

COURT FILE NUMBER 24-2536824

COURT COURT OF QUEEN'S BENCH OF ALBERTA IN
BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE EDMONTON

PLAINTIFF NATIONAL BANK OF CANADA

DEFENDANT R.D.E. VENTURES INC.

DOCUMENT THIRD REPORT OF FTI CONSULTING CANADA
INC., IN ITS CAPACITY AS COURT APPOINTED
RECEIVER AND MANAGER OF CERTAIN
PROPERTY OF R.D.E. VENTURES INC.

April 23, 2021

ADDRESS FOR SERVICE AND
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THIRD REPORT OF THE RECEIVER

Table of Contents

INTRODUCTION.....	3
TERMS OF REFERENCE.....	5
RECEIVER’S ACTIVITIES	6
SUMMARY STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	7
SUMMARY OF PROFESSIONAL FEES.....	8
RECEIVER’S CONCLUSION AND RECOMMENDATION	9

INTRODUCTION

1. On July 19, 2019, R.D.E. Ventures Inc. (“**RDE**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (“**BIA**”) and The Bowra Group Inc. (the “**Trustee**”) was appointed as Proposal Trustee in the proceeding (the “**NOI Proceeding**”).
2. On August 16, 2019 (the “**Appointment Date**”), upon the application of National Bank of Canada (“**NBC**”), this Honourable Court lifted the Stay of Proceedings in the NOI Proceeding and the Honourable Justice Goss granted an order (the “**Receivership Order**”) appointing FTI Consulting Canada Inc. (“**FTI**” or the “**Receiver**”) as receiver and manager over certain assets, properties, and undertakings of the Company (the “**Property**”).
3. The Property subject to the Receivership Order includes all of the Company's Accounts, Goods, Inventory, and Personal Property, as such terms are defined in the *Personal Property Security Act*, RSA 2000, c P-7, and the Company's right, title and interest in 88 pieces of equipment as listed in Schedule A of the Receivership Order.
4. On September 27, 2019, the Receiver entered into a transaction to sell substantially all of the equipment assets included in the Property to Wolverine Equipment Inc. (“**Wolverine**”) for a purchase price of \$3.5 million (the “**Wolverine Transaction**”). The Wolverine Transaction closed on November 19, 2019.
5. On February 19, 2020, this Honourable Court granted an order (the “**First Interim Distribution Order**”) authorizing and directing the Receiver to make an interim distribution to NBC in the amount of \$2.5 million and to maintain the following holdbacks:

- a. a \$206,000 holdback (the “**Allspec Holdback**”) with respect to a property claim by Allspec Asphalt Inc.;
 - b. a \$400,000 holdback (the “**CRA Holdback**”) with respect to a deemed trust claim by the Canada Revenue Agency (“**CRA**”) for unremitted payroll source deductions owing by RDE (the “**CRA Claim**”); and
 - c. a \$126,000 holdback with respect to four garage keepers’ liens that were registered against certain units of the Property prior to the Appointment Date, but which registrations have subsequently expired and been discharged.
6. On October 27, 2020, this Honourable Court granted an order (the “**Second Interim Distribution Order**”):
- a. authorizing the Receiver to release the Allspec Holdback to RDE's estate;
 - b. declaring that the CRA Claim is valid and enforceable in the amount of \$399,165 and authorizing and directing the Receiver to pay this amount from the CRA Holdback to the CRA; and
 - c. authorizing and directing the Receiver to distribute the remaining funds in RDE's estate, less the costs to complete the administration of the estate, to NBC.
7. Concurrent with this third report of the Receiver (the “**Third Report**”), the Receiver filed an Application for an order (the “**Discharge Order**”):
- a. approving the Receiver’s activities since the Appointment Date;

- b. approving the Receiver's fees and the fees of its legal counsel Blake, Cassels & Graydon LLP ("**Receiver's Counsel**") as outlined in this Third Report; and
 - c. discharging the Receiver in these proceedings.
8. The purpose of this Third Report is to provide this Honourable Court with information with respect to the following:
- a. the Receiver's activities since the Second Report of the Receiver dated October 19, 2020;
 - b. a summary of the Receiver's statement of cash receipts and disbursements ("**R&D**") for the period of August 16, 2019 to April 13, 2021;
 - c. a summary of the Receiver and the Receiver's Counsel's fees and disbursements for the period of August 16, 2019 to April 13, 2021; and
 - d. the Receiver's conclusion and recommendation.
9. This Third Report and other publicly available information in respect of these proceedings (the "**Receivership Proceedings**") are posted on the Receiver's website at <http://cfcanada.fticonsulting.com/RDEVentures>.

TERMS OF REFERENCE

10. In preparing this Third 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**").

11. Except as described in this Third 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 Chartered Professional Accountants of Canada Handbook; and
- b. the Receiver has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

12. Future oriented financial information reported or relied on in preparing this Third Report is based on assumptions regarding future events. Actual results may vary from forecast and such variations may be material.

13. The Receiver has prepared this Third Report in connection with its application for the Discharge Order and it should not be relied upon for any other purposes.

14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Receivership Order.

RECEIVER'S ACTIVITIES

15. Since the date of the Second Report, the Receiver's activities have included, among other things, the following:

- a. addressing inquiries from NBC in its capacity as the Company's senior secured lender on the Property;
- b. administering a distribution to the CRA in respect of the CRA Claim pursuant to the Second Interim Distribution Order;

- c. administering a distribution of \$249,000 to NBC pursuant to the Second Interim Distribution Order; and
- d. preparing this Third Report.

SUMMARY STATEMENT OF RECEIPTS AND DISBURSEMENTS

16. The Receiver’s cash receipts and disbursements in respect of the Property from the Appointment Date to April 13, 2021 are summarized as follows:

Schedule of Receipts and Disbursements	
For the period of August 16, 2019 to April 13, 2021	
<i>\$000's</i>	
Receipts	
Sale of Assets	\$ 3,464
Receiver's Borrowings	150
Auction Proceeds	55
Total - Receipts	3,669
Disbursements	
Interim Distributions to NBC	(2,749)
CRA Claim Distribution	(399)
Repayment of Receiver's Borrowings	(150)
Receiver's Fees	(211)
Legal Fees	(79)
Operating Expenses	(46)
Taxes Paid	(10)
Bank Fees	(4)
Total - Disbursements	(3,649)
Net Cash on Hand	\$ 20

- a. Sale of Assets relates to the cash proceeds from the Wolverine Transaction, net of closing adjustments;
- b. Receiver’s Borrowings are amounts that were advanced to the Receiver by NBC to fund the Receivership Proceedings and have since been repaid;

- c. Auction Proceeds relate to the net sales proceeds collected from an auctioneer in respect of a piece of equipment that was sold at auction immediately prior to the Appointment Date;
- d. Interim Distributions to NBC were made pursuant to the First Interim Distribution Order and the Second Interim Distribution Order;
- e. CRA Claim Distribution was made pursuant to the Second Interim Distribution Order in satisfaction of the CRA Claim;
- f. Receiver's Fees relate to FTI's fees and disbursements in respect of the Receivership Proceedings;
- g. Legal Fees relate to Receiver's Counsel's fees and disbursement in respect of the Receivership Proceedings;
- h. Operating Expenses relate to expenses incurred by the Receiver to secure and preserve the Property including bailiff fees, transportation costs, storage fees and related disbursements;
- i. Taxes Paid are for amounts paid on goods and services provided to the Receiver and include GST remittances and refunds from the CRA; and
- j. Bank Fees and Interest relate to the estate bank accounts and interest paid on the Receiver's Borrowings.

17. The Receiver is holding approximately \$20,000 in the estate trust account as at April 13, 2021.

SUMMARY OF PROFESSIONAL FEES

18. The professional fees and disbursement of the Receiver and Receiver's Counsel for the period of August 16, 2019 to April 13, 2021 are set out in the table below:

**Summary of Professional Fees for the Receiver and Receiver's Counsel
For the period of August 16, 2019 to April 13, 2021**

Firm	Fees	Disbursements	GST	Total
FTI	\$ 207,142	\$ 3,964	\$ 10,555	\$ 221,661
Blakes	77,912	1,301	3,948	83,161
Total	\$ 285,054	\$ 5,264	\$ 14,503	\$ 304,822

19. Statements of account for the services rendered by the Receiver are set out in the Affidavit of Fees of Tom Powell. Statements of account of the Receiver's Counsel will be made available upon request by the Court but are not publicly provided due to the privileged nature of the accounts.
20. The Receiver considers the fees and disbursements charged by it and the Receiver's Counsel have been necessarily incurred and the hours and rates charged are fair and reasonable in the circumstances.
21. The Receiver and Receiver's Counsel anticipate having additional fees and disbursements of \$5,000 to \$10,000, collectively, including accrued and unpaid fees to complete the administration of the Receivership Proceedings.
22. The Receiver plans to distribute any remaining funds after the payment of the final fees and disbursements to NBC pursuant to the Second Interim Distribution Order.

RECEIVER'S CONCLUSION AND RECOMMENDATION

23. The Receiver has realized on the Property, distributed the net proceeds to secured and priority creditors, and its administration of the Receivership Proceedings is substantially complete other than distributing any proceeds there may be remaining at the conclusion of the Receivership Proceedings to NBC in accordance with the Second Interim Distribution Order (the "**Remaining Activities**").

24. Based on the forgoing, the Receiver respectfully recommends that this Honourable Court grant the Discharge Order.

All of which is respectfully submitted this 23rd day of April, 2021.

FTI Consulting Canada Inc.
in its capacity as Receiver
of the Property

A handwritten signature in black ink, appearing to read 'Tom Powell', with a stylized, cursive script.

Tom Powell
Senior Managing Director