

COURT FILE NUMBER

2003-06728

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFFS (DEFENDANTS BY COUNTERCLAIM)

ROMSPEN MORTGAGE LIMITED PARTNERSHIP AND ROMSPEN INVESTMENT CORPORATION

DEFENDANTS (PLAINTIFFS BY COUNTERCLAIM)

3443 ZEN GARDEN LIMITED PARTNERSHIP, LOT 11 GP LTD., LOT 11 LIMITED PARTNERSHIP, ECO-INDUSTRIAL BUSINESS PARK INC., ABSOLUTE ENERGY RESOURCES INC., ABSOLUTE ENVIRONMENTAL WASTE MANAGEMENT INC. AND DANIEL ALEXANDER WHITE

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DEFENDANTS BY COUNTERCLAIM

ROMSPEN MORTGAGE LIMITED PARTNERSHIP, ROMSPEN INVESTMENT CORPORATION, RICHARD WELDON and WESLEY ROITMAN

COURT FILE NUMBER

1903-21473

COURT

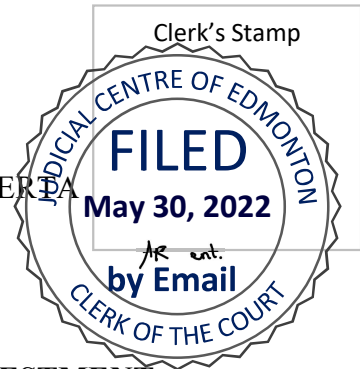
COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

APPLICANTS

LOT 11 LIMITED PARTNERSHIP by its general partner LOT 11 GP LTD., ECO-INDUSTRIAL BUSINESS PARK INC., ABSOLUTE ENERGY RESOURCES INC., ABSOLUTE



invoice: E54011

**ENVIRONMENTAL WASTE MANAGEMENT
INC. AND DANIEL ALEXANDER WHITE.**

RESPONDENT

ROMSPEN INVESTMENT CORPORATION

DOCUMENT

APPLICATION
(Receiver Borrowing Increase and Sealing Order)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

OSLER, HOSKIN & HARCOURT LLP
Barristers & Solicitors
Brookfield Place, Suite 2700
225 6 Ave SW
Calgary, AB T2P 1N2

Solicitors: Randal Van de Mosselaer
Telephone: (403) 260-7000
Facsimile: (403) 260-7024
Email: RVandemosselaer@osler.com
File Number: 1209810

NOTICE TO RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Justice.

To do so, you must be in Court when the application is heard as shown below:

Date: June 7, 2022

Time: 2:00 p.m.

Where: Edmonton Courts Centre (by Webex) – Virtual Courtroom 86

Before Whom: The Honourable Justice J. T. Neilson

Go to the end of this document to see what else you can do and when you must do it.

Orders Sought:

1. MNP Ltd., in its capacity as receiver (the “**Receiver**”) of Lot 11 GP Ltd., Lot 11 Limited Partnership, Eco-Industrial Business Park Inc., Absolute Energy Resources Inc., and Absolute Environmental Waste Management Inc. (collectively, the “**Companies**”)

pursuant to the Order of the Honourable Justice N. Whitling granted November 4, 2021 (the “**Receivership Order**”), is seeking Orders generally in the form attached as Schedule “A” and Schedule “B” hereto:

- (i) abridging the time for service of this Application, if necessary, and declaring that this Application is properly returnable today, and that further service of this Application other than to those listed on the Service List established in these proceedings is hereby dispensed with;
 - (ii) approving the actions, conduct and activities of the Receiver as set out in the Second Report (as that term is defined below);
 - (iii) further amending paragraph 22 of the Receivership Order (as amended by the February 8, 2022 Order granted in the within proceedings) by replacing the amount of \$700,000 set out therein with the amount of \$2,000,000;
 - (iv) sealing the Confidential Supplement to the Receiver’s Second Report on the Court file on the terms of the Restricted Court Access Order attached hereto as Schedule “B”; and
 - (v) granting such further and other relief as counsel may request and this Honourable Court may deem just.
2. Capitalized terms not otherwise defined herein shall have the meanings given to those terms in the Receivership Order.

Grounds for making this application:

3. On November 4, 2021, MNP Ltd. was appointed Receiver of the Companies pursuant to the Receivership Order.
4. Upon its appointment the Receiver engaged Sproule Asset Management Limited (“**Sproule**”) to: (1) conduct a due diligence review of the industrial waste site and related disposal wells owned and operated by the Companies (or some of them) and all associated lands, all of which are located in the City of Edmonton (the “**Absolute Waste Disposal Site**”); (2) identify any environmental obligations, operational/maintenance standards and

safety issues, among other things, with respect to the Absolute Waste Disposal Site; and (3) provide recommendations with respect to steps to be taken to address the issues identified by Sproule.

5. The Receiver believes that Sproule has the necessary expertise to perform the due diligence review requested by the Receiver and to provide the necessary recommendations to the Receiver.
6. On January 21, 2022, Sproule provided the Receiver with its due diligence report (a copy of which is attached to the Receiver's Confidential Supplement to the Receiver's First Report filed in support of this Application): (a) summarizing its preliminary due diligence of the Absolute Waste Disposal Site; (b) describing work which was performed by the Receiver and Sproule to address urgent health, safety and environmental risks which had been identified by Sproule at the Absolute Waste Disposal Site and; (c) making various recommendations with respect to additional work to be done to address various environmental issues identified by Sproule and issues with respect to restarting operations on the Absolute Waste Disposal Site.
7. The Receiver, with the assistance of Sproule, has been working with the Alberta Energy Regulator ("AER") to ensure that the Absolute Waste Disposal Site is in compliance with the AER regulatory requirements.
8. In addition, Sproule has conducted the necessary testing on the disposal wells located on the Absolute Waste Disposal Site and has developed a workover program to repair the 10-17 well (the "**10-17 Well**") located on the Absolute Waste Disposal Site with a view to putting the 10-17 Well back into operation (upon the approval of the AER).
9. The Receiver and Sproule have also developed (in consultation with the AER) an operational plan for submission to and approval by the AER to bring the 10-17 Well back into operation.
10. The Receiver believes that restarting disposal operations on the 10-17 Well is the best alternative for maximizing the value of the estate assets for the benefit of all stakeholders.

11. The Receivership Order limited the Receiver's Borrowing Powers to \$200,000. Given that there is no cash flow and there was limited or no cash on hand in the Companies upon the Receiver's appointment, the only way for the Receiver to pay for the work which was performed in the weeks following its appointment, and the work required by the Sproule recommendations (including with respect to potentially restarting operations on the Absolute Waste Disposal Site), was to increase the Receiver's Borrowing Powers. On February 8, 2022 this Court increased the Receiver's Borrowing Powers to \$700,000. Essentially all of these funds have now been committed to the work previously done on the property.
12. In order to perform the repair work required on the 10-17 Well and to bring it back into operation, the Receiver will need to borrow additional funds which will allow it to pay for the various services and work which have been recommended by Sproule for the 10-17 Well. The Receiver will also need to borrow additional funds to ensure the proper administration of the Receivership and payment of all other associated administrative costs. The Receiver is therefore seeking an increase to the Receiver's Borrowing Powers to \$2,000,000.
13. The senior secured creditor in these proceedings is supportive of this increase to the Receiver's Borrowing Powers.
14. Such further and other grounds as counsel may recommend and this Honourable Court may permit.

Restricted Court Access

15. The attachments to the Confidential Supplement to the Receiver's Second Report contain highly confidential, commercially sensitive information which could materially harm the interests of the Companies if disclosed. Such information includes economic analysis and repair costs for the Property, and other confidential information about the Property which could harm the Companies' commercial interests and prejudice the Receiver's sale process (once one is commenced) if it was made public. A Restricted Court Access Order is necessary to prevent the information in the Confidential Supplement to the Receiver's

Second Report from forming part of the public record or otherwise being published and disclosed.

16. For these reasons, the usual openness of the Court process would pose a serious risk to an important public interest, namely, the ability to negotiate and honour private commercial agreements. The granting of the Restricted Court Access Order is necessary to prevent this serious risk to this important interest because there are no reasonable alternatives that will prevent such risk. Finally, as a matter of proportionality, the benefits of the Restricted Court Access Order outweigh any deleterious effects on the rights and interests of the public.

Affidavit or other Evidence and Materials to be used in Support of this Application:

17. Second Report of the Receiver dated May 30, 2022.
18. Such further and other evidence or materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

19. *Alberta Rules of Court*, Alta Reg. 124/2010 including, without limitation, rr. 1.2, 1.4, 6.1, 6.2 and 6.3.

Applicable Acts and Regulations:

20. *The Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended.
21. *Judicature Act*, RSA 2000, c J-2, as amended.
22. *Personal Property Security Act*, RSA 2000, c P-7, as amended.

Any Irregularity Complained of or Objection Relied On:

23. None.

How the Application is Proposed to be Heard or Considered:

24. By Webex before the Honourable Justice J. T. Neilson on June 7, 2022, at 10:00 a.m.

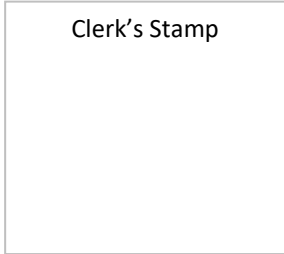
WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

Schedule "A"

COURT FILE NUMBER	2003-06728
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFFS (DEFENDANTS BY COUNTERCLAIM)	ROMSPEN MORTGAGE LIMITED PARTNERSHIP AND ROMSPEN INVESTMENT CORPORATION
DEFENDANTS (PLAINTIFFS BY COUNTERCLAIM)	3443 ZEN GARDEN LIMITED PARTNERSHIP, LOT 11 GP LTD., LOT 11 LIMITED PARTNERSHIP, ECO- INDUSTRIAL BUSINESS PARK INC., ABSOLUTE ENERGY RESOURCES INC., ABSOLUTE ENVIRONMENTAL WASTE MANAGEMENT INC. AND DANIEL ALEXANDER WHITE
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JUDICIAL CENTRE	EDMONTON
APPLICANTS	LOT 11 LIMITED PARTNERSHIP by its general partner LOT 11 GP LTD., ECO-



**INDUSTRIAL BUSINESS PARK INC.,
ABSOLUTE ENERGY RESOURCES INC.,
ABSOLUTE ENVIRONMENTAL WASTE
MANAGEMENT INC. AND DANIEL
ALEXANDER WHITE.**

RESPONDENT

**ROMSPEN INVESTMENT
CORPORATION**

DOCUMENT

**ORDER
(Receivers Borrowing Power Increase)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

OSLER, HOSKIN & HARCOURT LLP
Barristers & Solicitors
Brookfield Place, Suite 2700
225 6 Ave SW
Calgary, AB T2P 1N2

Solicitors: Randal Van de Mosselaer
Telephone: (403) 260-7000
Facsimile: (403) 260-7024
Email: RVandemosselaer@osler.com
File Number: 1209810

DATE ON WHICH ORDER WAS PRONOUNCED: June 7, 2022

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: Justice J. T. Neilson

UPON THE APPLICATION of MNP Ltd., in its capacity as Court-appointed Receiver (the “**Receiver**”) of Lot 11 GP Ltd., Lot 11 Limited Partnership, Eco-Industrial Business Park Inc., Absolute Energy Resources Inc., and Absolute Environmental Waste Management Inc. (collectively, the “**Companies**”) pursuant to the Order of the Honourable Justice N. Whitting granted November 4, 2021 (the “**Receivership Order**”); **AND UPON** reviewing the Second Report of the Receiver dated May 30, 2022 (the “**Second Report**”) **AND UPON** hearing from counsel for the Receiver and any other interested party appearing at the hearing of the Application;

Capitalized terms not otherwise defined herein shall have the meanings given to those terms in the Receivership Order.

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. Service of notice of this Application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this Application, and time for service of this Application is abridged to that actually given.

Approval of Receiver's Activities

2. The actions, conduct and activities of the Receiver as set out in the Second Report are hereby approved.

Increase in Receiver's Borrowing Powers

3. Paragraph 22 of the Receivership Order is hereby further amended by replacing the amount of \$700,000 set out therein (as amended by the February 8, 2022 Order of this Court in the within action) with the amount of \$2,000,000.

Miscellaneous

4. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

J.C.Q.B.A.

Schedule "B"

COURT FILE NUMBER	2003-06728
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COURT	COURT OF QUEEN'S BENCH OF ALBERTA

Clerk's Stamp

hearing from counsel for the Receiver and any other interested party appearing at the hearing of the Application;

Capitalized terms not otherwise defined herein shall have the meanings given to those terms in the Receivership Order.

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Subject to further Order of this Honourable Court, the Confidential Supplement shall be sealed on the Court file and shall not form part of the public record, notwithstanding Division 4, Part 6 of the *Alberta Rules of Court*, until 30 days following the closing of a sale or sales of all of the Companies' Property (as that term is defined in the Receivership Order) which closing will be confirmed by the Receiver by letter to the Court.
2. The Clerk of this Honourable Court shall file the Confidential Supplement in a sealed envelope, and the Confidential Supplement and envelope shall each have attached to them a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED
BY MNP LTD. IN ITS CAPACITY AS RECEIVER WHICH IS SEALED
PURSUANT TO THE RESTRICTED COURT ACCESS ORDER ISSUED
BY MR. JUSTICE J. T. NEILSON ON JUNE 7, 2022.
3. Leave is hereby granted to any person, entity or party affected by this Order to apply to this Court for a further Order vacating, substituting, modifying, or varying the terms of this Order, with such application to be brought on notice to the Applicant and the Monitor.

J.C.Q.B.A.