

Applications Judge Chambers (AJ1) – Physical Courtroom 903

Form 27
Rule 6.3, 10.52(1)

COURT FILE NO. 1801-06199
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF GOLF PROPERTIES OF FLORIDA, LLC.
DEFENDANTS LEMKCO FLORIDA INC., a Florida Corporation
and JAMES T. KAHANYSHYN
RESPONDENTS HENTOSZ RESOURCES LTD.
MICHAEL KAHANYSHYN
MAY KAHANYSHYN
JANET SHULTZ
DOCUMENT **APPLICATION BY GOLF PROPERTIES OF FLORIDA, LLC.**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Jordan Achtymichuk Barrister and Solicitor Phone: 780.441.4362 Fax: 780.428.9683 Email: jachtymichuk@dcllp.com File No.: 452-210440	DUNCAN CRAIG LLP Lawyers Mediators 2800 Rice Howard Place 10060 Jasper Avenue Edmonton, AB T5J 3V9
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NOTICE TO RESPONDENTS: HENTOSZ RESOURCES LTD., MICHAEL KAHANYSHYN, MAY KAHANYSHYN, and JANET SHULTZ

This application is made against you. You are a Respondent. You have the right to state your side of this matter before the Applications Judge/Judge.

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

Date: January 18, 2024
Time: 10:00 AM
Where: Calgary Courts Centre, 601-5 Street SW
Calgary, AB T2P 5P7
Before Whom: The Presiding Applications Judge in Chambers

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

Remedy claimed or sought:

1. The Applicant seeks an Order for the following relief:
 - (a) Abridging the time for service of the Application to the time actually given, and deeming that the service given is good and sufficient;
 - (b) Appointing MNP Ltd. (the "**Receiver**") as Liquidator, Receiver and Manager of all of the assets, undertakings, and properties of Hentosz Resources Ltd ("**Hentosz**"), including the lands legally described as follows:

PLAN 7621978
BLOCK 17
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.332 HECTARES (0.82 ACRES) MORE OR LESS

And

PLAN 7621978
BLOCK 17
LOT 3
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.332 HECTARES (0.82 ACRES) MORE OR LESS

(collectively, the "**Hentosz Properties**"), with security, pursuant to section 13(2) of the *Judicature Act*, RSA 2000 c J-2, and section 99(a) of the *Business Corporations Act*, RSA 2000, c B-9, substantially in the Receivership Order attached hereto and marked as **Schedule "A"**, or as modified as required to suit the circumstances of the case;
 - (c) The Receiver shall liquidate Hentosz and dispose of its proceeds according to law;
 - (d) Ten percent (10%) of the proceeds of sale shall be used to satisfy the outstanding amount owing to the Plaintiff including any interest thereon and all costs incurred to seize the 10% voting shares in Hentosz of the Defendant James T. Kahanyshyn, and realize their value.
2. Costs of this Application on a solicitor client basis; and
3. Such further and other Orders or relief as the Court considers appropriate in the circumstances.

Grounds for making this application:

4. This Action results from judgment obtained on May 30, 2019 in the State of Florida against, in part, the Defendant James T. Kahanyshyn in the amount of \$4,832,482.00 USD (the "**US Judgment**").
5. On February 28, 2019, the Honourable Justice Nixon granted an Order recognizing and enforcing the US Judgment against James T. Kahanyshyn, which was converted from

United States to Canadian currency in the amount of \$6,358,096.56 CAD, with post-judgment interest calculated at \$65,007.85 CAD (the "**Canadian Judgment**").

6. James T. Kahanyshyn held the Shares, being 10% of the voting shares in Hentosz.
7. The Applicant instructed Allied Shortridge Civil Enforcement Agency (the "**Bailiff**") to effect a seizure of the Shares by attending the Registered Office of Hentosz, being the Respondents Michael and May Kahanyshyn.
8. The Bailiff attended the Registered Office of Hentosz on July 22, 2019, at which time Michael and May Kahanyshyn refused the Bailiff entry, requiring RCMP intervention.
9. The Bailiff was unable to locate the Shares or a record book for Hentosz. As a result, the Bailiff completed a notice of Seizure of Securities for the Shares and Notice of Seizure of Personal Property, providing same to Michael Kahanyshyn.
10. Following seizure of the Shares, attempts to gather information sufficient to realize their value have been unsuccessful.
11. On August 20, 2019, prior counsel for the Applicant couriered a demand for corporate records pursuant to ss. 58 *CEA* and 21 and 23 *BCA* which went unanswered.
12. As a result of the non-compliance of the Respondents, the Applicant sought and obtained an Order from the Honourable Justice Poelman granted December 20, 2019 (the "**December 2019 Order**") which directed that the Respondents search for various corporate and financial records of Hentosz, to be provided by January 27, 2020. If any of the said records did not exist or could not be located, Hentosz was to provide sworn evidence from a director explaining why.
13. On January 27, 2020 Michael Kahanyshyn swore an affidavit stating that he did not believe that the following documents existed:
 - (a) A minute book;
 - (b) Notices required by sections 106 or 113 *BCA*;
 - (c) Any registers for any securities issued;
 - (d) Any financial statements for Hentosz;
 - (e) Any records of dividends having been paid, as Hentosz has never paid any dividends; and
 - (f) Any records of property or automobiles owned by Hentosz, as Hentosz owns no assets beyond the Hentosz Properties.
14. The affidavit of Michael Kahanyshyn is silent on any of the other documents ordered to be produced by the December 2019 Order.
15. As a result, the Applicant again sought and was granted an Order by the Honourable Justice Eamon on February 27, 2020 (the "**February 2020 Order**"), directing the Respondents to provide a further and better affidavit complying with the December 2019

Order and to provide further financial information of Hentosz by no later than March 17, 2020.

16. The Respondents provided an unsworn, unfiled Affidavit of Michael Kahanyshyn which includes corporate notices of assessment for the 2017 and 2019 tax years, proof of payment of property taxes for the Hentosz Properties, and the location of Hentosz' bank accounts.
17. To date, the Respondents have not provided the following documents as directed by the December 2019 Order and February 2020 Order:
 - (a) A further and better affidavit complying with paragraph 3 of the December 2019 Order, including, pursuant to Rule 5.6(2)(d): records previously under the Respondents' control including the time when and the manner in which those records ceased to be under that party's control; the present location of the records, if known; and that the Respondents do not have any and have never had any other Hentosz Documents under their control;
 - (b) Articles, bylaws, unanimous shareholders agreements and any amendments thereto;
 - (c) Minutes of meetings and resolutions of shareholders; copies of resolutions of directors;
 - (d) Copies of all notices required by ss. 106 or 113 *BCA*;
 - (e) A securities register complying with Section 49 *BCA*;
 - (f) Copies of financial statements and annual financial statements from 2017 to present, reports and information referred to in s. 155(1) *BCA*;
 - (g) Copies of 2017-2019 corporate tax returns;
 - (h) Monthly bank statements from all accounts from 2017 to present;
 - (i) And a list of automobiles owned or leased by Hentosz including the name of the principal driver, if any.
18. The Respondents have not acted and are not acting in good faith in assisting in enforcement of the Canadian Judgment.
19. The Respondents have failed to comply with their statutory requirements to disclose information to the Applicants.
20. The Respondents have failed to provide the information directed in either the December 2019 Order or the February 2020 Order.
21. The Respondents have failed to attend for questioning as required.
22. The Respondents have unnecessarily lengthened or delayed the action, and all stages or steps in the action.

23. The Respondents have brought and abandoned two applications which have delayed this litigation and incurred unnecessary costs in responding to same.
24. The Respondents have engaged in litigation misconduct.
25. As a result, the Applicant is unable to value the Shares, or realize their value pursuant to standard process.
26. Hentosz owns the Hentosz Properties, both of which are unencumbered.
27. The Hentosz Properties are cumulatively valued at approximately \$4,612,700.00.
28. There are no other enforcement creditors.
29. It is just and equitable to appoint a receiver and liquidate and dissolve Hentosz.
30. Such further and other grounds as counsel may advise and this Honourable Court permit.

Material or evidence to be relied on:

31. The pleadings filed herein;
32. The Affidavit of Paul D'Anna, filed;
33. Such further and other evidence as counsel may advise and this Honourable Court permit.

Applicable rules:

34. None.

Applicable Acts and regulations:

35. Section 46(2), 57.1, 58, 59, 62, and 62(i)(iii) of the *Civil Enforcement Act*;
36. Section 99(a) of the *Business Corporations Act*; and
37. Section 13(2) of the *Judicature Act*, RSA 2000, c J-2
38. Such further and other Acts and regulations as counsel may advise and this Honourable Court permit.

Any irregularity complained of or objection relied on:

39. None.

How the application is proposed to be heard or considered:

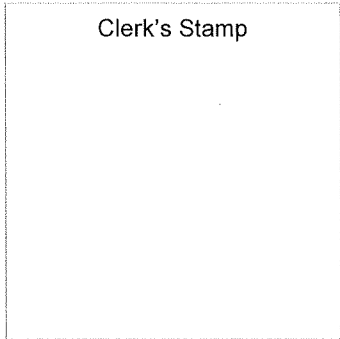
40. Before an Applications Judge in Morning Chambers.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the Applicant 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 1801-06199
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary
PLAINTIFF GOLF PROPERTIES OF FLORIDA, LLC
DEFENDANTS LEMKCO FLORIDA INC. a Florida Corporation
and JAMES T. KAHANYSHYN
RESPONDENTS HENTOSZ RESOURCES LTD.
MICHAEL KAHANYSHYN
MAY KAHANYSHYN
JANET SHULTZ
DOCUMENT **RECEIVERSHIP ORDER**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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DUNCAN CRAIG LLP
LAWYERS MEDIATORS
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10060 Jasper Avenue
Edmonton, Alberta Canada T5J 3V9

DATE ON WHICH ORDER WAS PRONOUNCED: **Click to Enter a Date**
LOCATION OF HEARING: **Calgary Courts Centre, Calgary, Alberta**
NAME OF APPLICATIONS JUDGE WHO GRANTED THIS ORDER:

UPON the application of Golf Properties of Florida, LLC ("GPF") for an Order pursuant to s. 62(i)(iii) of the Civil Enforcement Act, RSA 2000, c. C-15 as amended ("**CEA**") liquidating Hentosz Resources Ltd. ("Hentosz"); for the purpose of realizing on the interest of James T. Kahanyshyn in Hentosz pursuant to a Judgment in the amount of \$6,423,104.41 which was recognized by order of this Court of March 1, 2019; AND UPON having read the Application, the Affidavit of Paul D'Anna; AND UPON reading the consent of MNP Ltd. to act as liquidator and receiver and manager (the "Receiver") of Hentosz, filed; AND UPON hearing counsel for the Applicant, and any other counsel or other interested parties present; IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. The time for service of the notice of application for this order (the "Order") is hereby abridged and deemed good and sufficient and this application is properly returnable today.

Appointment

2. Hentosz shall be liquidated in accordance with the terms of this Order, and the proceeds of the liquidation shall be disposed of according to law.
3. Pursuant to sections 13(2) of the *Judicature Act*, RSA 2000, and c.J-2, 99(a) of the *Business Corporations Act*, RSA 2000, c.B-9, and Part 9 of the CEA, MNP Ltd. is hereby appointed as liquidator and Receiver, (herein "Receiver"), without security, of all of Hentosz's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**").

Receiver's Powers

4. 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, which shall include the Receiver's ability to abandon, dispose of, or otherwise release any interest in any of Hentosz's real or personal property, or any right in any immovable;
 - (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 Hentosz, 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 Hentosz;
 - (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 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, rents and accounts now owed or hereafter owing to Hentosz and to exercise all remedies of Hentosz in collecting such monies, including, without limitation, to enforce any security held by Hentosz;
- (g) to settle, extend or compromise any indebtedness owing to or by Hentosz;
- (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 Hentosz, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of Hentosz;
- (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 Hentosz, 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, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (k) to market any or all 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 \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$100,000.00; 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 60(8) of the *Personal Property Security Act*, RSA 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.

- (m) to apply for any vesting order or other orders (including, without limitation, confidentiality or sealing 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 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, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding Section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of Hentosz and not in its personal capacity;
- (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 Hentosz;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of Hentosz, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by Hentosz;
- (r) to exercise any shareholder, partnership, joint venture or other rights which Hentosz 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, including Hentosz, and without interference from any other Person (as defined below).

Duty to Provide Access and Co-operations to the Receiver

5. (i) Hentosz, (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 (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.

6. 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 Hentosz, 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 or in paragraph 7 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 documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
7. 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

8. 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 Hentosz or the Property

9. No Proceeding against or in respect of Hentosz 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 Hentosz or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of Hentosz or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "**Regulatory Body**" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

No Exercise of Rights or Remedies

10. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of Hentosz or the Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court provided, however, that nothing in this Order shall:
 - (a) empower Hentosz to carry on any business that Hentosz is not lawfully entitled to carry on;
 - (b) prevent the filing of any registration to preserve or perfect a security interest;
 - (c) prevent the registration of a claim for lien; or
 - (d) exempt Hentosz from compliance with statutory or regulatory provisions relating to health, safety or the environment.
11. Nothing in this Order shall prevent any party from taking an action against Hentosz where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Receiver at the first available opportunity.

No Interference with the Receiver

12. No Person shall accelerate, suspend, 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 Hentosz, except with the written consent of Hentosz and the Receiver, or leave of this Court.

Continuation of Services

13. All persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with Hentosz, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to Hentosz,

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by Hentosz or exercising any other remedy provided under such agreements or arrangements. Hentosz shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by Hentosz in accordance with the payment practices of Hentosz, or such other practices as may be agreed upon by the supplier or service provider and each of Hentosz and the Receiver, or as may be ordered by this Court.

Receiver to Hold Funds

14. 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

15. Subject to employees' rights to terminate their employment, all employees of Hentosz shall remain the employees of Hentosz until such time as the Receiver, on Hentosz'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 *Bankruptcy and Insolvency Act*, RSC 1985, c.B-3 ("**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*, SC 2005, c.47 ("**WEPPA**").

16. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, SC 2000, c. 5, 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 Hentosz, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

Limitations on Environmental Liabilities

17. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- i. before the Receiver's appointment; or
 - ii. after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- i. if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause ii below, the Receiver:
 - A. complies with the order, or

- B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- ii. during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by:
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- iii. if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Limitation on the Receiver's Liability

- 18. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

Receiver's Accounts

- 19. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to the benefits of and are hereby granted a charge (the "**Receiver's Charge**") on the Property, which charge shall not exceed an aggregate amount of \$150,000.00, as security for their professional fees and disbursements incurred at the normal rates and charges of the Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.
- 20. The Receiver and its legal counsel shall pass their accounts from time to time.
- 21. 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

the 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

22. 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 \$50,000.00 (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, deemed 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 set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.
23. 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.
24. 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.
25. 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.
26. The Receiver shall be authorized to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

Allocation

27. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property

General

28. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
29. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
30. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of Hentosz.
31. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction 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, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.
32. 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.
33. 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, including legal costs on a solicitor-client full indemnity basis, to be paid by the Receiver from Hentosz's estate with such priority and at such time as this Court may determine.
34. Any interested party may apply to this Court to vary or amend this Order on not less than 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.

Filing

35. ^
36. The Receiver shall establish and maintain a website in respect of these proceedings at Enter website URL (the "**Receiver's Website**") and shall post there as soon as practicable:

- (a) all materials prescribed by statute or regulation to be made publicly available; and
- (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

37. Service of this Order shall be deemed good and sufficient by:

- (a) serving the same on:
 - i. the persons listed on the service list created in these proceedings or otherwise served with notice of these proceedings;
 - ii. any other person served with notice of the application for this Order;
 - iii. any other parties attending or represented at the application for this Order; and
- (b) posting a copy of this Order on the Receiver's Website

and service on any other person is hereby dispensed with.

38. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of King's Bench of Alberta

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Enter Receiver's Name, the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of Enter Debtor's Name appointed by Order of the Court of King's Bench of Alberta and Court of King's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the _____ day of _____, (the "Order") made in action numbers Enter Action Numbers, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of Enter Amount, being part of the total principal sum of Enter Amount that 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 Select an Option after the date hereof at a notional rate per annum equal to the rate of Enter Rate per cent above the prime commercial lending rate of Name of Institution 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 (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and 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 Enter Address.
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

Enter Receiver's Name, solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____

Name:

Title: