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JUDICIAL CENTRE CALGARY
APPLICANT CANADIAN WESTERN BANK

C70837

Jul 23, 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 FOURTH 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.

JULY 16, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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FOURTH 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 favour 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 filed that day;
 - (b) On December 6, 2023, counsel to the CCAA Applicants advised CWB and Fiera that the Board of the CCAA Applicants were 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’s 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. 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 and relief under Chapter 15 of the Bankruptcy Code was granted.
10. On April 15, 2024, this Honourable Court granted an order approving, among other things:
 - (a) An auction approval and vesting 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 the third report of the Receiver (which included the commercially sensitive terms of the Auction Services Agreement) until the auction has been completed;
 - (c) A return of equipment order (the “**Return of Equipment Order**”) directing Raven Recert LLC (“**Raven**”) to deliver certain equipment of the Company in their possession back to the Company; and
 - (d) The actions, conduct and activities of the Receiver since the Date of Appointment.

11. The purpose of this report (“**Fourth Report**” or this “**Report**”) is to provide this Honourable Court with:

- (a) A summary of the activities of the Receiver since the Receiver’s third report dated April 15, 2024 (the “**Third Report**”);
- (b) The Receiver’s summary statement of receipts and disbursements from the Date of Appointment to July 12, 2024;
- (c) An update on the Receiver’s efforts to complete the equipment auction pursuant to the terms of the Auction Services Agreement;
- (d) The Receiver’s proposed interim distribution to the Debtors’ secured creditors and the required holdback of certain funds;
- (e) The Receiver’s considerations with respect to selling the GIP Shares and proposed share distribution to Fiera as a reduction to their secured debt; and
- (f) The Receiver’s anticipated next steps in these proceedings.

12. On July 15, 2024, the Receiver filed an Application requesting the following relief from this Honourable Court:

- (a) Approval of the activities of the Receiver since the Third Report as reported herein, including the approval of its receipts and disbursements;
- (b) Approval of the fees and expenses of the Receiver, the Receiver’s Counsel, and the Receiver’s U.S. Counsel related to the administration of these Receivership Proceedings;
- (c) Authorization for the Receiver to make an interim distribution to the Secured Lenders as outlined below; and

- (d) Authorization for the Receiver to distribute the GIP Shares to Fiera.
13. The Receiver's reports (collectively, the "**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 Fourth 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 Fourth 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 Fourth 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 Fourth 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 Fourth Report in connection with the Receiver's Application that is to be heard on July 23, 2024. This Fourth Report should not be relied on for any other purpose.

18. Information and advice described in this Fourth 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. All capitalized terms not defined herein are as defined in the Receiver’s previous Reports.
20. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

RECEIVER’S ACTIVITIES

21. Since the date of the Third Report, the Receiver has, among other things, completed the following:
 - (a) Pursuant to the Auction Approval and Vesting Order granted on April 15, 2024, the Receiver was paid the entirety of the net minimum guarantee (“**NMG**”) as defined in the Auction Services Agreement;
 - (b) Pursuant to the Return of Equipment Order, the Receiver retrieved the equipment held by Raven;
 - (c) The Receiver’s Counsel completed a security review of the security held by CWB and Fiera in relation to the Debtors’ Property and has provided advice to the Receiver that the security comprised of the CWB Security Documents and the Fiera Security Documents (both as hereinafter defined) is valid and enforceable;
 - (d) The Receiver’s Counsel reviewed the validity and enforceability of the security held by lessors of the Debtors’ leased equipment;

- (e) The Receiver has wound-down all operations of the Debtors and, with McDougall, facilitated the mobilization of all assets back to the Debtors' premises. The insurance policies were extended to the end of July 2024 and revised to ensure adequate coverage for the assets included in the Auction Services Agreement;
- (f) The Receiver issued four (4) lease disclaimers for premises that will no longer be occupied the Debtors and has started to send out notices to terminate unnecessary services;
- (g) All remaining employees and contractors of the Company have been terminated. The Receiver has retained three (3) former employees as contractors to continue to assist the Receiver with the completion of ROEs and T4's for terminated employees, to complete the final invoicing/billings and day-to-day accounting, and help with collection of accounts receivable;
- (h) Key Employee Retention Plan ("KERP") payments have been paid to eligible employees pursuant to the KERP as approved by the Secured Lenders at the beginning of the Receivership Proceedings. Approximately \$329,000 has been paid out under the KERP;
- (i) Based on the books and records of the Debtors, notices regarding the *Wage Earner Protection Program Act* ("WEPPA") were issued to all employees eligible to submit a proof of claim under the program. The Receiver has submitted all claims to Service Canada;
- (j) Executed and completed sales for various pieces of equipment that were under the thresholds stipulated in the Consent Receivership Order;
- (k) 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 monetize these assets;

- (l) The Receiver, in consultation with Fiera, have reviewed Wolverine Energy & Infrastructure Inc.’s investment in Green Impact Partners Inc. (the “**GIP Shares**”) and is seeking authorization to distribute the GIP Shares to Fiera Private Debt Fund GP Inc., in reduction of the debt owing to Fiera as the secured lender in respect of the GIP Shares (discussed further below). The market value of the GIP Shares as at the date of this Report is approximately \$12.9 million;
- (m) The Receiver, in consultation with the Secured Lenders, is assessing the Debtors’ interest in Sound Energy (the “**Sound Energy Shares**”) and considering the best strategies to market the Sound Energy Shares. The Receiver will seek approval from this Honourable Court in due course to monetize these assets. As at June 30, 2023, the book value of the Sound Energy Shares was approximately \$5.4 million;
- (n) On May 10, 2024, the Receiver’s Counsel issued a demand letter to Mr. Garnet Paxton of Grande Prairie Rental Services Ltd. (“**GP Rentals**”), an unsecured creditor of the Company. GP Rentals was in possession of a certain piece of equipment owned by the Company. The demand letter requested that GP Rentals comply with the Consent Receivership Order and promptly release the specified equipment back to the Company. GP Rentals complied with the letter and has since released the equipment back to the Company; and
- (o) Receiver’s Counsel reviewed and assessed two (2) lien claims filed against the Debtors:
- i. Lien filed by Dash Mechanical (“**Dash**”) for services and materials that were provided to the Debtors. The amount claimed in respect of services or materials that were provided is \$29,166. The Receiver’s Counsel found the lien to be valid and enforceable, Dash has been paid in full for the amount claimed; and

- ii. Lien filed by Fountain Tire (“**Fountain Tire**”) for services and materials that were provided to the Debtors. The amount claimed in respect of services or materials that were provided is \$13,359. Receiver’s Counsel found the lien to be valid and enforceable. Fountain Tire has been paid in full for the amount claimed.

AUCTION SERVICES AGREEMENT

22. Pursuant to the Auction Approval and Vesting Order granted by the Court on April 15, 2024, the Receiver executed the Auction Services Agreement for all the assets of the Debtors. Twenty-five percent (25%) of the NMG under the Auction Approval and Vesting Order was paid to the Receiver upon approval of the Auction Services Agreement, the remaining seventy-five percent (75%) was paid to the Receiver on July 12, 2024. The remaining proceeds owing with respect to the gross proceeds in excess of the sharing threshold (the “**Sharing Threshold**”), as defined in the Auction Services Agreement, are expected to be paid to the Receiver on July 26, 2024 (the “**Sharing Proceeds**”).
23. The preliminary gross sales report was received on July 5, 2024, which provided the preliminary detailed results from the auction. Total gross cash proceeds estimated to be paid to the Company pursuant to the Auction Services Agreement are approximately \$24.4 million, including the Sharing Proceeds, as calculated under the Auction Services Agreement, of \$7.8 million to be paid on July 26, 2024.

WEPPA

24. The Receiver completed the submission of all eligible employee WEPPA claims to Service Canada. Based on the notices provided, the table below summarizes the claims submitted by type:

Schedule of Eligible WEPPA Claims			
Type of Claim	Number of Claims Issued	Total Claim Amount	Maximum Super-Priority Claim Amount
Super Priority Claim (unpaid wages, vacation)	10	\$ 27,592	\$ 13,612
Termination Claim	50	483,922	n/a
Total	60	\$ 511,514	\$ 13,612

25. Under WEPPA, a super-priority charge over the current assets is given in respect of claims for unpaid wages and vacation up to a maximum of \$2,000 per claim and for unpaid expenses of a travelling salesperson of up to a maximum of \$1,000 per claim.
26. As of the date of this Report, ten (10) claims (total claim amount of \$27,592) have been submitted to Service Canada (“**Service Canada**”) for unpaid wages or vacation pay, four (4) of which are in excess of the \$2,000 threshold for a super-priority charge, as such, the calculated total priority charge for unpaid wages and vacation claims is \$13,612. There were no claims for unpaid expenses.
27. The total super-priority charge based on the claims submitted to Service Canada is \$13,612. The Receiver is waiting on final confirmation from Service Canada of their total super-priority claim, as such the Receiver has requested the total amount calculated by the Receiver as the super-priority claim due to Service Canada (\$13,612) be included as part of the holdback as discussed in further detail below.
28. As of the date of this Fourth Report, the deadline for the Company’s employees to submit their respective proofs of claim has expired. The Receiver has accounted for all potential super-priority claims in the proposed holdback referenced above and does not consider it necessary to holdback any additional funds.

SECURITY REVIEW

29. As at the date of this Report, the Company owes approximately \$16.8 million plus accrued interest and legal costs to CWB (the “**CWB Debt**”), and approximately \$54.7 million plus accrued interest and legal costs to Fiera (the “**Fiera Debt**”).
30. The CWB Debt is secured by, *inter alia*, general security agreements granted in favour of CWB by each of:
- (a) Wolverine Energy and Infrastructure Inc., dated October 3, 2018 as amended by an amendment dated August 23, 2022;
 - (b) Wolverine Equipment Inc., dated October 3, 2018;
 - (c) Wolverine Construction Inc., dated October 3, 2018;
 - (d) HD Energy Rentals Ltd., dated October 3, 2018;
 - (e) BHW Employment Services Inc., dated October 3, 2018;
 - (f) Wolverine Group Inc., dated October 3, 2018.
 - (g) Flo-Back Equipment Inc., dated May 7, 2019;
 - (h) Wolverine Energy and Infrastructure Inc., dated May 7, 2019;
 - (i) Liberty Energy Services Ltd (undated); and
 - (j) Western Canadian Mulching Ltd., dated August 23, 2022, (collectively, the “**CWB Security Documents**”).
31. The Fiera Debt is secured by:

- (a) A general security agreement granted in favour of Fiera by, *inter alios*, Wolverine Energy and Infrastructure Inc. and HD Energy Rentals Ltd. as supplemented by a supplement for additional grantors, dated September 27, 2018, which added Liberty Energy Services Ltd. as a grantor;
 - (b) A limited recourse pledge of equity interests, dated September 17, 2018, granted by Wolverine Group Inc. and Wolverine Management Services Inc. in favour of Fiera;
 - (c) A pledge of equity interests, dated September 17, 2018, granted by Wolverine Energy and Infrastructure Inc. in favour of Fiera; and
 - (d) A pledge of equity interests, dated September 17, 2018, granted by Wolverine Equipment Inc. in favour of Fiera (collectively, the “**Fiera Security Documents**”).
32. The Receiver’s Counsel has completed an independent review of the security held by CWB and Fiera in relation to the Property and determined, subject to standard qualifications and assumptions, that:
- (a) Each of the CWB Security Documents and the Fiera Security Documents constitutes a legal, valid and binding obligation in favour of CWB or Fiera, as applicable, against the relevant party thereto;
 - (b) The CWB Security Documents and Fiera Security Documents create a valid security interest in favour of CWB or Fiera, as applicable, in the personal property described therein;

- (c) The security interests created by the CWB Security Documents have been duly registered at the Alberta Personal Property Registry, and all necessary actions have been taken under the *Alberta Personal Property Security Act*, RSA 2000, c P-7 (“PPSA”) to preserve, protect or perfect such security interests; and
 - (d) The security interests created by the Fiera Security Documents have been duly registered at the Alberta Personal Property Registry, and all necessary actions have been taken under the PPSA to preserve, protect or perfect such security interests except for the following entities whereby no security documents were provided:
 - i. BHW Employment Services Inc.;
 - ii. Flo-Back Equipment Inc.;
 - iii. Western Canadian Mulching Ltd.; and
 - iv. Wolverine Group Inc.
33. Given the above, the Receiver is proposing to make interim distributions in respect to the CWB Debt and Fiera Debt, subject to the security interests held by CWB and Fiera, and an intercreditor agreement dated August 11, 2020 as amended on August 23, 2022 (the “**Intercreditor Agreement**”), as discussed below.
34. The Intercreditor Agreement contains an agreement as between the Secured Creditors relative to the fashion by which proceeds from the sale of the collateral governed by the Intercreditor Agreement are to be distributed.

35. CWB has a first priority interest against the CWB Financed Collateral (as defined in the Intercreditor Agreement) up to \$15.0 million plus interest and any enforcement costs, and Fiera has a second priority interest in such CWB Financed Collateral.
36. Fiera has first priority in respect of the Fiera Financed Collateral (as defined in the intercreditor Agreement) and CWB has a second priority interest in such Fiera Financed Collateral.
37. The Receiver's Counsel's security review indicates that based on the documentation available, CWB has first ranking security over the Flo-Back Equipment Inc. assets ("FBEI"). However, the Receiver understands that discussions are ongoing as between Fiera and CWB as to the entitlement to the proceeds from the sale of the assets of FBEI.
38. Accordingly, the Receiver, in consultation with the Secured Lenders, has agreed to holdback the gross sale proceeds generated from the auction with respect to the FBEI assets (the "**FBEI Asset Proceeds**") which total approximately \$7.4 million.
39. On the basis of the Receiver's Counsel's security review findings, the security over the FBEI Asset Proceeds is held by the Secured Lenders. The allocation of the proceeds as between Fiera and CWB has not yet been determined. Accordingly, the holdback of these funds impacts only the Secured Lenders and does not have any impact on other stakeholders. The Receiver proposes to hold the FBEI Asset Proceeds, without prejudice to the right of the respective Secured Lenders to such proceeds, and to continue discussions with Fiera and CWB, and its review of any additional agreements/documentation. The Receiver requests authorization to distribute the FBEI Asset Proceeds without further Court Order to Fiera and/or CWB once the proper intercreditor allocation has been determined and the Receiver has agreement from CWB and Fiera as to how the FBEI Asset Proceeds should be distributed reserving the rights of the parties to make further applications as may be necessary or advisable.

40. Proposed interim distributions based on the above are discussed in further detail below.

EQUIPMENT LEASE CLAIMS

41. Several leased assets were included in the Auction Services Agreement. Based on the Receiver's review, the assets had estimated values in excess of the lease liability. The validity of the various leases and security interests are discussed below.
42. 66 assets included in the Auction Services Agreement are leased by the Company from Jim Peplinski Leasing Inc. ("**Peplinski**"). Peplinski is owed approximately \$1.0 million in respect of these leases (the "**Peplinski Claim**").
43. Five (5) assets included in the Auction Services Agreement are leased by the Company from Brandt Tractor Ltd. ("**Brandt**"). Brandt is owed approximately \$10,600 in respect of these leases (the "**Brandt Claim**").
44. Six (6) assets included in the Auctions Services Agreement are leased by the Company from John Deere Financial Inc. ("**John Deere**"). John Deere is owed approximately \$185,390 in respect of these leases (the "**John Deere Claim**").
45. 12 assets included in the Auction Services Agreement are leased by the Company from Patriot Industries Ltd o/a Asset LINQ ("**Patriot**"). Patriot is owed approximately \$177,140 in respect of these leases (the "**Patriot Claim**").
46. The Receiver, in conjunction with Receiver's Counsel, have reviewed the Peplinski Claim, Brandt Claim and Patriot Claim and have determined the following:
- (a) *Peplinski Claim*: the claim in its entirety is valid and enforceable;
 - (b) *Brandt Claim*: the claim in its entirety is valid and enforceable;

- (c) *John Deere Claim*: the claim in its entirety is valid and enforceable; and
 - (d) *Patriot Claim*: the claim is not perfected and is not considered to be valid or enforceable. The Receiver intends to holdback funds in the amount of the Patriot Claim in the event that Patriot can provide sufficient documentation to support the validity of their security.
47. The proposed Interim Distribution Order seeks a declaration that the Peplinski Claim, the Brandt Claim and the John Deere Claim are valid and enforceable and authorizes the Receiver to pay the respective amounts for the Peplinski Claim, the Brandt Claim and the John Deere Claim.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

48. Receipts and Disbursements from the Date of Appointment to July 12, 2024 are summarized as follows:

Schedule of Receipts and Disbursements As at July 12, 2024 (<i>\$000's CAD</i>)	
Receipts	
Opening Cash	\$ 1,050
Accounts Receivables	23,186
Asset Sales	17,980
Miscellaneous Receipts	110
GST/PST Collected	1,163
Total Receipts	43,489
Disbursements	
Labour	8,758
Key Employee Retention Plan	329
Operating Costs	4,166
Rent and Lease Payments	1,341
Fuel	605
Bank Charges	23
Professional Fees	1,892
GST/PST Paid	848
Other Costs	33
Total Disbursements	17,994
Net Cash on Hand, before Financing	25,495
Net Receiver's Advances	-
Ending Cash on Hand, after Financing	\$ 25,495

- (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 and the NMG from the Auction Services Agreement. This amount excludes the estimated Sharing Proceeds of \$7.8 million as this will not be received by the Receiver until July 26, 2024;

- (d) GST / PST Collected – relates to tax credits collected on the revenue generated throughout the Receivership Proceedings;
- (e) Labour – costs relating to employee wages, payroll remittances, insurance and benefits;
- (f) Key Employee Retention Plan – costs related to the approved KERP payments made on April 30 and June 30, 2024;
- (g) Operating Costs – relates to the payment of ongoing operating costs, including but not limited to, insurance, utilities, property taxes, equipment repairs and maintenance;
- (h) Rent and Lease Payments – comprises of rent paid in respect of occupied, leased premises from which the Debtors are operating, and equipment leases;
- (i) Fuel – costs incurred relating to fuel for ongoing operations;
- (j) Bank Charges – relates to banking fees;
- (k) Professional Fees – relates to professional fees for the Receiver, the Receiver’s Counsel, the Receiver’s U.S. Counsel, and other miscellaneous professional fees incurred throughout the Receivership Proceedings (i.e. asset appraisal, etc.);
- (l) GST/PST Paid – relates to goods and services tax remittances; and
- (m) Other Costs – relates to critical supplier payments.

49. As at July 12, 2024, the Receiver held \$25.5 million in cash on hand.

PROPOSED HOLDBACK AND DISTRIBUTION

50. The Receiver is currently holding cash of \$25.5 million and anticipates the receipt of the Sharing Proceeds of approximately \$7.8 million on July 26, 2024, increasing the cash on hand at that date to be approximately \$33.3 million. The Receiver is seeking approval to make an interim distribution (“**Proposed Interim Distribution**”) to certain secured creditors in the amount of \$25.1 million after considering monies required to be held back (as outlined above). As such, the Receiver is seeking authorization to distribute the entirety of the Sharing Proceeds that are expected to be received July 26, 2024.
51. The Receiver is also seeking authorization from this Court to distribute the \$7.4 million holdback for the FBEI Asset Proceeds upon the Secured Lenders coming to an agreement concerning the security held with respect to these proceeds.
52. As outlined above, there are multiple WEPPA claims pending and one unresolved equipment lease claim. The Receiver intends to holdback sufficient funds to satisfy these claims, as well as a holdback of funds required to support the completion of the Receivership Proceedings (i.e. treatment of the Fleet Shares and Sound Energy Shares, completion of the GIP Shares distribution, collection of any remaining, outstanding accounts receivable, final distribution to Secured Lenders, collection of accrued but unpaid professional fees, miscellaneous G&A expenses) and bankruptcy application, as required.
53. Canada Revenue Agency performed an audit with respect to employee source deductions and found nominal amounts owing. Due to the immaterial nature of the audit revisions found, the Receiver paid all amounts owing. As at the date of this Report, the Receiver is not aware of any unremitted source deductions owing by the Debtors.

54. The Receiver's proposed holdbacks and interim distribution are summarized in the table below:

Proposed Interim Distribution <i>(\$000's CAD)</i>	
Cash on Hand, July 12, 2024	\$ 25,495
Estimated Sharing Proceeds	7,789
Less Required Holdbacks:	
FBEI Asset Proceeds	(7,365)
Super-Priority WEPPA Claims	(14)
Patriot Claim	(177)
Bankruptcy / General Holdback	(75)
G&A Expenses	(200)
Receiver Fees and Receiver's Legal Counsel Fees	<u>(400)</u>
Total Required Holdbacks	<u>(8,231)</u>
Funds Available for Distribution	<u>\$ 25,053</u>
 Proposed Interim Distributions:	
Peplinski Claim	\$ (1,000)
Brandt Claim	(11)
John Deere Claim	(185)
CWB	(11,747)
Fiera	<u>(12,110)</u>
Total Proposed Interim Distributions	<u>(25,053)</u>

55. The distributions may have small variances from the schedule above due to timing of payments and per diem interest charges.
56. The following table provides a summary of the proposed interim distributions relative to the Secured Lenders' claim:

Recovery to Secured Lenders <i>(\$000's CAD)</i>			
	CWB	Fiera	Total
Secured Lenders Claim, <i>includes accrued interest & fee.</i>	\$ 17,851	\$ 58,600	\$76,452
Less:			
Proposed Interim Distribution	(11,747)	(12,110)	(23,857)
GIP Share Distribution	-	(12,873)	(12,873)
Unpaid Amount of Secured Lenders Claim	<u>\$ 6,104</u>	<u>\$ 33,618</u>	<u>\$39,722</u>

APPROVAL OF FEES

57. Invoices rendered by the Receiver for fees and expenses exclusive of GST since the Date of Appointment total \$1.3 million and the Receiver anticipates an additional \$250,000 of accrued, unbilled work to date and administrative work to complete these Receivership Proceedings (collectively, the “**Receiver’s Fees**”). The accounts for services rendered will be made available upon request.
58. Invoices rendered for fees and expenses exclusive of GST by the Receiver’s Counsel since the Date of Appointment total \$354,279 and the Receiver’s Counsel anticipates an additional \$140,000 of accrued, unbilled work to date and administrative work to complete these Receivership Proceedings (collectively, the “**Receiver’s Counsel’s Fees**”). The accounts for services rendered will be made available upon request.
59. Invoices rendered for fees and expenses exclusive of GST by the Receiver’s U.S. Counsel since the Date of Appointment total \$201,587 and the Receiver’s U.S. Counsel anticipates an additional \$10,000 of accrued, unbilled work to date and administrative work to complete these Receivership Proceedings (collectively, the “**Receiver’s US Counsel’s Fees**”). The accounts for services rendered will be made available upon request.
60. The Receiver believes the Receiver’s Fees, the Receiver’s Counsel’s Fees and the Receiver’s U.S. Counsel’s Fees are appropriate and reasonable in the circumstances given the length of the Receivership Proceedings, the work required to operate the business from the Date of Appointment through to the closing of the Auction Services Agreement, the time required to complete a fulsome sales process, run a WEPPA process, and make distributions to secured creditors. The Receiver is requesting that this Honourable Court approve the Receiver’s Fees, the Receiver’s Counsel’s Fees and the Receiver’s US Counsel’s Fees.

GIP SHARES

61. The Receiver, in consultation with Fiera, have considered various options to market and sell the GIP Shares. GIP is a public company traded on the TSX Venture exchange. The Receiver contacted numerous financial institutions and brokers to assess the best approach to realize on the GIP Shares. The general feedback received was to sell or trade on the open market. However, the GIP Shares trade with very minimal volume and therefore it would take the Receiver a substantial amount of time to sell all of the GIP Shares. Furthermore, there is significant risk that the Receiver's consistent selling of the GIP Shares would erode the market value.
62. The Receiver, in consultation with Fiera as the first ranking Secured Lender of the GIP Shares, is seeking authorization to distribute the GIP Shares to Fiera Private Debt Fund GP Inc., whereby the market value of the shares as at the date of the distribution would reduce Fiera's secured debt.
63. As of the date of this Fourth Report, the GIP Shares are currently trading at \$3.15 per share. The Debtors hold approximately 4,086,665 GIP Shares, as such, the market value of the GIP Shares at the date of this Report is approximately \$12.9 million.
64. As noted above, Fiera will have approximately \$33.6 million in secured debt remaining after the Proposed Interim Distribution.
65. The Receiver is seeking authorization from this Honourable Court to make a share distribution to Fiera for the entirety of the GIP Shares held by the Debtors. Fiera's secured claim against the Company would be reduced by approximately \$12.9 million as a result of the distribution of the GIP Shares.
66. The security review completed by the Receiver's counsel has confirmed that Fiera has a valid and enforceable first ranking charge as against the GIP Shares. Further,

the distribution of the GIP Shares will facilitate and more efficient and cost-effective wind-up of these proceedings.

BANKRUPTCY OF THE DEBTORS

67. The Receiver expects that it will be at some point required to investigate potential reviewable transactions involving the Debtors and at that time will require a Bankruptcy Order in respect of the Debtors to assist with this task and help facilitate the crystallization of claims and the streamlined administration of the Debtors' estate. The Receiver understands that Fiera will be making an application to expand the Receiver's powers necessary to give it authorization to assign the Debtors into bankruptcy.

NEXT STEPS

68. Should this Honourable Court approve the proposed interim distribution, the Receiver's remaining steps would include:
- (a) Collect the Sharing Proceeds from the closing of the Auction Services Agreement and make the Proposed Interim Distribution;
 - (b) Finalize the security review in respect of the FBEI Asset Proceeds and distribute to the respective Secured Lender holding valid security over the FBEI assets;
 - (c) Finalize the administration of the WEPPA claims;
 - (d) Complete the distribution of the GIP Shares to Fiera Private Debt Fund GP Inc.;
 - (e) Determine best manner to monetize the Fleet Shares and Sound Energy Shares;

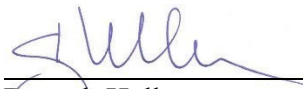
- (f) Complete any remaining administrative tasks; and
- (g) Propose a final distribution and seek to be discharged once the remaining funds are received.

RECEIVER'S RECCOMENDATIONS

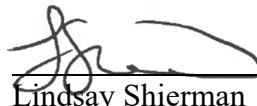
69. Based on the forgoing, the Receiver respectfully recommends that this Honourable Court grant the following relief:
- (a) Approval of the Receiver's and the Receiver's Counsel's actions, conduct and activities since the Third Report;
 - (b) Approval of the fees of the Receiver, the Receiver's Counsel and the Receiver's US Counsel;
 - (c) Approval of the Proposed Interim Distribution and holdbacks; and
 - (d) Approval of the Receiver to distribute the GIP Shares to Fiera Private Debt Fund GP Inc..

All of which is respectfully submitted this 16th day of July 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