenient for the Court to appoint a receiver as sought in RBC's application.
27. RBC proposes that PricewaterhouseCoopers Inc. be appointed as receiver of the Debtor. PricewaterhouseCoopers Inc. is a licenced trustee in bankruptcy and is familiar with the circumstances of the Debtor.
28. PricewaterhouseCoopers Inc. has consented to act as Court appointed receiver with respect to the Debtor.
29. I make this affidavit in support of RBC's application for the appointment of a receiver over the assets of the Debtor, and for no other or improper purpose.

SWORN before me at the City of  
Toronto, in the Province of Ontario,  
this 24 day of January, 2011

A Commissioner, etc.

Peter John Gordon, a Commissioner, etc.,  
City of Toronto, for  
The Royal Bank of Canada,  
Expires June 10, 2011.

)  
)   
) ROBERT FICK

## ***Appendix D***

Sanj Mitra  
Direct: 416.865.3085  
E-mail: smitra@airdberlis.com

**SENT BY EMAIL**

January 21, 2010

**PricewaterhouseCoopers Inc.**  
21 King Street West  
Hamilton, Ontario  
L5P 4W7

Attention: Sean Casey

Dear Sir:

**Re: Security Opinion re Royal Bank of Canada**

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PricewaterhouseCoopers Inc. has requested our opinion concerning the perfection of the security documents herein discussed granted to Royal Bank of Canada (the “**Secured Creditor**”) by Regional Die Casting Limited (the “**Debtor**”). We confirm that we have received and reviewed the security agreements granted by the Debtor in favour of the Secured Creditor described herein, and hereby provide you with our opinion concerning the perfection of same.

**A. DOCUMENTS EXAMINED AND SEARCHES CONDUCTED**

In connection with the opinions contained in this letter, we have examined a copy of:

- (a) the General Security Agreement dated February 20, 2007 (the “**GSA**”); and
- (b) the Charge/Mortgage (the “**Charge**”) registered on February 21, 2007 as Instrument Number WE451161 against title to the property (the “**Premises**”) known municipally as 695 Arvin Avenue, Stoney Creek, Ontario, L8E 5R2 and legally described as PIN 17356-0025 (LT) (the Charge and the GSA shall be collectively referred to herein as the “**Security**”).

In addition, in connection with the opinions contained in this letter, we have conducted the following searches:

- (c) a certified search from the Ontario Personal Property Registration System against the Debtor with file currency of January 18, 2011 (the “**PPSA Search**”); and
- (d) review of the parcel pages for PIN 17356-0025 (LT).

We have conducted no further searches in connection with the grant of this opinion.



**B. ASSUMPTIONS**

In connection with the opinions contained in this letter, we have assumed the following:

2. The entering into, execution and delivery of the Security to the Secured Creditor has been duly authorized by all necessary resolutions and other corporate actions on the part of the Debtor.
3. The Security has been executed and delivered to the creditors by a director and/or officer of the Debtor duly authorized to execute and deliver those documents, and the signatures on the copies of the Security examined by us is that of the duly authorized director and/or officer of the Debtor.
4. The Security constitutes valid and enforceable obligations of the Debtor to the Secured Creditor as security for the Debtor's obligations to the Secured Creditor, subject to the requirements of the *Personal Property Security Act* (Ontario) (the "PPSA"), the *Bankruptcy and Insolvency Act* (Canada), the *Mortgages Act* (Ontario) and the *Planning Act* (Ontario).
5. That the Security has been unconditionally delivered by the Debtor to the Secured Creditor.
6. That the Security has not been assigned, released, discharged or otherwise impaired, either in whole or in part.
7. The financing statement filed under the PPSA (the "**Financing Statement**") in respect of the GSA, registered on February 19, 2007, with a collateral classification of Inventory, Equipment, Accounts, Other and Motor Vehicles was completed in compliance with the regulations under the PPSA and a copy of the Financing Statement was delivered to the Debtor in accordance with the provisions of the PPSA. Please note that we were not provided with a copy of the Financing Statement for our review.
8. The Debtor is indebted to the Secured Creditor and received adequate consideration for the grant of the Security.
9. The genuineness of the signatures and the conformity to authentic original documents of the documents submitted to us as photocopies, electronic copies or fax copies, and that all documents were fully completed prior to signature.
10. That "Regional Die Casting Limited" was the proper legal name of the Debtor at the time of execution and delivery of documents comprising the Security, and that this name has not subsequently been changed.
11. That the Debtor was a valid and subsisting corporation at the time of execution and delivery of the Security.

12. That the copy of the PPSA Search examined by us in connection with the opinions given herein was complete and accurate when examined and continues to reflect registrations against the Debtor as of the date hereof.
13. That the Debtor intended the security interests created by the Security to attach, value has been given and the Debtor obtained rights in the collateral secured by the Security.
14. That all facts set forth in official public records and other documents, including, without limitation the parcel pages for the Premises, supplied by public officials or otherwise conveyed to us by public officials are complete, true and accurate.

**C. OPINION**

**1. GSA**

Based on and limited by the foregoing, and subject to the qualifications herein contained, we are of the opinion that the interests created by the GSA in the collateral described therein have been perfected under the PPSA (to the extent required) and rank in priority to the interest of a trustee in bankruptcy in the property, assets and undertaking of the Debtor which are described in the GSA and are located in the Province of Ontario, or, in the case of accounts, where the party obligated to pay an account is a resident of Ontario.

**2. Charge**

Based on and limited by the foregoing, and subject to the qualifications herein contained, we are of the opinion that the Charge has been registered as Instrument No. WE451161 against title to the Premises and constitutes a valid and enforceable Charge/Mortgage in favour of the Secured Creditor.

**D. OTHER PPSA REGISTRATIONS**

We note the only other registration against the Debtor under the PPSA was also in favour of the Secured Party. That additional registration has a classification of Accounts and Other, but we have seen no security document or agreement relating to this registration.

**E. QUALIFICATIONS**

The opinions that we have expressed in this letter are further subject to the following qualifications:

1. We express no opinion as to the right, title or interest of the Debtor in or to the Premises or any of the assets, property or undertaking of the Debtor.
2. We express no opinion on whether any secured party may have a perfected purchase money security interest which may exist in respect of any of the any of the assets, property or undertaking of the Debtor.

3. We express no opinion as to whether a security interest was created in the following property:
  - (a) property consisting of a receivable, license, approval, privilege, franchise, permit, lease or agreement to the extent that the terms of such property or any applicable law prohibit its assignment or require, as a condition of its assignability, a consent, approval or other authorization or registration which has not been made or given;
  - (b) permits, quotas or licenses which are held by or issued to the Debtor;
  - (c) federal crown debts; and
  - (d) any real property or interest therein.
4. We have made no searches under applicable statutes, including the *Copyright Act* (Canada), the *Patent Act* (Canada) and the *Trade-marks Act* (Canada), to confirm that the Secured Creditor has made registrations that may be necessary to perfect his security interests in intellectual property.
5. We express no opinion as to the ranking or priority of any of the Security in relation to the security interests, liens or trust claims of any other party, if any.
6. The validity, binding effect and enforceability of the Security may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium, or other similar laws affecting the enforceability of creditors' rights generally.
7. The rights and remedies of the Secured Creditor contained in the Security may be subject to and affected by general principles of equity.
8. No opinion is expressed as to the enforceability of any provision in the Security which suggests that modifications, amendments or waivers of or with respect to any of the Security that are not in writing will not be effective.
9. No opinion is given regarding any provision in the Security which purports to relieve a person from a liability or duty otherwise owed or to require compliance regardless of law.
10. We express no opinion as to the effect of those provisions of the Security which purport to allow the severance of invalid, illegal or unenforceable provisions or restricting their effect.
11. Enforcement of the Security may be affected or limited by any collateral agreements or arrangements relating thereto entered into between the parties thereto, of which we are not aware.

12. Enforcement of the rights to indemnity, contribution and waiver of contribution may be limited or voided by applicable law and may not be ordered by a court on grounds of public policy.
13. The enforceability of the Security is subject to the *Limitations Act, 2002* (Ontario), and we express no opinion as to whether a court may find that any provision of the Security will be unenforceable as an attempt to vary or exclude a limitation period under that Act;
14. We express no opinion as to the enforceability of any provision of the Security which may be characterized by a court as an unenforceable penalty and not as a genuine pre-estimate of damages.
15. We express no opinion as to the application of the *Securities Act* (Ontario);
16. We express no opinion as to the enforceability of any provision of the Security:
  - (a) which purports to waive all defences which might be available to, or constitute a discharge of the liability of, any of any party thereto;
  - (b) to the extent it purports to exculpate, or provide indemnity to, the Secured Creditor, its agents or any receiver, manager or receiver – manager appointed by it from liability in respect of acts or omissions which may be illegal, fraudulent or involve wilful misconduct; or
  - (c) which states that amendments or waivers of or with respect to the Security that are not in writing will not be effective.
17. We express no opinion as to any provision of the Security which states that any failure to exercise, or any delay in exercising, any right or remedy shall not operate as a waiver thereof.
18. A waiver of a provision of applicable law may not be effective.
19. Any provision which is considered to offend public policy or to contravene laws of public order may not be enforceable.
20. To the extent that the Security purports to extend the benefit thereof to persons who are not parties to the Security, those persons may be unable to enforce that benefit.
21. No opinion is given as to security interests which are not registered on title to the Premises.
22. The enforceability of the Charge may be subject to the terms of any instruments or encumbrances registered on title to the Premises in priority to the Charge.
23. We have not conducted any title or off-title searches in connection with the Premises other than a review of the parcel pages. Without limiting the generality of the foregoing,

we have not conducted any searches for compliance of the Charge or the Debtor's title to the Premises with the terms of the *Planning Act* (Ontario).

The opinions that we have expressed in this letter are limited to the laws of the Province of Ontario and the federal laws of Canada applicable in Ontario. We trust that the foregoing opinions are satisfactory for your purposes. If you should have any questions or require further clarification in any respect, please do not hesitate to contact us.

Yours very truly,

AIRD & BERLIS LLP

*Sanj Mitra*

Sanjeev P.R. Mitra

SPRM/ac

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