

COURT FILE NUMBER QBG-RG-01694-2020

COURT OF KING'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE REGINA

APPLICANT INDUSTRIAL PROPERTIES REGINA LIMITED AND 101297277
SASKATCHEWAN LTD.

RESPONDENTS COPPER SANDS LAND CORP.

IN THE MATTER OF THE RECEIVERSHIP OF COPPER SANDS LAND CORP.

THIRD REPORT OF THE RECEIVER, MNP LTD.,

IN RELATION TO COPPER SANDS LAND CORP. DATED MAY 3, 2024

Introduction and Purpose of the Report

1. MNP Ltd. was appointed Receiver of Copper Sands Land Corp. ("Copper Sands" or the "Company") by the Court of Queen's Bench for Saskatchewan (the "Court") by Order dated October 27, 2020 (the "Receivership Order").
2. Copper Sands had previously been subject to a Companies Creditors' Arrangement Act ("CCAA") proceeding which was terminated by a Court Order dated October 27, 2020. MDI Utility Corp. ("MDI"), as a corporation related to Copper Sands, was subject to the same CCAA proceedings.
3. Copper Sands is the owner of a mobile home park located on approximately 38.5 acres in the Regional Municipality of Edenwold #158 (the "RM"), located near Regina, SK and containing 80 lots for rental (the "Copper Sands Park"). The assets of Copper Sands consist primarily of real property (and the income generated therefrom).
4. In accordance with a Corporate Registry Search dated November 2, 2020, the sole director of Copper Sands was Jaimey Midtdal (the "Director"), and the 100% shareholder is Midtdal Developments & Investment Corp. The Director made an assignment in bankruptcy on or about October 5, 2020.

5. The Director was previously the sole director of MDI Utility Ltd. ("MDI") but has been replaced by R. Stewart Thompson effective August 16, 2021. MDI owned LSD 4-25-17 18 W3rd ("LSD 4") until December 22, 2020 at which time it was transferred to Old Kent Road Financial Inc. ("OKR").
6. This is the Receiver's Third Report to Court (the "Third Report") and it should be read in conjunction with the Receiver's:
 - First Report to Court dated December 6, 2021 (the "First Report")
 - Supplemental Report to Court dated December 16, 2021 (the "Supplemental Report")
 - Second Report to Court dated March 13, 2024 (the "Second Report")
7. The purpose of the Third Report is to advise the Court with respect to the following matters:
 - Activities of the Receiver;
 - Abandoned Equipment; and
 - Status of the Waste Water Utility
8. Capitalized terms not defined in the Third Report are as defined in the First Report, the Supplemental Report and the Second Report. All references to currency are in Canadian dollars unless otherwise stated.
9. In preparing the Third Report and making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Company, the Company's books and records, and information from other third-party sources (collectively, the "Information"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada.
10. Further information relating to the receivership proceedings can be located on the Receiver's website at <https://mnpdebt.ca/en/corporate/corporate-engagements/>

Activities of the Receiver

11. Subsequent to filing the Second Report the Receiver has:
 - Continued to operate Copper Sands Park including collection of rents and payment of operating expenses;

- Addressed outstanding repair and maintenance requirements that had been delayed or neglected prior to the Receiver's appointment (including but not limited to the pruning of a significant number of trees);
- Engaged an engineer to assist with analysing options for the Waste Water Treatment Utility ("WWT"); and
- Communicated with the secured creditors, Industrial Properties Regina Limited ("IPRL") and 101297277 Saskatchewan Ltd. ("7277") with respect to the options to address the challenges with the WWT.

Abandoned Equipment

12. There were 2 pieces of equipment located at the Copper Sands Park that appear to have been abandoned (the "Equipment"):
 - a) 2009 Hyundai 360 Trackhoe, Serial Number 0210213; and
 - b) 1980 Mack Tandem Gravel Truck, Serial Number RS612LST56339
13. On November 2, 2023 the Receiver issued a notice to Essex Lease Financial Corporation ("Essex") requesting confirmation of ownership and/or secured interest in the Equipment.
14. On March 27, 2024, subsequent to the Receiver filing the Second Report to Court, Essex provided the Receiver with confirmation of ownership of the 2009 Hyundai 360 Trackhoe. On April 2, 2024 the Receiver released its interest in the Trackhoe to Essex who removed it from the Copper Sands property.
15. The Receiver has not received support or confirmation of ownership and/or secured interests in the 1980 Mack Tandem Gravel Truck and believes that an auction sale is the most efficient method of realizing on this asset and the secured interests (if any) can be preserved in the net sale proceeds.

Status of the Waste Water Treatment Utility

16. Pursuant to a Judgment dated February 8, 2022, (the "February 2022 Judgment"), the Receiver was authorized to continue to control the water treatment and waste water treatment facilities required to provide services to the residents of Copper Sands Park.

17. Given the existence of a boil water advisory in place at the Copper Sands Park since 2016, the Receiver's immediate attention was focused on the water treatment plant. The Receiver, after discussions with the secured creditors and in agreement with the secured creditors, conclude that the tenants were entitled to delivery of a safe and acceptable source of drinking water and potable water. MDI had not delivered safe water while it owned and operated the water utility (prior to the appointment of the Receiver). As further detailed in the Second Report, the water treatment issues have been resolved and safe and potable water is being provided to the residents of the Copper Sands Park.
18. The Receiver has remitted payment to OKR in accordance with the February 2022 Judgement.
19. The Receiver has continued to operate the WWT as it had been operated prior to the appointment of the Receiver. The Receiver has also been making repairs to the WWT as required.
20. The Receiver has engaged WCE Design Inc. ("WCE") to provide an analysis of options available for treatment of the waste water.
21. WCE is in the process of analysing and providing recommendations on the following options:
 - Connection to a municipal waste water treatment plant;
 - Installing a module treatment facility (typically used in remote work camps);
 - Pumping the waste water from the lift station and hauling to a local waste water treatment plant ("Pump and Haul"); and
 - Bringing the existing facility on the OKR land up to regulation and/or building a new facility on this land
22. With respect to the options discussed with WCE, each present their own logistical difficulties.
23. Beginning first with connecting to the municipal wastewater treatment plant, this is the preferred option to be taken. However, connecting to the municipal wastewater treatment plant is subject to municipal approval and coordination. It is the Receiver's understanding that there are several entities presently attempting to connect to the municipal wastewater treatment plant.
24. In light of the above, WCE and the secured creditors have had discussions with the local RM with respect to estimated costs and logistics to connect to a municipal system. The current information

available suggests this option would be unavailable in the short term due to capacity constraints with the municipal system, however, additional capacity could be available later in 2024 or 2025. It is further understood that there will be construction work to be done to connect to the system and a connection fee to be paid by Copper Sands to begin using the municipal wastewater treatment plant. It may be that this option is cost prohibitive.

25. WCE continues to analyse the Pump and Haul option, however, due to the location of the lift station this would result in significant disruption to the tenants as it is estimated this option would require 3 – 5 trucks per day to manage the estimated level of waste water projected. The lift station is positioned in front of lots with mobile homes which would result in a significant amount of traffic each day.
26. WCE is reviewing options to include onsite storage of the wastewater where it can be pumped and hauled from a location that would not create significant disruption to the tenants. A full costing and estimated timeline to complete this option is not yet available as WCE is waiting on further information from suppliers. The Receiver would also require input from the WSA with respect to the acceptable specifications for the storage tanks. Preliminary estimates indicate a timeline of 60 days to implement, however, the timeline would be subject to sourcing and receiving the required materials.
27. With respect to the modular treatment facility, this option is typically used for smaller scale projects such as temporary work camps. It is the Receiver's understanding that this option is not be acceptable to the WSA and on that basis, this option has not been considered further.
28. Lastly, with respect to the existing system, there are many cost and logistic hurdles that will need to be overcome. In addition, at this time, it is the Receiver's understanding that OKR would be opposed to the continued operation of the wastewater treatment facility on its land, even with improvement. As the cost of this work has not been ascertained yet, it has not been further explored.
29. The Receiver has engaged Elements Environmental ("Elements") to complete an environmental assessment of LSD 4. Elements has coordinated a site visit with the Receiver's consultant to review the current status of the WWT and gather further details on the history of the operation of the WWT and the use of LSD 4.
30. The Receiver has remained in contact with the Water Security Agency ("WSA") and as of May 3, 2024 is not aware of any complaints from neighboring properties (in relation to the operation of the

WWT) or further enforcement steps taken by the WSA with respect to the current operation of the WWT.

Conclusion

31. The Receiver continues to analyse alternatives for the WWT, however, additional information is required to properly understand the costs and logistical issues involved with each alternative.

DATED at the City of Edmonton, in the Province of Alberta, this 3rd day of May, 2024.

MNP Ltd.
In its capacity as Receiver of
Copper Sands Land Corp.
And not in its personal capacity



Per: Eric Sirrs, CIRP, Licensed Insolvency Trustee
Senior Vice President

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Robertson Stromberg LLP
Attention: M. Kim Anderson K.C. and Travis K. Kusch
600 -105 21st St E
Saskatoon, SK S7K
Email: mk.anderson@rslaw.com/ t.kusch@rslaw.com

Phone: 306.244.6686
Fax: 306.653.7008
Solicitors for the Receiver, MNP Ltd.