

COURT FILE NUMBER 1801-06578

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF MAYNARDS FINANCIAL LIMITED
PARTNERSHIP by its general partner
MAYNARDS CAPITAL INC.

DEFENDANT CLAYTON CONSTRUCTION CO. LTD., GLENN
ALLAN CLAYTON, and JOHN JAMES
CLAYTON

DOCUMENT FIRST REPORT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS COURT
APPOINTED RECEIVER AND MANAGER OF
CLAYTON CONSTRUCTION CO. LTD.

June 4, 2018

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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INTRODUCTION

1. On May 8, 2018 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all the current and future assets, undertakings and properties (the “**Property**”) of Clayton Construction Co. Ltd. (“**Clayton**” or the “**Company**”) pursuant to an Order of this Honourable Court (the “**Receivership Order**”).
2. The Receivership Order authorized the Receiver, among other things, to take possession of and exercise control over the Property, carry on the business of the Company 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/clayton>.
4. The purpose of this report (the “**First Report**”) is to inform the Court as to the following:
 - (a) the status of various aspects of the Receivership Proceedings including the Receiver’s activities since the Date of Appointment;
 - (b) a summary of the Receiver’s receipts and disbursements since the Date of Appointment; and
 - (c) the process being proposed by the Receiver to realize on the Clayton Equipment (as defined below) and the Receiver’s recommendation with respect to the Sale Procedure (as defined below).

5. The Receiver is requesting the following relief from this Honourable Court:
- (a) an increase in the Receiver's Borrowing Charge from \$250,000 to \$500,000.;
 - (b) confirmation of the priority of the Receiver's Charge and the Receiver's Borrowing Charge;
 - (c) approval of the Sale Procedure;
 - (d) approval of the actions, conduct and activities of the Receiver from the Date of Appointment to the date of this First Report; and
 - (e) approval of the Receiver's statement of receipts and disbursements for the period from May 8, 2018, to June 1, 2018.

TERMS OF REFERENCE

6. 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**").
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 Chartered Professional Accountants of Canada 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 Chartered Professional Accountants of Canada 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 scheduled for June 11, 2018 (the "**Application**"). This First Report should not be relied on for any other purposes.

- 10. 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, and application motion materials filed in support of the Application (the "**Application Materials**").

BACKGROUND

Corporate Structure

- 11. The Company is an excavation and construction company whose services include the building and maintenance of oil and gas leases as well as the building of public roadways. The Company's operations are based out of Lloydminster, Alberta.

- 12. At the Date of Appointment, the Company had 17 employees consisting of 7 operators, 3 mechanics, 2 foreman, 2 safety personnel, 2 office staff and 1 shop manager.

13. The Company operates from two locations in Lloydminster; an office suite for administrative functions and a yard where it stores any equipment not currently in use and also houses a workshop for performing repairs and maintenance on its machinery.

The Property

14. The following provides a summary of the assets owned by Clayton:
 - (a) Machinery - Clayton owns and leases excavating and road construction machinery and related accessories with net book value of approximately \$3.7 million as at the Date of Appointment. The machinery includes backhoes, bull dozers, scrapers, a semi-trailer truck and semi-trailer. In addition to the heavy machinery, the Company owns an inventory of related accessories and pick-up trucks (collectively the “**Clayton Equipment**”). A schedule of the Clayton Equipment, as provided by Management, is attached as Appendix A;
 - (b) Gold Mining Lease – the Company entered into a mining agreement (the “**Mining Agreement**”) with the owner of certain mineral claims which are located in the Yukon Territory. A copy of the Mining Agreement is attached as Appendix B. The Mining Agreement provides Clayton with the right to mine the mineral claims for the three-year period ending on October 31, 2020 in exchange for a 10% royalty on the gross revenue generated from the sale of the precious metals from the Mineral Claim;
 - (c) in 2008 Clayton acquired a 160 acre parcel of land in the county of Vermillion River. The Company appears to have paid \$195,000 for the property, however it does not have a current appraisal. According to the municipal tax records, there is approximately \$8,300 owing for unpaid taxes; and

- (d) as per the Company's records at the Date of Appointment, the book value of the Company's accounts receivable ("**AR**") was \$67,000.

Liabilities

15. The following provides a high-level summary of the Company's liabilities:

- (a) Maynards – approximately \$6.7 million loan outstanding as of May 8, 2018 plus accruing interest (the "**Maynards Loan**"). The Maynards Loan is secured by:
- a General Security Agreement dated August 27, 2014 (the "**GSA**") which has been registered under both of the Alberta and Saskatchewan PPSA registration systems including specific serial number registrations for some of the more expensive pieces of Clayton Equipment;
 - an Assignment and Postponement of Claim dated August 27, 2014 from Glenn Allen Clayton and Assignment and Postponement of Claim dated August 27, 2014 from John James Clayton (together with the GSA, the "**Maynards Security**") and
 - the Maynards Security has been reviewed by the Receiver's legal counsel who has advised that the security creates a valid security interest in favour of Maynards in the right, title and interest of the Company in its personal property.
- (b) Caterpillar Financial Service Limited – approximately \$976,000 outstanding as of the Date of Appointment plus accruing interest (the "**CAT Loan**"). The CAT Loan is secured by:

- various lease agreements for specific machinery for which registrations have been made in both the Alberta and Saskatchewan registration systems noting the specific serial numbers for the leased equipment.
- (c) Finning International Inc. (“**Finning**”) - approximately \$842,000 outstanding as of the Date of Appointment plus accruing interest (the “**Finning Loan**”). The Finning Loan is secured by:
- a Security Agreement dated October 7, 2016 granting charges in favour of Finning over several specific pieces of Clayton Equipment.
- (d) Ford Credit Canada – approximately \$43,000 as of the Date of Appointment plus accruing interest (the “**Ford Credit Loan**”). The Ford Credit Loan is secured by:
- lease agreements for specific vehicles for which registrations have been made in both the Alberta and Saskatchewan registration systems noting the specific serial numbers for the leased vehicles.
- (e) Preferred Creditors – approximately \$629,000 owing to the Canada Revenue Agency (the “**CRA**”) related to unremitted employee withholding taxes and unremitted goods and services tax (“**GST**”) and the Saskatchewan Ministry of Finance for unremitted provincial sales tax (“**PST**”);
- (f) Related Parties – approximately \$4.2 million owing to related parties; and
- (g) Unsecured Creditors – approximately \$2.8 million owing to unsecured trade creditors.

RECEIVER'S ACTIVITIES

Custody and Control

16. On the Date of Appointment, the Receiver advised the principal of the Company, Glenn Clayton ("**Management**") and informed him that the Receivership Order had been granted.
17. The Receiver arranged to meet with Management on May 9, 2018 at Clayton's office located in Lloydminster, Alberta (the "**Office**"). During the meeting the Receiver presented a copy of the Receivership Order to Management and explained the Receivership Proceedings. The Receiver also discussed the status of operations and current work in progress.
18. In accordance with the Receivership Order, the Receiver froze the Company's bank accounts and requested that the funds on hand be transferred to the Receiver's trust account at Scotia Bank.

Employees

19. The Receiver met with the employees working at the Office on May 9, 2018 and informed them of the Receivership Proceedings. As the majority of the Company's employees were working at job sites outside of the city of Lloydminster, the Receiver and Management informed these employees of the Receivership Proceedings by telephone.
20. After meeting with Management, the Receiver determined that all 17 employees were necessary to complete the Company's work in progress and assist in preparing the Clayton Equipment for sale.

21. As of the Date of Appointment, the Company's employees were owed wage arrears for a few days, however no vacation pay was owing as the Company's policy was to pay accrued vacation out on each payroll. As the employee wage arrears would take priority over the Maynards Security, the Receiver in consultation with Maynards decided to pay the employee wage arrears.
22. The Receiver determined no current employees were owed any amounts and based on a review of the Company's employee history ascertained that no employees had been terminated in the six months prior to the Date of Appointment. Accordingly, there was no need for a WEPP claim process.

Insurance

23. The Receiver contacted the Company's insurance provider, Federal Insurance, 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 current status of the insurance coverage.
24. The Company's current insurance coverage extends until June 14, 2018 and the Receiver is currently in discussions with Federal Insurance to complete an extension.

Statutory Compliance

25. On May 14, 2018, the Receiver mailed its notice and statement of receiver in accordance with subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 to the Superintendent of Bankruptcy and to all known creditors of the Company. A copy of the notice is attached as Appendix C.
26. The Receiver notified CRA of the Receiver's appointment and established new remittance accounts for the GST and employee source deduction obligations arising subsequent to the Date of Appointment.

27. The Receiver notified the Workers Compensation Boards of Alberta and Saskatchewan of the Receiver's appointment and established new accounts for obligations arising subsequent to the Date of Appointment in both provinces.

Website and Receiver Contacts

28. The Receiver has established a website respecting the Receivership Proceedings at <http://cfcanda.fticonsulting.com/clayton>.—The Receiver will post periodic updates on its progress, together with copies of court orders, application materials and reports filed in the Receivership Proceedings. The Receiver posted its Calgary office contact information including its phone number 403-454-6035, for which creditors, employees, interested parties and other stakeholders can use to contact the Receiver.

OPERATIONAL UPDATE

29. The Receiver, with the assistance of Management, reviewed the Company's current work in progress and determined that due to the nature of its business practices, it would be unlikely to collect any outstanding revenue for partially completed projects.
30. In addition to the current work in progress, the Company had created a pipeline of potential additional projects. After meeting with Management to discuss the potential cash flow benefit of continuing its operations, the Receiver determined the projects would bring additional positive cash flow to the estate for the benefit of all creditors.
31. The Receiver prepared a cash flow statement to determine the liquidity needs of the Company based on its current work in progress and an assumption for new work to be awarded.

32. As a result of minimal activity prior to the Date of Appointment, the Company's AR were not sufficient to fund the working capital needs of its current work in progress (the "**On-Going Work**").
33. In addition, Management presented the Receiver with a list of repairs required to the Clayton Equipment that would enhance the sale value if performed. The Receiver forwarded the list to Maynards for its review. After consultation with its own equipment appraisers, Maynards concurred that the value enhancement would exceed the repair cost for certain repairs and accordingly requested that the Receiver proceed with those repairs (the "**Equipment Repairs**").
34. As a result, the Receiver is requesting this Honourable Court's approval to increase its borrowing powers by \$250,000 up to \$500,000 in order to fund the working capital needs of the On-Going Work and the Equipment Repairs.

ACCOUNTS RECEIVABLE

35. Since the Date of Appointment, the Receiver has made attempts to collect on outstanding AR owing as of the Date of Appointment and has successfully collected approximately \$7,200 as of the date of this report.
36. In addition to the AR, the Receiver was made aware of other receivables consisting of uncashed cheques relating to an insurance payout and the auction proceeds from the sale of some Clayton Equipment prior to the Date of Appointment.
37. The Receiver has been informed by Management that approximately \$54,000 of the outstanding AR have offsetting amounts owing by the Company. Accordingly, the Receiver expects these balances to be uncollectible.

38. As indicated previously, the Receiver was advised that sale proceeds of approximately \$122,000 from an auction of some Clayton Equipment held prior to the Date of Appointment had been forwarded to Maynards subsequent to the Date of Appointment.
39. The Receiver attempted to intercept the payment, however it had already been received by Maynards. Given the validity of the Maynards Security, the Receiver did not pursue the funds and has reflected the payment as a receipt and disbursement to the secured creditor in the Receiver's statement of receipts and disbursements. The Receiver confirmed that no other party had security over the Clayton Equipment that was sold at auction.

SUMMARY OF RECEIPTS AND DISBURSEMENT

40. Receipts and Disbursements from the Date of Appointment to June 1, 2018 are summarized as follows:

Schedule of Receipts and Disbursements	
As of June 1, 2018	
Receipts	
Receiver's Borrowings	190,000
April 24 Auction Proceeds	115,569
Transfer from Pre-Receivership Account	34,690
AR Collections	7,236
Other Receivables	14,422
Total - Receipts	361,917
Disbursements	
Distribution to Secured Creditor	115,569
Employee Costs	82,918
Equipment Repairs	31,451
Operating Expenses	22,215
Other Disbursements	70
Net Taxes	3,680
Total - Disbursements	255,903
Net Cash on Hand	106,014

- (a) Receiver's Borrowings – amounts borrowed pursuant to Receiver's Certificates in accordance with the terms of the Receivership Order;
- (b) April 24 Auction Proceeds – amounts received by Maynards relating to equipment sold at an auction held on April 24, 2018;
- (c) Transfer from Pre-Receivership Account – funds transferred from the Company's bank accounts at the time of the receivership;
- (d) AR Collections – outstanding AR at the Date of Appointment that have since been collected by the Receiver;
- (e) Other Receivables – collection of insurance payouts relating to stolen vehicles;
- (f) Distribution to Secured Creditor – amount paid to Maynards relating to equipment sold at an auction held on April 24, 2018;
- (g) Employees Costs – costs relating to employee's hourly wages and other compensation;
- (h) Equipment Repairs – costs relating to the repairs of Clayton Equipment for the purposes of enhanced recoveries to the estate;
- (i) Operating Expenses – costs incurred relating to general operations of the Company (ie. fuel costs, machinery repairs, hotel costs, etc.);
- (j) Other Disbursements – miscellaneous costs relating to the Receivership Proceedings (ie. fees to the Official Receiver, bank charges etc.); and
- (k) Net Taxes – net GST and PST paid, received and remitted by the Company.

41. As at June 1, 2018 the Receiver holds \$106,014 in cash on hand.

PROPOSED SALE AND MARKETING PROCESS

42. The Receiver commenced its the marketing process for the sale of the Property of Clayton on June 6, 2018.
43. A summary of the anticipated timeline is provided in the table below:

Anticipated Sale and Marketing Process Timeline	Description
June 6 and 11, 2018	Advertisement published in the national edition of the Globe and Mail.
June 7, 2018	Tender package and list of equipment emailed or mailed to parties identified as potential purchasers of the Clayton Equipment and other assets
June 6 and 11, 2018	Advertisement published in the Daily Oil Bulletin
June 8 – July 6, 2018 (4 weeks)	Responding to requests for information, conducting site tours and assisting potential buyers with their due diligence.
July 6, 2018	Deadline for the submission of offers in the standard form with any revisions noted by a blackline version.

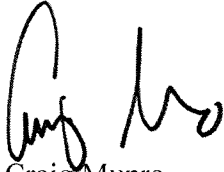
44. A copy of the sale procedure (the "**Sale Procedure**") is attached as Appendix D to the form of order contained in the Application Materials. Interested parties should refer to the Sale Procedure for further information in respect of the sale and marketing process.
45. The Receiver's legal counsel is currently working on a draft form of agreement of purchase and sale and confidentiality agreement which it would consider acceptable. As noted previously, the Receiver intends to use this as the template for distribution to interested parties.
46. The Receiver has also gathered many of the documents that it would consider necessary to provide to a potential purchaser to enable it to form an opinion on value. Accordingly, the Receiver is confident that the proposed timeframe can be achieved.

RECEIVER'S RECOMMENDATIONS

47. The Receiver respectfully requests that this Honourable Court grant an Order:
 - (a) increasing the Receiver's Borrowing Charge from \$250,000 to \$500,000.;
 - (b) confirming the priority of the Receiver's Charge and the Receiver's Borrowing Charge;
 - (c) approving the Sale Procedure;
 - (d) approving the actions, conduct and activities of the Receiver from the Date of Appointment to the date of this First Report; and
 - (e) approving the Receiver's statement of receipts and disbursements for the period from May 8, 2018, to June 1, 2018.

All of which is respectfully submitted this 4th day of June 2018.

FTI Consulting Canada Inc. in its capacity as receiver
and manager of the assets undertakings and
properties Clayton Construction Co. Ltd.

A handwritten signature in black ink, appearing to read 'Craig Munro', written in a cursive style.

Craig Munro
Managing Director

APPENDIX A

Appendix A
Listing of Clayton Equipment
As at May 8, 2018

YEAR	MAKE	MACHINE	SERIAL #	FINANCED (if applicable)
CRAWLER TRACTORS				
2008	Caterpillar	D6N LGP	ADJY00992	
2013	Caterpillar	D6T XW	CAT00D6TARCW01256	Financed - CAT Financial
2012	Caterpillar	D6T LGP	KSB00472	
2012	Caterpillar	D6T LGP	KSB01181	
2012	Caterpillar	D6T LGP	WCG00442	
2012	Caterpillar	D6T LGP	KSB01179	
2012	Caterpillar	D6T LGP	KSB01180	
2013	Caterpillar	D6T LGP	KSB01547	Financed - CAT Financial
2008	Caterpillar	D8T	KPZ02760	
2008	Caterpillar	D8T	KPZ02764	
2012	Caterpillar	D8T	MLN00531	
GRADERS				
2008	Caterpillar	160M	B9L00331	
2009	Caterpillar	160M	B9L00410	
2009	Caterpillar	14M	B9J00979	
PACKERS				
1995	Caterpillar	CP 563	5JN00138	
2005	Super Pack	8410	102064	
1980	Caterpillar	815	91P1898	
1988	Caterpillar	815B	17Z00985	
2007	Home Built	60' Sheepfoot Pull type		
2007	Home Built	60' Sheepfoot Pull type		
2007	Home Built	60' Sheepfoot Pull type		
1990	Home Built	48' Sheepfoot Pull type with wheels		
2006	WRT	WOBBLEY PACKER	PT-13-204606	
2006	Home Built	WOBBLEY PACKER		
2007	Allied	02300 Vibratory Hoe-Pack	1315	
ARTICULATED TRUCKS (ROCK TRUCKS)				
2012	Caterpillar	730B	CAT00730CBIM03553	
2012	Caterpillar	730B	CAT00730CBIM03545	
2012	Caterpillar	730B	B1M00943	
2012	Caterpillar	730B	B1M03284	
SCRAPERS				
2007	Caterpillar	627G	DBD00673	
2007	Caterpillar	627G	DBD00776	
EXCAVATORS				
2007	Volvo	290 BLC	80964	
2013	Caterpillar	349EL	CAT0349ECTFG00800	Financed - CAT Financial
2012	Caterpillar	336E	BZY01556	Financed - CAT Financial
2012	Caterpillar	329E	CAT0329EPPLW00977	Financed - CAT Financial
2012	Caterpillar	329E	CAT0329EVZCD00173	Financed - CAT Financial
2014	Caterpillar	305E	CAT0305EEXFA03478	
WHEEL LOADER				
1990	John Deere	544H	576955	
	Custom	Wheel Loader Spoon	Home built NO S/N	
RUBBERTIRE HOE				
1985	Case	580E	17044471	
2006	Case	580SM	401632	

Appendix A
Listing of Clayton Equipment
As at May 8, 2018

YEAR	MAKE	MACHINE	SERIAL #	FINANCED (if applicable)
TRACTORS				
1998	New Holland	8360	0643272B	
1996	Kubota	B1700	71806	
2003	Kubota	ZD 21 Mower	ZD-21	
1994	Ford	8670	D402118	
2005	New Holland	TM-120	ACM244834	
2000	John Deere	9400	H030206	
		Skid steer pallet forks		
BUCKETS AND BLADES				
Misc. Buckets and Blades				
		Allu Bucket	98317658	
		WELDCO BEALS	WO 00126-7	
		WELDCO BEALS	1-55991-1	
2006	WBM	300 Series Weldco Brush Rake	923771	
2006	WBM	250 Series Weldco Link Thumb		
2007	WBM	36" dig bucket for EC 290BLC	B-001126-4	
Frost Bucket				
		Frost Bucket		
		Frost Bucket		
		Frost Bucket CAT 250 Series	None Visible	
		Frost Bucket 329 Hoe	3W51923-1	
		Frost Bucket CAT 250 Series	3W51922-2	
		Frost Bucker Hensley 250 series	15027	
		Frost Bucket CAT 250 Series	3460850-NBC00907	
Twist Bucket				
		Twist Bucket	None Visible	
		Twist Bucket		
		Twist Bucket	None Visible	
		Twist Bucket	3418181-1	
		Twist Bucket Accurate 250 Series	70824140	
		Twist Bucket	161797-01-01	
Cleanup Buckets				
		Cleanup Bucket 300 Series	None Visible	
		Cleanup Bucket	None Visible	
		Cleanup Bucket	None Visible	
		Cleanup Bucket	None Visible	
		Cleanup Bucket	None Visible	
		Cleanup Bucket	None Visible	
		Cleanup Bucket 250 Series Weldco Beales	None Visible	
		Cleanup Bucket	3W51924-1	
		Cleanup Bucket 250 Series Weldco Beales	3-W51924-2	
		Cleanup Bucket 300 Series	None Visible	
		Cleanup Bucket 250 Series	Z1K10291 OR 41291	
		Cleanup Bucket CWS	None Visible	
Chuck Blades				
		Chuck Blade 250 Series Welco Beales	3-101701-2	
		Chuck Blade Weldco Beales	3-101701-1	
		Chuck Blade 300 Series	3-81216-3	
		Chuck Blade	None Visible	
		Chuck Blade 250 Series	3-78087-1	
2006	WBM	250 Series Weldco Chuck Blade	10372BB	
Ripper Shanks				
		Ripper Shank CAT 300 Series	None Visible	
		Ripper Shank CAT 250 Series	None Visible	
DISCS				
		Ezee-on Disc 14'		
		Kello built 300 offset disc	KB864094-28R	

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Listing of Clayton Equipment
As at May 8, 2018

YEAR	MAKE	MACHINE	SERIAL #	FINANCED (if applicable)
OTHER				
		FUEL TANK		
		WATERPUMP	2496109	
2013		Double AA Trailer Water Cannon	2DAWCODT00176	
		CVP 16 Vibratory Compactor Plate	A1E01316	
		Auger model #750CLH	81564057	
1997		2200 L Fuel Tank (Mounting on T-144)		
1997	Miller	Bobcat Welder with Onan gas engine		
SNOWCATS				
1998	Pisten Bulley	PB 200	W0982310121K30000	
1999	Pisten Bulley	PB 200	W0982310137K30000	
SKID STEERS				
2007	Case	440CT Tracked	N7C451998	
JOBSITE OFFICES				
		10' x 50' Office trailer	1UYWS2486JU883805	
JOBSITE SHOP TRAILERS				
1980	(Job Van)	Comic Reefer Trailer	SK000000000136251	
PORTABLE AIR COMPRESSORS				
1998		Portable aircompressor	290762UF1221	
PORTABLE LIGHT TOWERS				
	Amida	4KW	9802-46578	
	Amida	4KW	4ZJSL141751J16318	
	Amida	8KW	0108-71724	
	Amida	8KW	E0F-09003	
	AL500	AL5080D4MH	E0F-0907	
SEMI-TRACTOR / TRAILERS				
1998		Peterbilt	1XPFD9X9WD449347	
2005		Kenworth Truck	1XKWDBOX35R981116	
TRIDEM TRAILERS				
2012		Stellar Folding Gooseneck Trailer	2N9LB70523CE065346	
2005		Tridem Trailer - Aspen	2A9LB50335N125162	
1996		Tridem Trailer - Gerry's	2A9LB5032TN125330	
2003		Tridem Trailer - Aspen	2A9LB50393N125034	
2008		Tridem Trailer - Aspen	2A9LB50398N125221	
1985		8 Wheel Trailer	SK000000000136242	
8/16 WHEEL JEEPS				
1985		Nortrail 8 wheel Jeep	NC85125	
2003		Aspen 8 wheel Jeep	2A9JT40233N125035	
2006		Gerrys 8 wheel Jeep	2K9KB225B6L052394	
2012		Stellar 16 Wheel Jeep	2N9JT1620CE065345	
BOOSTERS				
2006		Aspen Single Axle	2A9TD10126N125186	
2012		Stellar Tandem Axle	2N9TB3024CE065347	
UTILITY TRAILERS				
2007	RainBow	DA20HD 20' Deck Above Trailer	2R9DA202471625037	

Appendix A
 Listing of Clayton Equipment
 As at May 8, 2018

YEAR	MAKE	MACHINE	SERIAL #	FINANCED (if applicable)
			PICK UPS	
2008	Ford	F-350 CrewCab 4x4	1FTWW31RX8EA06992	
2008	Ford	F-350 CrewCab 4x4	1FTWW31568EC91297	
2004	Ford	F-150 Cr/Cab 4x4	1FTPX14554NA18153	
2013	Ford	F-550 SuperCab 4x4	1FD0X5HTXDEB54503	Financed - Ford Credit
2005	Ford	F-250	1FTSX21P95ED04112	
2004	Ford	Heavy Truck	1FDXW47P24ED61757	
2000	Ford	Kenworth - Lube Truck	3BKMHD7X1YF840134	
2007	Ford	Ford F150 Supercab 4x4	1FTPX14V17FB54570	
2008	Ford	Ford F350 Series Cr/Cab 4x4	1FTWW31548EC91296	
2004	Ford	FORD F350	1FTWW33PX4ER43355	
2005	Ford	F-150	1FTPX14516FB56916	
2005	Ford	F-350	1FTWW31P75EC43921	
2005	Ford	F-250	1FTSX21P15EB27667	
2008	Ford	F-250	1FTSX21538EA13785	
2005	Ford	F-550	1FDAF57P55ED15353	
2006	Ford	F-250 Supercab	1FTSX21P06EA84649	
2007	Ford	F-150 Supercab 4x4	1FTPW14V57FA95512	
2012	Ford	F-450	1FT8W4DT2CEA51973	
2006	Ford	F-150 Supercab	1FTPW14596FA63239	
2010	Ford	F-150 Supercab	1FTFW1EV6AFD36186	
2009	Ford	F-150 Supercab 4WD	1FTPX14VX9FA16576	
2015	Ford	F-550 SuperCab 4x4	1FD0X5HT7FEA25265	Financed - Ford Credit

APPENDIX B

MINING AGREEMENT

This Mining Agreement is made _____ 14. Of June _____, 2017 between YUKON EXPLORATION GREEN GOLD INC. (the "Owner") and CLAYTON CONSTRUCTION CO. LTD. (the "Operator") and GLENN CLAYTON (the "Guarantor")

RECITALS:

- A. The Owner is the recorded holder of certain Yukon *Placer Mining Act* mineral claims (the "Mineral Claims") and the holder of that Yukon Water Licence which covers the Mineral Claims particulars of which Mineral Claims and Water Licence are set forth on Schedule A to this agreement;
- B. The parties enter into this agreement to better provide for the more expeditious mining of the Mineral Claims; and
- C. Glenn Clayton is the principal of the Operator and has agreed to give his personal guarantee for the performance of the obligations of the Operator.

THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. **AUTHORIZATION TO MINE** Subject to the Operator complying with the terms of this agreement the Owner hereby gives the Operator the right to mine the Mineral Claims to recover precious metals therefrom. The term of the agreement shall commence on the date of signing this agreement and shall end on 31. October 2020
2. **WATER LICENCE** For the purposes of this agreement, and for no other purpose, the Operator will carry on the operations on the Mineral Claims as agent for the Owner and under the auspices of the Owner's Water Licence. This agreement is not a lease and nothing in this agreement or the conduct of the parties is intended nor shall have the effect of an assignment by the Owner to the Operator of the Water Licence without first obtaining the consent of the Yukon Water Board. The Owner remains possessed of all right title and interest in the Water Licence.
3. **OWNER'S PROMISES** The Owner shall extend reasonable co-operation to the Operator, and at the Operator's expense, in signing documents required to facilitate the procurement of permits and the conducting of mining operations in a timely manner.
4. **OPERATOR'S PROMISES** The Operator shall:
 - (a) carry out all work on the Mineral Claims in a good and miner-like fashion and in accordance with recognized placer mining techniques and practices and in compliance with all laws and regulations of any governmental authority, specifically including the Water License and land use permit and observe proper fuel handling and storage procedures, and reclamation/restoration requirements, as directed by the Owner. The Operator will perform the reclamation work on a continuous basis as the Mineral Claims are mined.

(b) sluice a minimum of 25,000 cubic meters of gravel before end of September each year. The Operator shall commence mining operations on the Mineral Claims, by beginning of June 2017.

(c) permit the Owner to attend at any time to inspect the operations and to be present at clean-ups of precious metals or other activities involved in the recovery of precious metals from the Mineral Claims. The Operator shall thereafter notify the Owner at least twenty four hours in advance of all subsequent clean-ups. The Operator shall take all reasonable steps to secure the precious metals production.

(d) pay to the Owner a royalty by way of delivery of ten percent (10%) of the gross gold and silver and other precious metals recovered from the Mineral Claims from each clean-up. Upon signing this agreement the Operator shall pay to the Owner a non-refundable deposit of \$17,000.00, to be paid within the first 3 cleanouts.

(e) pay any applicable goods and services tax;

(f) deliver to the Owner within thirty days of termination of this agreement, a signed quit claim or other appropriate instrument in recordable form whereby all of its right, title and interest in and to the Mineral Claims will be transferred back to the Owner free and clear of all liens, charges and encumbrances created by or arising out of the Operator's operations on the Mineral Claims;

(g) remove all its equipment and personal effects from the Mineral Claims within thirty days following the termination of this agreement, weather permitting; and

(h) not transfer any of its rights under this agreement to any other party without the prior written agreement of the Owner;

(i) carry out assessment work as shall be necessary to keep the Mineral Claims in good standing for the currency of this agreement. Provide to the Owner in writing, upon request by the Owner the following particulars of the Operator's placer mining operations on the Mineral Claims. Each such statement shall include a map indicating the approximate locations of all stripping, sluicing and testing:

- (i) statement of the Operator's production from the Mineral Claims;
- (ii) total man hours worked on the Mineral Claims and the names and addresses of all employees;
- (iii) estimated total cubic yards of overburden stripped from the Mineral Claims and the location from which the overburden was removed;

any other person (including any guarantor). The Guarantor's guarantee of this agreement shall be binding upon the successors or personal representatives of the Guarantor.

8. **NOTICE:** Any notice, payment or other communication required or permitted to be given or served pursuant to this agreement shall be in writing and shall be delivered personally or may be mailed by registered mail postage prepaid, or by facsimile transmission or email to such other party as follows:

To the Owner: PO Box 1178 Dawson City, YT Y0B 1G0
Email: yukonexploration@hotmail.com
Telephone: +1 604 500 4109

To the Operator: 6209 44th St., Lloydminster, AB, T9V 1V8
Email: Glenn B Clayton construction.ca
Telephone: 306-821-7424

or at such other address as may from time to time be notified in writing by any of the parties. Any such notice shall be delivered personally or by mail and shall be deemed to have been given, if delivered personally, on the day delivered, and if mailed, three (3) days following the date of posting; provided that if there shall be between the time of mailing and the actual receipt of the notice a mail strike, slow down or other labour dispute which might affect delivery of such notice by the mails, then such notice shall be effective only if actually delivered; and if sent by facsimile transmission or email, on the date the sender receives the facsimile printed confirmation confirming receipt by the recipient or confirmation the email has been read.

9. **CONFIDENTIALITY** The records and all information related to the mining operation including, but not limited to, the amount of gold and silver recovered and the geology of the Mineral Claims and the surrounding area will be held in confidence by the Operator and the Owner and not disclosed to any third parties. This obligation of confidentiality shall not apply to information which is at the time of disclosure available in the public domain.

10. **RELATIONSHIP OF THE PARTIES** No partnership is created by this agreement. Nothing contained in this agreement shall or shall be deemed to constitute the parties hereto as partners or whereby either could be held liable for any act or omission of the other save as specifically provided by this agreement.

11. **ENTIRE AGREEMENT** This agreement shall supersede and replace any other agreement or arrangement, whether oral or in writing, heretofore existing between the parties with respect to the subject matter of this agreement.

12. **GOVERNING LAW** This agreement shall be governed by and interpreted in accordance with the laws of the Yukon Territory and the laws of Canada applicable therein.

13. **FURTHER ASSURANCES** The parties hereto shall execute any and all documents or instruments which may be reasonably necessary or advisable, needed to carry out fully the intent

- (iv) estimated total cubic yards of material sluiced or processed and the location from which the said material was removed;
 - (v) location and description of testing done on the Mineral Claims and the results thereof;
 - (vi) all drilling, geological, engineering and technical data pertaining to the Mineral Claims and obtained by the Operator.
- (j) take out and maintain, during the term of this agreement, comprehensive liability insurance for a combined single minimum limit in the amount of \$2,000,000.00. The policy shall show the Owner as a named insured as the Owner's interest may appear. The Owner shall indemnify and save harmless the Operator from any accident, damage, injury, death or any other Claim arising out of the Owner's or any Owner's representatives attendance at or presence on the Mineral Claims at any time, except where caused by the Operator's negligence;
- (k) not remove or knowingly damage any artefacts found on the Mineral Claims.
- (l) to ensure that all access roads on and leading to the Mineral Claims are not permanently damaged or deteriorated as a result of any operations thereon by the Operator and any damage or deterioration so caused shall be repaired as soon as is practicably possible.
- (m) the Operator acknowledges and agrees that any ivory found on the Mineral Claims will remain the sole property of the Owner and the Operator will notify the Owner as soon as possible about the ivory and will take reasonable care in preserving the ivory.

5. **AREA OF INTEREST** The Operator will not, directly or indirectly, without the prior written consent of the Owner, acquire mining rights or mine ground within a ten mile radius of the Mineral Claims for a period of two years after the date of the termination of this agreement;

6. **DEFAULT** If the Operator commits an act of default under this agreement or fails to otherwise fulfill its obligations under this agreement, the Owner may provide the Operator with a written notice of default and the Operator will have ten days to correct the situation. If the Operator fails to correct the situation to the Owner's satisfaction, then the Owner may terminate this agreement. The Operator may terminate this agreement upon three month's written notice delivered to the Operator.

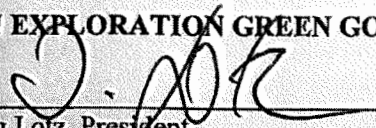
7. **PERSONAL GUARANTEE (a)** In return for the Owner granting this lease to the Operator the Guarantor hereby guarantees the Operator's payments of the royalties and compliance with the Operator's other obligations under this agreement. The Owner can, grant any extensions of time for payment or otherwise deal with the Operator or any other person (including any other guarantor) before requiring payment from the Guarantor, without affecting the guarantee. The Owner may require payment from any guarantor without first trying to collect from the Operator or

and purpose of this agreement in a timely manner and both parties agree to record this agreement at the office of the Dawson Mining Recorder upon execution.

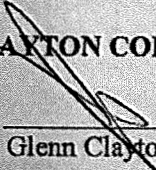
14. **EXECUTION** This agreement may be executed in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same document.

The parties have signed this agreement as follows:

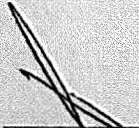
YUKON EXPLORATION GREEN GOLD INC.

By: 
Joerg Lotz, President

CLAYTON CONSTRUCTION CO. LTD

By: 
Glenn Clayton, President


Witness


GLENN CLAYTON, Guarantor

APPENDIX C

May 14, 2018

To: All Known Creditors of Clayton Construction Co. Ltd.

Clayton Construction Co. Ltd.– In Receivership (“Clayton” or the “Debtor”)


On May 8, 2018, FTI Consulting Canada Inc. was appointed as receiver and manager (the “Receiver”) of all the assets, undertakings and properties of the Debtor pursuant to the Order of the Court of Queen’s Bench of Alberta (the “Receivership Order”). A copy of the Receivership Order and other public materials in respect of the receivership proceedings are available at the Receiver’s website:

<http://cfcanada.fticonsulting.com/clayton/>

Periodic updates on the progress of the receivership will be posted on the Receiver’s website. The Receiver may be contacted by email at robert.kleebaum@fticonsulting.com or by phone at (403) 454-6035.

Enclosed is a copy of the Receiver’s Notice and Statement provided in accordance with Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*.

Yours truly,



FTI Consulting Canada Inc.,
in its capacity as receiver of
Clayton Construction Co. Ltd.
and not in its personal capacity

FORM 87

NOTICE AND STATEMENT OF THE RECEIVER

(Subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*)

IN THE MATTER OF THE RECEIVERSHIP OF

Clayton Construction Co. Ltd.

The Receiver gives notice and declares that:

1. On the 8th day of May, 2018, we, FTI Consulting Canada Inc. became the receiver in respect of the property of the Clayton Construction Co. Ltd., which is described below (in thousands of Canadian dollars).

Assets	<i>(\$000's)</i>
Equipment	3,715
Inventory	290
Land & Building	183
Other Assets	10
Accounts Receivable	67
Cash, Deposits and Prepaids	165
Total	4,431

Note: the foregoing are the assets and book value as stated in the unaudited financial statements of the Debtor as at May 8, 2018. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy of the foregoing. The Receiver provides no comment on the realizable value of the assets.

2. We became a receiver by having taken possession and control of the property described above pursuant to the Order of the Court of Queen's Bench of Alberta granted May 8, 2018.
3. The undersigned took possession or control of the property described above on the 9th day of May, 2018.
4. The following information relates to the receivership.

a) Address of the insolvent person:

6209 – 44th St.
Lloydminster, AB
T9V 3B8

b) Principal line of business:

Oil Field Lease and Road Excavation

c) Location of business: Lloydminster

d) The list of secured and unsecured creditors is summarized below.

<u>Liabilities</u>	<u>(\$000's)</u>
Secured Creditors:	
Maynards Financial	6,148
CAT Financial	976
Finning Canada	842
Ford Credit Canada	43
	<u>8,009</u>
Prefered Creditors:	
CRA - Source Deductions	541
CRA - GST Payable	45
PST - Payable	43
	<u>629</u>
Owed to Related Parties	4,180
Unsecured Creditors	2,821 - See Schedule A
Total	<u>15,639</u>

e) The intended plan of action of the Receiver during the receivership is to evaluate and execute on the appropriate steps to realize on the assets with a view to maximizing recoveries for all creditors.


f) Contact person for the Receiver:

Rob Kleebaum
FTI Consulting Canada Inc.
Suite 1610, 520 - 5th Avenue SW
Calgary, AB
T2P 3R7

Telephone: (403) 454-6035
Email: robert.kleebaum@fticonsulting.com

Dated at the city of Calgary in the province of Alberta, this 11nd day of May, 2018.

FTI Consulting Canada Inc. - Receiver


Deryck Helkaa, CA, CIRP
Senior Managing Director

Schedule A

Clayton Construction Co. Ltd.

Listing of Creditors

As at May 8, 2018

Creditor Name	Unsecured	Secured	Preferred
Maynards Financial		6,147,527.52	
CAT Financial		975,889.56	
Finning Canada		842,398.02	
Ford Credit Canada		43,352.70	
Revenue Canada - Source Deductions			541,455.69
Revenue Canada - GST			45,163.02
Saskatchewan Ministry Of Finance - Revenue Division			42,711.68
Kramer Ltd	611,984.35		
Novlan Bros. Sales	335,342.63		
Finning Canada	258,473.06		
Nilex	168,092.92		
P & J Consulting Co. Ltd.	154,415.95		
Graham's Tire Service	111,177.55		
North American Land Corporation	106,762.30		
All Points Towing & Plowing Ltd.	105,418.96		
Saunders Repair Service	86,949.90		
Bear Access And Environmental Inc	85,688.50		
AFD Petroleum Ltd.	61,492.45		
Oakley Mechanical Ltd	58,758.59		
Heaver Oilfield Consulting Ltd	56,549.50		
NC Equipment Ltd.	54,021.55		
Carmacks Enterprises Ltd.	43,243.30		
Bateman Petroleum Sales Ltd.	41,798.14		
Altus Geomatics Limited Partnership	40,669.12		
Vallier Contracting Ltd	38,843.53		
Central Suite Hotel	26,813.96		
Korpan Tractor	23,826.00		
Ironside Sales & Rentals Ltd.	18,900.00		
Feldspar Inc.	17,186.40		
Jasper Enterprises Inc.	16,166.47		
Tirecraft	13,897.00		
Ernst & Young Inc.	12,705.00		
A - Novlan Bros. Sales	12,526.46		
PetroCan Superpass	11,553.81		
EMSCO Equipment Maintenance & Supply Co	10,405.50		
Holts Powder River Sales	10,143.65		
Workers Compensation Board - Yukon	9,891.29		
Northern Enviro Services	8,553.35		
Neighbourhood Inn - Express	8,267.65		
Texas Refinery Corp. of Canada Limited	8,190.00		
Bre-Jon Enterprises Ltd.	8,092.00		
County of Vermillion	7,585.29		
Metaltek	7,507.50		
Signs By Gene	6,945.75		

Schedule A

Clayton Construction Co. Ltd.

Listing of Creditors

As at May 8, 2018

Creditor Name	Unsecured	Secured	Preferred
Motion Industries, (Canada) Inc	6,621.65		
R Batke Oilfield	6,552.00		
Dynasoft Communications	6,446.03		
Shelter Ridge Holdings	5,735.63		
Centre Suite Inns	5,228.73		
R & R Inn and Suites - Wainwright	5,152.23		
Northland Chrysler Inc.	5,144.91		
Smokin Len's	4,670.00		
Romanchuk Welding Ltd.	4,499.38		
Rec Tech Power Products	4,170.05		
Central Energy Services	4,026.02		
A - Norwest Contracting Co. (1969) Ltd.	3,457.64		
Reinhart Developments Inc.	3,213.00		
Provincial Court of Sask.	3,185.00		
Fort Pitt Farms Inc.	3,168.00		
Terra Firma Equipment	3,094.80		
101222724 Sask Ltd.	3,076.89		
626963 Saskatchewan Ltd.	3,074.40		
Workers Compensation Board - Saskatchewan	3,013.19		
Boundary Ford	3,002.30		
Dana's Door Service Ltd.	2,969.20		
Gary Blythe Vacuum Services Ltd.	2,814.00		
Kramer Rents - The Cat Rental Store	2,606.82		
Safety Buzz Ltd.	2,577.75		
McDougall Gauley LLP	2,442.20		
D & M Klassen Contracting Inc. Mulching & Slashing	2,384.88		
883492 Alberta Ltd. o/a Pinnacle Services	2,200.00		
Stuart Wright Ltd	2,189.68		
Lone Star Hotel	2,172.35		
Fountain Tire (Bonnyville) Ltd.	2,108.58		
Guardian Plumbing & Heating Ltd.	2,100.00		
Sign Solutions	2,090.42		
Direct Energy Regulated Services	2,060.41		
B & R Eckel's Transport Ltd.	2,057.69		
Easthill Enterprises Ltd.	1,927.80		
Coatings 2000	1,890.00		
Layfield Inc.	1,888.88		
Cansafe Inc.	1,770.30		
Redek Backhoe Services Ltd.	1,732.50		
Alberta Transportation	1,731.01		
Norwest Cont. Co. Ltd	1,575.92		
Spence Equipment Rentals Ltd.	1,575.00		
Petro Canada	1,482.09		
Stewart Sales & Rentals	1,375.50		

Schedule A

Clayton Construction Co. Ltd.

Listing of Creditors

As at May 8, 2018

Creditor Name	Unsecured	Secured	Preferred
Pebbles Trucking Ltd.	1,312.50		
All In Hauling Inc.	1,307.25		
SGL Auto Fund	1,168.47		
Industrial Electric Services Ltd.	1,160.20		
Reid Signs Ltd.	1,007.43		
Telus	1,002.36		
101109014 Saskatchewan Ltd.	1,000.00		
Mayham Contracting Ltd.	880.43		
Union Tractor Ltd.	879.86		
Dan-Mar Equipment Sales & Service Ltd.	871.50		
Quik Pick Waste Disposal	863.49		
Digital Connection Inc.	835.01		
Sasktel Mobility	797.64		
Telus Mobility	795.85		
The Cat Rental Store	759.51		
SureHire Inc	667.58		
R. Snelgrove & Sons Ltd.	651.00		
Wiebe Contracting Ltd.	614.25		
Greyhound Courier Express	609.28		
Ducharme Motors Ltd.	605.80		
Signs 'n' More	558.94		
Territorial Treasurer	556.09		
Lloydminster Training Centre	529.70		
Ivanhoe Motel	522.90		
L & P Disposals	500.00		
Shaw Cable	462.55		
Ironjet Promotions Inc.	443.77		
Worksafely MHCA	420.00		
Jo-Al's Septic Tank Service	367.50		
Signature Safety Ltd.	352.01		
Lloydminster Agricultural	350.00		
Pitney Bowes	300.11		
Gartner Management Ltd.	277.20		
Maidstone Motel	260.70		
Dale Fleming Consulting Ltd.	248.50		
City of Lloydminster	247.94		
Red Rest Motel	225.63		
Relay Distributing	211.05		
Exhaust Masters	181.76		
Sask Power	174.54		
1769502 Alberta Ltd.	119.70		
St. John Ambulance	115.50		
Provincial Court Traffic	111.00		
Paradise Hill Arena	105.00		

Schedule A

Clayton Construction Co. Ltd.

Listing of Creditors

As at May 8, 2018

Creditor Name	Unsecured	Secured	Preferred
R. M. of Willow Bunch No. 42	100.00		
Sierra Oilfield Contracting (Cold Lake) Ltd.	92.22		
R.M. of Frenchman Butte No. 501	76.25		
Staples - Citi Cards	67.20		
Sabre Communications Inc,	52.45		
Enform	26.25		
Total	\$ 2,820,940.08	\$ 8,009,167.80	\$ 629,330.39