

**SUPREME COURT OF NOVA SCOTIA
In Bankruptcy and Insolvency**



IN THE MATTER OF:

An Application by Hefler Forest Products Limited for relief under the *Companies' Creditors Arrangement Act*

Court Administration

MAY 09 2017

Halifax, N.S.

DISTRIBUTION ORDER

THIS MOTION made by Green Landers Limited (the "**Monitor**"), Monitor of Hefler Forest Products Limited ("**Hefler**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order distributing the net proceeds, including from the sale of assets to 3304051 Nova Scotia Limited (the "**Purchaser**") in accordance with the Sale Approval and Vesting Order granted herein dated March 22, 2017 (the "**Sale Approval Order**"), such funds (the "**Trust Fund**") as presently exist being held in trust by the Monitor's counsel, Burchells LLP;

UPON READING the Eighth Report of the Monitor and other materials filed in this proceeding and on hearing the submissions of counsel for the Monitor and such other counsel who were present and wished to be heard;

AND UPON the DIP Facility having been paid in accordance with the Sale Approval Order and the DIP Lender's Charge having been released;

AND WHEREAS Royal Bank of Canada appointed Ernst & Young Inc. as receiver of Hefler on April 1st, 2017;

AND WHEREAS Hefler filed an assignment in bankruptcy effective April 3, 2017 and Ernst & Young Inc. was appointed trustee in bankruptcy;

AND UPON READING the Affidavit of Service of Sharon MacLeod sworn on May 4, 2017 confirming that the Amended Service List attached as Schedule "A" were served with notice of this Motion;

IT IS HEREBY ORDERED THAT:

1. The time for service of the Notice of Motion is hereby abridged and validated so that this Motion is properly returnable today and further service thereof is hereby dispensed with.
2. Capitalized terms herein shall have the meanings as set forth in the Initial Order (and Interim Financing Order) dated July 22, 2016 ("**Initial Order**"), the Charging Order dated August 2, 2016 ("**Charging Order**") and the Sale Approval Order.
3. The Trust Fund as at April 20, 2017 was \$6,577,207.86 and it has accrued daily interest thereafter.
4. The Monitor is not to collect any further funds or assets of Hefler in its role as Monitor and is relieved of any obligations under paragraphs 19 and 20 of the Initial Order, other than as required to complete the provisions of this order.
5. Canada Revenue Agency's ("**CRA**") deemed trust claim for unremitted payroll deductions in the amount of \$7,743.27 shall be paid from the Trust Fund in accordance with the CRA proof of claim dated October 28, 2016. Any other claims by CRA, including those under the Excise Tax Act, are not secured claims against the Trust Fund.
6. There is no amount of Directors' Charge and the Directors' Charge is vacated.
7. The Monitor will hold \$164,000 in the Trust Fund (the "**Critical Supplier Reserve**") pending final discharge for payment of Critical Supplier Claims. The Monitor will advise the Court of the status of any such claims when it proceeds to its discharge.

8. The Administration Charge is modified as of the date hereof so that it is reduced to \$100,000 and is security only for professional fees and disbursements of the Monitor and Monitor's counsel. The Monitor shall maintain a reserve in the Trust Fund for the Administration Charge in the amount of \$100,000 (the "**Administration Reserve**"). The Administration Charge shall continue until the Monitor is discharged.

9. Royal Bank of Canada and Business Development Bank of Canada are the first priority secured creditors over the Trust Fund and, in accordance with paragraph 6 of the Sale Approval Order but subject to the Critical Supplier Reserve and the Administration Reserve, shall be paid from the Trust Fund on the following basis:

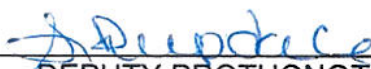
- a) Business Development Bank of Canada - \$1,260,000; and
- b) Royal Bank of Canada - \$5,045,464.59, plus any accrued interest on the Trust Fund after April 20, 2017.

10. Funds to be paid by the Purchaser for the Purchased Assets after the Closing of the Transaction are to be paid to Royal Bank of Canada and Business Development Bank of Canada, or the assignee of either of them, in the following proportion, or as they may agree:

- a) Royal Bank of Canada - 80%; and
- b) Business Development Bank of Canada - 20%.

11. Upon discharge of the Monitor, the Critical Supplier Charge and the Administration Charge shall be deemed released and any funds remaining in either the Critical Supplier Reserve or the Administration Reserve shall be paid to Royal Bank of Canada.

DATED at Halifax, Province of Nova Scotia, this 9 day of May, 2017.



DEPUTY PROTHONOTARY
SARAH DRYSDALE
Deputy Prothonotary

IN THE SUPREME COURT
COUNTY OF HALIFAX, N.S.
I hereby certify that the foregoing document,
identified by the seal of the court, is a true
copy of the original document on file herein

MAY 09 2017


Deputy Prothonotary

SARAH DRYSDALE
Deputy Prothonotary