

COURT FILE NUMBER 2001-04485
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT SANDTON CREDIT SOLUTIONS MASTER
FUND IV, LP
RESPONDENTS ACCEDE ENERGY SERVICES LTD., ACCEDE
FIRE & SAFETY LTD., 1537723 ALBERTA INC.,
AND ACCESS VALVE LTD.
DOCUMENT **FIRST REPORT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS
COURT APPOINTED RECEIVER AND
MANAGER OF ACCEDE ENERGY
SERVICES LTD., ACCEDE FIRE & SAFETY
LTD., 1537723 ALBERTA INC., AND ACCESS
VALVE LTD.**

JUNE 18, 2020

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER

FTI Consulting Canada Inc.
Suite 1610, 520 – 5th Avenue S.W.
Calgary, AB T2P 3R7
Deryck Helkaa / Dustin Olver
Telephone: (403) 454-6031 / 6032
Fax: (403) 232-6116
E-mail: deryck.helkaa@fticonsulting.com
dustin.olver@fticonsulting.com

COUNSEL

MLT Aikins LLP
2100 Livingston Place
222 3rd Avenue SW
Calgary, AB T2P 0B4
Ryan Zahara
Telephone: (403) 693-5420
Fax: (403) 508-4349
Email: rzahara@mltaikins.com

INTRODUCTION

1. On March 23, 2020 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all the assets, undertakings and properties (the “**Property**” or “**Business**”) of Accede Energy Services Ltd. (“**Accede Energy**”), Accede Fire & Safety Ltd. (“**AFS**”), 1537723 Alberta Inc. (“**153 AB**”), and Access Valve Ltd. (“**Access Valve**”), collectively referred to as the “**Debtors**” or the “**Company**”, pursuant to an Order of the Honourable Justice K.M. Horner (the “**Receivership Order**”).
2. The Receivership Order authorized the Receiver, among other things, to manage, operate and carry on the Business of the Company, to market any or all of 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. The Receiver’s reports 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/accedeenergy> (the “**Receiver’s Website**”).
4. The purpose of this report (“**First Report**” or this “**Report**”) is to provide this Honourable Court with:
 - (a) A summary of the activities of the Receiver since the Date of Appointment;
 - (b) A summary of receipts and disbursements from the Date of Appointment to June 12, 2020;

- (c) The Receiver's summary and recommendations with respect to the proposed share sale (the "**Proposed Share Sale**") of Access Valve. The Receiver proposes to sell the shares of Access Valve to 2268197 Alberta Ltd. ("**226 AB**") pursuant to the terms of a share purchase agreement (the "**226 AB SPA**") between the Receiver and 226 AB;
 - (d) The Receiver's summary and recommendations with respect to the proposed asset sale (the "**Proposed Asset Sale**") of certain assets located at the Calmar branch of Accede Energy (the "**Latmann Assets**") pursuant to the terms of a purchase and sale agreement ("**112 AB APA**") between the Receiver and 1128775 Alberta Ltd. ("**112 AB**");
 - (e) The Receiver's summary with respect to the proposed asset sale of certain assets currently under rent and located offsite ("**Rental Assets**"). The Rental Assets are being sold on an "as-is, where-is" basis pursuant to the terms of an asset purchase agreement (the "**Captive APA**") between the Receiver and Captive Rentals Ltd. ("**Captive**"); and
 - (f) The Receiver's summary and recommendations with respect to selling the remaining assets of the Debtors by way of public auction pursuant to the terms of an auction services agreement (the "**McDougall ASA**") between the Receiver and McDougall Auctioneers Ltd. ("**McDougall**").
5. The Receiver is requesting the following relief from this Honourable Court:
- (a) Approval of the activities of the Receiver since the Date of Appointment as reported herein;
 - (b) The granting of three orders (the "**Approval and Vesting Orders**") in respect of the proposed 226 AB SPA, the 112 AB APA and the Captive APA; and

- (c) Authorization for the Receiver to engage McDougall to facilitate a sale of the Debtors' remaining assets by public auction and approval of the McDougall ASA and Approval and Vesting Order.

TERMS OF REFERENCE

- 6. In preparing this First Report, the Receiver has relied upon audited and 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**").
- 7. 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.
- 8. 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.
- 9. The Receiver has prepared this First Report in connection with the Receiver's Application that is to be heard on June 25, 2020. This First Report should not be relied on for other purposes.

10. Information and advice described in this First Report that has been provided to the Receiver by its legal counsel, MLT Aikins LLP (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.
11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

BACKGROUND

Business, Assets and Liabilities

12. The Debtors operate in various areas within the oilfield service industry. A summary of the operating activities and assets held by each of the Debtors is described below.
 - (a) Accede Energy – provides oilfield equipment rentals with branches located in Calmar (“**Calmar**” or “**Latmann Assets**”), Edson, Estevan, Kindersley, Grande Prairie & Blackfalds. The rental equipment assets are comprised of communications and light towers, generators and power accessories, surface drilling equipment and miscellaneous other oilfield service equipment. At the Date of Appointment Accede Energy had 51 employees. During the Receivership Proceedings, Operations across all branches except for Calmar have been wound down. The Calmar branch continued to operate as a going concern business with the intent to market it as an en bloc sale. The Receiver terminated employees on behalf of the Debtors on an ongoing basis as various jobs were completed and equipment retrieved. As of the date of this report, 10 employees remain, five (5) of which are employed at the Calmar branch, the remaining are head office or branch employees retained to assist with the Receivership Proceedings.

- (b) AFS – provides industry tailored medical and emergency services, assets include fire trucks, air trailers, ambulances, emergency shower units, and mobile treatment centers. At the Date of Appointment AFS had five (5) employees, all of which were subsequently terminated.
 - (c) Access Valve – provides valve and control services, inclusive of on-site repairs, and operates out of Blackfalds and Edson, AB. At the Date of Appointment, Access Valve had 13 employees. During the Receivership Proceedings Access Valve has continued to operate as a going concern entity with the objective to market as an en bloc sale. At the date of this First Report, 11 employees have been retained to continue Access Valve service work and operations.
 - (d) 153 AB – this company was voluntarily dissolved on April 30, 2019.
13. As outlined in the Notice of Application dated March 20, 2020, the Debtors owed Sandton Credit Solutions Master Fund IV, LP (“**Sandton**”) \$28,818,845.58 (“**Senior Secured Debt**”), with contractual interest accruing thereafter, plus all legal and other costs and expenses incurred by Sandton, pursuant to advances under the secured loan documents.
14. The Receiver notes that the assignment of the Senior Secured Debt to Sandton was pursuant to an assignment and conveyance agreement dated December 23, 2016 between Alberta Treasury Branches (now ATB Financial) and Sandton (the “**ATB Assignment and Conveyance Agreement**”) and an assignment and conveyance agreement dated March 22, 2017 between Canadian Western Bank (“**CWB**”) and Sandton (the “**CWB Assignment and Conveyance Agreement**”).
15. Pursuant to the ATB Assignment and Conveyance Agreement, the following were subsequently assigned to Sandton:
- (a) a general security agreement dated April 30, 2014 from the Borrower to ATB (the “**ATB GSA**”);

- (b) a general security agreement dated April 30, 2014 from Accede Fire to ATB (the "**Accede Fire GSA**");
 - (c) a general security agreement dated February 3, 2015 from 153 to ATB (the "**153 GSA**");
 - (d) a general security agreement dated April 30, 2014 from Access Valve to ATB (the "**Access Valve GSA**"); and
 - (e) a forbearance agreement dated August 16, 2016, as amended on October 14, 2016 and October 31, 2016, between ATB and the Borrower (the "**Forbearance Agreement**").
16. Pursuant to the CWB Assignment and Conveyance Agreement, the following were subsequently assigned to Sandton:
- (a) a commitment letter dated January 22, 2016 (the "**CWB Commitment Letter**"), between CWB, as lender, and the Borrower, as borrower.
 - (b) a general security agreement dated January 5, 2016 from the Borrower to CWB (the "**CWB GSA**");
 - (c) an assignment of insurance interest dated January 5, 2016 from the Borrower to CWB (the "**Assignment of Insurance**"); and
 - (d) a demand note dated January 28, 2016 from the Borrower to CWB (the "**Demand Note**").

RECEIVER'S ACTIVITIES

Custody and Control

17. On the Date of Appointment, the Receiver attended the Company's head office at #12 Aspelund Industrial Park, Lacombe County, Alberta to meet with the Company's President and Chief Executive Officer ("CEO") to advise the Company that the Receivership Order had been granted and the Receiver was therefore entitled to take possession of the Company's Property in accordance with the terms of the Receivership Order. Given the widespread geographical nature of the Debtors, the Receiver accompanied by the CEO, called each individual branch manager to notify them of the Receivership Proceedings and travelled to the Calmar branch to meet with the on-site management team in person.
18. The Receiver indicated its intent to:
- (a) wind down operations of AFS and Accede Energy, with the exception of the Calmar branch;
 - (b) continue to operate the Calmar branch and Access Valve operations in order to maintain the value of the operating business allowing the Receiver to market it as a going concern; and
 - (c) retrieve the Debtors' assets and facilitate a Sales Process (defined below) with the goal to market Access Valve and Calmar as going concern businesses and sell all the remaining assets piecemeal or *en-bloc* in order to maximize the return for all the Company's stakeholders.
19. At the Date of Appointment, the Debtors assets were located at various locations throughout Alberta, Saskatchewan and British Columbia. Where reasonable, the Receiver utilized the services of existing employees to retrieve and consolidate the assets and reduce the leased premises under the Receivership Proceedings. The Receiver engaged security for three (3) of the locations to ensure the ongoing monitoring and safety of the assets.

20. On the Date of Appointment, in accordance with the Receivership Order, the Receiver froze all the Company's bank accounts.

Statutory Notices

21. On March 27, 2020, the Receiver mailed the notice and statement of receiver 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 Debtors.
22. The Receiver notified Canada Revenue Agency ("CRA") of the Receiver's appointment and established new remittance accounts for the goods and sales tax and employee payroll deduction obligations arising subsequent to the Date of Appointment.

Website and Receiver Contacts

23. The Receiver established a website at <http://cfcanada.fticonsulting.com/accedeenergy>, where the Receiver will post periodic updates on the progress of the Receivership Proceedings, along with copies of court orders, motion materials and reports filed in connection with these Receivership Proceedings. The Receiver posted its Calgary office contact information including its phone number, fax number and e-mail address, for creditors, employees, interested parties and other stakeholders can use to contact the Receiver.

Employees

24. As at the Date of Appointment the Company had 72 employees, as discussed above, the Receiver initially retained 33 employees in order to continue operations, complete ongoing jobs and retrieve or restore equipment. The retained employees were terminated as ongoing jobs were completed and equipment retrieved.

25. At the date of this report, the Receiver continues to retain 21 employees, 16 of the retained employees work at the Calmar branch or Access Valve and continue to operate business as usual. The remaining five (5) employees have been assisting and continue to assist the Receiver with safeguarding assets, touring potential purchasers around the yards to view assets, completing final invoicing/billings, day to day accounting and accounts receivable collections.

Insurance

26. The Receiver contacted the Company's insurance providers to amend the Company's existing insurance policies to reflect the Receiver's interest in the Property, to review the adequacy of the insurance and to discuss the status of the insurance coverage. The Receiver amended the Company's insurance policies to reflect that the Company's operations have effectively ceased at all locations excluding Calmar and Access Valve, and that third-party security has been engaged to provide surveillance at three of the locations where operations have ceased.

Unnecessary Contracts

27. The Receiver reviewed the various contracts/agreements that the Company had at the Date of Appointment to determine if they were necessary. The Company had 16 vehicles under lease that were identified to have no equity value associated, as such the Receiver disclaimed these leases and all vehicles were returned. The Receiver reviewed the cell phone contract and updated it to remove terminated employees to avoid unnecessary ongoing expenses.

Sales Process

28. Prior to the Date of Appointment, the Company had engaged Century Services Corp. (“**Century**”) to provide an appraisal (“**Appraisal**”) of the Company’s rental equipment. Upon being appointed, the Receiver requested the scope of the Appraisal be expanded to include all assets of the business, detailed by the division and location of the asset, with the intent to use the Appraisal as a basis to assess proposals received in the sales process (the “**Sales Process**”). The Receiver commenced a Sales Process on or around April 9, 2020, and as a result the Receiver has entered into three separate purchase and sale agreements (“**PSA**”), and the **McDougall ASA** for the sale of all the Debtors remaining assets. Further details with respect to the PSA’s are presented later in this Report.

Lease Terminations

29. At the Date of Appointment, the Receiver terminated a lease held by the Company for a premise that was not occupied or in use. Since the Date of Appointment, the Receiver has consolidated assets and has terminated two (2) additional leases that are no longer in use or occupied by the Debtors.

SUMMARY OF RECEIPTS AND DISBURSEMENT

30. Receipts and Disbursements from the Date of Appointment to June 12, 2020 are summarized as follows:

Schedule of Receipts and Disbursements
As at June 12, 2020
\$ CAD

Receipts	
Opening Cash	\$ 306,429
Revenue	3,486,069
Miscellaneous Receipts	27,864
GST / PST Collected	207,483
Total - Receipts	<u>4,027,845</u>
Disbursements	
Operating Expenses	297,265
Payroll and Employee Related Obligations	840,931
Rent	330,844
Insurance	36,155
Property Taxes	10,557
GST / PST Paid	72,622
Bank Charges	1,018
Selling Agent & Other Professional Fees	115,099
Total - Disbursements	<u>1,704,491</u>
Net Cash on Hand from Operations	2,323,354
Deposits Held in Trust for Proposed Sales	1,200,000
Total Cash on Hand	<u>\$3,523,354</u>

- (a) Opening Cash – cash balance in Debtors bank account at Date of Appointment that transferred to Receiver’s account;
- (b) Revenue – amounts collected from customers related to work completed and rental assets contracted out, prior to and during, the Receivership Proceedings;
- (c) Miscellaneous Receipts – minor refunds from deposits held;
- (d) GST / PST Collected – relates to tax credits collected on the revenue generated throughout the receivership period;

- (e) Operating expenses – relates to the payment of ongoing operating costs and costs associated with the wind down of operations for AFS and Accede branches;
 - (f) Payroll and employee related obligations – costs relating to employee wages, payroll remittances, and benefits;
 - (g) Rent – comprises rent paid related to all occupied, leased premises from which the Debtors are operating;
 - (h) Insurance – costs incurred relating to insurance on the Remaining Equipment and operations;
 - (i) GST/PST paid – relates to goods and services tax remittances;
 - (j) Bank charges – relates to banking fees;
 - (k) Selling Agent & Other Professional fees – relates to fees paid for the asset appraisals and other professionals in respect of the Receivership Proceedings; and
 - (l) Deposits Held in Trust for Proposed Sales – relates to the deposits received for the 226 AB SPA & the 112 AB APA (as defined below).
31. As at June 12, 2020 the Receiver held \$3,523,354 in cash on hand.

SALE PROCESS

32. Prior to the Receivership Proceedings, the Company engaged Century to conduct appraisals of the rental assets. These appraisals were still ongoing as at the Date of Appointment, as such the Receiver requested the scope be increased to include all assets of the Debtors. During the first two weeks of the Receivership Proceedings Century visited all the Debtors locations to complete their appraisal of all the assets. Century provided their finalized Appraisal on or around April 17, 2020.
33. After reviewing the operations and assessing the state of the business the Receiver, in consultation with Sandton, determined the approach to optimize recoveries to the estate would be a combination of:
- (a) piecemeal/*en-bloc* asset sales; and
 - (b) packaging up certain profitable business lines (Access Valve and Calmar) for sale as going concerns.
34. On April 9, 2020, the Receiver posted a Confidential Information Memorandum for Access Valve (“**AV CIM**”) to the Receiver’s website as well as distributed it directly via email to all parties that had previously expressed interest in Access Valve.
35. In consultation with Sandton, the Receiver determined that the best course of action to optimize value to the stakeholders, was to engage a Sales Agent to facilitate the Sales Process. On or around April 22, 2020, West Grove Capital Advisors (“**West Grove**”) were engaged to act as sales advisors (“**Selling Agent**”) to the Receiver and progress the Sales Process. The Receiver considered the following factors in respect of the Selling Agent when making this decision:
- (a) extensive industry knowledge and experience;
 - (b) familiarity with the business, assets and an auction-based sales process; and

- (c) fee structure.
36. The Receiver provided West Grove with a listing of all interested parties to date, along with a summary of parties previously contacted. The intent of the Sales Process was to market Access Valve and Calmar as *en-bloc* sales, while also allowing interested parties to bid on assets of the Company as a whole or in part. Commencing on April 22, 2020, West Grove began to contact interested parties. By May 1, 2020, West Grove had contacted 23 interested parties and six (6) auction houses. On April 22, 2020 a data room was setup by the Receiver for parties to be able to access and view the asset listings.
37. Interested parties and auction houses were asked to submit their offers by May 8th and May 15th, respectively. 11 Letters of Interest (“**LOI**”) in respect of various pieces of the business were received, along with four (4) bids from auction houses.
38. The Receiver and the Selling Agent reviewed all the LOI’s and bids received, specifically giving consideration to:
- (a) the proposed purchase prices and the combination of offers that would result in the highest cumulative proceeds;
 - (b) the assets or entities being purchased;
 - (c) key dates including the proposed effective date and the closing date of the transaction;
 - (d) closing risk including any remaining due diligence or financing conditions, if any; and
 - (e) whether the bid was submitted with a deposit and terms upon which the deposit was provided.

39. In consultation with the Selling Agent, the Receiver concluded that the combination of four offers resulted in the maximum value to the estate. These offers have been formalized in the following definitive documents:
- (a) 226 AB SPA;
 - (b) 112 AB APA;
 - (c) Captive APA; and
 - (d) McDougall ASA.
40. The above transactions resulted in the highest combined overall recovery to the estate, accordingly, the Receiver is in the process of finalizing the above definitive agreements. Further details with respect to the proposed transactions are presented later in this Report.

PROPOSED SALES

41. The Receiver is seeking approval from this Honourable Court to approve the 226 AB SPA, the 112 AB APA, the Captive APA and the McDougall ASA for the sale of all the Debtors remaining assets. A summary of the major terms of the transactions are as follows:

226 AB Corporation

42. The Receiver prepared and provided the 226 AB SPA to 226 AB on June 15, 2020. As at the date of this report the 226 AB SPA has not been finalized, however the Receiver expects to have the 226 AB SPA executed prior to the application on June 25, 2020. The Receiver is of the view that disclosure of the financial terms of the 226 AB SPA may be detrimental to the realization process if it ultimately does not close and has therefore prepared a confidential supplemental report to disclose the financial terms and an unredacted copy of the 226 AB SPA.
43. A summary of key non-commercial terms of the 226 AB SPA are as follows:
- (a) The 226 AB SPA is structured as a share sale as the purchaser saw value and sought to maintain the corporate attributes of Access Valve including employees, operating permits, customer base etc. As such, the purchaser will be assuming all the assets and liabilities of Access Valve as part of the share purchase.
 - (b) The closing date is scheduled for the first business day after Court approval (with an effective date of June 1, 2020) is granted or such later date as the parties may mutually agree with the approval of the Receiver;
 - (c) The 226 AB SPA is subject to the following major conditions precedent:
 - i. this Honourable Court approving the 226 AB SPA and granting an Approval and Vesting Order in respect of the sale.
 - (d) 226 AB has paid a deposit of \$200,000 of the cash purchase price, which is refundable only if court approval cannot be obtained; and

- (e) The 226 AB SPA contemplates that the purchase price is adjusted for the net cash flow (receipt of accounts receivable less payment of accounts payable) during the transition period (June 1, 2020 effective date and the closing date).

112 AB

- 44. The Receiver has prepared and provided the 112 AB APA on June 15, 2020. As at the date of this report the 112 AB APA has not been finalized, however the Receiver expects to have the 112 AB APA executed prior to the application on June 25, 2020. The Receiver is of the view that disclosure of the financial terms of the 112 AB APA may be detrimental to the realization process in the event it does not close and has therefore prepared a confidential supplemental report to disclose the financial terms and an unredacted copy of the 112 AB APA.
- 45. The 112 AB APA is for the sale of the rental equipment assets located at the Calmar branch (“**Latmann Assets**”) and includes the following key non-commercial terms:
 - (a) The purchased assets include all of the Latmann assets as listed in Schedule A of Appendix B to the confidential supplemental report;
 - (b) The closing date is scheduled for the first business day after Court approval (with an effective date of June 1, 2020) is granted or such later date as the parties may mutually agree, with the approval of the Receiver;
 - (c) The 112 AB APA is subject to the following major conditions precedent:
 - i. this Honourable Court approving the 112 APA and granting an Approval and Vesting Order in respect of the sale.
 - (d) 112 AB has paid a deposit of \$1,000,000 of the cash purchase price, which is refundable only if court approval cannot be obtained; and

- (e) The 112 AB APA contemplates that the purchase price is adjusted for the net profit or loss (revenues less expenses) generated from the June 1, 2020 effective date and the closing date.

Captive APA

- 46. The Receiver has prepared and provided the Captive APA on June 15, 2020. As at the date of this report the Captive APA has not been finalized, however the Receiver expects to have the Captive APA executed prior to the application on June 25, 2020. The Receiver is of the view that disclosure of the financial terms of the Captive APA may be detrimental to the realization process in the event it does not close and has therefore prepared a confidential supplemental report to disclose the financial terms and an unredacted copy of the Captive APA.
- 47. The Captive APA is for the sale of certain rental equipment assets of the Estevan branch and includes the following key non-commercial terms:
 - (a) The purchased assets include the Estevan Field assets as listed in Schedule A of Appendix C to the confidential supplemental report;
 - (b) The closing date is scheduled for the first business day after Court approval is granted or such later date as the parties may mutually agree with the approval of the Receiver;
 - (c) The Captive APA is subject to the following major conditions precedent:
 - i. this Honourable Court approving the Captive APA and granting an Approval and Vesting Order in respect of the sale.
- 48. Captive has paid a deposit of \$50,000 of the cash purchase price, which is refundable only if court approval cannot be obtained.

THE RECEIVER'S ANALYSIS OF THE PROPOSED SALES

49. The Receiver had concluded that the Proposed Sales represent the best value that could reasonably be obtained for the assets being sold in the present circumstances based on the following:
- (a) The Selling Agent has extensive experience in this industry. The advertising methods and timelines of the Sales Process were appropriate and consistent with prior receivership sales of this nature. It is the Receiver's view that the assets being sold in the Proposed Sales have been adequately exposed to the market through the Sales Process completed by the Selling Agent;
 - (b) The Sales Process created competing interest in the assets and operations of the Company as supported by the number of LOIs and bids received. The combination of the assets included in the Proposed Sales was carefully selected in order to maximize overall aggregate purchase price for the assets being sold as well as reduce closing risk;
 - (c) The outstanding secured debt owed to Sandton is significantly more than the value for the business and assets as demonstrated by the results of the Sales Process. Accordingly, Sandton is the fulcrum creditor and is supportive of the Proposed Sales;

SALE OF REMAINING EQUIPMENT

50. If this Honourable Court approves the 226 AB SPA, the 112 AB APA, and the Captive APA, the major remaining assets will be the AFS and Accede Energy rental assets (collectively, the "**Remaining Equipment**").

51. As part of the Sales Process, Auction Houses were invited to review the asset listings and place offers on all or part of the Debtors assets with the understanding that pieces of the business may be extracted and sold separately to interested parties in an effort to maximize the return on the assets to the stakeholders.
52. The Selling Agent contacted six (6) auction houses directly and requested that interested parties submit proposals by no later than May 13, 2020.
53. Four (4) proposals were received and the Receiver, in consultation with the Selling Agent, assessed the proposals based on their terms and projected recovery under various assumptions of gross proceeds of realization. The Receiver also considered the marketing strategies, experience and timelines presented within the proposals. The proposal submitted by McDougall provided the highest net minimum guarantee and overall expected recoveries which would protect the downside risk to the auction while maintaining the potential for upside.
54. Accordingly, the Selling Agent proceeded to negotiate an ASA with McDougall which is conditional on approval by this Honourable Court. As at the date of this report the McDougall ASA has not been finalized, however the Receiver expects to have the McDougall ASA executed prior to the application on June 25, 2020. The Receiver is of the view that disclosure of the financial terms of the McDougall ASA may be detrimental to the realization process and has therefore prepared a confidential supplemental report to disclose the financial terms and an unredacted copy of the McDougall ASA.
55. The Receiver is of the view that approval and implementation of the McDougall ASA will provide for the most efficient and effective method of realizing on the Remaining Equipment. Accordingly, the Receiver seeks the approval of this Honourable Court to sell the Remaining Equipment by way of public auction in accordance with the terms of the McDougall ASA. The Order sought by the Receiver approving the McDougall ASA also vests the Remaining Equipment in their purchaser(s) free and clear of any claims or encumbrances.

NEXT STEPS

56. Should this Honourable Court approve the Proposed Sales and related Approval and Vesting Orders, and the McDougall ASA, the Receiver's remaining steps would include:
- (a) Completing and closing the Proposed Sales and ASA;
 - (b) Finalizing the security review started by the Receiver's Legal Counsel, report to this Honourable Court on the results of the security review and recommend distributions of the estate's recoveries; and
 - (c) Complete remaining administrative tasks.

RECEIVER'S RECOMMENDATIONS

57. The Receiver respectfully requests that this Honourable Court grant the following relief:
- (a) Approving the Receiver's activities to date;
 - (b) Approving the 226 AB SPA and related sale Approval and Vesting Order;
 - (c) Approving the 112 AB APA and related sale Approval and Vesting Order;
 - (d) Approving the Captive APA and related sale Approval and Vesting Order; and
 - (e) Approving the sale of the Remaining Equipment by way of public auction and approving the McDougall ASA.

All of which is respectfully submitted this 18th day June 2020.

FTI Consulting Canada Inc.,
in its capacity as receiver and manager of
Accede Energy Services Ltd., Accede Fire &
Safety Ltd., 1537723 Alberta Inc., and Access
Valve Ltd., and not in its personal or corporate
capacity

Deryck Helkaa
Senior Managing Director

Dustin Olver
Senior Managing Director