

COURT FILE NUMBER QBG 1076 of 2021

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

JUDICIAL CENTRE SASKATOON

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CANADIAN DEVELOPMENT STRATEGIES INC.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CROSSROADS ONE INC.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
OAK AND ASH FARM LTD.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
1143402 ALBERTA LTD.

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IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
2061778 ALBERTA LTD.

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IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
1216699 ALBERTA LTD.

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
DEAN RUNZER

AND

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
LORI RUNZER

ORDER

(Extension of Time to File Proposal and Sale and Vesting)

Before the Honourable Mr. Justice R.S. Smith in Chambers the 27th day of January, 2022.

Upon the application by Jeffrey M. Lee, Q.C. and Dana Nowak, counsel on behalf of Canadian Development Strategies Inc., Crossroads One Inc., Oak and Ash Farm Ltd., 1143402 Alberta Ltd., 1216699 Alberta Ltd., 2061778 Alberta Ltd., Dean Runzer, and Lori Runzer (collectively, "**FireSong Group**"), and upon reading the Notice of Application returnable on January 27, 2022, the Affidavit of Lori Runzer sworn October 21, 2021, the Affidavit of Lori Runzer sworn December 6, 2021, the Affidavit of Lori Runzer sworn December 17, 2021, the Affidavit of Lori Runzer sworn January 20, 2022, the First Report of the Proposal Trustee dated October 21, 2021, the Second Report of the Proposal Trustee dated December 6, 2021, the Third Report of the Proposal Trustee dated December 17, 2021, the Fourth Report of the Proposal Trustee dated January 20, 2022, the Draft Order for Extension of Time to File Proposal, and Brief of Law on Behalf of the Applicant, all filed; and the pleadings and proceedings herein;

The Court orders:

EXTENSION OF TIME TO FILE PROPOSALS

1. Pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985 c.B-3 ("**BIA**"), the period of time within which FireSong Group is required to file proposals to its creditors with the Official Receiver under Division I of Part III of the BIA is hereby extended by forty-five (45) days from January 27, 2022 to and including March 13, 2022 at 4:00 p.m. (Saskatchewan time).
2. On or before March 1, 2022, FireSing Group shall provide to its creditors a liquidation analysis identifying FireSong's property and its net realizable value (to the extent that such property can be reasonably identified and valued) and a reasonable estimate of secured and unsecured claims against such property.

RELEASE OF TRUST FUNDS

3. The application by FireSong Group for an Order adjudging and declaring:
 - a) that the Mortgage executed by 1143402 Alberta Ltd. in favour of Yvonne Hoeller ("**Ms. Hoeller**") and previously registered against title to Lot 25, District Lots 10353 and 10354 Kootenay District Plan 14398 (the "**Hoeller Mortgage**") is valid and enforceable, is "at arm's length" within the meaning of the phrase in section 4(5) of the BIA, and does not constitute a preference or transfer under value in accordance with sections 95 and 96 of the BIA or any equivalent provincial legislation; and
 - b) that legal counsel to the Proposal Trustee, Mike Russell of the law firm of W Law Group of Saskatoon, Saskatchewan ("**Trustee's Counsel**"), shall cause the balance of the Hoeller Mortgage to be paid out from the funds provided by Pioneer West Acceptance Corporation to Benjamin Runzer and Dallas Runzer and held in trust by Trustee's Counsel pursuant to the Winding up Trust and Vesting Trust Property in Beneficiary Order of this Honourable Court in these proceedings dated December 22, 2021;

is adjourned *sine die*, returnable by any party on seven day's notice, subsequent to the completion by Trustee's Counsel of its report regarding the Hoeller Mortgage, as more particularly directed by

the Order of the Honourable Mr. Justice N.G. Gabrielson granted in these proceedings on December 22, 2021.

APPROVAL OF TRANSACTION

4. Pursuant to subsection 65.13(1) of the BIA, the sale transaction (the "**Transaction**") contemplated by the Real Estate Purchase Contract (the "**Sale Agreement**") between Oak and Ash Farm Ltd. ("**Oak**") and 201778 Alberta Ltd. (the "**Purchaser**") dated January 20, 2022 appended as Exhibit C to the Affidavit of Lori Runzer sworn January 20, 2022 for the sale to the Purchaser of Oak's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**") is declared to be commercially reasonable and in the best interests of FireSong Group and its creditors and other stakeholders and is hereby authorized and approved, with such minor amendments as Oak and the Purchaser may deem necessary.
5. Oak, in consultation with and under the supervision of the Proposal Trustee, is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable (including any steps necessary or desirable to satisfy and/or comply with any applicable laws, regulations or orders of any court, tribunals, regulatory bodies or administrative bodies in any jurisdiction in which the Purchased Assets may be located) for the completion of the Transaction or the conveyance of the Purchase Assets to the Purchaser (or its nominee), subject to such amendments as Oak and the Purchaser may agree upon, provided that any such amendments do not materially affect the Purchase Price.

VESTING OF PROPERTY

6. Upon the Proposal Trustee determining that the Proposed Sale has closed to its satisfaction and on terms substantially as approved by this Honourable Court pursuant to this Order, the Proposal Trustee shall deliver to the Purchaser a certificate substantially in the form set out in **Schedule "A"** hereto (the "**Proposal Trustee's Certificate**").
7. The Proposal Trustee may rely on written notices from the Purchaser regarding the fulfillment or, if applicable, waiver of conditions to closing of the Proposed Sale under the Sale Agreement and shall have no liability with respect to the delivery of the Proposal Trustee's Certificate.
8. Upon delivery of the Proposal Trustee's Certificate, all of Oak's right, title, and interest in and to the Purchased Assets described in the Sale Agreement and listed on **Schedule "B"** hereto shall, save and except for the encumbrances listed in **Schedule "C"** hereto (the "**Permitted Encumbrances**"), vest absolutely in the name of the Purchaser (or its nominee, if any) free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, interests, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, judgments, enforcement charges, levies, charges, or other financial or monetary claims (collectively, "**Encumbrances**") and all rights of others, whether or not they have attached or been perfected, registered, or filed and whether secured, unsecured, or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:
 - (a) any Encumbrances or charges created by an Order in the within proceedings;
 - (b) all charges, security interest or claims evidenced by registrations pursuant to *The Personal Property Security Act*, RSA 2000, c P-7, or any other personal property registry system;

(c) all charges, security interests or claims evidenced by registrations pursuant to the *Land Titles Act*, RSA 2000, c L-4 (the "**Alberta LTA**"); and

(d) those Encumbrances listed in **Schedule "D"** hereto;

and, for greater certainty, this Court orders that all of the Encumbrances (save and except for the Permitted Encumbrances) affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

9. Upon delivery of the Proposal Trustee's Certificate to the Purchaser, the FireSong Group shall and is hereby authorized to effect such discharges or revisions in the Saskatchewan Personal Property Registry and Alberta Personal Property Registry as may be reasonably required to conclude the Transaction.

10. Pursuant to section 190 of the Alberta LTA, the Alberta Registrar of Titles shall be and is hereby directed:

(a) To accept an application (the "**Land Titles Application**") to surrender the existing title to the real property legally described as:

(i) 54343 Range Road 222 Strathcona County Lot 1 Block 1 Plan 0324002 (the "**Real Property**")

and to set up a new title to such Real Property in the name of the Purchaser (or its nominee) as owner free and clear and any and all Encumbrances, save and except for the Permitted Encumbrances as set out in Schedule "C"; and

(b) for greater certainty, to discharge all interests described in Schedule "D" hereto.

11. Any and all registration charges and fees payable in regard to the Land Titles Application shall be to the account of the Purchaser.

12. For the purposes of determining the nature and priority of the Encumbrances:

(a) the net proceeds from the sale of the Purchased Assets, comprising the gross proceeds derived from the Transaction, less unpaid property taxes, real estate commissions and closing costs comprising professional fees and disbursements incurred by Oak to close the Transaction (the "**Net Sale Proceeds**") shall stand in the place and stead of the Purchased Assets;

(b) from and after the delivery of the Proposal Trustee's Certificate to the Purchaser, all Encumbrances and all rights of others shall attach to the Net Sale Proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to closing of the Transaction; and

(c) the Net Sale Proceeds shall be paid to the Proposal Trustee and held in trust by the Proposal Trustee pending further Order of this Honourable Court.

13. The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against FireSong Group.
14. Oak and all persons who claim by, through or under Oak in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Purchased Assets and, to the extent that any such person remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
15. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by FireSong Group, or any person claiming by or through or against FireSong Group.
16. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against FireSong Group or the Proposal Trustee.
17. Forthwith after the delivery of the Proposal Trustee's Certificate to the Purchaser (or its nominee), FireSong Group shall file a copy of the Proposal Trustee's Certificate with the Court, and shall serve a copy of the Proposal Trustee's Certificate on the recipients listed in the Service List and Master List of Partners maintained with respect to these proceedings.
18. Notwithstanding:
 - (a) the pendency of these proceedings;
 - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of Oak or FireSong Group and any bankruptcy order issued pursuant to such applications;
 - (c) any assignment in bankruptcy made in respect of Oak or FireSong Group; and
 - (d) the provisions of any federal statute, provincial statute or any other law or rule of equity, the vesting of any of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order and the obligations of Oak under the Sale Agreement, shall be binding on any trustee in bankruptcy that may be appointed in respect of Oak or FireSong Group and shall not be void or voidable by creditors of Oak or FireSong Group, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.
19. The Transaction is exempt from any requirement under any applicable federal or provincial law to obtain shareholder approval and is exempt from the application of any bulk sales legislation in any Canadian province or territory.

MISCELLANEOUS MATTERS

20. FireSong Group, the Purchaser (or its nominee), the Proposal Trustee and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be

necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction, including, without limitation, an application to the Court to deal with interests which are registered against title to the Real Property after the time of the granting of this Order.

21. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist FireSong Group, the Purchaser, and the Proposal Trustee and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist in carrying out the terms of this Order.

ISSUED at Saskatoon, Saskatchewan, this 27th day of January, 2022.



X. PIRO

(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

Name of firm:	MLT Aikins LLP
Name of lawyer in charge of file:	Jeffrey M. Lee, Q.C., Dana Nowak
Address of legal firms:	Suite 1201 - 409 3rd Avenue S, Saskatoon SK S7K 5R5
Telephone number:	(306) 975-7136
Fax number:	(306) 975-7145
E-mail address:	JMLee@mltaikins.com / dnowak@mltaikins.com
File No:	153171.1

SCHEDULE "A"

FORM OF PROPOSAL TRUSTEE'S CERTIFICATE

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PROPOSAL TRUSTEE'S CERTIFICATE

RECITALS

- A. Pursuant to an Order of the Court dated January 27, 2022, the Court approved the agreement of purchase and sale made as of January 20, 2022 (the "**Sale Agreement**") between Oak and Ash Farm Ltd. (the "**Oak**") and 201778 Alberta Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of Oak's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 2.6 of the Sale Agreement have been satisfied or waived by Oak and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

- B. Unless otherwise indicated herein, terms with initial capital have the meanings set out in the Sale Agreement.

THE PROPOSAL TRUSTEE CERTIFIES the following:

- 1. The Purchaser (or its nominee) has paid and Oak has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

- 2. The conditions to Closing as set out in Article 2.6 of the Sale Agreement have been satisfied or waived by Oak and the Purchaser (or its nominee);

- 3. The Transaction has been completed to the satisfaction of the Proposal Trustee; and

- 4. This Certificate was delivered by the Proposal Trustee at **[Time]** on **[Date]**.

**MNP Ltd. in its capacity as Proposal Trustee
respecting FireSong Group and not in its personal
capacity.**

Per; _____
Name:
Title:

SCHEDULE "B"

PURCHASED ASSETS

- (i) 54343 Range Road 222 Strathcona County Lot 1 Block 1 Plan 0324002.

SCHEDULE "C"

PERMITTED ENCUMBRANCES

- (i) Registration #042294768 – Utility Right of Way in favour of Atco Gas and Pipelines Ltd.;
- (ii) Registration #062186390 – Partial Discharge of Utility Right of Way 042294768; and
- (iii) Registration #062233973 – Utility Right of Way in favour of Battle River Rural Electrification Association Ltd.

SCHEDULE "D"

ENCUMBRANCES TO BE DISCHARGED

- (i) Registration #182074509 – Mortgage in favour of ATB Financial; and
- (ii) Registration #182074510 – Caveat of Assignment of Rents and Leases in favour of ATB Financial.