



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

C80345

Aug 16, 2024
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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 FIFTH 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.

AUGUST 7, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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FIFTH 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. On July 23, 2024, this Honourable Court granted an order approving, among other things:
 - (a) The Proposed Interim Distribution to CWB, to Fiera, to Jim Peplinski Leasing Inc. (“**Peplinski**”), to John Deere Financial Inc. (“**John Deere**”) and to Brandt Tractor Ltd. (“**Brandt**”), together with certain specific holdbacks;
 - (b) The actions, conduct and activities of the Receiver since the Date of Appointment; and
 - (c) The fees and disbursements of the Receiver and the Receiver’s Legal Counsel incurred since the Date of Appointment.

12. This Honourable Court adjourned the application for two (2) weeks with respect to the issue concerning the transfer of the shares owned by the Debtors in Green Impact Partners Inc. (the “**GIP Shares**”) to Fiera to allow further consultation and discussion with stakeholders and certain organizations in the business of share marketing and sales.

13. The purpose of this report (“**Fifth Report**” or this “**Report**”) is to provide this Honourable Court with a further update and the Receiver’s recommendations with respect to the GIP Shares. Furthermore, the Receiver has provided the following:
 - (a) comments with respect to the affidavit of Mr. David Tiley, sworn on July 22, 2024 (the “**Tiley Affidavit**”) which the Receiver did not receive until after the start of the July 23rd Application and which the Receiver has not formally responded to; and
 - (b) An update on discussions since the last application with Alberta Investment Management Corporation (“**AIMCo**”) and various potential selling agent/brokers.

14. On August 7, 2024, the Receiver filed an Application requesting the following relief from this Honourable Court:
 - (a) Approval of the activities of the Receiver since the Fourth Report as reported herein; and
 - (b) Authorization for the Receiver to transfer the GIP Shares to Fiera.

15. 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

16. In preparing this Fifth 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**").

17. Except as described in this Fifth 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 Fifth Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

18. Future oriented financial information reported or relied on in preparing this Fifth Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
19. The Receiver has prepared this Fifth Report in connection with the Receiver's Application that is scheduled to be heard on August 16, 2024. This Fifth Report should not be relied on for any other purpose.
20. Information and advice described in this Fifth 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.
21. All capitalized terms not defined herein are as defined in the Receiver's previous Reports.
22. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

RECEIVER'S ACTIVITIES

23. Since the date of the Fourth Report, the Receiver has, among other things, completed the following:
 - (a) Made the Proposed Interim Distributions to CWB, Fiera, Peplinski, John Deere and Brandt;
 - (b) Issued four (4) lease disclaimers for premises no longer occupied by the Debtors;
 - (c) Cancelled redundant insurance policies for all Property of the Debtors;

- (d) Reviewed the Tiley Affidavit. Mr. Tiley is the Managing Director and Head of Fundamental Equities, Public Equities, at AIMCo;
- (e) Consulted with AIMCo (and its legal counsel) with respect to the Tiley Affidavit and the GIP Shares, and AIMCO's request for additional consultation with banks/brokerages;
- (f) Held direct discussions with representatives at the following banks/brokers:
 - i. Canaccord Genuity ("**Canaccord**");
 - ii. Haywood Securities Inc. ("**Haywood**");
 - iii. RBC Capital Markets ("**RBC**");
 - iv. Acumen Capital Partners ("**Acumen**"); and
 - v. Bank of Montreal ("**BMO**")(collectively, the "**Brokers**"); and
- (g) Further consulted with Fiera, the first secured creditor with respect to the GIP Shares.

GIP SHARES

- 24. As previously discussed, the Company owns approximately 4.1 million shares of GIP with a current market value of approximately \$14.3 million (share price of \$3.50 at close on August 7, 2024). GIP is a publicly traded company (TSXV) that acquires, develops, and builds renewable natural gas and clean bio-energy projects.

25. The Debtors' holding of 4.1 million shares of GIP represents approximately 19% of the voting shares of GIP. The Receiver understands that the GIP Shares were acquired by the Debtors in May 2021 as part of a transaction where the Debtors sold various midstream assets to GIP, and received, in part, the GIP Shares. The Debtors originally acquired approximately 5.2 million shares, but have disposed of approximately 1.1 million shares in the year prior to the Receivership. The Receiver notes that the current president and CEO of GIP is Mr. Jesse Douglas, who was also the former principal of Wolverine.

DISCUSSIONS WITH BROKERS

26. As discussed in the Receiver's Fourth Report and Supplemental Report to the Fourth Report, the Receiver previously consulted with RBC, BMO and Acumen with respect to the estimated value and marketability of the GIP Shares, including available options to maximize value.
27. Since the Fourth Report, the Receiver held conversations with AIMCo and its counsel and consulted with Canaccord and Haywood (at the suggestion of AIMCo) and followed up with both RBC and Acumen.
28. The key points of discussion with the Brokers included the following:
- (a) Outlook on market and current analyst reports with respect to GIP;
 - (b) Strategies to monetize the GIP Shares and applicable risks or considerations; and
 - (c) Anticipated timelines to monetize the GIP Shares.
29. As part of the discussions with Canaccord and Haywood and the follow up calls with RBC and Acumen, the Receiver specifically noted the views and concerns of

AIMCo as set out in the Tiley Affidavit, in particular with respect to the value of the GIP Shares.

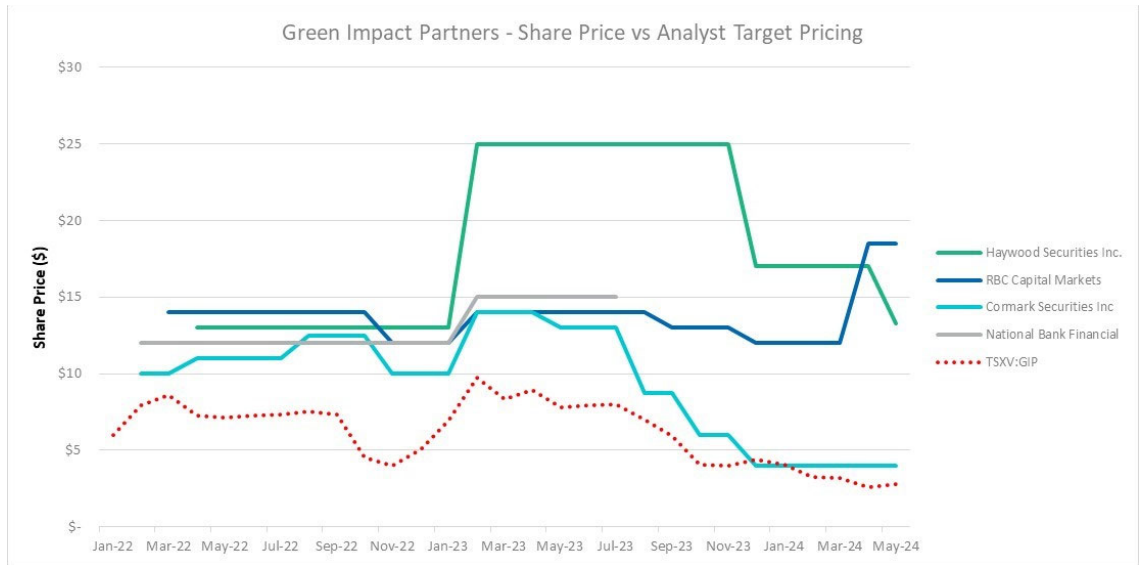
30. The consistent feedback received from the Brokers was as follows:
- (a) The suggested approach for the GIP Shares held by the Debtors would be to either “drip” feed them into the market over a longer period or market the shares on a block basis;
 - (b) All Brokers advised that any block sale would likely be at a discount to the current market price. No Broker viewed any strategic option in which a premium to current market value could be obtained on the GIP Shares held by the Debtors. One Broker noted that there perhaps was a small possibility that a premium to market value could be obtained but such a premium would not be material. All Brokers were consistent in their views that the current market value is the best estimate of value; and
 - (c) With respect to the concern of the stock being undervalued as compared to various analyst reports, the Brokers noted that the various analyst reports are by their nature speculative and based on the assumption of the occurrence of future events such as obtaining project financing, successful construction of the projects, etc. Furthermore, the analyst reports are at a price estimated for the next year, and are not indicative of the current market value (that is embedded in the stock price).

THE TILEY AFFIDAVIT

31. The Receiver has provided the following comments with respect to the Tiley Affidavit which are based, in part, on feedback and conversations with the Brokers:
- (a) The Tiley Affidavit notes that the Receiver intended to seek proposals from brokers and receive input from stakeholders.

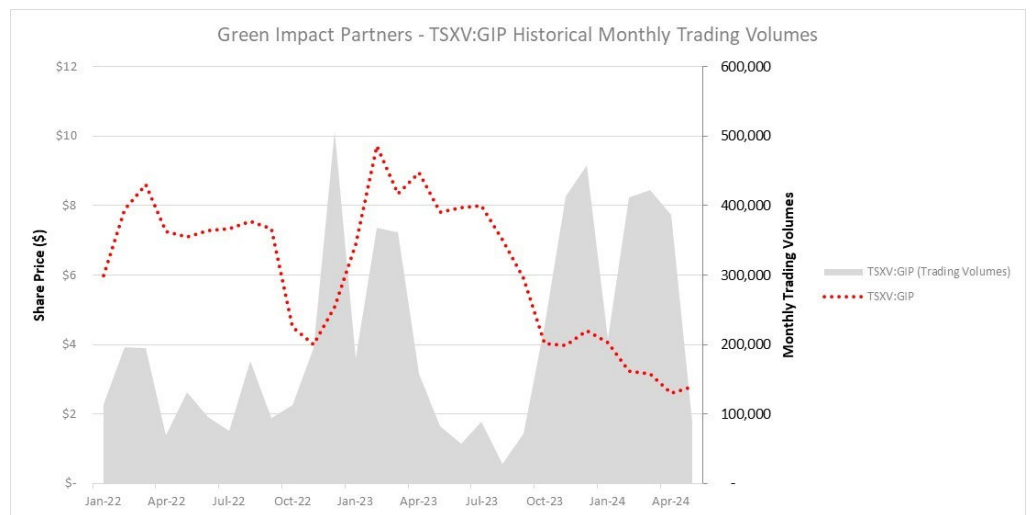
- i. The Receiver noted in its previous Reports that it contacted three (3) brokers (RBC, BMO and Acumen) to discuss proposed realization strategies and all were consistent with their views that a block sale of the GIP Shares would be at a discount to current market value. The GIP Shares could be sold on the open market, but given the stock is thinly traded, this could take an extended period and would likely drive down market price.
 - ii. As noted above, the Receiver has now discussed further with Haywood and Canaccord (at the suggestion of AIMCo) and they have expressed consistent views.
- (b) AIMCo wished to be involved in the sales process for the GIP Shares.
 - i. The Receiver did have preliminary discussions with AIMCo, as noted in the Tiley Affidavit. A concern of AIMCo at that time was whether the Receiver intended to attempt to immediately liquidate the GIP Shares which would likely have a negative effect on share price. The Receiver responded that was not the intended course of action at that time and that it would solicit feedback from Brokers, which was completed.
 - ii. Fiera is the fulcrum secured creditor and is expected to incur a significant shortfall in its recoveries. Accordingly, with respect to the sales process of the GIP Shares, the Receiver consulted with the fulcrum creditor, Fiera.
- (c) AIMCo stated that they hold just under 10% of the voting shares of GIP and accordingly, have an interest in the ‘proper’ valuation of the GIP Shares, both as an unsecured creditor, and as a GIP shareholder.

- i. The Receiver suggests that the ‘proper valuation’ of the GIP Shares is based on the current publicly available trading value. This view was confirmed by the Brokers contacted by the Receiver.
- (d) AIMCo indicated that brokers who cover GIP (Haywood and Canaccord) have released analysis reports which indicate that the stock is highly undervalued based on current trading price. Reference is made such that the ‘true’ value could exceed \$11.00 per share. The Receiver respectively disagrees with this comment based on the following:
- i. The various analysis reports include a ‘target’ price, not the current market value. For example, the Canaccord analyst report dated May 16, 2024 indicated a price target of \$9.50 within one year’s time. Current market value was \$2.78 at that time;
 - ii. The target price was also based on a speculative buy rating and on a ‘sum-of-the-parts’ analysis;
 - iii. If investors believed in the analyst’s reports, then investors would be buying stock aggressively based on the ‘efficient market hypothesis’; and
 - iv. The Receiver has provided the various analyst historical price targets since January 2022, which is illustrative that the market price has never approached the various target approaches (dotted red line is the share price).



(e) AIMCo noted that the shares are thinly traded due to investors waiting to see what the Receiver will do with the shares;

i. The Receiver agrees that the GIP Shares have been historically thinly traded which also occurred well before the commencement of the Receivership as noted in the graph below (monthly trading volumes). The graph below illustrates that trading volumes have increased since the commencement of the insolvency proceedings in December 2023.



- (f) AIMCo noted that “if the shares can be realized for far more than their current value, there is a chance that an unsecured creditor likely AIMCo could see some recovery”.

The Receiver agrees that if the shares can be realized for far more than the current market value, and Fiera’s secured debt is repaid in full, then the benefit would be for the unsecured creditors. However, the Receiver notes the following:

- i. The views from the Brokers (including the brokers that covered GIP – Haywood and Canaccord) are that if the shares are sold on the open market, the price would likely decrease substantially from current market value. As noted above, the preferred course of action would be for a block sale; however, all Brokers also noted that such trades would most likely be at a discount to current market value. The chance of a price above the current market value is unlikely, and even if achieved, would only be for a slight premium to market value (not multiples of the current trading price).
- ii. The Receivership has been substantially completed. The only substantial remaining estate assets are subject to Fiera’s security and include the GIP Shares (market value of \$14.3 million) and a private investment and miscellaneous publicly traded shares valued less than \$3.0 million. Fiera is expected to incur a shortfall on its \$58.6 million secured debt in an amount in excess of \$35.0 million (excluding recoveries attributed to the GIP Shares). Accordingly, the value of the GIP Shares would have to be sold at approximately 2 ½ times the current trading price (approximately \$8.60 per share) to fully repay Fiera’s secured debt, when the current market value is \$3.50.

- iii. While various analysis reports indicate price targets within a years' time indicate prices of \$11.00 per share, this is speculative analysis, and includes various assumptions regarding future activity. For example, the referral to the Calgary Future Energy Park and potential attributed value to this facility. GIP's disclosure indicates that it recently completed the permitting phase and is now in the process of securing debt funding which could take another six (6) to eight (8) months. This information has been publicly disclosed.

- iv. The Receiver's view is that the valuation of the GIP Shares is the current market price which is generally widely accepted practice. While analysts report indicate potential increases in the share price, this is speculative and uncertain. A price decrease could also occur. Given Fiera is the fulcrum creditor and the extent that that GIP shares would have to increase over current market value is such a significant amount, the Receiver is of the view that Fiera is the key stakeholder with respect to the GIP shares.

- v. The Receiver's view is that transferring the GIP Shares at the current market value to Fiera results in the same outcome as would be the case in a situation where the GIP Shares were sold on the open market or via a block sale. Accordingly, the unsecured creditors are not prejudiced by the transfer of the GIP Shares.

RECEIVER'S RECCOMENDATIONS

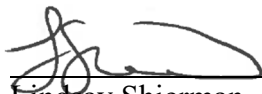
32. Based on the forgoing, the Receiver respectfully recommends that this Honourable Court grant the following relief:
- (a) Approval of the Receiver's and the Receiver's Counsel's actions, conduct and activities since the Fourth Report; and
 - (b) Approval for the Receiver to distribute the GIP Shares to Fiera Private Debt Fund GP Inc.

All of which is respectfully submitted this 7th day of August 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