

DUPLICATE ORIGINAL

Form 10-3
(Rule 10-3)

COURT FILE NUMBER 1331 of 2012

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SASKATOON

PLAINTIFF BANK OF MONTREAL

DEFENDANTS SHANE SCOTT and MICHELLE SCOTT

DISCHARGE ORDER

Before the Honourable Madam Justice A.R. Rothery in chambers the 24th day of October, 2013.

Upon the Applications of Mike Russell, lawyer on behalf of PricewaterhouseCoopers Inc., and David Gerecke, lawyer on behalf of Bank of Montreal, and upon hearing from Mike Russell and Jeffrey M. Lee, Q.C., on behalf of the Receiver, David Gerecke on behalf of Bank of Montreal, Sarah Bird on behalf of Agri-Food and Agriculture Canada ("Agri-Food"), John Wagner on behalf of Brady Scott et al. and Shane Scott on behalf of himself, and on reading the Notice of Application on behalf of the Receiver dated October 21, 2013, the Notice of Application on behalf of Bank of Montreal dated October 22, 2013, the Final Report of the Receiver dated October 21, 2013, the Confidential Addendum to the Final Report dated October 21, 2013, and a draft of this Order, all filed, and the pleadings and proceedings herein:

The Court orders:

Abridgment of Service

1. The time for service of the Notice of Application and other materials filed in support of this Order (collectively, the "Application Materials") shall be and is hereby abridged, such that service of the Application Materials shall be deemed to be good, valid and timely.

Advice and Directions Regarding Outstanding Equipment Issues

2. On or before November 8, 2013, the Debtors shall retrieve the welder, air compressor, miscellaneous tools and tack and saddles from the Receiver at such place as the Receiver shall designate, failing which, the Debtors shall have no further right or claim to or interest in such items. The Receiver shall be and is hereby authorized and entitled to dispose of the Barrett Livestock Trailer (and any other items listed in this paragraph which the Debtors fail to retrieve in

accordance with this paragraph) free of any interest of the Debtors by sale at auction or other reasonable means, and to distribute the net proceeds of such equipment pursuant to paragraph 51 of the Final Report of the Receiver in accordance with the priorities established by the Receivership Order.

Advice and Directions Regarding Outstanding Claims

3. Pursuant to paragraph 26 of the February 13, 2013, Receivership Order and paragraph 18 of the December 11, 2012, Amended Claims Process Order, the previously disallowed and unappealed property claim of Lenard Teale under the Claims Process established in these proceedings shall be and is hereby allowed to the extent of the realized net value of the cattle bearing Mr. Teale's brand, net of costs allocated by the Receiver for the care and feeding of such livestock, and the Receiver shall be and is hereby authorized and directed to distribute the amount of \$3,966.53 to Mr. Teale forthwith in satisfaction of his claim.
4. Pursuant to paragraph 26 of the February 13, 2013, Receivership Order and paragraph 18 of the December 11, 2012, Amended Claims Process Order, the claim advanced by John Wagner on behalf of the Debtors' children (the "Scott Children") to 38 head of cattle (the "Cattle") shall be and is hereby allowed; subject to payment by the Scott Children to the Receiver of the costs for the care and feeding of such cattle in the amount of \$6,640.00, to be paid forthwith to the Receiver from the proceeds in the amount of \$11,098.70 presently held in trust by Busse Law, with the remaining proceeds in the amount of \$4,458.70 to be paid to John Wagner in trust for the Scott Children, upon which, the Receiver shall have no further interest in the Cattle.
5. Pursuant to paragraph 26 of the February 13, 2013, Receivership Order, no amounts shall be payable by the Receiver to Brady Scott in regard to his claim for labour provided by him during the course of the Interim Receivership and/or Receivership, including in regard to the feeding, moving and processing of cattle.
6. Pursuant to paragraph 26 of the February 13, 2013, Receivership Order and paragraph 18 of the December 11, 2012, Amended Claims Process Order, the settlement agreed to between BMO (on the one hand) and Sheldon Guckert and Belinda Guckert (collectively, the "Guckerts") (on the other hand), in respect of the dispute between them as to ownership of certain livestock that were in the possession of the Debtors shall be and is hereby approved, such settlement to be implemented as follows:
 - (a) funds in the amount of \$68,053.09, presently held in trust by Livestock Identification Services Ltd., shall be paid to the Receiver forthwith and distributed as follows, namely:
 - (i) to BMO, in the amount of \$51,039.82; and

- (ii) to the Guckerts, in the amount of \$17,013.27;
- (b) the Guckerts' claim to livestock under the Claims Process established in these proceedings shall be and is hereby allowed to the extent of livestock bearing their brand and other livestock determined by the Receiver to belong to them, and the Receiver shall be and is hereby authorized and directed to distribute to the Guckerts the net proceeds of the sale of such livestock, net of costs allocated to the Guckerts for the care and feeding of such livestock, in the amount of \$18,717.88; and
- (c) the Receiver shall be and is hereby authorized and directed to distribute to the Guckerts a further net amount of \$25,000.00 from the proceeds of the sale of the livestock, which net amount would otherwise be subject to the BMO security.

Approval of Cost Allocation Methodology and Authorization to Deduct Allocated Amounts

- 7. The cost allocation methodology recommended by the Receiver in regard to livestock (the "**Cost Allocation Methodology**") as more particularly described at Appendix "B" to the Final Report of the Receiver shall be and is hereby approved.
- 8. Upon determination of the dispute which has arisen between Bank of Montreal ("BMO") and Agri-Food in regard to the Agri-Food Entitlement Amount (as defined in this paragraph 8) either by agreement or further Order of this Honourable Court:
 - (i) the Receiver shall be authorized and directed to allocate costs to Agri-Food in such amount as the Receiver shall determine pursuant to the approved Cost Allocation Methodology;
 - (ii) any amount so allocated (the "**Cost Allocation Amount**") shall form a first-priority charge against any amount to which Agri-Food would otherwise have been entitled pursuant to its security (the "**Agri-Food Entitlement Amount**"); and
 - (iii) the Receiver shall be authorized and directed to deduct such Cost Allocation Amount from the Agri-Food Entitlement Amount and to distribute the remaining funds to Agri-Food.

Sealing of the Confidential Addendum to the Final Report of the Receiver

- 9. Counsel to the Receiver having undertaken to comply with Practice Directive #3 forthwith, the Confidential Addendum to the Final Report of the Receiver shall be and is hereby sealed effective

nunc pro tunc the date of filing (being October 23, 2013), provided, however, that any person shall have leave to apply to the Court for the unsealing of such Confidential Addendum upon any terms as this Honourable Court shall deem appropriate.

Approval of the Receipts and Disbursements of the Receiver and the Fees and Disbursements of the Receiver and Its Legal Counsel

10. The Receiver's Statement of Receipts and Disbursements attached as Appendix "C" to the Final Report of the Receiver shall be and is hereby approved and ratified.
11. The professional fees and disbursements of the Receiver as more particularly set forth in the account statements of the Receiver for the period of October 9, 2012, to October 16, 2013, attached as Appendix "D" to the Final Report of the Receiver, plus such further professional fees and disbursements of the Receiver necessary to conclude this matter, not to exceed \$25,000.00 without consent of any creditor whose net distribution amount would be affected thereby or further Order of the Court, shall be and are hereby approved and ratified, and payment of such fees and disbursements shall be made forthwith.
12. The professional fees and disbursements of MacPherson Leslie & Tyerman LLP ("MLT"), legal counsel to the Receiver, as more particularly set forth in the account statements of MLT for the period of October 9, 2012, to October 16, 2013, attached as Appendix "E" to the Final Report of the Receiver, plus such further professional fees and disbursements of MLT necessary to conclude this matter, not to exceed \$25,000.00 without consent of any creditor whose net distribution amount would be affected thereby or further Order of the Court, shall be and are hereby approved and ratified, and payment of such fees and disbursements shall be made forthwith.

Approval of Final Distribution

13. The distribution scheme recommended by the Receiver in the Final Report of the Receiver and final distribution to creditors pursuant thereto in accordance with this Order and the Receivership Order shall be and are hereby approved.

Approval of the Actions of the Receiver

14. All activities, actions and proposed courses of action of the Receiver (collectively, the "Actions of the Receiver") to date in relation to the discharge of its mandate as receiver of the Property (as that term is defined in the Receivership Order dated February 15, 2013) pursuant to the Orders of this Honourable Court in these proceedings, including the Interim Receivership Order dated October 9, 2012, (the "Receiver's Mandate") as such Actions of the Receiver are more

particularly described in the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Reports of the Receiver and the Final Report of the Receiver shall be and are hereby approved, ratified and confirmed as valid.

Completion of Receiver's Mandate and Discharge of the Receiver

15. The Receiver shall be and is hereby authorized and directed to take such further actions as are necessary to complete the Receiver's Mandate.
16. Upon the filing by the Receiver with this Honourable Court of a Receiver's Certificate of Discharge in form attached as Appendix "F" to the Final Report of the Receiver, thereby confirming that the Receiver's Mandate is complete, PricewaterhouseCoopers Inc. shall be unconditionally and absolutely discharged as Receiver and from any further obligations under any and all Orders issued in these proceedings.

Limitation of Liability and Protection of the Receiver

17. It is hereby adjudged and declared that, as of the date of the Final Report of the Receiver, based upon the evidence that is currently before this Honourable Court in regard to the Actions of the Receiver:
 - (a) the Receiver has acted honestly and in good faith, and has dealt with the Property and carried out the Receiver's Mandate in a commercially reasonable manner;
 - (b) the Receiver has satisfied all of its duties and obligations pursuant to the Receiver's Mandate;
 - (c) the Receiver shall not be liable for any act or omission, including, without limitation, any act or omission arising from, relating to or in connection with its discharge of the Receiver's Mandate, save and except for any liability arising out of fraud, gross negligence or wilful misconduct on the part of the Receiver; and
 - (d) the Receiver has never had and shall not in the future have any liability in regard to any act or omission of the Debtors, including, without limitation, in relation to the business of the Debtors, payment of and/or accounting for any taxes (including, without limitation, Goods and Services Tax) on revenues earned or any indebtedness or obligations whatsoever or howsoever incurred by the Debtors; and

- (e) no person shall commence an action or proceeding asserting a claim against the Receiver arising from, relating to or in connection with its discharge of the Receiver's Mandate without first obtaining an Order of this Honourable Court (on notice to the Receiver) granting such person leave to commence such action or proceeding, and any such action or proceeding commenced without such leave being obtained is a nullity.

ISSUED at Saskatoon, Saskatchewan, this 25th day of October, 2013.


(Deputy) Local Registrar

NOTICE

Take notice that, unless the order is consented to by the respondent or a person affected by the order or unless otherwise authorized by law, every order made without notice to the respondent or a person affected by the order may be set aside or varied on application to the Court. You should consult your lawyer as to your rights.

CONTACT INFORMATION AND ADDRESS FOR SERVICE

If prepared by a lawyer for the party:

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