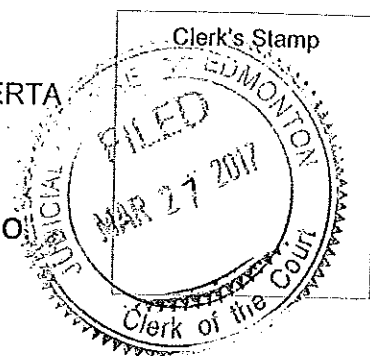


COURT FILE NUMBER 1403-05037  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE EDMONTON  
APPLICANT SPRAGUE-ROSSER CONTRACTING CO  
LTD.  
RESPONDENT METALCARE GROUP INC.  
DOCUMENT APPLICATION  
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
McCARTHY TÉTRAULT LLP  
Barristers & Solicitors  
Sean Collins / Walker W. MacLeod  
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Calgary AB T2P 4K9  
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#### NOTICE TO RESPONDENT(S)

This Application is made against you. You are a Respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard, as shown below:

Date: April 6, 2017  
Time: 2:00 p.m.  
Where: Edmonton Law Courts  
Before Whom: The Honourable Madam Justice J.M. Ross

Go to the end of this document to see what you can do and when you must do it.

**Remedy claimed or sought:** Alvarez & Marsal Canada Inc. (the "Receiver"), in its capacity as the court appointed receiver and manager of Sprague-Rosser Contracting Co. Ltd. ("Sprague-Rosser") pursuant to the order issued by the Honourable Justice J.B. Veit under the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") on July 31, 2014, as subsequently amended and restated on August 7, 2014 (the "Receivership Order"), applies for an order, substantially in the form attached as Schedule "A" hereto:

1. If necessary, declaring that the time for service of this application (the "**Application**") and the Ninth Report of the Receiver, dated March 27, 2017 (the "**Ninth Receiver's Report**"), is abridged, that the Application is properly returnable on April 6, 2017, that service of the Application and the Ninth Receiver's Report on the service list is good and sufficient, and that no persons other than those on the service list are entitled to service of the Ninth Receiver's Report, the Application, or any orders arising therefrom.
2. Approving the cost allocation (the "**Cost Allocation**") in respect of the SR Claim (as defined below) proposed by the Receiver in the Ninth Receiver's Report, being the payment of \$180,000 from the \$491,713.24 settlement amount (the "**Settlement Funds**") paid by Canadian Natural Resources Limited ("**CNRL**").
3. Authorizing the distribution of the remaining portion of the Settlement Funds, subsequent to the implementation of the Cost Allocation, to Metalcare Group Inc. ("**Metalcare**"), including, but not limited to, Metalcare's builders' lien, in the amount of \$444,533, registered on November 22, 2013.
4. Ordering and declaring that service of any orders arising from the Application by email, facsimile, registered mail, courier, regular mail, or personal delivery, to the persons listed on the service list shall constitute good and sufficient service of such orders and that no persons other than those on the service list are entitled to be served with a copy of such orders.
5. Such further and other relief as counsel for the Receiver may advise and this Honourable Court considers to be just and appropriate in the circumstances.

**Grounds for Making this Application:** The grounds for this Application are as follows:

6. Sprague-Rosser entered into a construction contract number 807400 (the "**Construction Agreement**"), between CNRL, as owner, and Sprague-Rosser, as contractor, regarding CNRL's Horizon Oil Sands Project (the "**Horizon Project**").
7. On July 30, 2014, Sprague-Rosser commenced an action against CNRL seeking the recovery of \$8,956,241 for various cost overruns relating to work done pursuant to the Construction Agreement (the "**SR Claim**").
8. On July 31, 2014, the Receiver was appointed as receiver and manager of all of Sprague-Rosser's, current and future, properties, assets, and undertakings (collectively, the

“**Property**”), pursuant to the Receivership Order, as later amended and restated on August 7, 2014.

9. The Receiver expended time, effort, and expense in order to pursue, negotiate, and settle the SR Claim. Specifically, the Receiver incurred expenses in excess of \$200,000 in connection with the pursuit of the SR Claim and the recovery of the Settlement Funds.

10. Upon being appointed as receiver and manager, the Receiver engaged in settlement negotiations with CNRL. The Receiver, on behalf of Sprague-Rosser, and CNRL entered into a settlement agreement (the “**Settlement Agreement**”) whereby, on or around July 24, 2015, CNRL made a settlement payment to Sprague-Rosser in the amount of \$491,713.24.

11. Paragraph 17 of the Receivership Order grants the Receiver and its counsel a charge over the Property as security for their fees and expenses, in priority to, *inter alia*, all security interests, trusts, and deemed trusts.

12. After concluding the Settlement Agreement with CNRL and the Receiver receiving the Settlement Funds, the Receiver determined that a certificate of substantial performance (“**CSP**”) had been issued in relation to the Construction Agreement. The CSP was issued on or around March 21, 2014.

13. As of the date of the Ninth Receiver’s Report, the Receiver is aware of only one subcontractor, Metalcare, with a valid trust claim in connection with the Construction Agreement and the Settlement Funds.

14. Metalcare was a subcontractor of Sprague-Rosser under the Construction Agreement and, as a result, registered a builders’ lien against the Horizon Project in the amount of \$444,533 on November 22, 2013.

15. As a result of the CSP, Metalcare is now asserting a trust claim to the Settlement Funds.

16. The Receiver’s effort and expense in connection with the pursuit of the SR Claim and the recovery of the Settlement Funds directly benefited Metalcare.

17. The Receiver believes that the proposed Cost Allocation with respect to the SR Claim and the Settlement Funds provides a fair and equitable allocation of the costs incurred in connection with the recovery of the Settlement Funds.

**Affidavit or other Evidence and Materials to be used in Support of this Application:**

18. The Ninth Receiver's Report, filed.
19. Such further and other evidence or materials as counsel may advise and this Honourable Court may permit.

**Applicable Rules:**

20. Rule 6.3, 6.9, and 11.27 of the Alberta Rules Of Court, Alta. Reg. 124/2010.
21. Such further and other rules as counsel for the Receiver may advise and this Honourable Court may permit.

**Applicable Acts and Regulations:**

22. The *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended.
23. Such further and other acts and regulations as counsel for the Receiver may advise and this Honourable Court may permit.

**Any Irregularity Complained of or Objection Relied On:**

24. There are no irregularities complained of or objections relied on.

**How the Application is Proposed to be Heard or Considered:**

25. The Receiver proposes that this application be heard in person with one, some, or all of the parties present.

AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT.

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

**SCHEDULE "A"**

COURT FILE NUMBER 1403-05037  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE EDMONTON  
APPLICANT **SPRAGUE-ROSSER CONTRACTING CO. LTD.**  
RESPONDENT **METALCARE GROUP INC.**  
DOCUMENT **ORDER**  
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
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Barristers & Solicitors  
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Email: scollins@mccarthy.ca / wmacleod@mccarthy.ca



DATE ON WHICH ORDER WAS PRONOUNCED: April 6, 2017  
NAME OF JUDGE WHO MADE THIS ORDER: Justice J.M. Ross  
LOCATION OF HEARING: Edmonton, Alberta

**UPON THE APPLICATION** of Alvarez & Marsal Canada Inc., in its capacity as court-appointed receiver and manager (the "**Receiver**") of Sprague-Rosser Contracting Co. Ltd. ("**Sprague-Rosser**") pursuant to the order issued by the Honourable Justice J.B. Veit under the *Bankruptcy and Insolvency Act* (Canada) on July 31, 2014, as subsequently amended and restated on August 7, 2014; **AND UPON** having read the Notice of Application, filed on March ●, 2017 (the "**Application**") and the Ninth Report of the Receiver, dated March ●, 2017 (the "**Ninth Receiver's Report**"); **AND UPON** having read the Affidavit of Service of Katie Doran, sworn on March ●, 2017 (the "**Service Affidavit**"); **AND UPON** hearing counsel for the Receiver and counsel present for other parties;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. The time for service of the Application and the Ninth Receiver's Report is abridged, the Application is properly returnable today, service of the Application and the Ninth Receiver's Report on the service list, in the manner described in the Service Affidavit, is good and sufficient, and no other persons are entitled to service of the Application or the Ninth Receiver's Report.

**COST ALLOCATION**

2. The proposed cost allocation, as set out in paragraph • of the Ninth Receiver's Report (the "**Cost Allocation**") in the amount of \$180,000, allocating all of the Receiver's costs and expenses incurred in the pursuit, negotiation, and settlement of Sprague-Rosser's claims against Canadian Natural Resources Limited ("**CNRL**"), arising under Construction Contract Number 807400, regarding CNRL's Horizon Oil Sands Project and the recovery of the corresponding settlement funds, in the amount of \$491,713.24 (the "**Settlement Funds**"), be and is hereby approved.

3. The Receiver is hereby authorized and directed to implement the Cost Allocation as against the Settlement Funds and to take all such further steps as the Receiver determines are necessary or advisable to implement the Cost Allocation.

**DISTRIBUTION**

4. Upon the implementation of the Cost Allocation against the Settlement Funds, the Receiver is hereby authorized and empowered to distribute any and all remaining portion of the Settlement Funds, net of the Cost Allocation, to the Metalcare Group Inc.

**MISCELLANEOUS MATTERS**

5. Service of this Order on the persons listed on the service list shall be by any of email, facsimile, courier, registered mail, regular mail, or personal delivery, and no persons other than those on the service list are entitled to be served with a copy of this Order.

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**J.C.Q.B.A.**