



COURT FILE NUMBER 2301-16371
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT CANADIAN WESTERN BANK

C41145

Apr 25, 2024
COM

RESPONDENTS WOLVERINE ENERGY AND
INFRASTRUCTURE INC., WOLVERINE
EQUIPMENT INC., WOLVERINE
CONSTRUCTION INC., WOLVERINE
MANAGEMENT SERVICES INC., HD
NORTHERN EQUIPMENT SALES AND
RENTALS INC., HD ENERGY RENTALS LTD.,
BHW EMPLOYMENT SERVICES INC., FLO-
BACK EQUIPMENT INC., LIBERTY ENERGY
SERVICES LTD., WESTERN CANADIAN
MULCHING LTD., and WOLVERINE GROUP
INC.

DOCUMENT THIRD REPORT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS COURT
APPOINTED RECEIVER AND MANAGER OF
WOLVERINE ENERGY AND
INFRASTRUCTURE INC., WOLVERINE
EQUIPMENT INC., WOLVERINE
CONSTRUCTION INC., HD ENERGY RENTALS
LTD., BHW EMPLOYMENT SERVICES INC.,
FLO-BACK EQUIPMENT INC., LIBERTY
ENERGY SERVICES LTD., WESTERN
CANADIAN MULCHING LTD., and
WOLVERINE GROUP INC.

APRIL 15, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER

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THIRD REPORT OF THE RECEIVER

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INTRODUCTION

1. On November 30, 2023, Wolverine Energy and Infrastructure Inc., Wolverine Equipment Inc., Wolverine Construction Inc., HD Energy Rentals Ltd., In-Line Production Testing Ltd., BHW Employment Services Inc., Flo-Back Equipment Inc., Liberty Energy Services Ltd. and Western Canadian Mulching Ltd., (collectively, the “**CCAA Applicants**”) were granted the following relief, among other things:
 - (a) An initial order (the “**Initial Order**”) to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”);
 - (b) An initial stay of proceedings in favor of the CCAA Applicants until December 11, 2023;
 - (c) Appointing Ernst & Young Inc. as the monitor (the “**Monitor**”) in the CCAA Proceedings; and
 - (d) Providing for a comeback hearing (the “**Comeback Hearing**”) in respect of the relief granted in the Initial Order, to be heard on December 8, 2023.

2. In response to the application by the CCAA Applicants seeking to commence proceedings under the CCAA, Canadian Western Bank (“**CWB**”) made an application for an Order pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, seeking to appoint FTI Consulting Canada Inc. as interim receiver, without security, of all of the assets, undertakings and properties of the Defendants in the within action (the “**Interim Receiver Order**”). Fiera Private Debt Fund V LP and Fiera Private Debt Fund VI LP (together, “**Fiera**”, and collectively with **CWB**, the “**Secured Lenders**”) swore an Affidavit in support of the application brought by CWB.

3. The Interim Receiver Order was denied and the Initial Order was granted by this Honourable Court.
4. The following relevant events occurred in the days leading up to the Comeback Hearing scheduled for December 8, 2023:
 - (a) CWB, as secured lender to the CCAA Applicants, filed an application (the “**Receivership Application**”) to appoint FTI Consulting Canada Inc. as receiver and manager (the “**Receiver**”) of the assets, properties and undertakings (the “**Property**” or “**Business**”) of Wolverine Energy and Infrastructure Inc., Wolverine Equipment Inc., Wolverine Construction Inc., Wolverine Management Services Inc., HD Northern Equipment Sales and Rentals Inc., HD Energy Rentals Ltd., BHW Employment Services Inc., Flo-Back Equipment Inc., Liberty Energy Services Ltd., and Western Canadian Mulching Ltd., (collectively referred to as the “**Debtors**” or the “**Company**”). A draft of the Receivership Application was circulated on December 7, 2023 and was filed with the Court on December 7, 2023;
 - (b) On December 6, 2023, counsel to the CCAA Applicants advised CWB and Fiera that the Board of the CCAA Applicants was prepared to consent to the conversion of their CCAA proceedings into a receivership on the customary terms as set out in the Alberta Standard Template Receivership Order at the Comeback Hearing, subject to ensuring that outstanding wages to employees would be paid. In furtherance of such advice, counsel to the CCAA Applicants consented to a receivership order in respect of the Debtors; and
 - (c) On December 7, 2023, Fiera, as secured lender to the CCAA Applicants, filed an application to terminate the Initial Order (the “**CCAA Termination Order**”).

5. On December 8, 2023 (the “**Date of Appointment**”), at the Comeback Hearing, this Honourable Court granted the following relief, among other things:
 - (a) The approval of the Monitor and its legal counsel’s fees with respect to the CCAA Proceedings;
 - (b) The CCAA Termination Order;
 - (c) The termination of the Administration Charge and the D&O Charge as set out in the Initial Order; and
 - (d) Pursuant to a separate Order of Mr. Justice J.T. Neilson (the “**Consent Receivership Order**”), FTI Consulting Canada Inc. was appointed as the Receiver of the Property and Business of the Debtors (such proceedings thereunder being the “**Receivership Proceedings**”).

6. On December 22, 2023, this Honourable Court granted an order (the “**Amending Order**”) to amend the Consent Receivership Order by removing HD Northern Equipment Sales and Rentals Inc. and Wolverine Management Services Inc. from the definition of “Debtors”, on a *nunc pro tunc* basis. For clarity, HD Northern Equipment Sales and Rentals Inc. and Wolverine Management Services Inc. are not subject to the Receivership Proceedings in this action, subject to any further order of this Court.

7. The Consent 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.

8. On January 23, 2024, this Honourable Court granted an order approving, among other things, a sale and investment solicitation process (the “**SISP**”) in respect of the Property of the Company and the actions, conduct and activities of the Receiver since the Date of Appointment (the “**SISP Order**”).
9. Since the granting of the SISP Order, the Company has continued to operate on a going concern basis under the control of the Receiver.
10. On April 15, 2024, the Receiver filed an Application seeking:
 - (a) An order (the “**Auction Approval and Vesting Order**”) approving an auction services agreement (the “**Auction Services Agreement**”) between the Receiver and McDougall Auctioneers Ltd. (“**McDougall**”) to dispose of the Company’s assets and vesting them in any auction purchaser upon issuance of a bill of sale;
 - (b) A restricted court access order (the “**Restricted Court Access Order**”) to seal the Receiver’s confidential supplemental report to this third report of the Receiver (the “**Third Report**” or this “**Report**”) and the commercially sensitive terms of the Auction Services Agreement until the auction has been completed; and
 - (c) Approving the actions, conduct and activities of the Receiver since the Date of Appointment.
11. The purpose of this Report is to provide this Honourable Court with:
 - (a) A summary of the activities of the Receiver since the Receiver’s first report dated January 15, 2024 (the “**First Report**”);
 - (b) The Receiver’s summary statement of receipts and disbursements from the Date of Appointment to April 5, 2024;

- (c) A summary of the results of the SISP; and
 - (d) The Receiver's summary and recommendations with respect to selling the assets of the Company by way of public auction pursuant to the terms of the Auction Services Agreement between the Receiver and McDougall.
12. 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) Directions from the Court concerning a demand letter sent on April 5, 2024 (the "**April 5 Letter**", attached as Appendix "A") to legal counsel of Raven Recert LLC ("**Raven**") requesting that they comply with the terms of the Consent Receivership Order and return certain of the Property of the Company that their client is in possession of, which they refuse to release to the Receiver;
 - (c) Authorization for the Receiver to engage McDougall to facilitate a sale of the Company's assets by public auction and approval of the Auction Services Agreement between McDougall and the Receiver;
 - (d) Granting the Restricted Court Access Order; and
 - (e) Granting the Auction Approval and Vesting Order.
13. The Receiver's reports and other publicly available information in respect of these Receivership Proceedings are posted on the Receiver's website at <http://cfcanada.fticonsulting.com/wolverine/>.

TERMS OF REFERENCE

14. In preparing this Third 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**").
15. Except as described in this Third Report:
 - (a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) The Receiver has not examined or reviewed financial forecasts and projections referred to in this Third Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
16. Future oriented financial information reported or relied on in preparing this Third Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
17. The Receiver has prepared this Third Report in connection with the Receiver's Application that is to be heard on April 25, 2024. This Third Report should not be relied on for any other purpose.
18. Information and advice described in this Third Report that has been provided to the Receiver by its legal counsel, Torys 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.

19. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

RECEIVER'S ACTIVITIES

20. Since the date of the First Report, the Receiver has, among other things, completed the following:
- (a) Continued the operations of the Company, with assistance from certain former management, with a goal to optimize operational cash flow and maintain potential going concern value of the Company through the SISP. Maintaining going concern operations was a substantial undertaking as the Receiver continued to operate four separate operating companies located throughout Alberta and the United States. The Receiver maintained the majority of the operations workforce (approximately 123 employees and 16 contractors) and generated approximately \$15.8 million in consolidated revenue since the commencement of the Receivership Proceedings. The cash flow generated from the ongoing operations allowed the Receiver not to draw on any Receiver's certificates to fund the Receivership Proceedings;
 - (b) Completed the SISP which has resulted in the Receiver entering into the Auction Services Agreement for the sale of all of the Company's Property. Further details with respect to the SISP and the Auction Services Agreement are presented later in this Third Report;
 - (c) Executed sales for various pieces of equipment under the thresholds stipulated in the Consent Receivership Order and for one of the Surplus Assets (as defined in the SISP Order);

- (d) The Receiver has sent notices to customers with significant outstanding balances greater than 90 days, notifying them of the Receivership Proceedings and requesting payment of the outstanding amounts owed to the Debtors;
- (e) Pursuant to the SISP Order, the Receiver retrieved the equipment held by Lefley Honey Company Ltd. and settled a claim with them for unpaid storage costs and other expenses relating to the released equipment;
- (f) Since the execution of the Auction Services Agreement, the Receiver is starting to wind-down operations in preparation of the auctions. The Receiver anticipates all operations to cease by the end of April 2024. The Receiver is working with McDougall to help facilitate the mobilization of assets back to the Debtors' premises;
- (g) The Receiver has terminated three employees. Based on the books and records of the Company, notices regarding the *Wage Earner Protection Program Act* were issued to all employees eligible to submit a proof of claim under the program. The Receiver has submitted all claims received to Service Canada. With the wind-down of operations, the Receiver is reviewing and managing staff levels accordingly;
- (h) Wolverine owns and controls 873,105 shares ("**Fleet Shares**") in a private oilfield service company known as Fleet Energy Ltd. ("**Fleet**"). Upon appointment, the Receiver had a call with Fleet Energy to discuss the Receiver's intentions to market or sell the Fleet Shares and to request additional financial information from Fleet in order to gain an understanding of Fleet's operations, financial position and formulate a strategy to market and sell the shares. Subsequently the Receiver and Fleet engaged in the following correspondence:

- i. On January 27 and 28, 2024, the Receiver was provided with December 2022 financial statements and the unanimous shareholder agreement for the Fleet Shares (“**Fleet USA**”). In the Receiver’s view, the 2023 financial statements are necessary to formulate a current view of the company’s current value. The Receiver was advised that 2023 financial statements were not yet available;
- ii. On February 13, 2024, Fleet sent a demand letter (“**Demand Letter**”) to the Receiver advising that they intended to exercise their rights under the Fleet USA to effectively force the Receiver to sell the Fleet Shares to Fleet with the purchase price to be determined by an independent valuator. Fleet also included a copy of the independent valuator (“**Valuator Report**”) report Fleet intended derive the purchase price from;
- iii. On February 16, 2024, the Receiver’s Counsel responded to the Demand Letter advising Fleet of the stay of proceedings granted by the Consent Receivership Order and providing its view that the *ipso facto* provisions contained in the Fleet USA are unenforceable under Canadian insolvency legislation and Canadian case law;
- iv. The Receiver reviewed the Valuator Report and had concerns with many of the assumptions contained therein, and is of the view that the Valuator Report significantly undervalued the Fleet Shares;
- v. On March 27, 2024, Fleet sent the Receiver a certified cheque and a letter stating that the certified cheque was payment for the Fleet Shares pursuant to Fleet’s right to purchase the Fleet Shares under the Fleet USA. The Receiver immediately responded to Fleet advising that it was not consenting to the sale and would not accept the payment. The Receiver returned the certified cheque to Fleet; and

- vi. The Receiver is continuing discussions with Fleet in respect of the Fleet shares and its options to market and sell the Fleet Shares;

- (i) The Receiver, in consultation with the Secured Lenders, are continuing to consider the best strategies to market the Fleet Shares and will seek approval from this Honourable Court in due course to sell these assets;

- (j) On March 18, 2024, the Receiver’s Counsel issued a demand letter to Mr. Alex Barendregt of Pure Flow Instrument Solutions (“**Pure Flow**”), an unsecured creditor of the Company. Pure Flow was in possession of a certain piece of equipment owned by the Company. The demand letter requested that Pure Flow comply with the Consent Receivership Order and promptly release the specified equipment back to the Company. Pure Flow complied with the letter and has since released the equipment back to the Company;

- (k) On April 5, 2024, the Receiver’s Counsel issued the April 5 Letter to counsel for Raven, an unsecured creditor of the Company. Raven was in possession of a certain piece of equipment owned by the Company. Among other things, the April 5 Demand Letter requested:
 - i. Raven comply with the Consent Receivership Order and promptly release the specified equipment back to the Company; and

 - ii. Requested a response within five (5) days of the date of the letter, noting the Receiver would consider commencing legal proceedings to enforce its rights if Raven failed to comply.

- (l) As of the date of this Report, Raven has failed to respond to the April 5 Letter (through legal counsel or otherwise) or to return the equipment. The Receiver is requesting this Honourable Court to compel Raven to comply with the Consent Receivership Order and promptly return the property in question to the Company;

- (m) The Receiver's Counsel is in the process of completing a security review of the security held by CWB and Fiera in relation to the Debtors. The Receiver will report on the results of the security review at a subsequent application when it seeks to distribute funds from the realization of assets; and

- (n) On February 20, 2024, the Notice of Chapter 15 Proceeding was filed for Flo-Back Equipment Inc. in the United States Bankruptcy Court in the Southern District of Texas Houston Division. On March 18, 2024, the order seeking recognition of a foreign proceeding, of a foreign representative and relief under Chapter 15 of the Bankruptcy Code, was granted.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

21. Receipts and Disbursements from the Date of Appointment to April 5, 2024 are summarized as follows:

Schedule of Receipts and Disbursements	
As at April 5, 2024	
(\$000's CAD)	
Receipts	
Opening Cash	\$ 1,050
Accounts Receivables	15,140
Asset Sales	1,388
Miscellaneous Receipts	90
GST/PST Collected	675
Total Receipts	18,342
Disbursements	
Labour	7,381
Operating Costs	2,709
Rent and Lease Payments	1,025
Fuel	572
Bank Charges	22
Professional Fees	1,464
GST/PST Paid	330
Other Costs	33
Total Disbursements	13,537
Net Cash on Hand, before Financing	4,806
Net Receiver's Advances	-
Ending Cash on Hand, after Financing	\$ 4,806

- (a) Opening Cash – cash balance in the Debtors' bank account at Date of Appointment that was transferred to Receiver's account;
- (b) Accounts Receivables – amounts collected from various of the Debtors' customers related to work completed and rental assets contracted out, prior to and during, the Receivership Proceedings;

- (c) Asset Sales – relates to amounts collected for asset sales;
 - (d) GST / PST Collected – relates to tax credits collected on the revenue generated throughout the receivership period;
 - (e) Labour – costs relating to employee wages, payroll remittances, insurance and benefits;
 - (f) Operating Costs – relates to the payment of ongoing operating costs, including but not limited to, insurance, utilities, property taxes, equipment repairs and maintenance;
 - (g) Rent and Lease Payments – comprises of rent paid to occupied, leased premises from which the Debtors are operating and equipment leases;
 - (h) Fuel – costs incurred relating to fuel for ongoing operations;
 - (i) Bank Charges – relates to banking fees;
 - (j) Professional Fees – relates to professional fees for the Receiver, the Receiver’s Counsel, and the Receiver’s U.S. Counsel;
 - (k) GST/PST Paid – relates to goods and services tax remittances; and
 - (l) Other Costs – relates to critical supplier payments.
22. As at April 5, 2024, the Receiver held \$4.8 million in cash on hand.

SISP

23. The Receiver conducted the SISP to solicit offers to purchase its right, title and interest in the Property of the Debtors.

24. Highlights of the SISP are as follows:

- (a) On January 4, 2024, the SISP was formally launched with an e-mail blast to over 195 potential parties, including strategic investors, financial investors and auction companies. A teaser and the SISP Procedures were posted to the Receiver's website and were advertised in various media outlets (as further detailed in the First Report);
- (b) In addition, over 85 other parties contacted the Receiver or the Company to inquire about the SISP and how to review further information regarding the opportunity;
- (c) 81 interested parties entered into confidentiality agreements with the Receiver and were given access to a virtual data room ("**Data Room**") which included asset listings, asset descriptions, photographs, lease agreements, and financial/operational information;
- (d) Site visits were coordinated for any parties wishing to physically inspect the assets;
- (e) The Phase I Bid deadline for non-binding letters of intent was February 7, 2024. 62 non-binding letters of intent were received by the Phase I Bid deadline for different parcels of assets;
- (f) The Phase II Bid deadline for binding offers with a deposit was March 7, 2024. 14 binding offers and 7 auction proposals were received by the Phase II Bid deadline for different parcels of assets; and
- (g) 8 parties with the most favourable offers were given 24 hours to reconsider their proposals and submit an enhanced bid.

25. The Receiver, in consultation with the Secured Lenders, evaluated the bids with consideration to, among other things:
- (a) The proposed purchase price and the offer, or combination of offers, that would result in the highest cumulative proceeds;
 - (b) The net minimum guarantees included in auction proposals;
 - (c) The fee structures included in auction proposals including commissions, buyers premiums, sharing thresholds, and cost deductions;
 - (d) The proposed sales approach in auction proposals including public auction and private sales strategies;
 - (e) The scope of assets being purchased;
 - (f) Key dates including closing dates and length of time required at the current sites;
 - (g) Closing risk and price risk, including any remaining due diligence or conditionality;
 - (h) The extent to which the offer complied with the SISP; and
 - (i) The overall expected range of recoveries from the offers.
26. Ultimately, the Receiver, in consultation with the Secured Lenders, selected the proposal submitted by McDougall as the superior offer and worked to advance the offer into the definitive Auction Services Agreement.

AUCTION SERVICE AGREEMENT

27. The Receiver is of the view that disclosure of the financial terms of the Auction Services Agreement may be detrimental to the realization process and has therefore prepared a Confidential Supplemental Report to the Third Report to disclose the financial terms and provide an unredacted copy of the Auction Services Agreement. As such, the Receiver is seeking a Restricted Court Access Order to prevent the public disclosure of this information as included in the Confidential Supplemental Report.
28. The Receiver's comments with respect to the Auction Services Agreement are as follows:
- (a) The SISP was fair and transparent and provided all participants with equal access to information and opportunity to submit an offer or proposal;
 - (b) The SISP timeline provided all interested parties with sufficient time to review the information provided in the Data Room and arrange any site tours they may have deemed necessary in preparation of their offer(s);
 - (c) The net minimum guarantee provided by McDougall provides the highest guaranteed net proceeds to the Receiver with an opportunity for additional recoveries if auction proceeds are at the high end of the range of expected auction proceeds;
 - (d) The cost structure and other key terms of the Auction Services Agreement are commercially reasonable given the nature, locations and condition of the assets and based on the Receiver's experience with auctioneers and liquidators in the context of insolvency or restructuring proceedings;

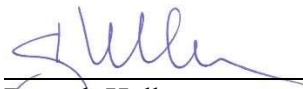
- (e) The Receiver is satisfied that McDougall has the requisite experience and is appropriately qualified to conduct the auction process contemplated by the Auction Services Agreement; and
 - (f) The Auction Services Agreement is supported by CWB and Fiera.
29. Overall, the Auction Services Agreement is the best proposal resulting from the SISP, will result in the monetization of the Property in a timely manner and will protect the downside risk to the Receiver while maintaining the potential for upside realizations. Accordingly, the Receiver is seeking the Auction Approval and Vesting Order to approve the Auction Services Agreement and vest the assets in the auction purchaser(s), free and clear of any encumbrances.

RECEIVER'S RECCOMENDATIONS

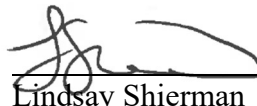
30. Based on the forgoing, the Receiver respectfully recommends that this Honourable Court grant the following relief:
- (a) Approval of the Receiver's and the Receiver's Counsel's actions conduct and activities since the First Report;
 - (b) Compel Raven to comply with the Consent Receivership Order, and promptly deliver the wrongfully withheld property to the Receiver;
 - (c) Approval of the Auction Approval and Vesting Order; and
 - (d) Approval of the Restricted Court Access Order to keep the terms on the Auction Service Agreement confidential until the auction is completed.

All of which is respectfully submitted this 15th day of April 2024.

FTI Consulting Canada Inc.,
in its capacity as receiver and manager of
Wolverine Energy and Infrastructure Inc.,
Wolverine Equipment Inc., Wolverine
Construction Inc., HD Energy Rentals Ltd.,
BHW Employment Services Inc., Flo-Back
Equipment Inc., Liberty Energy Services Ltd.,
and Western Canadian Mulching Ltd., and not
in its personal or corporate capacity



Deryck Helkaa
Senior Managing Director



Lindsay Shierman
Managing Director

APPENDIX “A”

April 5 Letter

April 5, 2024

EMAIL TO: ttaylor@jandflaw.com

Johanson & Fairless Lawyers

Attention: Todd Taylor

Dear Sir:

Re: Demand by FTI Consulting Canada Inc., in its capacity as Court-appointed Receiver and Manager of Flo-Back Equipment Inc. to Raven Recert LLC for the Immediate Release of the Debris Catcher

We are counsel for FTI Consulting Canada Inc., in its capacity as Court-appointed receiver and manager (the “**Receiver**”) for Flo-Back Equipment Inc. (“**Flo-Back**”).

We understand that Raven Recert LLC (“**Raven**”) is refusing to return a debris catcher with the asset #JNK 1313 and Ensign asset number plate JCDB-03 (the “**Debris Catcher**”) unless the amounts under Invoice 2186 dated November 9, 2023 (the “**Invoice**”) is paid by the Receiver. This action is in direct contravention of the Order (as defined below) and therefore, the Receiver hereby demands immediate delivery of the Debris Catcher back to Flo-Back.

Raven is in Violation of the Order

The Receiver sought an order from the United States Bankruptcy Court for the Southern District of Texas Houston Division (the “**Court**”) for provisional relief pursuant to the Bankruptcy Code section 1519 and was granted such order on February 22, 2024 (the “**Order**”). A copy of the Order is attached here, for your reference. The Order acknowledges and validates the Receivership Order granted by the Court of King’s Bench of Alberta under which the Receiver was appointed. This appointment has now been acknowledged by the Court in Texas, USA.

Paragraph 1(f) of the Order explicitly imposes a stay on any act to collect or recover a claim against Flo-Back that arose before the Order. As the Invoice is dated November 9, 2023, it is a claim against Flo-Back that arose before the Order which is dated February 22, 2024. Therefore, any attempt to collect or recover amounts due under the Invoice are stayed pursuant to the Order.

It is our understanding that Raven is holding the Debris Catcher hostage until the amounts under the Invoice are paid. This is an attempt to collect or recover amounts due under the Invoice and therefore, is in direct contravention of the Order. Moreover, the Order, pursuant to paragraph 1(c), stays any act that seeks to obtain possession or exercise control over the property of Flo-Back. The Debris Catcher is property of Flo-Back and failing to release it is in further

contravention of the Order.

The Receiver has an obligation to the stakeholders of Flo-Back to use commercially reasonable efforts to maximize recoveries for the estate through the sale of Flo-Back's assets. The Receiver is hopeful that Raven will not prevent the Receiver from fulfilling its duties under the Order by Raven taking actions that are in direct contravention of the Order. Therefore, again, the Receiver demands immediate delivery of the Debris Catcher to Flo-Back.

We look forward to hearing from you no later than April 10, 2024, failing which the Receiver will be considering its options at law, including bringing an application before the Court in Texas, and seeking equivalent relief in Canada, which we anticipate will be acknowledged and enforced in Texas by our local US counsel, if required, to compel the immediate return of the Debris Catcher. Should this step become necessary, the Receiver will be seeking an order for the payment of their costs and all legal fees and disbursements incurred in respect thereof, from Raven.

Kindly govern yourselves accordingly.

Yours truly,



Kyle Kashuba

KK

Enclosure

Copy to: The Receiver, Attention: Lindsay Shierman and Deryck Helkaa (via email)

41676290.5