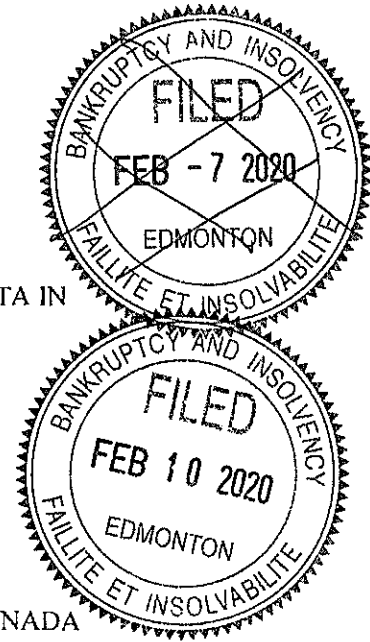


COURT FILE NUMBER 24-2536824  
COURT COURT OF QUEEN'S BENCH OF ALBERTA IN  
BANKRUPTCY AND INSOLVENCY  
JUDICIAL CENTRE EDMONTON  
PLAINTIFF NATIONAL BANK OF CANADA  
DEFENDANT R.D.E. VENTURES INC.  
DOCUMENT FIRST REPORT OF FTI CONSULTING CANADA  
INC., IN ITS CAPACITY AS COURT APPOINTED  
RECEIVER AND MANAGER OF CERTAIN  
PROPERTY OF R.D.E. VENTURES INC.



**February 10, 2020**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**RECEIVER'S COUNSEL**

Blake, Cassels & Graydon LLP  
3500, 855 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 4J8  
Kelly Bourassa / James Reid  
Telephone: (403) 260-9697 / (403) 260-9731  
Fax: (403) 260-9700  
Email: [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com) /  
[james.reid@blakes.com](mailto:james.reid@blakes.com)

# FIRST REPORT OF THE RECEIVER

## Table of Contents

INTRODUCTION .....	3
TERMS OF REFERENCE.....	5
RECEIVER’S ACTIVITIES .....	6
WOLVERINE TRANSACTION .....	8
ALLSPEC CLAIM .....	9
CRA CLAIM.....	10
GARAGE KEEPERS’ LIEN CLAIM.....	11
SUMMARY STATEMENT OF RECEIPTS AND DISBURSEMENTS .....	12
SECURITY REVIEW .....	13
INTERIM DISTRIBUTION.....	14
RECEIVER’S RECOMMENDATION.....	16

**Appendix A** – Wolverine Asset Purchase Agreement

## INTRODUCTION

1. On July 19, 2019, RDE 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. (“**Bowra Group**” or the “**Trustee**”) was appointed as Proposal Trustee in the proceeding (the “**NOI Proceeding**”).
2. On August 16, 2019 (the “**Appointment Date**”), upon application of National Bank of Canada (“**NBC**”), this Honourable Court lifted the Stay of Proceedings under the NOI Proceeding and 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. The Property excludes any personal property that is leased to the Company by anyone other than NBC or is subject to a security interest that is senior to NBC. At the Appointment Date, the Company reported to have approximately 25 equipment lessors or lenders that held security interests in approximately 250 capital assets of RDE in priority to NBC.
5. On September 3, 2019, RDE filed a proposal to its creditors. The proposal was refused by RDE's creditors and on September 19, 2019, RDE was deemed to have made an assignment in bankruptcy and Bowra Group was appointed as Licensed Insolvency Trustee over the estate of RDE.

6. On September 27, 2019, the Receiver entered into a transaction to sell 83 pieces of equipment from 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.
  
7. On February 10, 2020, the Receiver filed a Notice of Application, returnable February 19, 2020, seeking an order (the “**Interim Distribution Order**”) granting, among other things, the following relief:
  - a. approval of the actions, conduct and activities of the Receiver since the Appointment Date;
  
  - b. approval of the Receiver’s interim statement of receipts and disbursements for the period from August 16, 2019 to February 7, 2020 (the “**R&D**”); and
  
  - c. authorizing the Receiver to make an interim distribution to NBC in the amount of \$2.5 million.
  
8. This report (the “**First 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> (the “**Receiver’s Website**”).
  
9. The purpose of this First Report is to provide this Honourable Court with information with respect to the following:
  - a. the status of the Receivership Proceedings, including the Receiver’s activities since the Appointment Date;
  
  - b. the Wolverine Transaction;

- c. an alleged deemed trust claim by Canada Revenue Agency (“**CRA**”) for unremitted payroll source deductions claimed to be owed by RDE (the “**CRA Claim**”);
- d. a property claim by Allspec Asphalt Inc. (“**Allspec**”) in respect of 48 pieces of equipment (the “**Allspec Claim**”)
- e. four garage keepers’ liens registered against the Property prior to the Appointment Date (the “**Garage Keepers’ Liens**”);
- f. a summary of the R&D; and
- g. the Receiver’s application for the Interim Distribution Order.

## **TERMS OF REFERENCE**

10. 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**”).

11. 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 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 First 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 First Report in connection with its application for the Interim Distribution 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 Appointment Date, the Receiver's activities have included, among other things, the following:
  - a. attending the Company's offices located in Spruce Grove, Alberta and meeting with Mr. Dean Eastman, President ("**Mr. Eastman**") and Ms. Jennifer Kostiuk, Controller (collectively, "**Management**"), to advise them of the Receivership Order and obtain additional information in respect of the Property;
  - b. engaging Accurate Effective Bailiffs Ltd. (the "**Bailiff**") to assist the Receiver with locating and taking possession of the Property;
  - c. taking the following steps with respect to the 88 pieces of equipment which make up the Property:
    - i. overseeing the Bailiff's seizure of 28 pieces of equipment and, where feasible, securing the Property in rented storage yards;

- ii. locating and seizing in place 11 pieces of equipment which were not moved to storage yards due to logistical concerns and transportation expenses;
  - iii. determining the location and status of 48 pieces of equipment which were being leased to third parties by the Company until the Wolverine Transaction, and were located at various job sites; and
  - iv. collecting net sales proceeds in respect of one piece of equipment that was sold at auction prior to the Appointment Date,
- d. commissioning a desktop appraisal of the Property prepared by Ritchie Bros. Auctioneers (the “**Appraisal**”);
  - e. negotiating and closing the Wolverine Transaction;
  - f. attending to correspondence with the Trustee, property claimants, creditors of RDE and other stakeholders;
  - g. reviewing and assessing the Allspec Claim;
  - h. reviewing and assessing the CRA Claim;
  - i. reviewing and assessing the Garage Keepers’ Liens claims;
  - j. borrowing \$150,000 from NBC under a Receiver’s Certificate pursuant to paragraph 24 of the Receivership Order;
  - k. attending to various statutory notices pursuant to the BIA including mailing a Notice and Statement of Receiver to creditors identified in the books and records of RDE and posting a copy on the Receiver’s Website;

- I. retaining Blake, Cassels and Graydon LLP (“**Blakes**”) as independent legal counsel to, among other things, provide legal advice with respect to:
  - i. the Wolverine Transaction;
  - ii. the Allspec Claim and the CRA Claim;
  - iii. the validity and enforceability of NBC’s security in respect of the Property;
  - iv. the validity and enforceability of certain Garage Keepers' Lien claims registered against certain pieces of the Property; and
  - v. preparing the application materials for the Interim Distribution Order.

## **WOLVERINE TRANSACTION**

16. The Receivership Order authorizes the Receiver to, among other things, take possession of and exercise control over the Property, make such arrangements as deemed necessary by the Receiver in respect of the Property and sell the Property or any parts thereof.
17. Prior to the Appointment Date, Management advised FTI that RDE had been in discussions with Wolverine regarding a potential sale of various assets, including the Property, and that they were a strategic buyer that was also seeking to acquire certain construction contracts owned by entities related to RDE.
18. The Receiver engaged in discussions with Wolverine which resulted in an offer by Wolverine to purchase 83 of the 88 pieces of equipment for a purchase price of approximately \$3.5 million.



19. The Receiver, in consultation with NBC, considered the offer in the context of the Appraisal, Management's estimates of potential auction realizations and other indicia of value, and determined that the offer from Wolverine would likely result in the highest and best realizations in respect of the Property and was commercially reasonable in the circumstances.
20. On September 27, 2019, the Receiver and Wolverine entered into an asset purchase agreement (the "APA"). An executed copy of the Wolverine APA is attached as Appendix "A".
21. Wolverine requested a number of extensions under the APA while it sourced financing for the acquisition. Ultimately, the Wolverine Transaction was closed on November 19, 2019, and the Receiver collected net proceeds of approximately \$3.5 million.
22. After the Wolverine Transaction was concluded and auction proceeds collected for an additional unit, the remaining Property is limited to four pieces of equipment, each of which is subject to the Allspec Claim, and certain related party and intercompany accounts.

#### **ALLSPEC CLAIM**

23. Following the Appointment Date, FTI was advised by Mr. Eastman that certain of the Property was owned by Allspec, a related corporation controlled by Mr. Eastman, rather than by RDE and should be excluded from the Receivership Proceedings.
24. The Receiver advised Mr. Eastman to file a property claim pursuant to section 81(4) of the BIA and append supporting documentation substantiating the claim.

25. Certain of the equipment subject to the Allspec Claim was to be included in the Wolverine Transaction. In order to avoid delaying or renegotiating the Wolverine Transaction, the Receiver reached an agreement with Mr. Eastman to retain \$206,000 of the net proceeds from the Wolverine Transaction in trust, pending a determination as to the validity of the Allspec Claim.
26. On November 28, 2019, after ongoing follow-up from the Receiver, Allspec filed a property proof of claim. The Receiver was not able to accept the property proof of claim for reasons, including insufficient evidence to substantiate the claim and the possibility of set-off against amounts that may be due and owing by Allspec to RDE in relation to the Property that forms part of the Allspec Claim.
27. The Interim Distribution Order provides for a holdback of \$206,000 (the “**Allspec Claim Holdback**”) pending a resolution of the Allspec Claim and determination of Allspec's entitlement to any or all of the Allspec Claim Holdback funds.

#### **CRA CLAIM**

28. Prior to the Receivership, Management reported that there were no amounts owing to CRA by RDE for payroll source deductions and provided FTI with a CRA statement of account dated July 16, 2019, showing a nil balance owing.
29. In a letter dated November 19, 2019, the CRA advised the Receiver that it was asserting a deemed trust claim of approximately \$400,000 relating to unremitted payroll source deductions owed by RDE.
30. As the letter from CRA did not include detailed support for the claim, the Receiver reserved its rights to revise or disallow the claim and requested further supporting information and documentation.

31. After further follow-up in January 2020, CRA advised the Receiver that the CRA Claim was an assessed amount based on the Company's payroll statements from January to August 2019, as the Company had not filed any returns for that period.
32. FTI instructed Blakes to write a letter to CRA confirming the Receiver's views that:
- a. FTI is neither the receiver nor the Licenced Insolvency Trustee of RDE and that the CRA's letter was misdirected to FTI;
  - b. FTI has only been appointed Receiver over a small percentage of RDE's equipment;
  - c. FTI has not taken possession of the Company's books and records; and
  - d. other parties are responsible for contributing to the satisfaction of the CRA Claim, should it be determined to be valid.
33. The Interim Distribution Order provides for a holdback (the "**CRA Claim Holdback**") of \$400,000 in respect of the CRA Claim pending determination of its validity and enforceability and the appropriate contribution owing from the Property as being only a portion of all the RDE property.

#### **GARAGE KEEPERS' LIEN CLAIM**

34. Upon being appointed, the Receiver was notified of four Garage Keepers' Liens totaling approximately \$122,000 registered against three pieces of equipment subject to the Wolverine Transaction.
35. The Interim Distribution Order provides for a holdback (the "**Garage Keepers' Lien Holdback**") of \$122,000, pending determination of the validity and enforceability of the Garage Keepers' Liens.

## SUMMARY STATEMENT OF RECEIPTS AND DISBURSEMENTS

36. The Receiver's cash receipts and disbursements in respect of the Property from the Appointment Date to February 7, 2020 are summarized as follows:

<b>Schedule of Receipts and Disbursements</b>	
<b>For the period of August 16, 2019 to February 7, 2020</b>	
<i>\$000's CAD</i>	
<b>Receipts</b>	
Sale of Assets	\$ 3,464
GST Collected	173
Receiver's Borrowings	150
Auction Proceeds	55
<b>Total - Receipts</b>	<b>3,842</b>
<b>Disbursements</b>	
Operating Expenses	(46)
Receiver's Fees	(73)
Legal Fees	(30)
GST Remitted	(168)
Taxes Paid	(6)
Interest and Bank Fees	(3)
<b>Total - Disbursements</b>	<b>(325)</b>
<b>Net Cash on Hand</b>	<b>\$ 3,517</b>

- a. Sale of Assets relates to the cash proceeds from the Wolverine Transaction, net of closing adjustments;
- b. GST Collected relates to the GST collected from the Wolverine Transaction;
- c. Receiver's Borrowings are amounts that were advanced to the Receiver by NBC to fund the Receivership Proceedings;

- d. 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;
- e. 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;
- f. Legal Fees relate to Blakes' fees and disbursement in respect of the Receivership Proceedings;
- g. Receiver's Fees relate to FTI's fees and disbursements in respect of the Receivership Proceedings;
- h. GST Remitted are for amounts remitted to the CRA based on GST collected and paid by the Receiver during the Receivership Proceedings;
- i. Taxes Paid are for amounts paid on goods and services provided to the Receiver; and
- j. Bank Fees and Interest relate to the estate bank accounts and interest paid on the Receiver Borrowings.

37. As at February 7, 2020, the Receiver holds approximately \$3.5 million of cash on hand.

## **SECURITY REVIEW**

38. RDE owed NBC approximately \$11.1 million as of July 8, 2019, plus accruing interest for amounts drawn on four credit facilities (the "**Credit Facilities**").

39. The Credit Facilities are secured by a general security agreement dated August 21, 2019, which has been registered in the Alberta, British Columbia and Saskatchewan Personal Property Registry systems.
40. Blakes has completed an independent review of the security held by NBC over the Property. Blakes has opined that the security granted by RDE in favour of NBC creates a valid and enforceable security interest in respect of the Property in Alberta and British Columbia, where the Property was located, subject to standard qualifications and assumptions.

### **INTERIM DISTRIBUTION**

41. As set out in the R&D, the Receiver is holding a cash balance of approximately \$3.5 million as at February 7, 2020. From these funds, the Receiver is proposing to withhold funds for:
- a. repayment of the Receiver's Borrowings;
  - b. the CRA Claim Holdback;
  - c. the Allspec Claim Holdback;
  - d. the Garage Keepers' Lien Holdback; and
  - e. estimated costs to complete the administration of the Receivership.
42. The amount available for immediate distribution to NBC is summarized in the table below:

**Proposed Interim Distribution**

**As at: February 7, 2020**

*\$000's CAD*

<b>Cash on Hand</b>	<b>\$ 3,517</b>
<b>Less:</b>	
Repayment of Receiver's Borrowings	(150)
CRA Claim Holdback	(400)
Allspec Claim Holdback	(206)
Garage Keepers' Lien Holdback	(122)
Estimated Cost to Complete and Contingency	<u>(100)</u>
<b>Net Cash Available for Distribution</b>	<b><u>2,539</u></b>
 <b>Proposed Interim Distribution</b>	 <b>\$ 2,500</b>

43. Costs to complete the administration of the Receivership Proceedings will largely be comprised of professional fees of the Receiver and Blakes to resolve the CRA Claim, the Allspec Claim and the Garage Keepers' Liens.
44. Following the closing of the Wolverine Transaction, it is unlikely there will be any further recoveries to the estate. NBC is the fulcrum creditor of this estate and has not provided any objections to the Wolverine Transaction.
45. Accordingly, the Receiver is respectfully of the view that it should be authorized to make the proposed interim distribution to NBC of \$2.5 million.

**RECEIVER'S RECOMMENDATION**

46. Based on the forgoing, the Receiver respectfully recommends that this Honourable Court grant the Interim Distribution Order.

\*\*\*\*\*

All of which is respectfully submitted this 10<sup>th</sup> day of February 2020.

**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 flourish at the end.

Tom Powell  
Senior Managing Director



# **APPENDIX A**

## **WOLVERINE ASSET PURCHASE AGREEMENT**

## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement dated September 27, 2019 is made

BETWEEN

**FTI CONSULTING CANADA INC.** (the "**Receiver**"), in its capacity as court-appointed receiver of those certain Assets (defined below) of R.D.E. Ventures Inc. (the "**Debtor**" or "**RDE**") and not in its personal or corporate capacity (the "**Vendor**")

- and -

**WOLVERINE EQUIPMENT INC.** (the "**Purchaser**")

### RECITALS

**WHEREAS** the Receiver was appointed as receiver over certain equipment of the Debtor more fully described in Schedule 1.0(1) (the "**Assets**") pursuant to the Receivership Order of the Honourable Justice J.H. Goss of the Court of Queen's Bench of Alberta pronounced August 16, 2019 (the "**Receivership Order**").

**AND WHEREAS** the Vendor has agreed to sell and convey the Assets in accordance with the Receivership Order, and the Purchaser has agreed to purchase and accept all of the Debtor's right, title, estate and interest in and to the Assets in accordance with the terms and subject to the conditions set forth in this Agreement.

**NOW THEREFORE** in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto covenant and agree as follows:

### ARTICLE 1 PURCHASE OF ASSETS

**1.1 Purchase and Sale.** At the Closing Time; on and subject to the terms and conditions of this Agreement, the Vendor shall sell to the Purchaser, and the Purchaser shall purchase from the Vendor, the Assets.

**1.2 As is Where is.** The Assets are being purchased by the Purchaser on an "as is, where is" and "without recourse" basis and without representation or warranty of any nature, kind or description by the Vendor or its directors, officers, employees, agents or counsel other than provided for in the Agreement. Without limiting the generality of the foregoing, the Vendor makes

no representation or warranty with respect to (1) the value of the Assets, (2) the quality or condition of the Assets or (3) the Vendor's compliance with any applicable laws pertaining to the Assets.

**1.3 Assumed Liabilities.** At the Closing Time, on and subject to the terms and conditions of this Agreement, the Purchaser hereby assumes and agrees to pay, perform and discharge all liabilities and obligations arising from or related to the Assets and the Purchaser shall indemnify the Vendor from and against any and all claims, judgments, damages, liabilities, settlements, losses costs and expenses arising from or relating to the Assets.

**1.4 Purchase Price.** The consideration payable by the Purchaser to the Vendor for the Assets (the "**Purchase Price**") shall be equal to \$3,500,000.

**1.5 Payment of Purchase Price.** An amount equal to the Purchase Price, less the Deposit, shall be paid by the Purchaser to the Vendor at Closing.

**1.6 Deposit.** Concurrently with the execution of this Agreement, the Purchaser shall pay to the Vendor the sum of \$360,000 (the "**Deposit**").

## **ARTICLE 2 REPRESENTATIONS AND WARRANTIES**

**2.1 No Representations and Warranties by the Vendor.** Notwithstanding anything to the contrary in this Agreement, the Vendor makes no representations or warranties with respect to the Assets, which are being purchased as is where is in accordance with Section 1.2.

**2.2 Representations and Warranties of the Purchaser.** The Purchaser hereby represents and warrants to the Vendor that:

(1) it is and at the Closing Date shall continue to be a valid and subsisting corporation under the laws of its jurisdiction of registration and is authorized to carry out business in the jurisdiction where the Assets are located;

(2) it has taken all action and has full power and absolute authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and it has taken all necessary action to consummate the transactions contemplated by this Agreement and to perform its obligations hereunder and the other documents and agreements executed and delivered hereunder;

(3) it has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the transactions contemplated by this Agreement for which the Vendor or the Debtor shall have any obligations or liability;

(4) it has not received notice of any claims in existence, contemplated, pending or threatened against it seeking to prevent the consummation of the transactions contemplated by this Agreement;

(5) this Agreement has been, and all documents and agreements to be executed and delivered by it at Closing pursuant to this Agreement shall be, duly executed and delivered by it, and upon execution by the Vendor and it, this Agreement constitutes, and all documents and agreements required to be executed and delivered by it at Closing will constitute legal, valid and

binding obligations of it enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences;

(6) it has sufficient funds available to it to enable it to pay in full the Purchase Price to the Vendor as herein provided and otherwise to fully perform its obligations under this Agreement;

(7) the Purchaser is not a non-resident of Canada for the purposes of the *Investment Canada Act* (Canada).

### ARTICLE 3 CLOSING ARRANGEMENTS

**3.1 Closing.** The Closing shall take place at 10:00 a.m. on the Closing Date at the offices of Blake, Cassels & Graydon LLP in Calgary, Alberta, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Vendor and the Purchaser.

**3.2 Purchaser's Conditions.** The Purchaser shall not be obligated to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the conditions listed below in this Section 3.2 has been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Purchaser. The Vendor shall take all such actions, steps and proceedings as are reasonably within its control as may be necessary to ensure that the conditions listed below in this Section 3.2 are fulfilled at or before the Closing Time.

(1) *Vendor's Compliance and Deliverables.* The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing a general conveyance and assumption of liabilities agreement substantially in the form of Exhibit A, and all such other assurances, consents, agreements, elections, documents and instruments as may be contemplated by this Agreement or as reasonably required by the Purchaser to complete the transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to the Purchaser, acting reasonably.

(2) *Credit Committee Approval.* On or before the Outside Date, the Purchaser shall have obtained the approval of the credit committee of the National Bank of Canada with respect to the consummation of the transaction.

(3) *No Law.* During the interim period, no governmental authority shall have enacted, issued or promulgated any law which has the effect of (i) making any of the transactions contemplated by this Agreement illegal, or (ii) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.

**3.3 Condition Not Fulfilled.** If any condition in Section 3.2 has not been fulfilled at or before the Closing Time or if any such condition is, or becomes, impossible to satisfy prior to the Closing Time, other than as a result of the failure of the Purchaser to comply with its obligations under this Agreement, then the Purchaser in its sole discretion may, without limiting any rights or remedies available to the Purchaser at law or in equity, either:

(a) terminate this Agreement by notice to the Vendor, as provided in Section 3.6; or

- (b) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfilment of any other condition.

If the Purchaser terminates this Agreement, at no time is the Deposit returnable to the Purchaser.

**3.4 Vendor's Conditions.** The Vendor shall not be obligated to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the conditions listed below in this Section 3.4 has been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Vendor. The Purchaser shall take all such actions, steps and proceedings as are reasonably within the Purchaser's control as may be necessary to ensure that the conditions listed below in this Section 3.4 are fulfilled at or before the Closing Time.

(1) *Representations and Warranties.* The representations and warranties of the Purchaser in Section 2.2 shall be true and correct at the Closing.

(2) *Purchaser's Compliance and Deliverables.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing Time, including payment of the amount referred to in Section 1.5, and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing a general conveyance and assumption of liabilities agreement substantially in the form of Exhibit A and all such other assurances, consents, agreements, documents and instruments as may be contemplated by this Agreement or as reasonably required by the Vendor to complete the transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to the Vendor, acting reasonably.

(3) *Credit Committee Approval.* On or before the Outside Date, the Purchaser shall have obtained the approval of the credit committee of the National Bank of Canada with respect to the consummation of the transaction.

(4) *No Law.* During the interim period, no governmental authority shall have enacted, issued or promulgated any law which has the effect of (i) making any of the transactions contemplated by this Agreement illegal, or (ii) otherwise prohibiting, preventing or restraining the consummation of any of the transactions contemplated by this Agreement.

**3.5 Condition Not Fulfilled.** If any condition in Section 3.4 has not been fulfilled at or before the Closing Time or if any such condition is, or becomes, impossible to satisfy prior to the Closing Time, other than as a result of the failure of the Vendor to comply with its obligations under this Agreement, then the Vendor in its sole discretion may, without limiting any rights or remedies available to the Vendor at law or in equity, either:

- (a) terminate this Agreement by notice to the Purchaser as provided in Section 3.6; or
- (b) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfilment of any other condition.

**3.6 Termination.** This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Vendor and the Purchaser;
- (b) by written notice from the Purchaser to the Vendor as permitted in Section 3.3 or 3.5; or

(c) by written notice from the Vendor to the Purchaser as permitted in Section 3.5.

**3.7 Effect of Termination.** If this Agreement is terminated:

- (a) by the Vendor pursuant to Section 3.5 as a result of the failure of the condition set forth in Section 3.4(3), then the Vendor shall pay the Deposit to the Purchaser;
- (b) by the Purchaser pursuant to Section 3.3 as a result of the failure of the condition set forth in Section 3.2(2), then the Vendor shall pay the Deposit to the Purchaser; and
- (c) by either the Vendor or the Purchaser for any reason other than as described in Sections 3.7(a) or 3.7(b), the Vendor shall retain the Deposit.

**ARTICLE 4  
GENERAL**

**4.1 Actions on Non-Business Days.** If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

**4.2 Currency and Payment Obligations.** Except as otherwise expressly provided in this Agreement:

- (a) all dollar amounts referred to in this Agreement are stated in Canadian Dollars; and
- (b) any payment contemplated by this Agreement shall be made by cash, certified cheque or any other method that provides immediately available funds.

**4.3 Calculation of Interest.** In calculating interest payable under this Agreement for any period of time, the first day of such period shall be included and the last day of such period shall be excluded.

**4.4 Calculation of Time.** In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. Calgary time on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. Calgary time on the next succeeding Business Day.

**4.5 Schedules and Exhibits.** The Schedules and Exhibits listed below and attached to this Agreement are incorporated herein by reference and deemed to be part of this Agreement.

**Schedules**

- 1.0 - Definitions and Interpretation
- 1.0(1) - Assets

**Exhibits**

A - General Conveyance and Assumption of Liabilities Agreement

**4.6 Notices.**

(1) *Mode of Giving Notice.* Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by fax, e-mail (return receipt requested) or other similar means of electronic communication, in each case to the applicable address set out below:

(a) if to the Vendor, to:

FTI CONSULTING CANADA INC., in its capacity as Court-appointed receiver of the Assets, and not in its personal capacity or corporate capacity.

1610, 520 – 5<sup>th</sup> Ave SW  
Calgary, AB T2P 3R7

Attention: Deryck Helkaa / Robert Kleebaum  
Email: [Deryck.Helkaa@fticonsulting.com](mailto:Deryck.Helkaa@fticonsulting.com) /  
[Robert.Kleebaum@fticonsulting.com](mailto:Robert.Kleebaum@fticonsulting.com)

with a copy (which shall not constitute notice) to:

Blake, Cassels & Graydon LLP

#3500, 855 – 2nd Street SW  
Calgary, AB T2P 4J8

Attention: Kelly Bourassa / James Reid  
Email: [Kelly.Bourassa@blakes.com](mailto:Kelly.Bourassa@blakes.com) / [james.reid@blakes.com](mailto:james.reid@blakes.com)

(b) if to the Purchaser, to:

WOLVERINE EQUIPMENT INC.

1711 9 Street  
Nisku, AB T9E 0R3

Attention: John Paul Smith  
Email: [jsmith@wnrgi.com](mailto:jsmith@wnrgi.com)

(2) *Deemed Delivery of Notice.* Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing, e-mailing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed, e-mailed or sent before 4:30 p.m. on such day. Otherwise, such

communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

**4.7 Time of Essence.** Time shall be of the essence of this Agreement in all respects.

**4.8 Further Assurances.** Each Party shall from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other Party may reasonably require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof.

**4.9 Entire Agreement.** This constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, representations, warranties, obligations or other agreements between the Parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as explicitly set out in this Agreement.

**4.10 Amendment.** No amendment of this Agreement shall be effective unless made in writing and signed by the Parties.

**4.11 Waiver.** A waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the Party to be bound by the waiver and then only in the specific instance and for the specific purpose for which it has been given. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

**4.12 Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

**4.13 Attornment.** Each Party agrees (a) that any legal proceeding relating to this Agreement may (but need not) be brought in any court of competent jurisdiction in the Province of Alberta, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of such Alberta court; (b) that it irrevocably waives any right to, and shall not, oppose any such legal proceeding in the Province of Alberta on any jurisdictional basis, including forum non conveniens; and (c) not to oppose the enforcement against it in any other jurisdiction of any order duly obtained from an Alberta court as contemplated by this Section 4.13.



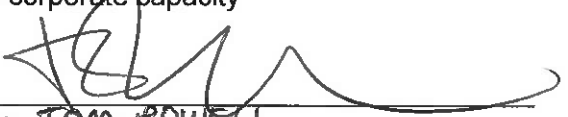
**4.14 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable in such Province and this Agreement shall be treated, in all respects, as an Alberta contract.

**4.15 Successors and Assigns; Assignment.** This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party.


**4.16 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by facsimile, e-mail in pdf format or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party

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

**FTI CONSULTING CANADA INC.**, in its capacity as court-appointed receiver of the Assets and not in its personal or corporate capacity

By:   
Name: TOM POWELL  
Title: SENIOR MANAGING DIRECTOR

**WOLVERINE EQUIPMENT INC.**

By:   
Name:  
Title:

**SCHEDULE 1.0  
DEFINITIONS AND INTERPRETATION**

**1. Definitions.**

**“Agreement”** means the Asset Purchase Agreement to which this Schedule 1.0 is attached, together with all the Exhibits and the Schedules attached thereto.

**“Assets”** means the equipment further set forth in Schedule 1.0(1).

**“Bank”** has the meaning set out in the preamble to the Agreement.

**“Business Day”** means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Calgary.

**“Canadian Dollars”** means the lawful currency of Canada.

**“Closing”** means the completion of the purchase and sale of the Assets in accordance with the provisions of this Agreement.

**“Closing Date”** means October 1, 2019, or such earlier or later date as may be agreed to in writing by the Parties.

**“Closing Time”** means the time of Closing on the Closing Date provided for in Section 3.1.

**“Deposit”** means the equipment further set forth in Section 1.6

**“Outside Date”** means October 4, 2019, or such earlier or later date as may be agreed to in writing by the Parties.

**“Party”** means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **“Parties”** means every Party.

**“Purchase Price”** has the meaning set out in Section 1.4.

**“Purchaser”** has the meaning set out in the preamble to the Agreement.

**“Receiver”** has the meaning set out in the preamble to the Agreement.

**“Vendor”** has the meaning set out in the preamble to the Agreement.

**2. Additional Rules of Interpretation.**

(1) *Gender and Number.* In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.

(2) *Headings and Table of Contents.* The inclusion in this Agreement of headings of Articles and Sections and the provision of a table of contents are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.

(3) *Section References.* Unless the context requires otherwise, references in this Agreement to Articles, Sections, Schedules or Exhibits are to Articles or Sections of this Agreement, and Schedules or Exhibits to this Agreement.

(4) *Words of Inclusion.* Wherever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation" and the words following "include", "includes" or "including" shall not be considered to set forth an exhaustive list.

(5) *References to this Agreement.* The words "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.

(6) *Statute References.* Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith.

(7) *Document References.* All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules and exhibits attached thereto.

**SCHEDULE 1.0(1)  
ASSETS**

<b>Year</b>	<b>Equipment</b>	<b>Unit Number</b>	<b>Serial Number</b>
2013	John Deere 250G Excavator	105	1FF250GXADD608843
2012	John Deere 470G Excavator	106	1FF470GXVBE470147
2013	John Deere 350G Excavator	108	1FF350GXHCD808952
2013	John Deere 210G Excavator	114	1FF210GXJCD520798
2015	Cat 336F Excavator	116	CAT0336FKRKB00835
2015	Cat 336F Excavator	117	CAT0336FCRKB00653
2010	Bomag 213PDH Compactor	201	901582571146
2008	Dynapac CA 262 Compactor	202	67520819
2010	Bomag 211D Compactor	203	901583251598
2012	John Deere 450J Dozer	305	1T0450JXHCD228311
2012	John Deere 450J Dozer	306	1T0450JXACD220044
2014	John Deere 850K Dozer	307	1T0850KXKEE263760
2013	John Deere 650J LGP Dozer	310	1T0650JXTDD240683
2012	Hyundai HL740 Loader	601	HLN01TC0000425
2014	John Deere 644K Loader	604	1DW644KZCED659152
2006	John Deere 824J Loader	606	DW824JX605920
1995	Leeboy 685 Grader	501	685023
2014	John Deere 410 E ADT	704	1DW410ETLEE658265
2014	John Deere 410 E ADT	705	1DW410ETLEE658363
2015	John Deere 460 E ADT	707	1DW460ETLEE665444
2007	Mauldin 1750C Paver	801	888G75TJSY201888
2014	John Deere Cold Planer - 32'	901	T0CP24C130009
2014	John Deere Pick Up Broom	902	1T0BP84XJD0000161
2014	CWS Excavator Mat Grapple	904	WO13030303
2014	Brandt - 60" Loader Forks	905	
2014	Brandt - Loader Mat Grapple	907	516843
2011	Ammann Tamper	908	10719750
2012	CWS - 72" Hydraulic Q/A Bucket	910	PM23524
2014	Accurate 18" Dig Bucket	911	1301-2087603
2012	CWS 36" Dig Bucket	912	W00804991
2012	CWS 42" Dig Bucket	913	W01302112
2012	CWS 48" Dig Bucket	914	E69838-2
2015	Cement Saw - 14"	915	Q0204141244
2012	Auger Extensions 12" & 18"	916	No S/N
2012	EDGE 84" snow bucket	917	78636
2012	EDGE 101" snow bucket	918	1235200
2012	EDGE 120" snow push	919	1T0SP10XCA0000011
2012	JD 120" snow push	920	1T0SP10XCA0000011
2015	JD Angle broom	921	1T0BA84XJE0000521
2014	Cold Planer - 12"	922	1T0LP84XLC0000024
2012	Dutchman Tree Spade	923	4354
2010	Tree wrapper	924	No S/N
2013	JD 84" pick up broom	925	1T0BR84XTB0000082

2013	Virrig 84" Snow Bucket	926	76133
2012	8' Angle Blade	927	No S/N
2012	9' Angle Blade	928	No S/N
2012	Deagleman 84" Bucket	929	2434
2013	Bush Grapple	930	12LA33103
2012	Conterra Double Blade Grader	931	CG 14514
2014	Cold Planer - 32"	932	ST-89778
2012	Rock Handler EZ spot UR	933	EZT-000-1584
2015	Paladin 4' Hydraulic Trencher	934	363800
2013	JD Jack Hammer	935	F048753
2013	Trailer extend-a-boom	936	No S/N
2013	EDGE 96" snow push	937	61748
2013	JD Hydraulic Auger	938	TOPA15X110155
2012	EDGE 84" pickup broom	939	1131048
2016	Ripper Tooth (180-210)	940	210064
2016	Wrist Twist Bucket (180-210)	941	518155
2013	WBM 30" Dig Bucket	942	3-104449-1
2015	Peterbilt 567	1004	1XPCDP9X7FD290196
2008	Sterling 850 Auto DT	1013	2FZHAWBS08AAB9604
2011	Ford F550 Service Truck	1102	1FDUF5HT1BEC08188
2012	Chev Silverado	1103	1GC0KVC6CZ130512
2013	Dodge Ram 5500	1104	3C7WRNEL2DG564009
2000	Freightliner FL50	1114	1FV3EEAD96HB83941
2009	GMC Topkick	1115	1GDE5E1929F401928
2015	East Tridem End Dump	1502	1E1D25388FR053822
2015	Fellings Tridem Lowbed	1509	5FTLA5331F1000613
2015	BWS Jeep	1510	2B940GD23F1001442
2008	PJ Gooseneck Trailer	1511	4P5LY342181119433
2006	Trailtech Trailer	1512	2CU43AL9662019491
1998	Leeboy L250 Tack Trailer	1513	M07
2004	22ft Cargomate trailer	1523	5NHUWEV248N057580
2013	16ft Fast Trak trailer	1524	1WF200F24C4078232
2010	Double A Hydraulic Tilt Trailer	1526	2DAEC627XAT011334
2007	Beothuk Tandem Trailer	1527	2T9FT702471416552
2012	SWS Tridem 36' Trailer	1528	4UGFP3632DD022464
2012	SWS Tandem 28' Trailer	1529	4UGFP3028CD019938
2014	Mauldin MT 600 Tack Pot	1530	4C9MT602XDG229806
2014	Mauldin MT 250 Tack Pot	1531	607-E-T25THOYO-0160
2012	Terex Light Plant - 8KW	1534	4ZJSL1410C1000858
2012	Terex Light Plant - 8KW	1535	4ZJSL1412C1000859

**EXHIBIT A  
GENERAL CONVEYANCE AND ASSUMPTION OF LIABILITIES AGREEMENT**

*[See attached.]*