

COURT FILE NUMBER 1701-10909  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
APPLICANT RAZOR ENERGY CORP.  
RESPONDENTS **BLENDFORCE ENERGY SERVICES INC.  
AND FORTALEZA ENERGY INC.**  
DOCUMENT **FIRST REPORT OF FTI CONSULTING  
CANADA INC., IN ITS CAPACITY AS  
COURT APPOINTED RECEIVER AND  
MANAGER OF BLENDFORCE ENERGY  
SERVICES INC.**

November 1, 2017

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
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DOCUMENT

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## INTRODUCTION

1. On August 18, 2017 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of BlendForceEnergy Services Inc. (“**BlendForce**” or the “**Company**”) pursuant to an Order of the Honourable Justice A.D. Macleod (the “**Receivership Order**”) of the Alberta Court of Queen’s Bench (the “**Court**”).
2. The Receivership Order authorized the Receiver, amongst other things, to manage, operate and carry on the business of the Company, to market any or all the Property including advertising and soliciting offers to purchase the Property, and to make such arrangements or agreements as deemed necessary by the Receiver.
3. BlendForce is an oilfield service company doing business in Alberta. Its registered office is in Calgary, Alberta. The core assets of BlendForce are an oilfield chemical blending facility and a Class 1B disposal well located in the town of Swan Hills, Alberta (collectively the “**BlendForce Facility**”). At the Date of Appointment, BlendForce had no employees, no head office and its operations had been shut-in. The books and records (“**Books and Records**”) that the Receiver has been able to compile related to BlendForce were provided to the Receiver from a former director of the Company.

4. On August 18, 2017, the Court granted an order (the “**SISP Order**”) approving a proposed sale and investment solicitation process (“**SISP**”) to market and sell the Property of BlendForce. The SISP was attached as Exhibit M to the Affidavit of Doug Bailey sworn August 16, 2017 (“**Bailey Affidavit**”), which was filed as part of the initial receivership application materials. The SISP contemplated a stalking horse bid that was submitted by BlendForce’s senior secured creditor Razor Energy Corp. (“**Razor**”) prior to the Date of Appointment. The details of Razor’s bid were outlined in the asset purchase agreement (“**Razor APA**”) dated August 15, 2017 between BlendForce, by and through the Receiver, as the vendor and Razor, as the proposed purchaser. The Razor APA was attached Exhibit N to the Bailey Affidavit and was also approved by the SISP Order.
5. The purpose of the SISP was to canvas the market for an offer superior to the Razor APA. The SISP Order authorized and empowered the Receiver to retain NRG Divestitures Inc. (“**Sales Agent**”) to act as sales agent to implement the SISP.
6. The Receiver’s reports and other publically available information in respect of these proceedings (the “**Receivership Proceedings**”) are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/Blendforce> (the “**Receiver’s Website**”).
7. The purpose of this report (“**First Report**”) is to inform the Court of the following:
  - (a) the Receiver’s activities since the Date of Appointment;
  - (b) the Receiver’s receipts and disbursements from the Date of Appointment to October 27, 2017;

- (c) the Receiver's summary with respect to the implementation of the SISP which resulted in a superior bid being received from Pure Environmental LP, by its general partner Pure Environmental Waste Management Ltd. (collectively, "**Pure**");
- (d) the Receiver's summary of a definitive purchase and sale agreement (the "**Pure PSA**") between the Receiver and Pure and recommendations in respect thereof; and
- (e) the results of the Receiver's independent security review and recommendations with respect to the distribution of the sales proceeds that will be collected if the Pure PSA is approved by this Honourable Court and the transaction closes.

8. The Receiver is requesting the following relief from this Honourable Court:

- (a) approval of the activities of the Receiver since the Date of Appointment including its receipts and disbursements;
- (b) approval of the Pure PSA;
- (c) if the Pure PSA is approved by this Honourable Court, authorization to make distributions of the sales proceeds to secured and priority creditors, as discussed below;
- (d) approval of the fees incurred by the Receiver and the fees incurred by the Receiver's legal counsel, Torys LLP (the "**Receiver's Counsel**") to administer these receivership proceedings;

- (e) approval to assign BlendForce into bankruptcy in order to establish a process to call for, assess and evaluate remaining claims against the BlendForce estate and distribute the Estimated Remaining Funds (as defined below); and
- (f) Discharge of the Receiver conditional on closing the Pure PSA, making the Proposed Distributions, assigning BlendForce into bankruptcy, completing various minor administrative tasks and filing an Affidavit confirming that these steps have been completed, with this Honourable Court.

#### **TERMS OF REFERENCE**

- 9. In preparing this First Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
- 10. Except as described in this First Report:
  - (a) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
  - (b) the Receiver has not examined or reviewed financial forecasts and projections referred to in this First Report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.

11. Future oriented financial information reported or relied on in preparing this First Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
12. The Receiver has prepared this First Report in connection with the Receiver's Application scheduled for November 9, 2017. This First Report should not be relied on for other purposes.
13. Information and advice described in this First Report that has been provided to the Receiver by the Receiver's Counsel, was provided to assist the Receiver in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## RECEIVER'S ACTIVITIES

15. Since the Date of Appointment, the Receiver has been engaged in the following initiatives:
  - (a) Engaged a former employee of BlendForce as a consultant to assist in monitoring and maintaining the BlendForce Facility throughout the Receivership Proceedings and to assist with coordinating site due diligence for interested parties;
  - (b) On August 22, 2017, the Receiver mailed its notice and statement of affairs in accordance with subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* to the Superintendent of Bankruptcy and to all known creditors of the Company;

- (c) On August 22, 2017, the Receiver established a website at <http://cfcanada.fticonsulting.com/Blendforce>, where the Receiver posts periodic updates on the progress of the receivership, together with copies of court orders, motion materials and reports filed in the receivership. The Receiver posted its Calgary office contact information for which creditors and interested parties/stakeholders can use to contact the Receiver;
- (d) Worked in consultation with the Sales Agent to execute the sales and marketing process pursuant to the terms of the Court approved SISP as described in further detail below; and
- (e) Corresponded with creditors on a regular basis.

## SUMMARY OF RECEIPTS AND DISBURSEMENT

16. Receipts and Disbursements from the Date of Appointment to October 26, 2017, are summarized as follows:

<b>Schedule of Receipts and Disbursements</b>	
As of October 26, 2017	
<b>Receipts</b>	
Deposit for Sale of Assets	85,000
Receiver's Borrowings	25,000
<b>Total - Receipts</b>	<b>110,000</b>
<b>Disbursements</b>	
Operating Expenses	(5,412)
Contractor Costs	(3,113)
Bank Fees	(34)
<b>Total - Disbursements</b>	<b>(8,558)</b>
<b>Net Cash on Hand</b>	<b>\$ 101,442</b>

- (a) Deposit for Sale of Assets – relates to a 10% deposit that was paid to the Receiver in relation to the Pure PSA (discussed in further detail below);

- (b) Receiver's Borrowings – means borrowings under the Receiver's certificate in order to provide working capital throughout the receivership;
  - (c) Operating Expenses – relates to costs to maintain the BlendForce Facility;
  - (d) Contractor Costs – relates to costs paid to a third party contractor to assist in due diligence related to the SISP and maintaining the BlendForce Facility; and
  - (e) Bank fees – relate to fees associated with the Receiver's estate bank account.
17. Cash on Hand – at October 26, 2017 the Receiver currently holds \$101,442 in funds.

## **SALES AND INVESTMENT SOLICITATION PROCESS**

### **Summary of marketing efforts**

18. As described above, on August 18, 2016 this Honourable Court granted the SISP Order authorizing the Receiver to engage the Sales Agent and directing to initiate a sales and marketing process in accordance with the terms of the Court approved SISP.
19. On August 23, 2016 the Sales Agent launched the SISP. A summary of the Sales Agent's marketing efforts include the following:
- (f) Drafting a marketing teaser information memorandum ("Teaser") summarizing the opportunity, the SISP and where interested parties could obtain additional information;



- (g) E-mailing the Teaser on August 23, 2017 to a list of potential financial, strategic and foreign buyers (collectively, the “**Potential Purchasers**”) compiled by the Selling Agent. The Teaser was sent to approximately 1000 Potential Purchasers;
  - (h) Advertising the opportunity in the Daily Oil Bulletin on August 30, 2017, September 6, 2017 and September 7, 2017;
  - (i) Posting the Teaser, the SISP and a draft form confidentiality agreement on the Sales Agent’s websites and on the Receiver’s website on August 23, 2016;
  - (j) The Sales Agent made targeted phone calls to potential buyers that were known by the Sales Agent to have a potential interest in the opportunity or who participated in the pre-filing sales efforts. For reference, as described more fully in the Bailey Affidavit, BlendForce launched a strategic alternatives process prior to the receivership on May 3, 2017 (the “**Pre-filing Process**”). The Pre-filing Process lasted for approximately 1 month and was publicly disclosed to the market. The Pre-filing Process ultimately resulted in the Razor APA that became the stalking horse bid in the receivership SISP; and
  - (k) The Sale Agent prepared a virtual data room that included diligence information to parties who executed confidentiality agreements.
20. In the Receiver’s view, the marketing efforts fully and adequately exposed the BlendForce Facility and operations to the marketplace and resulted in:
- (a) a total of 7 confidentiality agreements (“**CAs**”) were signed;

- (b) a total of 7 parties who signed CAs were determined to be qualified phase I bidders (“**Qualified Phase I Bidders**”) pursuant to the terms of the SISP and accordingly granted access to the virtual data room; and
- (c) One party who signed a CA completed on site due diligence.

### **Phase I**

- 21. The SISP contemplated a two phase bid structure. Qualified Phase I Bidders were advised that the SISP called for non-binding indications of interest (“**Phase I Bids**”) by September 22, 2017 (“**Phase I Bid Deadline**”).
- 22. On the Phase I Bid Deadline one Phase I Bid was received. The Phase I Bid was submitted by Pure (“**Pure Bid**”).
- 23. The Receiver reviewed the Pure Bid in consultation with the Receiver’s Counsel and the Sales Agent to determine if the Pure Bid presented a superior offer to the Razor APA and whether it should be advanced to second phase of the SISP (“**Phase II**”). The following factors were considered when determining which Phase I Bids should be advanced to Phase II;
  - (a) Overall purchase price;
  - (b) Assets being purchased;
  - (c) Statutory, regulatory and/or internal approvals required;
  - (d) Financing conditions and Pure’s financial ability to close; and
  - (e) The amount of additional due diligence required by Pure.

24. After reviewing the Pure Bid, the Receiver, in consultation with the Receiver's Counsel, determined that the Pure Bid represented a Qualified LOI (as defined in the SISP) and had the potential to become a superior offer. Accordingly, the Receiver proceeded to Phase II of the SISP and continued to work with Pure in an effort to clear the conditions in the Pure Bid and enter into a definitive agreement.

## Phase II

25. On September 25, 2017, the Pure was notified that they had been advanced to Phase II of the SISP. Phase II provided Pure the opportunity to complete further due diligence and field visits. The SISP required Phase II bidders to submit a binding definitive agreement by September 29, 2017 ("**Phase II Bid Deadline**").
26. On the Phase II Bid Deadline, Pure and the Receiver had not yet entered into a binding definitive agreement that complied with the requirements of paragraph 19 of the SISP. However, in the Receiver's view, the two parties were very close to signing a definitive agreement and accordingly the Receiver relied on paragraph 20 of the SISP to continue to work towards executing a definitive agreement with Pure.
27. On October 6, 2017, the Receiver and Pure entered into a definitive purchase and sale agreement ("**Pure PSA**"). The Pure PSA is attached as Appendix A.

## **PURE PSA**

28. A summary of the key commercial terms of the Pure PSA are as follows:
- (a) Purchase Price – \$850,000;

- (b) Deposit – the Receiver is currently holding a deposit (“**Initial Deposit**”) in the amount of approximately 10% of the Purchase Price. The deposit is non-refundable except in the event that Court approval of the Pure PSA is not obtained;
- (c) The Pure PSA contemplates an *en bloc* purchase that includes all of BlendForce’s oil and gas assets;
- (d) Closing date – within 5 business days following Court approval; and
- (e) Not subject to any material conditions other than that the Pure PSA is subject approval by this Honourable Court.

#### **RECEIVER’S ANALYSIS OF THE PURE PSA**

29. The Receiver has concluded that the Pure PSA represents the best value that could be reasonably be obtained for the Company’s assets in the present circumstances and is superior to the Razor APA based on following:

- (a) the assets have been adequately exposed to the market through the Pre-filing Process and the Court approved SISP completed by the Receiver and its Sales Agent;
- (b) The sales and marketing efforts were completed in accordance with the SISP;
- (c) The SISP produced additional interest in the assets and operations of the Company as supported by the CAs that were signed and the Pure PSA;
- (d) In the Receiver’s view, the Pure PSA is superior to the Razor APA for the following reasons:

- (a) The Pure PSA purchase price of \$850,000 is approximately 20% or \$150,000 higher than the estimated purchase price of the Razor APA; and
  - (b) The Pure PSA contains fewer post-closing requirements.
30. For the reasons outlined above the Receiver recommends that this Honourable Court approved the Pure PSA.

### **SECURED AND PRIORITY CLAIMS**

31. The Receiver is aware of the following secured/priority claims, charges and liens that are owed by the Company either pursuant to statute or which have been registered against the Property.

#### **Razor Debt and Security**

32. BlendForce is indebted to Razor pursuant to the terms of various loan agreements, security agreements, assignment agreements and other documents as listed below:
- (a) Secured grid promissory note dated February 28, 2015 between J. Cameron Bailey, as lender, and BlendForce, as promisor (the “**Bailey Note**”);
  - (b) General security agreement dated October 8, 2015 between J. Cameron Bailey, as secured party, and BlendForce, as debtor (“**Bailey GSA**”);
  - (c) Secured grid promissory note dated February 28, 2015 between James Jeffs, as lender, and BlendForce, as promisor (the “**Jeffs Note**”);

- (d) General security agreement dated October 8, 2015 between James Jeffs, as secured party, and BlendForce, as debtor (“**Jeffs GSA**”);
  - (e) Loan agreement dated May 11, 2015 between Fortaleza, as borrow, J. Cameron Bailey, as lender, and BlendForce, as guarantor (the “**Loan Agreement**”);
  - (f) Guarantee and general security agreement date May 11, 2015 between J. Cameron Bailey as lender, and BlendForce, as guarantor (the “**Guarantee and General Security Agreement**”);
  - (g) Assignment of loan and security dated July 21, 2017 (“**Assignment Agreement**”) between J. Cameron Bailey and James Jeffs, as assignors (the “**Assignors**”), BlendForce, as debtor and guarantor, as applicable, Fortaleza, as debtor and Razor as assignee (the “**Assignment Agreement**”).
33. The Bailey Note, the Bailey GSA, the Jeffs Note, the Jeffs GSA, the Loan Agreement, the Guarantee Security Agreement and the Assignment Agreement shall collectively be referred to as the Razor security agreements (“**Razor Security Agreements**”). The total debt owed by BlendForce to Razor pursuant to the terms of the Razor Security Agreements is \$353,510 (“**Razor Security Agreement Debt**”) which includes debts owing under the Razor Security Agreements totaling \$259,912 (“**Base Debt**”) plus Razor’s legal fees associated with enforcement of their debt owing totaling \$93,597 (“**Razor Fees**”). The Receiver has confirmed that the Base Debt is consistent with the company’s Books and Records and further confirmed the amount to the Assignment Agreement which was signed by BlendForce.

34. The Receiver has reviewed the Razor Fees and determined that they are reasonable considering the level of work completed by Razor's legal counsel. Prior to the Receivership Proceedings BlendForce had no operations and no cash available to fund a restructuring or liquidation. Razor initially funded the professional fees associated with attempting to complete a proposal under the *Bankruptcy and Insolvency Act*. When it was determined that a proposal would not likely result in a successful restructuring Razor's legal counsel commenced work on receivership materials including; drafting the initial application materials for these Receivership Proceedings, the Bailey Affidavit, the SISP and the Razor APA used as the stalking horse bid in the SISP.
35. Razor is also owed \$25,000 for Receiver's borrowings advanced under the Receiver's certificate; these monies were borrowed to fund working capital throughout the receivership. Together, the \$25,000 Receiver's borrowings and the \$353,510 owing under the Razor Security Agreements total \$378,510 (collectively, the "**Razor Debt**").
36. The Receiver's Counsel has completed an independent review of the Razor Security Agreements and determined that they create legal, valid, binding and enforceable obligations against BlendForce.
37. In consultation with the Receiver's Counsel, based upon the foregoing security review and a review of Personal Property Registry searches respecting the BlendForce, the Receiver is seeking Court approval to make a distribution ("**Razor Distribution**") in the amount of \$353,510 in full satisfaction of the Razor Debt.

### Canada Revenue Agency Source Deduction Claim

38. The Canada Revenue Agency (“CRA”) submitted a claim totaling \$30,164.81 for unpaid source deductions and related interest and penalties. The Receiver has reviewed this claim and determined that \$22,973.14 (“**Deemed Trust Source Deduction Claim**”) of the claim represent a deemed trust claim pursuant to the provisions of subsection 227 (4) of the *Income Tax Act*, subsection 23 (3) of the *Canada Pension Plan*, subsection 57(2) of the *Unemployment Insurance Act* and subsection 86(2) of the *Employment Insurance Act*, and therefore, the Deemed Trust Source Deduction Claim ranks in priority to all creditors within these receivership proceedings including the Razor Debt. Accordingly the Receiver recommends a distribution to the CRA in the amount of \$22,973.14 (“**CRA Source Deduction Distribution**”) in full satisfaction of the Deemed Trust Source Deduction Claim.

### Canada Revenue Agency GST Claim

39. The CRA submitted a claim for unpaid goods and services tax (“GST”). The claim submitted identified \$22,552.88 owing for 6 months of unpaid GST and \$1,979.70 penalties and interest totaling \$24,529.58 (“**GST Claim**”). The Receiver has reviewed the GST Claim and determined that it represents a deemed trust claim pursuant to subsections 222(1), (2), (3) and (4) of the *Excise Tax Act* and therefore the GST Claim ranks in priority to all other creditors within receivership proceedings. However, as part of this application the Receiver is requesting authorization to assign BlendForce into bankruptcy. Once BlendForce is assigned into bankruptcy the GST Claim will become an unsecured claim and therefore the Receiver is not recommending a distribution for the GST Claim within these Receivership Proceedings.



### Property taxes

40. Based on books and records obtained from BlendForce, the Receiver is aware of property taxes owing in arrears to the Town of Swan Hills totaling \$173,060.09 (“**Property Tax Arrears**”). The Receiver has contacted the Town of Swan Hills regarding the Property Tax Arrears in order to determine the periods the Property Tax Arrears relate to and the split between linear and non-linear property taxes. Pursuant to the Court’s recent decision in *The Bank of Nova Scotia and Alberta Treasury Branches v Virginia Hills Oil Corp. and Dolomite Energy Inc.* (unreported), linear property taxes were found to be an unsecured claim as against the debtors’ estate. While this decision is presently under appeal, there is authority to treat the Property Tax Arrears as an unsecured claim. The Receiver proposes that the validity and quantum of the Property Tax Arrears should and will be dealt with in the BlendForce bankruptcy proceedings.

### **PROPOSED DISTRIBUTIONS AND HOLDBACKS**

41. Based on the analysis above, the Receiver has determined that the Razor Debt has a first secured charge over the Property of BlendForce and the Deemed Trust Source Deduction Claim has a priority over all creditors in respect of the Property of BlendForce. Accordingly, and as discussed above, the Receiver is seeking approval to make the proposed Razor Distribution and the CRA Source Deduction (collectively, the “**Proposed Distributions**”).
42. The Receiver is only seeking approval to make these distributions in the event that the Pure PSA is approved by this Honourable Court, the transaction closes and the net proceeds therefrom are collected.

43. The Receiver has incurred various expenses (“**Receivership Expenses**”) in connection with administering these Receivership Proceedings and therefore proposes to hold back funds necessary to pay for these costs prior to making the Proposed Distributions. The table below presents to Receiver’s estimated net cash available upon closing the Pure PSA and estimated funds required to be held back to pay for Receivership Expenses.

<b>Receivership Cash flow forecast</b>	
Cash on hand	101,442
<b>Forecast Receipts</b>	
Net Proceeds from sale	758,972
<b>Forecast Disbursements</b>	
Operating Expenses	(5,000)
Contractor Costs	(3,000)
Receiver's Fees	(65,000)
Receiver Counsel Fees	(75,000)
Sales Agent Fees	(55,550)
<b>Estimated cash available for distribution</b>	<b>656,864</b>

44. The Receiver estimates holding \$656,864 available for distribution to creditors after all Receivership Expenses, including professional fees, have been paid. The table below presents the Receiver’s proposed distributions.

<b>Proposed Distributions</b>	
Cash available for distribution	656,864
Razor Distribution	(378,510)
CRA Source Deduction Distribution	(22,973)
<b>Estimated cash remaining for bankruptcy</b>	<b>255,381</b>

## **BANKRUPTCY OF BLENDFORCE**

45. The Receiver estimates having \$255,381 (“**Estimated Remaining Funds**”) remaining once the Proposed Distributions have been paid. In order to establish a process to call for, assess and evaluate remaining claims against the BlendForce estate, and to distribute the Estimated Remaining Funds to the creditors, the Receiver recommends assigning BlendForce into bankruptcy.

## **APPROVAL OF PROFESSIONAL FEES**

46. Invoices rendered by the Receiver from the Date of Appointment to September 30, 2017 total \$29,692 inclusive of GST (the “**Receiver’s Fees**”). The accounts will be made available upon request.
47. The Receiver anticipates issuing a final invoice in the amount of approximately \$35,308 (the “**Receiver’s Final Fees**”) in connection with unbilled work completed throughout October 2017 and additional time attending the final distribution and discharge application and final administrative matters including closing the Pure PSA issuance of the Proposed Distributions and completion of final statutory reporting to the Superintendent of Bankruptcy.
48. Invoices rendered by the Receiver’s Counsel from the Date of Appointment to September 30, 2017 total \$41,461 inclusive of GST (the “**Receiver’s Counsel Fees**”). The accounts will be made available upon request.

49. The Receiver's Counsel anticipates issuing a final invoice in the amount of approximately \$33,539 ("**Receiver's Counsel's Final Fees**") in connection with unbilled work completed October 2017 plus additional time expected to be incurred assisting with closing the Purc PSA and discharge of the Receiver.
50. The Receiver is of the opinion that the Receiver's Fees, Receiver's Final Fees, the Receiver's Counsel's Fees and the Receiver's Counsel's Final Fees are appropriate and reasonable in the circumstances.

### **TERMINATION OF RECEIVERSHIP PROCEEDINGS AND DISCHARGE OF THE RECIEVER**

51. As described earlier in this First Report, the Receiver recommends converting these proceedings into a bankruptcy to establish a process to call for, assess and evaluate remaining claims against the BlendForce estate and to distribute the Estimated Remaining Funds to its creditors. If the Purse PSA is approved the only remaining tasks will be to close the Purse PSA, collect the net proceeds, pay the Proposed Distributions, assign BlendForce into bankruptcy and attend to minor administrative tasks (collectively the "**Remaining Tasks**"). Rather than incurring the expense to make an additional application to Court for its discharge, the Receiver recommends terminating the receivership proceedings and discharging the Rcciever conditional upon the Receiver filing a Receiver's certificate confirming that it has completed the Remaining Tasks.

### **RECOMMENDATIONS**

52. The Receiver respectfully requests that this Honourable Court grant the following relief:
  - (a) approval of the Receiver's actions, conduct and activities since the Date of Appointment;

- (b) approval of the Pure PSA;
- (c) authorization to the Receiver to make the Proposed Distributions upon closing the Pure PSA, if the Pure PSA is approved by this Honourable Court;
- (d) approve the Receiver's Fees and the Receiver's Counsel's Fees;
- (e) approve the Receiver to assign BlendForce into bankruptcy; and
- (f) approve the termination of these receivership proceedings and the discharge of the Receiver conditional on the Receiver completing the Remaining Tasks and filing an Affidavit confirming that all final steps have been completed in the Receivership Proceedings.

All of which is respectfully submitted this 1<sup>st</sup> day of November, 2017.

FTI Consulting Canada Inc.,  
in its capacity as Court-appointed receiver  
and manager  
of the assets, undertakings and properties of  
BlendForce Energy Services Inc.



Deryck Helkaa  
Senior Managing Director, CA, CPA, CIRP



Dustin Olver  
Managing Director, CA, CPA

# Appendix A

Pure PSA

## PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 6th day of October, 2017.

### **BETWEEN:**

**BLENDFORCE ENERGY SERVICES INC. ("BlendForce")**, by and through its court appointed receiver and manager **FTI CONSULTING CANADA INC. ("Receiver")**, solely in its capacity as the court appointed receiver and manager, and not in its personal or corporate capacity (hereinafter referred to as "**Vendor**")

- and -

**PURE ENVIRONMENTAL LP (the "LP")**, by its general partner **PURE ENVIRONMENTAL WASTE MANAGEMENT LTD. (the "GP")**, and together with the LP, hereinafter referred to as "**Purchaser**")

**WHEREAS** the Receiver was appointed as receiver and manager of BlendForce pursuant to the Receivership Order;

**AND WHEREAS** Vendor wishes to sell the Assets to Purchaser, and Purchaser wishes to purchase the Assets from Vendor, subject to and in accordance with the terms and conditions hereof;

**NOW THEREFORE, THIS AGREEMENT WITNESSETH** that in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Parties have agreed as follows:

### **ARTICLE 1 INTERPRETATION**

#### **1.1 Definitions**

In this Agreement, unless the context otherwise requires:

- (a) "**Abandonment and Reclamation Obligations**" means all past, present and future duties and obligations to:
- (i) abandon, close, decommission, dismantle, dispose of or remove any and all of the Facilities and the Incidental Tangibles, including all facilities, equipment, tanks, vessels, foundations, structures, buildings, pipelines and other tangible property or assets located on the Lands; and
  - (ii) reclaim, remediate and restore the surface and subsurface of any lands where the Facilities and the Incidental Tangibles are located and any lands used to gain access thereto or used otherwise in connection with the construction, installation, ownership, operation or maintenance therewith, including the restoration, remediation and reclamation obligations relating to (A) wells, pipelines and facilities which were abandoned or decommissioned prior to the Closing Date that were located on the Lands produced or previously produced from the Lands, and (B) any other surface and sub-surface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Facilities or the Incidental Tangibles;

all in accordance with generally accepted industry practices in the province where the Assets are located and in compliance with all Applicable Laws and the Title and Operating Documents;

- (b) "**AER**" means the Alberta Energy Regulator;
- (c) "**Affiliate**" means, with respect to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that controls, is controlled by or is under common control with such Person. The term "**control**" as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through ownership of more than fifty percent (50%) of the voting securities of such Person, by contract or otherwise;
- (d) "**Agreement**" means this Purchase and Sale Agreement, including the attached Schedules;
- (e) "**Applicable Law**" means, in relation to any Person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, license or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such Person, property or circumstance;
- (f) "**Assets**" means the Facilities, the Incidental Tangibles, and the Miscellaneous Interests;
- (g) "**Business Day**" means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;
- (h) "**Closing**" means the transfer of possession, beneficial ownership and risks of the Assets from Vendor to Purchaser, the payment of the Purchase Price by Purchaser to Vendor, and all other items and considerations required to be delivered on the Closing Date pursuant hereto, which shall take place at 10:00 a.m. on the Closing Date;
- (i) "**Closing Date**" means the day that is five (5) Business Days after receipt of the Court Order, or such other time and date as may be mutually agreed upon in writing by the Parties;
- (j) "**Court**" means the Court of Queen's Bench of Alberta presiding over the Receivership Proceedings or any court sitting in appeal therefrom;
- (k) "**Court Order**" means an order to be granted by the Court authorizing, approving and confirming the Transaction and this Agreement and the vesting of the Assets in the name of Purchaser, free and clear of any encumbrances, other than any Permitted Encumbrances, which order shall be substantially in the form attached hereto in Schedule D;
- (l) "**Deposit**" has the meaning ascribed thereto in Section 2.7;
- (m) "**Disposal Well**" means Vendor's entire right, title, benefit and interest in and to the class 1B disposal well located in Swan Hills, Alberta with unique well identifier 02-14-066-10W5M, including the wellbores and any and all casing and together with all well licenses relating thereto, as more particularly described in Schedule A, Part 3;
- (n) "**Environmental Liabilities**" means all liabilities in respect of the environment that relate to the Assets or the ownership, use, or operation thereof, including without limitation, all liabilities related to or arising from:



- (i) transportation, storage, use or disposal of hazardous substances;
- (ii) release, spill, escape, emission, leak, discharge, migration or dispersal of hazardous substances; or
- (iii) pollution or contamination of or damage to the environment,

including, without limitation, liabilities to compensate Third Parties for Losses resulting from the items described in (i) to (iii) above (including, without limitation, damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the environment;

- (o) "**Facilities**" means Vendor's entire right, title, benefit and interest in and to (i) the 08-14-66-10W5 disposal facility located at 5276 Watson Street in Swan Hills, Alberta, as more particularly described in Schedule A, Part 1; and (ii) the Disposal Well;
- (p) "**Final Statement of Adjustments**" has the meaning ascribed thereto in Section 2.10;
- (q) "**General Conveyance**" means the form of general conveyance attached hereto as Schedule "B";
- (r) "**Governmental Authority**" means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction;
- (s) "**GST**" means the goods and services tax payable pursuant to the GST Legislation;
- (t) "**GST Legislation**" means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder;
- (u) "**Incidental Tangibles**" means all tangible depreciable property, equipment and assets of Vendor used or intended for use in the Facilities, other than the Facilities themselves, including all spare parts, tools, equipment, supplies, chemicals, lubricants, fuels and other inventories that are used for the purpose of, or in connection with or incidental to, the construction, installation, operation, ownership or maintenance of the Facilities, whether or not located on or in the vicinity of the Lands, as described in Schedule A, Part 2;
- (v) "**Lands**" means the lands on or in which the Facilities and Incidental Tangibles are located or any other lands used to gain access to the Facilities and Incidental Tangibles;
- (w) "**Licence Transfers**" means, in relation to the Assets, the transfer of any permits, approvals, licences and authorizations granted by the AER;
- (x) "**Losses**" means all losses, costs, claims, damages, expenses and liabilities which a Party suffers, sustains, pays or incurs, including reasonable legal fees on a solicitor and his own client basis but notwithstanding the foregoing shall not include any liability for indirect or consequential damages including business loss, loss of profit, economic loss, punitive damages or income tax liabilities;
- (y) "**Miscellaneous Interests**" means all property, interests and rights of Vendor that pertain to the Facilities or the Incidental Tangibles, excluding the Facilities and Incidental Tangibles, and any interest in the Facilities and Incidental Tangibles, including the Title and Operating Documents and all other contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Facilities, or the Incidental

Tangibles, together with all extensions, renewals, replacements, substitutions or amendments thereto. Notwithstanding the foregoing, unless otherwise agreed in writing by the Parties, the Miscellaneous Interests shall not include agreements, documents or data to the extent that: (i) they pertain to Vendor's proprietary technology; (ii) they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by Vendor to an assignee, or (iii) they comprise Vendor's or BlendForce's tax and financial records, and economic evaluations;

- (z) **"Party"** means a party to this Agreement, and **"Parties"** means both of them;
- (aa) **"Permitted Encumbrances"** means:
  - (i) easements, rights of way, servitudes or other similar rights in land including, without limiting the generality of the foregoing, rights of way and servitudes for railways, highways and other roads, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires and cables;
  - (ii) the right reserved to or vested in any Governmental Authority or other public authority or by any Applicable Law to terminate any of the Title and Operating Documents, leases, licenses, franchises or grants or to require annual or other periodic payments as a condition of the continuance thereof, which relate to obligations not accrued, due, or delinquent at or prior the Closing Date;
  - (iii) rights reserved to or vested in any municipality or Governmental Authority to control or regulate any of the Assets in any manner, and all applicable laws, rules and orders of any Governmental Authority;
  - (iv) undetermined or inchoate liens incurred or created as security in favour of the Person with respect to the operation of any of the Assets, as regards BlendForce's or Vendor's proportionate share of the costs and expenses of such development or operations of or on the Assets, which relate to obligations not accrued, due, or delinquent at or prior the Closing Date; and
  - (v) liens granted in the ordinary course of business to a public utility or Governmental Authority in connection with operations conducted with respect to the Assets, which relate to obligations not accrued, due, or delinquent at or prior the Closing Date;
- (bb) **"Person"** means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;
- (cc) **"Prime Rate"** means the rate of interest equal to the annual rate of interest announced by the main branch in Calgary of Royal Bank of Canada as the reference rate then in effect for determining rates of interest charged on Canadian dollar commercial loans in Canada;
- (dd) **"Purchase Price"** has the meaning ascribed thereto in Section 2.2;
- (ee) **"Receivership Order"** means the receivership order granted by the Honourable Justice A.D. Macleod in the Receivership Proceedings on August 18, 2017, as may be subsequently amended, modified, supplemented, or restated, from time to time;
- (ff) **"Receivership Proceedings"** means the proceedings before the Court and identified as Court File No. 1701-10909.

- (gg) **"Representative"** means, with, respect to any Party, its Affiliates, and its and their respective directors, officers, servants, agents, advisors, employees and consultants;
- (hh) **"Sales Taxes"** means all transfer, sales, excise, stamp, license, production, value-added and other like taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind, and includes, but is not limited to, additions by way of penalties, interest and other amounts with respect thereto, but excludes GST;
- (ii) **"Third Party"** means any individual or entity other than BlendForce, Vendor and Purchaser, including without limitation any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;
- (jj) **"this Agreement", "herein", "hereto", "hereof"** and similar expressions mean and refer to this Agreement;
- (kk) **"Title and Operating Documents"** means all agreements and other instruments and documents relating to the acquisition, ownership, use, construction, installation, operation or maintenance of the Facilities and the Incidental Tangibles; and
- (ll) **"Transaction"** means the transaction for the purchase and sale of the Assets as contemplated by this Agreement.

## 1.2 Headings

The expressions "Article", "section", "subsection", "section", "subsection", "paragraph" and "Schedule" followed by a number or letter or combination thereof mean and refer to the specified article, section, subsection, section, subsection, paragraph and schedule of or to this Agreement.

## 1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles, sections, subsections, sections, subsections and paragraphs and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

## 1.4 Included Words

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and *vice versa*, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders.

## 1.5 Schedules

There are appended to this Agreement the following schedules pertaining to the following matters:

Schedule A	-	Assets Part 1 – Facilities Part 2 – Incidental Tangibles Part 3 – Disposal Well
Schedule B	-	Form of General Conveyance
Schedule C	-	Form of Officer's Certificate
Schedule D	-	Form of Court Order

Such schedules are incorporated herein by reference as though contained in the body hereof. Wherever any term or condition of such schedules conflicts or is at variance with any term or

condition in the body of this Agreement, such term or condition in the body of this Agreement shall prevail.

#### **1.6 Damages**

All losses, costs, claims, damages, expenses and liabilities in respect of which a Party has a claim pursuant to this Agreement include, without limitation, reasonable legal fees and disbursements on a solicitor and client basis.

#### **1.7 Derivatives**

Where a term is defined herein, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires.

#### **1.8 Interpretation if Closing Does Not Occur**

In the event that Closing does not occur, each provision of this Agreement which presumes that Purchaser has acquired the Assets hereunder shall be construed as having been contingent upon Closing having occurred.

#### **1.9 Conflicts**

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a schedule, the provision of the body of this Agreement shall prevail. If any term or condition of this Agreement conflicts with a term or condition of any Applicable Law, the term or condition of the Applicable Law shall prevail, and this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.

#### **1.10 Currency**

All dollar (\$) amounts referenced in this Agreement are expressed in the lawful currency of Canada.

### **ARTICLE 2 PURCHASE AND SALE AND CLOSING**

#### **2.1 Purchase and Sale**

Vendor hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor, all of the right, title, estate and interest of Vendor (whether absolute or contingent, legal or beneficial), if any, in and to the Assets, as vested in Vendor and as they may exist, on an "as is, where is" basis, subject to and in accordance with the terms of this Agreement.

#### **2.2 Purchase Price**

- (a) The aggregate consideration to be paid by Purchaser to Vendor for Vendor's interest in and to the Assets, exclusive of GST and any applicable Sales Taxes, shall be eight hundred fifty thousand dollars (\$850,000.00) (the "**Purchase Price**"), plus or minus the adjustments made pursuant to Section 2.9.
- (b) At Closing, Purchaser shall pay Vendor an amount equal to the Purchase Price, less the Deposit, plus an amount equal to the GST and Sales Taxes as provided in Section 2.11.
- (c) The Purchase Price shall be allocated as follows:

Facilities	\$700,000
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Incidental Intangibles	\$100,000
<u>Miscellaneous Interests</u>	<u>\$50,000</u>
Total:	\$850,000

### 2.3 Assumption of Abandonment and Reclamation Obligations

In determining the Purchase Price, the Parties have taken into account Purchaser's assumption of responsibility for the payment of all costs for existing or future Abandonment and Reclamation Obligations associated with the Assets, as set forth in this Agreement, and the absolute release of BlendForce and Vendor of all and any responsibility or liability therefor.

### 2.4 Closing

- (a) Closing shall take place electronically on the Closing Date if there has been satisfaction or waiver of the conditions of Closing herein contained. Subject to all other provisions of this Agreement, possession, risk and beneficial ownership of Vendor's interest in and to the Assets shall pass from Vendor to Purchaser on the Closing Date.
- (b) On the Closing Date, if the conditions to Closing contained in (i) Section 3.2 are satisfied; and (ii) Section 3.4 are satisfied or alternatively waived by Vendor, Vendor shall deliver to Purchaser:
  - (i) the General Conveyance in the form attached as Schedule "B", duly executed by Vendor;
  - (ii) the Officer's Certificate substantially in the form attached as Schedule "C", duly executed by Vendor;
  - (iii) a receipt for the Purchase Price plus applicable GST and/or Sales Taxes;
  - (iv) the tax elections as contemplated by this Agreement, duly executed by Vendor;
  - (v) a certified copy of the Court Order;
  - (vi) a Receiver's certificate; and
  - (vii) such other items as may be specifically required hereunder.
- (c) On the Closing Date, if the conditions to Closing contained in (i) Section 3.2 are satisfied; and (ii) Section 3.3 are satisfied or alternatively waived by Purchaser, Purchaser shall deliver to Vendor:
  - (i) the General Conveyance in the form attached as Schedule "B", duly executed by Purchaser;
  - (ii) the Officer's Certificate substantially in the form attached as Schedule "C", duly executed by Purchaser;
  - (iii) the Purchase Price, less the Deposit plus interest accrued thereon and applicable GST and/or Sales Taxes;
  - (iv) the tax elections as contemplated by this Agreement, duly executed by Purchaser; and
  - (v) such other items as may be specifically required hereunder.

## 2.5 Conveyances and Possession

- (a) Following Closing, the Parties shall cooperate in the preparation of all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required, in addition to the General Conveyance, to convey, assign and transfer the interest of Vendor in and to the Assets to Purchaser and to novate Purchaser in the place and stead of Vendor with respect to the Assets. No such conveyances, assignments, transfers, novations and other documents or instruments shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Purchaser shall bear all costs incurred in registering and distributing such conveyances, assignments, transfers, novations and other documents or instruments and in preparing and registering any further assurances required to convey the Assets to Purchaser.
- (b) Purchaser confirms that the Assets are being purchased as they exist and at their location as of Closing. Purchaser acknowledges that Vendor has no obligation to deliver physical possession of the Assets to Purchaser.

## 2.6 Form of Payment

All payments to be made pursuant to this Agreement shall be in Canadian funds. All payments to be made pursuant to this Agreement shall be made by certified cheque, bank draft or wire transfer.

## 2.7 Deposit

The Parties acknowledge that a deposit in the amount of eighty-five thousand dollars (\$85,000.00) has been provided by Purchaser to Receiver by wire transfer to be held in trust and released only in accordance with the provisions of this Section 2.7 (the "**Deposit**"), which shall include any interest thereon.

The Deposit shall be held in trust by the Receiver until one of the following events occur:

- (a) if Closing occurs, the Deposit shall be paid to Vendor at Closing for its own account absolutely and be applied as partial payment of the Purchase Price;
- (b) if Closing does not occur as a result of a failure of Vendor to fulfill the conditions set forth in Section 3.3 or the conditions in Section 3.2 not being satisfied, then the Deposit shall be returned to Purchaser for the account of Purchaser absolutely; and
- (c) if Closing does not occur due to any reason other than as addressed by Section 2.7(b), the Deposit shall be forfeited to Vendor for the account of Vendor absolutely.

## 2.8 Damages

The Parties agree that the amount of the Deposit constitutes their genuine estimate of all damages that will be suffered by Vendor as a result of Closing not occurring due to the reasons set forth in Section 2.7(c) and that Vendor's retention thereof shall constitute liquidated damages to, and be the sole remedy of, Vendor as a result of Closing not occurring.

## 2.9 No Right to Reduction in Purchase Price

- (a) Subject to Section 2.9(b), notwithstanding anything to the contrary in this Agreement, Purchaser acknowledges and agrees that it shall have no right or other entitlement to any abatement or reduction in the Purchase Price as a result of, arising from or in connection with any deficiency or allegation of deficiency in respect of the Assets, including, without

limitation, any Abandonment and Reclamation Obligations, Environmental Liability or deficiency or title deficiency.

- (b) Subject to Section 2.9(c), all costs and expenses relating to the Assets shall be apportioned as of the Closing Date between Vendor and Purchaser on an accrual basis in accordance with generally accepted accounting principles, with Vendor bearing and paying the costs and expenses accruing on the Closing Date, and Purchaser bearing costs and expenses accruing thereafter, provided that:
- (i) advances made by Vendor in respect of the costs of operations on the Lands or facilities interests included in the Assets which have not been applied to the payment of costs prior to the Closing Date and stand to the credit of BlendForce or Vendor will be transferred to Purchaser and an adjustment will be made in favour of Vendor equal to the amount of the advance transferred;
  - (ii) deposits made by BlendForce or Vendor shall be returned to Vendor;
  - (iii) costs and expenses of work done, services provided and goods supplied shall be deemed to accrue for the purposes of this Section when the work is done or the goods or services are provided, regardless of when such costs and expenses become payable;
  - (iv) no adjustments shall be made in respect of BlendForce's or Vendor's income taxes;
  - (v) all rentals and similar payments in respect of surface rights included in the Assets and all taxes (other than income taxes) levied with respect to the Assets shall be apportioned between Vendor and Purchaser on a per diem basis as of the Closing Date; and
  - (vi) any and all accruing and unpaid rentals and royalties pertaining to the Assets which constitute an interest in the lands included in the Assets (including unpaid surface lease rentals, Crown royalties and municipal taxes for surface sites) shall be credited to Purchaser.
- (c) Vendor shall only be liable to make an adjustment in favour of, or make any payment to, Purchaser pursuant to this Agreement in respect of a liability that relates to the period prior to the Closing Date if and to the extent that the proprietary interest to which such liability relates continues to be binding upon the Assets, or the payment thereof must be made in order to ensure such proprietary interest is not terminated, notwithstanding that the Court Order has become effective, in which event such liability shall be paid by Vendor from the Purchase Price.

## 2.10 Adjustments to Account

- (a) As soon after the Closing Date as reasonably practicable, and in any event within ninety (90) days following the Closing Date, the Parties shall cooperate in preparing a final accounting of the adjustments pursuant to Section 2.9(b) (the "**Final Statement of Adjustments**"), and no further or other adjustments whatsoever will be made thereafter. If the Parties are unable to agree upon the Final Statement of Adjustments, then a nationally or internationally recognized accounting firm shall be engaged by the Parties to resolve the dispute and the accounting firm shall be requested to render its decision within fourteen (14) days after the dispute is referred to it. Each of Vendor and Purchaser shall be responsible for and shall pay 50% of the fees and expenses of such accounting firm. All adjustments after Closing shall be settled by payment by the Party required to make payment to the other Party hereunder within fifteen (15) Business Days after the Final Statement of Adjustments has been finally determined.

- (b) All adjustments provided for in this Article shall be adjustments to the Purchase Price. An adjustment payable by a Party after Closing pursuant to this Section 2.10 which is not paid within fifteen (15) Business Days of a written request for payment from the other Party, shall bear interest at the Prime Rate plus **[three percent (3%)]** per annum payable by the paying Party to the other Party from the end of such fifteen (15) Business Day period until the adjustment is paid.
- (c) Subject to Section 2.10(a), Purchaser and Vendor will each bear their own fees and expenses, including the fees and expenses of their respective accountants and auditors, in preparing or reviewing, as the case may be, the Final Statement of Adjustments.

## 2.11 Taxes

### (a) GST

Each of Purchaser and Vendor is a registrant for GST purposes and will continue to be a registrant at the Closing Date in accordance with the provisions of the GST Legislation. Their respective GST registration numbers are:

Vendor                    ■    ~~86366~~ 86366 - 8182 RT0001

Purchaser                ■    70969 - 2123 RT0001

If applicable, the Parties agree to make an election under subsection 167(1) of the GST Legislation in respect of the GST payable as a result of the transaction contemplated herein. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file, such elections in the form and within the time periods prescribed or specified under Applicable Law. Purchaser shall be responsible for the payment of any amount of GST payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect of such additional GST and shall indemnify and save harmless Vendor in respect thereof.

### (b) Sales Taxes Generally

The Parties acknowledge that the Purchase Price is exclusive of all Sales Taxes. Purchaser shall be solely responsible for all Sales Taxes which may be imposed by any Governmental Authority and which pertain to Purchaser's acquisition of the Assets. Except where Vendor is required under Applicable Law to collect or pay such Sales Taxes, Purchaser shall pay such Sales Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Sales Taxes when due. Vendor will do and cause to be done such things as are reasonably requested to enable Purchaser to comply with such obligation in a timely manner. If Vendor is required under Applicable Law to pay any such Sales Taxes, Purchaser shall promptly reimburse Vendor the full amount of such Sales Taxes upon delivery to Purchaser of copies of receipts showing payment of such Sales Taxes. Purchaser shall be responsible for the payment of any amount of Sales Taxes payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect thereto and shall indemnify and save harmless Vendor in respect thereof.

### (c) Property Taxes

All property taxes shall be apportioned between the Vendor and the Purchaser on a per diem basis as of the Closing Date, provided that (a) all such property taxes accruing up to the Closing Date shall be for the Vendor's account (it being expressly understood and agreed that any property taxes vested off title to the Assets in accordance with the Court Order shall not be adjusted), and (b) all such property taxes accruing after the Closing



Date shall be for the Purchaser's account.

(d) Additional Elections

The Parties agree to make such other elections (including, without limitation, with respect to GST or Sales Tax) as prudent and available to minimize taxes payable as a result of the transaction contemplated herein. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file, such elections in the form and within the time periods prescribed or specified under Applicable Law.

**ARTICLE 3  
CONDITIONS OF CLOSING**

**3.1 Required Consents**

Subject to Section 4.1:

- (a) both before and after Closing, Purchaser shall be solely responsible for obtaining any and all approvals required under Applicable Law and any and all consents of Third Parties required to permit the Transaction and for use of the Assets thereafter;
- (b) Purchaser shall indemnify Vendor for any Losses incurred by Vendor as a result of Purchaser's failure to obtain any such consent; and
- (c) it shall be the sole obligation of Purchaser, at Purchaser's sole cost and expense, to provide any and all financial assurances, remedial work or other documentation required by Governmental Authorities to permit the transfer to Purchaser, and registration of Purchaser as owner, of any of the Assets.

The Parties acknowledge that the acquisition of such consents shall not be a condition precedent to Closing

**3.2 Mutual Conditions**

The obligation of Purchaser to purchase Vendor's interest in and to the Assets, and of Vendor to sell its interest in and to the Assets to Purchaser, is subject to the following conditions precedent:

- (a) Vendor obtaining the Court Order; and
- (b) there shall not have been instituted any legal proceedings to obtain, and no court or Governmental Authority of competent jurisdiction shall have issued, promulgated, enforced or entered any judgment, decree, injunction or other order, whether temporary, preliminary or permanent, that restrains, enjoins or otherwise prohibits consummation of the Transaction.

Unless otherwise agreed to by the Parties, if the conditions contained in this Section 3.2 have not been performed or satisfied on or before [November 30th], 2017, this Agreement and the obligations of Vendor and Purchaser under this Agreement, except as provided in Sections 2.7 and 8.13, shall automatically terminate without any further action on the part of either Vendor or Purchaser.

**3.3 Purchaser's Conditions**

The obligation of Purchaser to purchase Vendor's interest in and to the Assets is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Purchaser and may be waived by Purchaser in whole or in part:

- (a) the representations and warranties of Vendor herein contained shall be true in all material respects when made and as of the Closing Date; and
- (b) all obligations of Vendor contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, Purchaser may terminate this Agreement by written notice to Vendor. If Purchaser terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in Sections 2.7 and 8.13.

### **3.4 Vendor's Conditions**

The obligation of Vendor to sell its interest in and to the Assets to Purchaser is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Vendor and may be waived by Vendor in whole or in part:

- (a) the representations and warranties of Purchaser herein contained shall be true in all material respects when made and as of the Closing Date;
- (b) all obligations of Purchaser contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects; and
- (c) all amounts to be paid by Purchaser to Vendor at Closing, including, without limitation, the Purchase Price, shall have been paid to Vendor in the form stipulated in this Agreement.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Vendor, at or before the Closing Date, Vendor may terminate this Agreement by written notice to Purchaser. If Vendor terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in Sections 2.7 and 8.13.

### **3.5 Efforts to Fulfil Conditions Precedent**

Purchaser and Vendor shall proceed diligently and in good faith and use all commercially reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the foregoing conditions precedent.

## **ARTICLE 4 LICENSE TRANSFERS**

### **4.1 Licence Transfers**

- (a) To the extent applicable, within two (2) Business Days following Closing, Vendor shall prepare and, where applicable, electronically submit, an application to the AER for Licence Transfers and Purchaser shall electronically ratify and sign such application.
- (b) If the AER denies a Licence Transfer because of a misdescription or other minor deficiencies in the application, Vendor shall, within two (2) Business Days of such denial, correct the application and amend and re-submit the application for the Licence Transfer and Purchaser or its nominee shall, where applicable, electronically ratify and sign such application.
- (c) If, for any reason, the AER requires Purchaser or its nominee to:
  - (i) make a deposit or furnish any other form of security; or

- (ii) undertake any corrective action or remedial work including, without limitation, inspections, tests or engineering assessments,

to approve a Licence Transfer, Purchaser shall make such deposit, furnish such other form of security or undertake such corrective or remedial work as may be required, at Purchaser's sole expense.

## **ARTICLE 5 REPRESENTATIONS AND WARRANTIES**

### **5.1 Representations and Warranties of Vendor and Receiver**

Vendor makes only the following representations to Purchaser, no claim in respect of which shall be made or be enforceable by Purchaser unless written notice of such claim, with reasonable particulars, is given by Purchaser to Vendor within a period of six (6) months following the Closing Date:

- (a) Receiver has been appointed by the Court as receiver and manager of BlendForce and such appointment is valid and subsisting; and
- (b) subject to obtaining the Court Order, Vendor has the right to enter into this Agreement and to complete the Transaction.

### **5.2 Representations and Warranties of Purchaser**

Purchaser makes the following representations and warranties to Vendor, no claim in respect of which shall be made or be enforceable by Vendor unless written notice of such claim, with reasonable particulars, is given by Vendor to Purchaser within a period of six (6) months following the Closing Date:

- (a) PG is a corporation and LP is a limited partnership duly organized, validly existing and authorized to carry on business in the provinces in which the Assets are located;
- (b) Purchaser has good right, full power and absolute authority to purchase and acquire the interest of Vendor in and to the Assets according to the true intent and meaning of this Agreement;
- (c) except for obtaining the Court Order, the execution, delivery and performance of this Agreement has been duly and validly authorized by any and all requisite partnership, corporate, shareholders', directors' or equivalent actions and will not result in any violation of, be in conflict with, or constitute a default under, any articles, charter, bylaw or other governing document to which Purchaser is bound;
- (d) the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a default under, any term or provision of any agreement or document to which Purchaser is party or by which Purchaser is bound, nor under any judgement, decree, order, statute, regulation, rule or license applicable to Purchaser;
- (e) provided the Court Order is obtained, this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms;
- (f) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Purchaser of this Agreement, other than the application to the AER for approval of the License Transfers;

- (g) Purchaser has adequate funds available in an aggregate amount sufficient to pay: (i) all amounts required to be paid by Purchaser under this Agreement; and (ii) all expenses which have been or will be incurred by Purchaser in connection with this Agreement and the Transaction;
- (h) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Vendor shall have any obligation or liability; and
- (i) Purchaser is not a non-resident of Canada within the *Income Tax Act* (Canada).

### **5.3 Limitation of Representations by Vendor**

- (a) Subject to Section 5.1, Vendor expressly negates any representations or warranties, whether written or verbal, made by BlendForce, Vendor or its Representatives and in particular, without limiting the generality of the foregoing, Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated, whether verbal or in writing, to Purchaser or any of its Representatives. Vendor's interest in and to the Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by Vendor, express or implied, arising at law, by statute, in equity or otherwise, with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by Vendor, express or implied, arising at law, by statute, in equity or otherwise with respect to:
  - (i) any interpretation or economic evaluations respecting the Assets;
  - (ii) any estimates of the value of the Assets or the revenues or cash flows from the Assets;
  - (iii) the quality, condition, fitness or merchantability of any tangible depreciable equipment or property interests which comprise the Assets;
  - (iv) the accuracy or completeness of any data or information supplied by Vendor or any of its Representatives in connection with the Assets;
  - (v) the suitability of the Assets for any purpose; or
  - (vi) compliance with Applicable Laws.
- (b) Except with respect to the representations and warranties in Section 5.1 or in the event of fraud, Purchaser forever releases and discharges Vendor and its Representatives from any claims and all liability to Purchaser or Purchaser's assigns and successors, as a result of the use or reliance upon advice, information or materials pertaining to the Assets which was delivered or made available to Purchaser by Vendor or its Representatives prior to or pursuant to this Agreement, including, without limitation, any evaluations, projections, reports and interpretive or non-factual materials prepared by or for Vendor, or otherwise in Vendor's possession.

### **5.4 Survival of Representations and Warranties**

Each Party acknowledges that the other may rely on the representations and warranties made by such Party pursuant to Section 5.1 or 5.2, as the case may be. The representations and warranties in Sections 5.1 and 5.2 shall be true as of the date hereof and on the Closing Date, and such representations and warranties shall continue in full force and effect and shall survive the Closing Date for a period of six (6) months, for the benefit of the Party to which such representations and warranties were

made. In the absence of fraud, however, no claim or action shall be commenced with respect to a breach of any such representation and warranty, unless, within such period, written notice specifying such breach in reasonable detail has been provided to the Party which made such representation or warranty.

## **ARTICLE 6 INDEMNITIES**

### **6.1 Post-Closing Date Indemnity**

Provided that Closing has occurred, Purchaser shall:

- (a) be solely liable and responsible for any and all Losses which Vendor may suffer, sustain, pay or incur; and
- (b) indemnify, release and save harmless Vendor and its Representatives from any and all Losses, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which it may sustain, pay or incur,

as a result of any matter or thing resulting from, attributable to or connected with the ownership or operation of the Assets, to the extent that such Losses related thereto arise or occur after the Closing Date.

### **6.2 Environmental Indemnity**

Purchaser agrees that, once Closing has occurred, Vendor shall have no liability whatsoever for any Environmental Liabilities or Abandonment and Reclamation Obligations. In this regard, Purchaser shall, without any further necessary action on the part of Vendor or Purchaser:

- (a) be solely liable and responsible for all of the Vendor's Losses; and
- (b) as a separate covenant, indemnify, save and hold Vendor and each of its Representatives harmless from and against all Losses that may be brought against or which they or any one of them may suffer, sustain, pay or incur;

as a result of any act, omission, matter or thing related to any Environmental Liabilities or Abandonment and Reclamation Obligations, however and whenever arising or occurring, and Purchaser shall assume, perform, pay and discharge all Environmental Liabilities and Abandonment and Reclamation Obligations. This liability and indemnity shall apply without limit and without regard to cause or causes, including the negligence, whether sole, concurrent, gross, active, passive, primary or secondary, or the wilful or wanton misconduct of Vendor or Purchaser or any other Person or otherwise. Purchaser acknowledges and agrees that it shall not be entitled to any rights or remedies as against Vendor or any of its Representatives under the common law or statute pertaining to any Environmental Liabilities or Abandonment and Reclamation Obligations, including the right to name the Receiver, BlendForce or any of the Vendor's Representatives as a 'third party' to any action commenced by any Person against Purchaser. Purchaser's indemnity obligation set forth in this Section 6.2 shall survive the Closing Date indefinitely.

## **ARTICLE 7 PURCHASER'S REVIEW AND ACCESS TO BOOKS AND RECORDS**

### **7.1 Vendor to Provide Access**

Prior to Closing, Vendor shall, subject to all contractual and fiduciary obligations, at the Calgary offices of Vendor during normal business hours, provide reasonable access for Purchaser and its Representatives to Vendor's records, books, accounts, documents, files, reports, information, materials, filings, and data, to the extent they relate directly to the Assets, as well as physical access to the Assets

(insofar as Vendor can reasonably provide such access) for the purpose of Purchaser's review of the Assets.

## **7.2 Access to Information**

After Closing and subject to contractual restrictions in favour of Third Parties relative to disclosure, Purchaser shall, on request from Vendor, provide reasonable access to Vendor at Purchaser's offices, during its normal business hours, to the agreements and documents to which the Assets are subject which are then in the possession or control of Purchaser and to make copies thereof, as Vendor may reasonably require for purposes relating to:

- (a) Vendor's ownership of the Assets (including taxation matters and liabilities and claims that arise from or relate to acts, omissions, events, circumstances or operations on or before the Closing Date);
- (b) enforcing its rights under this Agreement;
- (c) compliance with Applicable Law; or
- (d) any claim commenced or threatened by any Third Party against BlendForce or Vendor.

## **7.3 Maintenance of Information**

All of the information, materials and other records delivered to Purchaser pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Purchaser for a period of two (2) years from the Closing Date.

# **ARTICLE 8 GENERAL**

## **8.1 Personal Information**

Purchaser covenants and agrees to use and disclose any personal information contained in any of the books, records or files transferred to Purchaser or otherwise obtained by Purchaser in connection with the Transaction only for those purposes for which it was initially collected from or in respect of the individual to which such information relates or as otherwise permitted or authorized by Applicable Law. Purchaser's obligations set forth in this Section 8.1 shall survive the Closing Date indefinitely.

## **8.2 Further Assurances**

Each Party will, from time to time and at all times after Closing, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required to fully perform and carry out the terms of this Agreement.

## **8.3 No Merger**

The covenants, representations, warranties and indemnities contained in this Agreement shall be deemed to be restated in any and all assignments, conveyances, transfers and other documents conveying the interests of Vendor in and to the Assets to Purchaser, subject to any and all time and other limitations contained in this Agreement. There shall not be any merger of any covenant, representation, warranty or indemnity in such assignments, conveyances, transfers and other documents notwithstanding any rule of law, equity or statute to the contrary and such rules are hereby waived.

#### **8.4 Receiver**

Purchaser acknowledges that Receiver is acting solely in its capacity as the Court appointed receiver and manager of BlendForce, and not in its personal or corporate capacity. Under no circumstances shall Receiver or any of its Representatives have any liability pursuant to this Agreement, or in relation to the Transaction, in its or their personal or corporate capacity, whether such liability be in contract, tort or otherwise.

#### **8.5 Entire Agreement**

The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, the provisions of this Agreement shall prevail. This Agreement supersedes all other agreements **[(other than the Non-Disclosure Agreement dated August 28<sup>th</sup>, 2017 between Vendor and Purchaser)]**, documents, writings and verbal understandings between the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

#### **8.6 Governing Law**

This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

#### **8.7 Assignment and Enurement**

This Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

#### **8.8 Time of Essence**

Time shall be of the essence in this Agreement.

#### **8.9 Notices**

The addresses and fax numbers of the Parties for delivery of notices hereunder shall be as follows:

Vendor: FTI Consulting Canada Inc.  
720, 440 – 2nd Avenue S.W.  
Calgary, AB T2P 5E9 Canada

Attention: Dustin Olver  
Email: Dustin.olver@fticonsulting.com

Purchaser: Pure Environmental LP  
c/o its general partner Pure Environmental Waste Management Ltd.  
Devon Tower, 4500  
400-3<sup>rd</sup> Ave SW  
Calgary, AB, T2P 4H2

Attention: Donovan Baillie  
Email: dbaillie@pewm.ca

All notices, communications and statements required, permitted or contemplated hereunder shall be in writing, and shall be delivered as follows:

- (a) by delivery to a Party between 8:00 a.m. and 5:00 p.m. on a Business Day at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party when it is delivered;
- (b) by email to a Party at the email of the Party for the delivery of notices, communications and statements hereunder, in which case the item so transmitted shall be deemed to have been given and received on the day when it is sent, but only if such transmission and receipt are completed prior to 4:30 p.m. on a Business Day. If such transmission and receipt are completed after 4:30 p.m. on a Business Day or on a day that is not a Business Day, then such item shall be deemed to have been received on the first Business Day following the date on which such transmission and receipt were completed; or
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party on the fourth (4<sup>th</sup>) Business Day following the date of mailing.

A Party may from time to time change its address for service, facsimile number for service or designated representative by giving written notice of such change to the other Party.

#### **8.10 Invalidity of Provisions**

In case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

#### **8.11 Waiver**

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

#### **8.12 Amendment**

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

#### **8.13 Confidentiality and Public Announcements**

Until Closing has occurred, each Party shall keep confidential all information obtained from the other Party in connection with the Assets and shall not release any information concerning this Agreement and the Transaction without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Nothing contained herein shall prevent a Party at any time from furnishing information (i) to any Governmental Authority or regulatory authority or to the public if required by Applicable Law; or (ii) in connection with obtaining the Court Order; or (iii) as required to BlendForce's secured creditors.



**8.14 Severability**

In the case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

**8.15 Counterpart Execution**

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document. All such counterparts shall together constitute and be construed as one instrument. For avoidance of doubt, a signed counterpart provided by way of email or other electronic means shall be as binding upon the Parties as an originally signed counterpart.

*[Remainder of page intentionally left blank. Signature page to follow.]*

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

**BLENDFORCE ENERGY SERVICES INC.** by and through its court appointed receiver and manager **FTI CONSULTING CANADA INC.**, solely in its capacity as the court appointed receiver and manager, and not in its personal or corporate capacity

**PURE ENVIRONMENTAL LP**, by its general partner **PURE ENVIRONMENTAL WASTE MANAGEMENT LTD.**

Per: \_\_\_\_\_

Name: *Dustin Oliver*  
Title: *Managing Director*

Per: \_\_\_\_\_

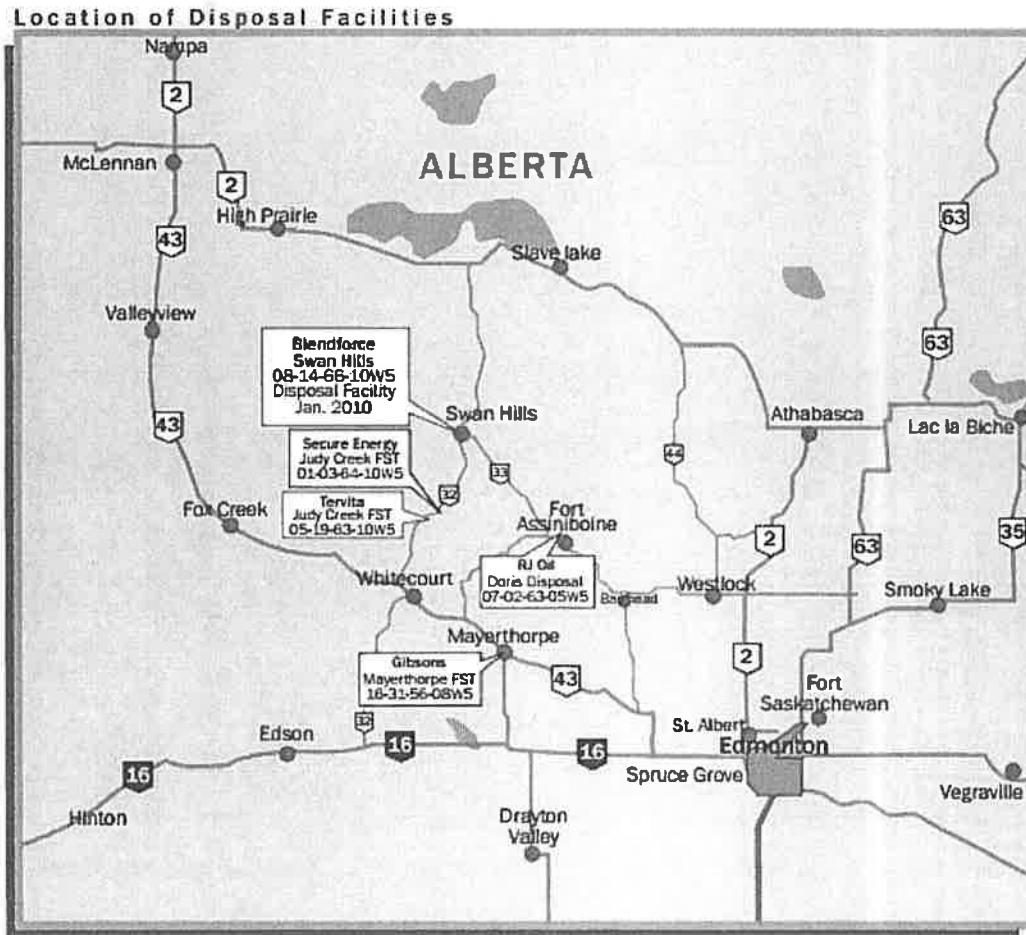
Name: *Donovan Baillie*  
Title: *President*

SCHEDULE A

PART 1

This is Schedule A, Part 1 attached to and forming part of a Purchase and Sale Agreement made as of October 6th, 2017 between BlendForce Energy Services Inc., as Vendor and Pure Environmental LP, by its general partner Pure Environmental Waste Management Ltd., as Purchaser.

FACILITIES



BlendForce Energy Services Inc. has right, title, benefit and interest in the following assets located in the town of Swan Hills, Alberta.

Physical Street Address: 5276 Watson Street, Swan Hills AB. UWI: 02-14-066-10W5M.

**PART 2**

**This is Schedule A, Part 2 attached to and forming part of a Purchase and Sale Agreement made as of October 6th, 2017 between BlendForce Energy Services Inc., as Vendor and Pure Environmental LP, by its general partner Pure Environmental Waste Management Ltd., as Purchaser.**

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**INCIDENTAL TANGIBLES**

All incidental tangibles associated with or pertaining to the Facilities.

**PART 3**

**This is Schedule A, Part 3 attached to and forming part of a Purchase and Sale Agreement made as of October 6th, 2017 between BlendForce Energy Services Inc., as Vendor and Pure Environmental LP, by its general partner Pure Environmental Waste Management Ltd., as Purchaser.**

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**DISPOSAL WELL**

**[The class 1B disposal well located in Swan Hills, Alberta with unique well identifier 02-14-066-10W5M, including the wellbores and any and all casing and together with all well licenses relating thereto.]**

**SCHEDULE B**

**This is Schedule B attached to and forming part of a Purchase and Sale Agreement made as of October 6th, 2017 between BlendForce Energy Services Inc., as Vendor and Pure Environmental LP, by its general partner Pure Environmental Waste Management Ltd., as Purchaser.**

**FORM OF GENERAL CONVEYANCE**

**GENERAL CONVEYANCE**

THIS GENERAL CONVEYANCE is made this \_\_\_ day of \_\_\_\_\_, 2017.

BETWEEN:

**BLENDFORCE ENERGY SERVICES INC.**, by its court appointed receiver and manager **FTI Consulting Canada Inc.**, in its capacity as court appointed receiver and manager of the assets, properties, and undertakings of BlendForce Energy Services Inc., and not in its personal or corporate capacity ("**Vendor**")

- and -

**PURE ENVIRONMENTAL LP**, by its general partner **PURE ENVIRONMENTAL WASTE MANAGEMENT LTD.** ("**Purchaser**")

**WHEREAS** pursuant to the provisions of an asset purchase and sale agreement dated [■], 2017 between Vendor and Purchaser (the "**Sale Agreement**"), Vendor has agreed to sell and convey BlendForce's interest in the "Asset", as defined in the Sale Agreement, to Purchaser and Purchaser has agreed to purchase and accept Vendor's interest in the Assets, in accordance with the terms and conditions set forth in the Sale Agreement;

**NOW THEREFORE THIS GENERAL CONVEYANCE WITNESSES** that Vendor and Purchaser agree as follows:

1. Definitions

Unless otherwise defined in this General Conveyance, capitalized words when used in this General Conveyance have the meaning ascribed to them in the Sale Agreement.

2. Closing

Vendor and Purchaser each hereby certify that each has performed and satisfied all agreements and obligations that it was required to perform or satisfy pursuant to the Sale Agreement on or prior to the date hereof, that the representations and warranties made by it as contained in the Sale Agreement are true and correct in all material respects at and as of the Closing Date, that all closing conditions in its favour have either been satisfied or are hereby waived, and Closing is hereby completed.

3. "As is, Where is" Basis

The Assets are being purchased by Purchaser on an "as is, where is" basis and without representation or warranty of any nature, kind or description by Vendor or its directors, officers, employees, agents or counsel other than provided for in the Sale Agreement. Without limiting the generality of the foregoing, Vendor makes no representation or warranty with respect to (a) the

value of the Assets, (b) the quality or condition of the Assets or (c) BlendForce's compliance with any Applicable Laws pertaining to the Assets. The covenants, representations and warranties contained in the Sale Agreement are incorporated herein as fully and effectively as if they were set out herein and there shall not be any merger of any covenant, representation or warranty contained in the Sale Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

4. Conveyance

Pursuant to and for the consideration provided for in the Sale Agreement, Vendor hereby sells, assigns, transfers, conveys and sets over to Purchaser Vendor's entire right, title, estate and interest in and to the Assets, and Purchaser hereby purchases and accepts such interests in the Assets from Vendor, to have and to hold the same absolutely, together with all benefits and advantages to be derived therefrom, subject to the terms and conditions of the Sale Agreement the Permitted Encumbrances and all other Title and Operating Documents.

5. Effective Date

This General Conveyance and the transfer of title to and possession of BlendForce's interest in and to the Assets shall, subject to the terms of the Sale Agreement, be effective as the Closing Date.

6. Subordinate Documents

This General Conveyance is executed and delivered by the Parties pursuant to and for the purposes of the provisions of the Sale Agreement, and the terms hereof shall be read on conjunction with the terms of the Sale Agreement. The provisions of the Sale Agreement shall prevail and govern in the event of a conflict between the provisions of the Sale Agreement and this General Conveyance.

7. Enurement

This General Conveyance shall be binding upon and enure to the benefit of each of the parties hereto and their respective receivers, receiver-managers, successors and assigns.

8. Further Assurances

Each party hereto will, from time to time and at all times hereafter, at the request of the other party but without further consideration, do all such further acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms of this General Conveyance.

9. Merger

Nothing contained in this Agreement shall in any way result in a merger of the terms and conditions of the Sale Agreement with the terms and conditions of this General Conveyance and the Parties specifically agree that all such terms and conditions of the Sale Agreement shall continue to apply to this General Conveyance.

10. Governing Law

This General Conveyance shall be governed by and construed in accordance with the laws of the Province of Alberta.

11. Counterpart Execution

This General Conveyance may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document. All such counterparts shall together constitute and be construed as one instrument. For avoidance of doubt, a signed counterpart provided by way of facsimile transmission or other electronic means shall be as binding upon the parties hereto as an originally signed counterpart.

IN WITNESS WHEREOF the Parties have executed this General Conveyance as of the date first written above.

**BLENDFORCE ENERGY SERVICES INC.** by its court appointed receiver and manager **FTI Consulting Canada Inc.**, in its capacity as court appointed receiver and manager of the assets, properties, and undertakings of BlendForce Energy Services Inc., and not in its personal or corporate capacity

**PURE ENVIRONMENTAL LP**, by its general partner **PURE ENVIRONMENTAL WASTE MANAGEMENT LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:



SCHEDULE C

**This is Schedule C attached to and forming part of a Purchase and Sale Agreement made as of [October 6th], 2017 between BlendForce Energy Services Inc., as Vendor and Pure Environmental LP, by its general partner Pure Environmental Waste Management Ltd., as Purchaser.**

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**FORM OF CERTIFICATE FOR VENDOR**

**OFFICER'S CERTIFICATE**

**TO: Pure Environmental LP, by its general partner Pure Environmental Waste Management Ltd. ("Purchaser")**

**RE: Asset Purchase and Sale Agreement dated [■], 2017 (the "Sale Agreement") between BlendForce Energy Services Inc., by its court appointed receiver and manager FTI Consulting Canada Inc., in its capacity as court appointed receiver and manager of the assets, properties, and undertakings of BlendForce Energy Services Inc., and not in its personal or corporate capacity, ("Vendor") and Purchaser**

The undersigned, **[INSERT NAME]**, being the **[INSERT TITLE]** of Vendor, hereby certifies, for and on behalf of Vendor and not in his/her personal capacity, as follows:

1. The undersigned is personally familiar with the matters hereinafter certified.
2. This certificate is made and delivered pursuant to subsection 4.1(d) of the Sale Agreement.
3. The definitions contained in the Sale Agreement are adopted in this Certificate and wherever used shall have the meanings ascribed to them in the Sale Agreement.
4. The representations and warranties of Vendor set forth in section 5.1 of the of the Sale Agreement that are made or are deemed to be repeated as of the Closing Date are true and correct in all material respects as of the Closing Date.
5. All material obligations and covenants of Vendor to be performed or complied with prior to or at the Closing Date (other than in respect to the agreements, certificates and other instruments and documents to be delivered at the Closing Date by Vendor pursuant to section 4.1 of the Sale Agreement) have been performed or complied with in all material respects.

DATED at Calgary, Alberta, as of the \_\_\_\_ day of \_\_\_\_\_, 2017.

**BLENDFORCE ENERGY SERVICES INC.** by its court appointed receiver and manager **FTI Consulting Canada Inc.**, in its capacity as court appointed receiver and manager of the assets, properties, and undertakings of BlendForce Energy Services Inc., and not in its personal or corporate capacity

Per: \_\_\_\_\_  
Name:  
Title:

**FORM OF CERTIFICATE FOR PURCHASER**

**OFFICER'S CERTIFICATE**

TO: BlendForce Energy Services Inc. ("**Vendor**")

RE: Asset Purchase and Sale Agreement dated [■], 2017 (the "**Sale Agreement**") between Vendor, and Pure Environmental LP, by its general partner Pure Environmental Waste Management Ltd. ("**Purchaser**")

The undersigned, [INSERT NAME], being the [INSERT TITLE] of Purchaser, hereby certifies, for and on behalf of Purchaser and not in his/her personal capacity, as follows:

1. The undersigned is personally familiar, in his/her capacity as an officer of Purchaser, with the matters hereinafter certified.
2. This certificate is made and delivered pursuant to subsection 4.2(c) of the Sale Agreement.
3. The definitions contained in the Sale Agreement are adopted in this Certificate and wherever used shall have the meanings ascribed to them in the Sale Agreement.
4. The representations and warranties of Purchaser set forth in section 5.3 of the Sale Agreement that are made or are deemed to be repeated as of the Closing Date are true and correct in all material respects as of the Closing Date.
5. All material obligations and covenants of Purchaser to be performed prior to or at the Closing Date (other than in respect to the payment, agreements, certificates and other instruments and documents to be tendered or delivered at the Closing Date by Purchaser pursuant to Section 4.2) have been performed or complied with in all material respects.

DATED at Calgary, Alberta, as of the \_\_\_\_ day of \_\_\_\_\_, 2017.

**PURE ENVIRONMENTAL LP, by its general partner  
PURE ENVIRONMENTAL WASTE MANAGEMENT  
LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE D**

**This is Schedule D attached to and forming part of a Purchase and Sale Agreement made as of [October 6th], 2017 between BlendForce Energy Services Inc., as Vendor and Pure Environmental LP, by its general partner Pure Environmental Waste Management Ltd., as Purchaser.**

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**FORM OF COURT ORDER**

**[NTD: To be inserted.]**