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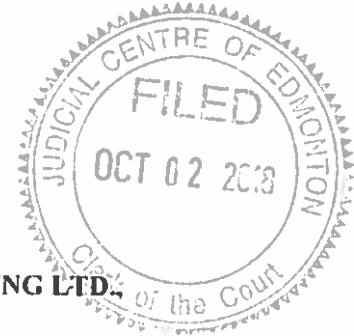
EDMONTON

PLAINTIFF
(APPLICANT)

BANK OF MONTREAL

DEFENDANT
(RESPONDENT)

LADACOR AMS LTD.,
NOMADS PIPELINES CONSULTING LTD.,
2367147 ONTARIO INC., and
DONALD KLISOWSKY



DOCUMENT

FIRST REPORT OF THE RECEIVER

October 2, 2018

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER

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ALVAREZ & MARSAL

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INTRODUCTION

1. On May 18, 2018 (the “**Receivership Date**”), pursuant to an order of the Court of Queen’s Bench of Alberta (the “**Court**”) granted in these proceedings (the “**Receivership Order**”), Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed receiver and manager (the “**Receiver**”), without security, of all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”), in respect of Ladacor AMS Ltd. (“**Ladacor**”), Nomads Pipelines Consulting Ltd. (“**Nomads**”) and 2367147 Ontario Inc. (“**236 Inc.**”) (collectively, the “**Debtors**” and each individually a “**Debtor**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”), section 13(2) of the *Judicature Act*, RSA 2000, c J-2 and 65(7) of the *Personal Property Security Act*, RSA 2000, c P-7 (“**PPSA**”).
2. The Receivership Order empowers and authorizes, but does not obligate, the Receiver to, among other things, manage, operate and carry on the business of the Debtors and to take possession and control of the Property (as defined in the Receivership Order) of Debtors and any and all proceeds, receipts and disbursements arising out of or from the Debtors, and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business.
3. Prior to the Receivership Date, Alvarez & Marsal Canada ULC (“**A&M ULC**”) was engaged as consultant to the Bank of Montreal (“**BMO**”) and this engagement was consented to by the Nomads and Ladacor. The engagement commenced on or around May 4, 2018 and terminated immediately prior to the Receivership Date. In that role, A&M ULC from time to time reviewed, assessed and reported to BMO on the operations and ongoing viability of the Company.

4. The purpose of this first report of the Receiver (the “**First Report**” or “**this Report**”) is to provide this Honourable Court with information in respect of the following:
- a) a brief overview and background of the Debtors;
 - b) initial activities of the Receiver since the Receivership Date;
 - c) the process initiated by the Receiver (“**Invitation for Offers**”) to solicit offers for the purchase of certain remaining equipment and inventory of Ladacor and Nomads out of the normal course of business;
 - d) the execution of an Auction and Liquidation Services Agreement (the “**Auction Agreement**”) by the Receiver and Century Services Corp. (“**Century**”) dated September 28, 2018 and the Receiver’s application for an Auction Approval and Vesting Order with respect to the Auction Agreement (the “**Vesting Order**”);
 - e) the Receiver’s application for the sealing of the Appendices 1 and 2 to this Report (the “**Sealing Order**”);
 - f) the cash flow results for the period from May 18, 2018 to September 21, 2018;
 - g) the Receiver’s application for approval for payment into Court by the Receiver of \$53,236.34, as security for the builders’ lien claim of Hawk Electric (Northern) Inc. (“**Hawk Electric**”), which security (the “**Hawk Security**”) is to be held by the Clerk of the Court pending further Order of the Court;
 - h) the Receiver’s application for an order directing that upon payment of the Hawk Security into Court, that the Registrar of Land Titles shall remove the registration of the lien of Hawk Electric;

- i) the Receiver's application for an order directing the removal of the lien registration of Hagen Surveys (1982) Ltd. for failing to provide an Affidavit Proving Lien;
 - j) the security opinion conducted by the Receiver's independent counsel, Blakes, Cassels & Graydon LLP ("**Blakes**") with respect to the security granted to BMO;
 - k) the approval of the proposed interim distribution of funds recovered by the Receiver to BMO;
 - l) the Receiver's application to amend certain paragraphs of the Receivership Order;
 - m) the Receiver's application for approval of the Receiver's and Blakes' fees and expenditures in the Receivership Proceedings;
 - n) the ongoing activities and the Receiver's future course of action; and
 - o) Receiver's conclusions and recommendations.
5. Capitalized words or terms not otherwise defined in this Report are as defined in the Receivership Order.
6. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

7. In preparing this Report, the Receiver has relied upon: (i) information obtained prior to the Receivership Proceedings through A&M ULC; (ii) the representations of certain former management and former employees of the Debtors; and (iii) financial and other information contained in the Debtors' books and records, which were produced and maintained principally by the Debtors. The Receiver has not performed an audit, review or other verification of such information.

BACKGROUND AND OVERVIEW

8. Ladacor and Nomads head office is located at 729-24 Avenue SE, Calgary, Alberta (the “**Facility**”). Ladacor and Nomads are registered to carry on their businesses in the Province of Alberta. The Receiver has retained the office lease for the Facility to allow it to complete the sale of the assets and attend to necessary operational and administrative matters in the receivership proceedings.
9. Nomads' principal business is investments and the manufacturing and production of advanced modular buildings and structures. These advanced modular buildings and structures were constructed from sea cans. Nomads is owned by Mr. Donald Klisowsky (97.28%) and Mr. Sam Klisowsky (2.72%) through the issuance of Class A common shares.
10. Ladacor is a wholly-owned subsidiary of Nomads and is also in the business of manufacturing and production of advanced modular buildings and structures. For accounting and financial reporting purposes, the Receiver understands that Nomads and Ladacor combined their financial records and did not separate their assets and liabilities, but were in the process of doing so prior to the Receivership Date.
11. Ladacor is the borrower of funds from BMO of approximately \$4.7 million as at the Receivership Date and each of Nomads, 236 Inc. and Donald Klisowsky have guaranteed to BMO the indebtedness of Ladacor.
12. 236 Inc. is a corporation registered to do business in the Province of Ontario. 236 Inc.'s principal business activity is operating a hotel, which is part of the Days Inn franchise and is currently operating as the Days Inn Sioux Lookout (the “**Hotel**”) in Sioux Lookout, Ontario. The Hotel opened on December 8, 2014 and is a 60-room, limited-service type hotel, that includes a 2,200 sq. ft. meeting space, a fitness facility and approximately 95 outdoor surface parking spaces.
13. Nomads owns 90% of the Class A common shares of 236 Inc. as an investment and the remaining 10% is owned by J. Steenhof & Associates Ltd.

14. Since the Receivership Date, the Receiver's activities have included, among other things, securing, preserving, understanding and stabilizing the operations of the Debtors. The Receiver has taken all steps necessary to ensure the continuation of services provided by the Debtors. As well, the Receiver has been assessing the economics of the various manufacturing projects and other assets of Nomads and Ladacor and identifying claims against those companies to assist in determining the best path forward. The Receiver has also been evaluating the best way to divest the Hotel.
15. Further background to each of the Debtors and their operations are contained in the materials filed in support of the Receivership Order. These documents and other publically filed Court materials in these proceedings have been posted on the Receiver's website at: www.alvarezandmarsal.com/ladacor (the "**Receiver's Website**").

INITIAL ACTIVITIES OF THE RECEIVER

Securing the Facility, Hotel and Administration

16. Since the Receivership Date, the Receiver's activities with respect to Nomads and Ladacor have included the following:
 - a) physically attending and taking possession and control of the Facility;
 - b) changing the locks of the Facility and restricting computer access and codes and ensuring appropriate safeguarding of the Facility;
 - c) performing a thorough walk-through of the Facility, with certain former management, to become knowledgeable of the assets and inventory located in the Facility;
 - d) confirming all known corporate bank accounts of Nomads and Ladacor and providing the respective bank representatives with notices to freeze all accounts and remit net balances to the Receiver;

- e) completing a filing index and organizing the various files (physical and electronic) located at the Facility;
- f) redirecting mail to the office of the Receiver;
- g) attending various meetings with Ladacor and Nomads former senior management and other employees to explain the powers and duties of the Receiver, its role as an Officer of the Court and to discuss the proposed terms of retention of certain of these former staff to assist the Receiver during the Receivership Proceedings;
- h) attending meetings with Donald Klisowsky to provide a status update on the Receivership Proceedings and to discuss, where appropriate, next steps of the Receiver;
- i) attending meetings and hosting email communication with Ladacor's and Nomads' former personnel;
- j) reviewing and following up on an unsolicited offer received from former Ladacor and Nomads personnel for the purchase of certain of Ladacor and Nomads assets, which offer was ultimately not accepted by the Receiver;
- k) delivering a cease and desist letter to a former employee of Ladacor with respect to certain electronic file and intellectual property taken from Ladacor and informing this individual's current employer to not utilize this information for personal or business use. The Receiver received a response from this former employee that all information inappropriately obtained has been destroyed;
- l) communicating with certain counsel representing suppliers regarding 30 day claim matters;

- m) attending multiple meetings and hosting various discussions with various owners and stakeholders with respect to the ongoing commercial modular projects (the “**Projects**”) discussed below;
- n) reviewing the various and ongoing Projects with former management and contractors to determine the respective Projects' financial viability in order to maximize realizations with respect to uncollected accounts receivables and the sale of various modular units;
- o) completing a compilation and analysis of accounts receivable sub-ledgers and reconciliation of Nomads' and Ladacor's other remaining assets;
- p) undertaking day to day management of operations of Nomads and Ladacor, including contractor supervision and payment of trade creditors for services rendered and approved by the Receiver;
- q) monitoring the cash flow of Ladacor and Nomads and ensuring suppliers were paid on a timely basis;
- r) notifying Ladacor's and Nomads' insurance brokers of the Receivership Order and making arrangements for continuation of the Corporate Insurance Policies, and adding the Receiver as a named insured and loss payee;
- s) establishing a process to select a suitable marketing agent (auctioneer) to sell Ladacor's and Nomads' remaining equipment and inventory and ensuring all known equipment and inventory located offsite were delivered to the Facility;
- t) communicating, arranging and meeting with the Canada Revenue Agency (“**CRA**”) to allow the CRA to conduct and complete its respective source deduction and GST audits;

- u) attending various meetings and communications with BMO, as the main creditor stakeholder with respect to operational and financial updates of Ladacor and Nomads, the process established to complete or abandon the various Projects and other matters in these proceedings; and
 - v) attending to numerous and on-going meetings and discussions with various creditors (or their representatives), Blakes, shareholders, current directors, interested parties, and other Ladacor and Nomads stakeholders regarding the Receivership Proceedings.
17. Since the Receivership Date, the Receiver's activities with respect to 236 Inc. have included the following:
- a) physically attending and taking possession and control of the Hotel and visiting the Hotel on a few occasions;
 - b) obtaining the keys to the Hotel and ensuring proper controls and security in place for the continued success of the Hotel while safeguarding the property;
 - c) engaging the continued services of the existing property management group (the "**Hotel Property Manager**") with respect to providing management and accounting services of the Hotel;
 - d) performing a thorough walk-through of the Hotel, with the Hotel's general manager and certain employees, to become knowledgeable of its operations and understanding if any capital expenditures and repairs and maintenance are required in order to preserve the value of the Hotel;
 - e) meeting with over 30 staff and management to discuss the Receivership Proceedings, explain the powers and duties of the

Receiver as an officer of the Court, among other things, and engaging all staff to assist the Receiver in continuing to operate the Hotel;

- f) confirming all known corporate bank accounts and providing respective notices to the various banks and the Hotel Property Manager to remit net balances to the Receiver;
- g) receiving and collecting, with the assistance of the Hotel Property Manager, the Hotel cash receipts and making cash disbursements to satisfy the obligations incurred with respect to the Hotel over the course of the Receivership Proceedings;
- h) undertaking the day-to-day management of operations of the Hotel, including supervising the Hotel Property Manager, ongoing discussion with the Hotel's general manager and employees to educate them on the receivership process, payment of trade creditors for services rendered and approved by the Receiver in the Receivership Proceedings;
- i) monitoring the cash flow of the Hotel on a regular basis and ensuring suppliers were paid on a timely basis for services rendered to the Receiver post-Receivership Date;
- j) notifying the Hotel's insurance provider of the Receivership Order and making arrangements for continuation of the corporate insurance policy (the "**Hotel Insurance Policy**") and adding the Receiver as a named insured (beneficiary) and loss payee; and
- k) attending to multiple calls from various interested parties with respect to the purchase of the Hotel. The Receiver is currently evaluating the best method/approach to market and maximize realizations on the Hotel and should be in a position to advise the Court further on its findings in due course.

Independent Legal Counsel

18. The Receiver has retained as its independent legal counsel, Blakes to assist the Receiver in these Receivership Proceedings.

Canada Revenue Agency (Potential Priority Claims)

19. Based on the Receiver's review of Ladacor's and Nomads' books and records, the Receiver determined that Ladacor had not filed any GST returns for the past two consecutive months prior to the Receivership Date and had not paid any source deductions to CRA since March 2018. Nomads had not filed any GST returns for the past eight consecutive months prior to the Receivership Date.
20. The Receiver contacted the CRA and requested that an audit of Ladacor's and Nomads' GST and source deduction accounts be completed. On July 24, 2018, the CRA auditors met with representatives of the Receiver to go over the pre-receivership source deductions accounts. On August 2, 2018, the Receiver responded to an audit information request for pre-receivership GST accounts.
21. Based on the CRA's preliminary review, it appears that the outstanding pre-receivership GST and source deductions for Ladacor and Nomads are as follows:
 - a) Ladacor:
 - i. GST – approximately \$25,000
 - ii. Source Deductions – approximately \$455,000
 - b) Nomads:
 - i. GST – approximately \$160,000
 - ii. Source Deductions – \$NIL.

The Receiver anticipates receiving CRA's final audit results with respect to Ladacor and Nomads pre-receivership GST and source deductions in the coming weeks.

22. The Receiver contacted the CRA and requested that an audit be conducted for 236 Inc. Based on CRA's review, the Receiver was advised that both pre-receivership source deductions and HST were up to date and there is nothing outstanding.

Statutory Mailing by Receiver

23. The Receiver mailed the notices required by sections 245 and 246 of the BIA to each of Ladacor's, Nomads' and 236 Inc.'s known creditors and the Office of the Superintendent of Bankruptcy on May 29, 2018 (the "**Receiver's Notice**"). A copy of the Receiver's Notice can be found on the Receiver's Website.

Employee, Wage Earner Protection Program & s. 81.4(1) BIA Priority Claims

24. All employees of Nomads and Ladacor were terminated as at the Receivership Date and certain of these employees were engaged by Receiver as independent contractors to assist in the Receivership Proceedings. The Receiver, with the assistance of these contractors, have prepared and submitted all outstanding records of employment, information pertaining to existing insurance health care benefits and the employees' T4 notices for tax purposes.
25. The Receiver prepared and delivered the required information package with respect to the Wage Earners Protection Program ("**WEPP**"). The former employees of Nomads and Ladacor were also provided with a proof of claim form. To date, the total combined WEPP claims filed against Nomads and Ladacor are approximately \$113,000, of which approximately \$26,000 appears to be priority claims under the BIA and the remaining \$87,000 relates to the unsecured portion of the claims filed. The various WEPP claims are broken down as follows:
- a) Ladacor: \$31,500, of which approximately \$9,000 likely constitutes "super-priority" claims and the remaining \$22,500 would be the unsecured portion of the claims filed.

- b) Nomads: \$71,500, of which approximately \$15,000 likely constitutes “super-priority” claims and \$56,500 would be the unsecured portion of the claims filed.
- c) 236 Inc.: \$10,000, of which approximately \$2,000 likely constitutes “super-priority” claims and \$8,000 would be the unsecured portion of the claims filed.

Books and Records

- 26. As at the Receivership Date, the Receiver is advised that the Debtors' books and records were up to date and the Debtors' have an active controller employed to maintain the accounting records.
- 27. Summarized in the table below is the estimated net book value from the Debtors' balance sheets as at May 18, 2018. The asset values listed in the below chart are recorded on a “net book value” basis and have not been audited or have not otherwise been verified as to its accuracy. The net book values for each of the listed assets may not approximate their market and/or realizable value and these values may differ significantly.

Ladacor AMS Ltd., Nomads Pipeline Consulting and 2367147 Ontario Inc. - In Receivership as at May 18, 2018			
	Ladacor Est. Book Value	Nomads Est. Book Value	236 Est. Book Value
Assets			
Cash	-	-	100,000
Accounts Receivable	1,087,974	5,276,410	-
Inventory	477,629	1,114,467	-
Property, Plant & Equipment	-	547,152	4,222,900
Prepaid Deposits	198,105	-	-
Franchise Fee	-	-	31,000
Work in Progress	Unknown	Unknown	-
Patents and Intangibles	Unknown	Unknown	-
Investments	-	Unknown	-
Total Assets	1,763,708	6,938,029	4,353,900
Liabilities			
BMO operating loan	4,737,542	4,737,542	4,737,542
GST and source deductions	480,000	160,000	-
Accounts payable and accrued liabilities	2,085,966	2,150,548	37,445
Shareholder loans	15,014,789	Unknown	-
Total Liabilities	22,318,297	7,048,090	4,774,987

28. The Receiver is currently evaluating and taking steps to collect upon the outstanding receivables, investments and other assets of Nomads and Ladacor and is taking measures to protect Nomads' and Ladacor's interest in these assets. In addition, the Receiver is currently evaluating the best means to realize upon the Hotel.

NOMADS AND LADACOR MODULAR PROJECTS

Overview

29. Ladacor and Nomads are in the business of manufacturing and production of advanced modular buildings and structures. As at the Receivership Date, the Receiver determined there were six main projects where Ladacor and/or Nomads was the general contractor (or main sub-contractor) and the status of these projects from a percentage completion basis were at various stages. As outlined above, there are certain accounts receivables that are owing to Ladacor and Nomads from its customers and the Receiver has been working closely with these parties to arrange for collection, settlement or resolution of these matters.

Ladacor Projects

Banff Project

30. The Banff project (“**Banff Project**”) consists of a three story modular “staff housing” building located at 542 & 544 Banff Avenue in the town of Banff, Alberta, for the owner of this project, Canadian Rocky Mountain Resorts Ltd. (the “**Banff Project Owner**”). The contract value of this Banff Project was approximately \$5.5 million (including GST) and the contract was between the Ladacor and the Banff Project Owner. Ladacor was the general contractor for the Banff Project. As at the Receivership Date, the project was approximately 75% complete.

31. Since the Receivership Date, the Receiver hosted several meetings with its independent contractors (former employees of Ladacor and Nomads), the Banff Project Owners, external vendors, suppliers and contractors to determine if an opportunity existed to complete certain stages of the Banff Project that would allow the Receiver to unlock value and realizations for the benefit of the Ladacor estate. The Receiver and the Banff Project Owners entered into an Accommodation Agreement that was later amended (the “**Amended Accommodation Agreement**”) on July 24, 2018, whereby, among other things, the Receiver would transfer various completed modular units to the Banff Project Owners and complete a defined scope of work on an “as is, where is” basis. If the Receiver completed the defined scope of work, the Banff Project Owners agreed to pay the Receiver \$500,000 for the transfer of modular units to the Banff Project Owners possession and to reimburse the Receiver the costs to complete the defined scope of work. In addition, the Receiver will also be entitled to receive up to an additional \$250,000 (the “**Additional Banff Receipt Amount**”) depending upon the outcome of the Banff Project Owners establishing a lien fund to address the various liens filed by certain vendors as against the Banff Project lands.

32. There were significant issues relating to the Receiver being able to collect on any of the outstanding receivables owed to Ladacor. The Receiver would not have been able to complete the work set out in the Banff Project and Ladacor had incurred significant cost overruns on the Banff Project. There were also issues surrounding the collectability of invoices issued by Ladacor prior to the Receivership that were never approved by the consultant under the Banff Contract and that were subject to certain claims of set-off and breach of contract by the Banff Project Owners.
33. On August 31, 2018, the Receiver fulfilled all of its obligations under the Amended Accommodation Agreement. As discussed further below, the Receiver collected approximately \$1.4 million in receipts and has disbursed approximately \$0.9 million with respect to the Amended Accommodation Agreement. No further receipts or disbursements are expected to be collected or incurred with respect to the Banff Project, except for the possible collection of the Additional Banff Receipt Amount.

Eden Valley

34. The Eden Valley project (“**Eden Valley Project**”) consisted of building two modular duplexes at Eden Valley 216, Longview, Alberta. The contract was between Ladacor and Bearspaw First Nation (the “**Eden Valley Owners**”) and Ladacor was the general contractor. The contract value of this project was approximately \$448,000 and Ladacor collected approximately \$112,000. At the Receivership Date, the Eden Valley Project was approximately 60% complete, with the majority of the remaining work requiring the completion and fabrication of the modules at the Facility and then erecting the modules on site.
35. On June 14, 2018, the Receiver contacted the Eden Valley Owners to provide an update on the Receivership Proceedings and to discuss options for completing the Eden Valley Project. At the request of the Eden Valley Owners, the Receiver prepared a cost estimate to complete the remaining work on an “as is where is” basis. After various site visits by the Eden Valley Owners at the Facility to

inspect the modular units and after hosting various calls regarding the possible completion of the work, the Eden Valley Owners determined that they would not proceed with the Receiver to complete the remaining modules for the Eden Valley Project, nor pay for the modules currently located at the Facility. On August 22, 2018, the Eden Valley Owners advised the Receiver that it has abandoned its interest in modules that are 60% complete relating to the Eden Valley Project. The Receiver is currently determining, what if any, recoveries may be available on this account receivable from the Eden Valley Owners.

Heart Lake

36. The “**Heart Lake Project**” relates to a multi-unit housing complex at Heart Lake, Alberta. The contract was between Ladacor and Heart Lake First Nation (the “**HLFN Project Owners**”). Ladacor was the general contractor on this project. As at the Receivership Date, approximately 5% of this project was complete and the total value of this project was approximately \$1.2 million. The Receiver understands that approximately \$400,000 was already paid by the HLFN Project Owners to Ladacor and these funds were not available as at the Receivership Date. The Receiver asked the HLFN Project Owners if they would be interested in the Receiver completing this project under a new contract with new terms. This offer was rejected. HLFN Project Owners currently do not owe any monies to Ladacor and likely have an unsecured claim as against Ladacor for the monies they pre-advanced to Ladacor for this project.

Chateh Courthouse

37. The Chateh Courthouse project (“**Chateh Courthouse Project**”) relates to the design, manufacturing and erection of a courthouse in the Chateh region of Alberta. The contract was between Ladacor, Kor Alta Construction Ltd. (“**Kor Alta**”) and the Chateh First Nation (the “**Chateh Project Owners**”). Ladacor was the main sub-contractor on this project. The Receiver held conversations with Kor Alta and its counsel, representatives from the Chateh Project Owners and the bonding companies on this project. The Receiver advised that it was not in a

position to adopt the existing contract between the parties or enter into a new contract to start the work on this courthouse project based on the project metrics, timing and overall circumstances.

38. There were no outstanding receivables owing to Ladacor in relation to the Chateh Project.

Nomads Projects

Westgate

39. Nomads entered into an agreement with StepAhead Properties (“**Step Ahead**”) to build a modular residential building on the west end of Edmonton, Alberta (the “**Westgate Project**”) located specifically at 9560/9570 – 163 Street NW, Edmonton, Alberta and legally described as:

PLAN 5417NY BLOCK 14 LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.567 HECTARES (1.4 ACRES) MORE OR LESS
ESTATE: FEE SIMPLE, ATS REFERENCE: 4;25;52;34;W
MUNICIPALITY: CITY OF EDMONTON

(the "**Westgate Lands**")

40. Nomads acted as the general contractor on the Westgate Project, which the building contract (the “**Westgate Building Contract**”) was executed effective February 8, 2016 between Nomads and 1507811 Alberta Ltd. (i.e. Step Ahead). Concurrently, Nomads and Step Ahead entered into a site works contract (the “**Westgate Siteworks Contract**”) which was a cost-plus agreement (CCDC3) for the same parcel of land as the Westgate Project at the same time.
41. The Westgate Building Contract was a fixed price contract with a contract value of approximately \$2.6 million (including GST). The Westgate Siteworks Contract was a cost-plus contract which had an initial budget of approximately \$0.6 million.

42. The Westgate Project received its Certificate of Occupancy from the City of Edmonton on October 24, 2017 and was therefore considered complete.
43. As at the Receivership Date, Nomads was owed approximately \$3.6 million (including GST) from Step Ahead and Step Ahead disputes this amount as outstanding to Nomads. Since the Receivership Date, the Receiver and Step Ahead's financial advisor have been working closely to reconcile and confirm the outstanding balance owed by Step Ahead to Nomads.
44. The Receiver believes that the parties are close to determining the uncontested amount outstanding to Nomads. Once this has been determined, the parties have agreed (in good faith) to take steps to complete the removal of various builders' liens filed against the Westgate Lands and for payment of Step Ahead's obligations to Nomads. The Receiver understands that Nomads, prior to the Receivership Date, filed a builders' lien and statement of claim against the Westgate Lands for over \$4.2 million.

Hythe

45. Nomads entered into an agreement with Hythe Pioneer Homes (“**HPH Project Owners**”) to build a modular residential nursing home located at 1040 – 100 Street, in Hythe, Alberta (the “**Hythe Project**”). Nomads was contracted to work with HPH Project Owner's advisor, Connecting Care, who was administering the project on behalf of the HPH Project Owners.
46. The building contract (CCDC 14) is a stipulated price contract executed November 25, 2016 with a contract value of approximately \$9.2 million (including GST). Concurrently, there is also a siteworks contract (a cost-plus agreement, that was executed on November 25, 2016. Both the Hythe building contract and site-works contract was initiated by Nomads prior to the Receivership Date.
47. As at the Receivership Date, the Hythe Project was approximately 73% complete regarding the completion of the modular building units and 61% complete with

- respect to the site works. The books and records of Nomads indicate that the HPH Project Owners owe Nomads approximately \$2.8 million in unpaid invoices and work in progress billings. On August 24, 2018, the Receiver filed a builders' lien of approximately \$2.8 million as against the lands of the Hythe Project.
48. Since the Receivership Date, the Receiver has been in constant contact with HPH Project Owners with respect to the Hythe Project. The Receiver took measures to ensure that the Hythe Project site was properly monitored, supervised and the site modular units were protected as best as possible, under the circumstances. The Receiver could not reach any agreement with HPH Project Owners with respect to the Receiver's go-forward involvement on the project and, as such, the Receiver vacated the Hythe Project site premise and turned over custody and control of this site to the HPH Project Owners.
49. The Receiver continues to be in constant consultation with the HPH Project Owners, the Hythe Project insurance providers and other HPH Project Owners advisors and consultants with respect to certain 'environmental damage' that has been experienced to the modular units on site (water damage and mould) over time as a result of the modular units not having a roof on these structures. The Receiver has requested, but has not yet received, the HPH Project Owners position whether it wishes for the Receiver to complete the Hythe Project.

Office Lease

50. The lease rate for the Facility is \$28,801 per month (excluding GST) and is set to expire on March 2022. The Receiver has not assumed this lease; however, it is currently paying occupancy rent to the landlord. The Receiver expects to be out of the Facility by the beginning of November 2018 and has notified the landlord as such. The Receiver is arranging to enter into a temporary month-to-month lease with the landlord at this site location to store certain modular units for an interim period for approximately \$4,400/month starting November 1, 2018.

Corporate Insurance coverage

51. Nomads and Ladacor have a comprehensive corporate insurance policy (the “**NL Corporate Insurance Policy**”) in place with Starr Insurance & Reinsurance Limited that expires on November 30, 2018, which consists of blanket property coverage, commercial liability (including sudden and accidental pollution liability), business interruption, production property floater, and office contents insurance. The total premium is approximately \$2,500 per month. The Receiver is the beneficiary and the loss-payee of the Corporate Insurance Policy.
52. 236 Inc. also has the Hotel Insurance Policy in place with The Co-Operators that expires on December 1, 2018. The Hotel Insurance Policy consists of property coverage (which includes content, flood, sewer backup and innkeepers liability), loss of income coverage, equipment breakdown coverage and a commercial general liability coverage that includes an additional insured endorsement with the Wyndham Hotel Group Canada ULC who is the Franchisor that requires such coverage as per the Franchise Agreement. The total premium is approximately \$1,500 per month. The Receiver is the beneficiary and the loss-payee of the Hotel Insurance Policy.

THE EQUIPMENT AND INVENTORY SALES PROCESS

Invitation For Offer Process

53. Pursuant to section 3(k) of the Receivership Order, the Receiver is empowered and authorized to market the Property, including advertising and soliciting offers in respect of the Property or any parts thereof, and negotiating such terms and conditions for the sale as the Receiver in its discretion may deem appropriate.
54. Given the uncertainty as to potential recoveries to priority and secured creditors in the Receivership Proceedings, the Receiver determined that it was appropriate to seek proposals (“**Invitation for Offers**”) from interested auctioning companies for the marketing and auctioning of Ladacor's and Nomads' Property in an attempt to maximize realizations for all creditors and stakeholders in the estate.

55. The Receiver did consider conducting a “going-concern” sale of Ladacor and Nomads. However, this type of sale generally necessitates a continuing operation. In addition, given that there: (i) was uncertainty surrounding the continuity of Ladacor's and Nomads' former employees; and (ii) is currently no ability to immediately fund the operations to cover operating costs and cost overruns relating to the various Projects, professional fees and other expenses, the Receiver did not believe it would have been appropriate, nor efficient, to sell Ladacor and Nomads as a going-concern.
56. During the week of July 2, 2018, the Receiver contacted and/or received interest from four reputable auctioning companies that specialized in the equipment and inventory Ladacor and Nomads owned. The Receiver invited these parties to attend the Ladacor and Nomads premises to review these companies' Property. Two out of the four auctioning companies accepted the Receiver's invite to visit and inspect the Property (the “**Interested Parties**”).
57. On August 11, 2018, the Receiver sent an information package (the “**Information Package**”) to the Interested Parties that provided a listing of all the Ladacor and Nomads Property that would be included in the sales process (the “**Auction Assets**”) and a standard “offer form” for the Interested Parties to submit their offer (the “**Proposal Offer**”). The Information Package is attached hereto as **Appendix “A”** to this Report. The main terms and conditions of the Information Package are summarized below:
- a) description of the process, including the viewing Auction Assets, the format for proposals and a bid deadline of August 17, 2018 to submit the Proposal Offers to the Receiver (“**Initial Bid Deadline**”);
 - b) description of the Auction Assets;
 - c) identifying assets not to be included in the Proposal Offer;
 - d) general terms and conditions including receipt of a 10% deposit, a Court approval condition, and that the Auction Assets would be provided on an

“as is, where is” basis with no representations or warranties expressed or implied as to title, condition or fitness for use; and

- e) if a Proposal Offer is accepted, the party submitting that Proposal Offer (the “**Successful Bidder**”) would enter into a definitive agreement with the Receiver that is subject to Court approval.

Proposals Received to Date

- 58. In total, the Receiver received two Proposal Offers from the Interested Parties for the Auction Assets by the Initial Bid Deadline.

Offer Accepted Subject to Court Approval and Summary of Offers Received

- 59. After review, analysis and clarification of certain terms of offers and related matters, the Receiver, with the concurrence of BMO, accepted, subject to the Court’s approval, the Proposal Offer of Century (the “**Century Offer**”).
- 60. Century and the Receiver then negotiated and executed the Auction Agreement. A copy of the redacted Auction Agreement (the “**Auction Agreement**”) is attached as **Appendix “B”**. An un-redacted Auction Agreement is marked as **Confidential Appendix “1”** and will be provided to the Court but is not attached to this Report due to the commercially sensitive information contained therein.
- 61. A summary and analysis of the Proposal Offers received in the sales process is marked as **Confidential Appendix “2”**. This summary will be provided to the Court but is not attached to this Report due to the commercially sensitive information contained therein.
- 62. The Receiver has provided notice of the application to approve the Auction Agreement to all parties on the service list of parties expressing an interest in these proceedings as well as on all parties listed as secured creditors from a current search respecting Ladacor and Nomads conducted with the Alberta Personal Property Registry.

Confidential Appendices and Temporary Sealing Order

63. Confidential Appendices 1 and 2 contain confidential information of a commercial nature which, if disclosed to third parties prior to the closing of the sale could materially jeopardize the sale or if the sale does not close could materially jeopardize the value that could subsequently be obtained. Accordingly, the Receiver is respectfully of the view that it is appropriate that this Honourable Court grant a Sealing Order in relation to the Confidential Appendices 1 and 2.

Receiver's Recommendations

64. The Receiver believes that the Auction Agreement should be approved by the Court given:

- a) the Purchase Price set out in the Auction was the highest and best offer received by the Receiver;
- b) the Purchase Price is to be paid in cash;
- c) a non-refundable deposit equal to 10% of the Purchase Price was provided to the Receiver;
- d) the Auction Agreement contains "as is, where is" provisions and has no closing conditions other than Court approval;
- e) the Receiver is specifically authorized to market and sell the Property subject to the Auction Agreement pursuant to the Receivership Order (subject to Court approval);
- f) the acceptance of the Auction Agreement is commercially reasonable and provides the highest net realization to the estate, with a sizeable non-refundable deposit, and reduces the risk and cost to the estate;
- g) Century is a reputable auctioning firm in Canada, in particular in Alberta, understands the Auction Assets very well and is likely in the

best position to maximize the realization of the Auction Assets, in the circumstances; and

- h) BMO, as the senior secured creditor, is supportive of the transaction contemplated by the Auction Agreement.

65. Accordingly, the Receiver is applying to this Honourable Court to approve the Auction Agreement and for the vesting of the Auction Assets.

RECEIPTS AND DISBURSEMENTS – MAY 18, 2018 TO SEPTEMBER 21, 2018

Ladacor and Nomads

66. The following is a statement of the Receiver's receipts and disbursements ("**R&D**") of Ladacor and Nomads during the Reporting Period:

Ladacor AMS Ltd. & Nomads Pipeline Consulting Ltd. - In Receivership
Statement of Receipts & Disbursements
CAD\$, unaudited
May 18, 2018 to September 21, 2018

Receiver's Certificate (borrowings)		500,000
Receipts		
Banff Module Settlement		500,000
Banff Project Funding		892,000
Other Collections		32,081
Interest		2,120
GST collected on receipts		1,604
		1,427,805
Total receipts		\$ 1,927,805
Disbursements		
Receivership Operating Costs		378,766
Banff Project Operating Costs		857,501
General & Administrative Costs		12,294
Pre-receivership Wages (hourly staff)		95,994
Pre-receivership advisor fees and costs (A&M)		35,758
GST paid on disbursements		55,883
Professional Fees and Costs		
Receiver	214,121	
Receiver's Counsel	89,700	303,821
Total disbursements		\$ 1,740,017
Ending cash balance		\$ 187,788

67. There was no opening cash available as at the Receivership Date. The Receiver froze Ladacor's and Nomads' operating bank accounts and other bank accounts on the Receivership Date and opened a new Receiver's trust bank account.
68. The Receiver has collected approximately \$1.9 million relating primarily to:
- a) Receiver's borrowings of \$500,000 during the Reporting Period, as discussed below. The Receiver is authorized to borrow up to \$1,200,000 pursuant to the Receivership Order;

- b) Banff Project module collections of \$500,000 and \$893,000 from the Banff Project Owners for the sale of various modules to the Banff Project Owners and funding received to complete the Banff Project, respectively, pursuant to the Amended Accommodation Agreement;
 - c) sale of miscellaneous inventory and other receipts of approximately \$32,000 during the Receivership Proceedings;
 - d) interest and GST collected on receipts of approximately \$3,700.
69. The Receiver has disbursed approximately \$1,740,000, which primarily relates to:
- a) operating costs of approximately \$379,000 relating to independent contractors fees and costs of approximately \$200,000, occupancy rent paid relating to the Facility and other locations in housing staff at project sites of approximately \$150,000, and utilities and facility maintenance costs of approximately \$29,000;
 - b) Banff Project operating costs of approximately \$858,000 for independent contractors fees and costs and subtrade, materials and permit costs of approximately \$238,000 and \$620,000, respectively;
 - c) general & administrative costs of approximately \$12,000 relating to office supplies and IT costs;
 - d) GST paid on disbursement of approximately \$55,800;
 - e) pre-receivership wages of approximately \$96,000 to the former employees of Ladacor and Nomads;
 - f) pre-receivership advisor fees and costs paid to A&M ULC of approximately \$36,000 for consulting services provided to BMO as permitted by BMO's credit agreement and as agreed to by Nomads and Ladacor; and

- g) professional fees and costs of the Receiver and its independent legal counsel approximately \$304,000 for services rendered up to and including June 30, 2018. The Receiver and its legal counsel have approximately \$196,000 in combined outstanding unpaid invoices for services rendered in these proceedings from July 1 to August 31, 2018 and are forecast to be paid in due course.
- 70. The Receiver is in receipt of a non-refundable deposit from Century (as discussed in Confidential Appendix 1 to this Report) that has not been reflected in the above R&D schedule.
- 71. Total cash on hand held by the Receiver as at September 21, 2018 is \$187,788.

236 Inc.

- 72. The table below provides a summary of the actual cash flows of 236 Inc. for the Hotel for the Reporting Period:

2367147 Ontario Inc. - In Receivership	
Statement of Receipts & Disbursements	
CAD\$, unaudited	
May 18, 2018 to September 21, 2018	
	Total
Opening Cash Balance	\$ 119,499
Receipts	
Hotel receipts	449,042
Miscellaneous receipts	3,276
Net HST collected on receipts	30,602
Bank Interest	3
	482,922
Total receipts	\$ 602,421
Disbursements	
Operational Costs	\$ 105,214
General & Administrative	132,320
Payroll	143,675
Building Maintenance	4,043
Capital Expenditure	7,999
OSB Fee	70
Bank Fee	238
Professional fees and costs	94,543
	488,103
Ending cash balance	\$ 114,319

73. There was approximately \$120,000 of opening cash available as at the Receivership Date. The Receiver froze 236 Inc.'s operating bank accounts on the Receivership Date and opened a new Receiver's trust bank account.
74. The Receiver has not been required to borrow any funds in relation to the operation of the Hotel, as the cashflow from operations has been able to cover both the operational costs and professional fees and costs of the Receiver to date.
75. Receipt of approximately \$482,000 have been received during the Receivership Proceedings, which relate primarily to Hotel receipts collected from customers staying at the Hotel and net HST received on these receipts.

76. Disbursements of approximately \$488,000 have been paid, which primarily relates to:
- a) operating the Hotel costs of approximately \$105,000;
 - b) general & administrative costs of approximately \$132,000 relating mainly to accounting services fees and costs, corporate insurance payments, appraisal fees and costs, municipal tax payments and royalties to the Days Inn franchisor;
 - c) building maintenance and other costs of approximately \$12,000;
 - d) payroll of approximately \$144,000 for 29 staff; and Professional fees and costs of the Receiver total approximately \$94,500 for the period up to and including July 31, 2018. The Receiver has unpaid professional fees and costs of approximately \$28,000 for the period of August 1 to August 31, 2018 and the payment of this cost is forecasted to be paid in due course.
77. Total cash on hand held by the Receiver as at September 21, 2018 is \$114, 319.

LADACOR AND NOMADS BANKRUPTCY

78. The Receiver intends to assign both Ladacor and Nomads into bankruptcy. The Receiver believes it is appropriate, under the circumstances and it is permitted to do so for the following reasons:
- a) paragraph 3(s) of the Receivership Order specifically empowers and authorizes the Receiver to assign Nomads and Ladacor into bankruptcy;
 - b) paragraph 27 of the Receivership Order advises that nothing in the Receivership Order shall prevent the Receiver from acting as the trustee in bankruptcy of Ladacor and Nomads;

- c) Ladacor and Nomads are currently in receivership and are considered insolvent persons within the meaning of the BIA and they have each failed to meet their obligations generally as they became due, in that Ladacor and Nomads have failed to meet their respective obligations to BMO and others, such obligations which exceed \$1,000;
- d) Ladacor and Nomads are currently indebted to their respective creditors for an aggregate total of approximately \$9.5 million comprising of both secured and unsecured creditors;
- e) assigning Ladacor and Nomads into bankruptcy will allow for an efficient and orderly wind-down of both estates;
- f) a bankruptcy of Ladacor and Nomads will allow for the aligning of priority claims and the crystalizing of various creditor claims; and
- g) BMO supports the Receiver's intention to assign both Ladacor and Nomads into bankruptcy.

79. A&M is the Court-appointed receiver and manager of Ladacor and Nomads and has been administering the receivership of both estates. In this role, A&M has been in consultation with various of Ladacor's and Nomads' creditors. A&M is knowledgeable with respect to the remaining assets, properties, undertakings and specific issues facing Ladacor and Nomads, and is well positioned to effectively assume the role as the licensed insolvency trustee for these two estates. A&M is not aware of any conflict to act as licensed insolvency trustee for Ladacor and Nomads and is willing to act in such capacity.

WESTGATE BUILDERS' LIENS

80. As discussed above, there were four builders' liens that were filed as against the Westgate Lands while Nomads acted as the general contractor of this project. The total of the builders' liens filed were \$123,930.

Mayan & Son Painting	\$14,732
Hawk Electric (Northern) Inc.	\$86,180 (now \$46,292.47 remains owing, including interest, per Affidavit to Prove Lien of Hawk Electric)
S.S. Decking Ltd.	\$20,981
Hagen Surveys (1982) Ltd.	\$2,037

81. In an effort to arrange for the full and final settlement of the accounts receivables owed by Westgate to Nomads, Westgate requires that all liens filed be removed from title. On September 12, 2018, the Receiver's counsel delivered to two parties who filed builders' liens on title notices to prove liens requesting the parties to prove their lien by September 27, 2018 (15 day notice period pursuant to section 48 of the *Builders' Lien Act* (Alberta)).
82. Only one of the above noted lien holders filed its Affidavit Proving Lien, Hawk Electric, with support of its claim totalling \$46,292.47, including interest. The Receiver and its legal counsel are reviewing the validity and priority of Hawk Electric's lien claim.
83. The other lien claimants who failed to comply with the terms of the *Builders' Lien Act* (Alberta), including by failing to file certificates of lis pendens and statements of claim, have been removed from title. Counsel for the Receiver has written directly to the Land Titles Office to have these lien claims removed from title. Attached as **Appendix "C"** is an updated copy of the Land Title Certificate to the Westgate Lands, showing the removal of these liens.
84. Additionally, Hagen Surveys (1982) Ltd. ("**Hagen**") was served with a notice to Prove Lien on September 12, 2018 (the "**Hagen Notice**"). The Notice to Prove Lien was not complied with and Hagen did not provide an Affidavit Proving Lien

as required by the *Builders' Lien Act* (Alberta). The Receiver is seeking to have the Hagen Lien discharged from title to the Westgate Lands for failing to comply with the *Builders' Lien Act* (Alberta). Attached as **Appendix "D"** is a copy of the Hagen Notice.

85. The Receiver respectfully request this Court to approve the payment into Court by the Receiver of \$53,236.34 as security for the lien claim and costs (calculated at 15% of the lien claim) of Hawk Electric, which Security is to be held by the Clerk of the Court pending further Order of the Court. The Receiver further requests that an order be granted by this Honourable Court directing that upon payment of the Security into Court, that the Registrar of Land Titles shall remove the registrations of Hawk Electric against the Westgate Lands.

SECURITY OPINION

86. The Receiver's independent counsel, Blakes, performed a review of the BMO security and has determined that BMO's security is valid and enforceable against the Debtors' Property. Furthermore, based upon its review of relevant searches with the Alberta and Ontario Personal Property Registries and with the Ontario land registry with respect to the Hotel, the Receiver's counsel has advised that it appears that BMO's security constitutes a valid and enforceable charge against the Property. The Receiver is not aware of any other claimant that may have priority over BMO's security, other than potential "super priority" claims with respect to CRA, WEPP and the Receiver's Charge as set out in the Receivership Order.

PROPOSED INTERIM DISTRIBUTION

87. Pursuant to paragraph 12 of the Receivership Order, the monies collected during the Receivership Proceedings shall be held by the Receiver to be paid or distributed in accordance with the terms of the Receivership Order or any order of this Court.

88. As previously discussed, the Receiver is advised by its counsel that the BMO security as against the Debtors is valid and enforceable and ranks in priority to the unsecured creditors of the Debtors' estate. If the Century Offer is approved by this Court and/or the Receiver is able to settle and collect upon the Westgate Receivable, the Receiver recommends making an interim distribution or distributions to BMO, as a partial repayment of the indebtedness owing to it under the Receiver Certificates issued in these Receivership Proceedings and towards BMO's overall indebtedness owed by the Debtors to BMO. The interim distributions would be made from the net sale proceeds derived from the Century Offer and also potentially the Westgate Receivables, less an amount to be determined by the Receiver, at its sole discretion, to be retained in order to cover future costs of the administration of the estates of the Debtors and any potential priority claims there may be.

AMENDMENT OF RECEIVERSHIP ORDER

89. The Receiver respectfully requests that this Honourable Court amend the paragraph 16 of the Receivership Order by adding the words:

“in the Receiver’s possession or control at the time a claim is made”

at the conclusion of the first sentence thereof in order to further clarify that limit of the Receiver’s liability will be reduced as Property of the Debtors is realized upon and distributions are made to the creditors of Debtors.

90. In addition, the Receiver respectfully requests that this Honourable Court amend paragraphs 5 and 15 of the Receivership Order to reference the correct paragraphs in that order.

RECEIVER’S BORROWING

91. Pursuant to paragraph 20 of the Receivership Order, the Receiver has been empowered to borrow up to \$1,200,000 (or such greater amount as the Court may further order).

92. On May 28, 2018, the Receiver issued Receiver's Certificate No. 1 in the amount of \$500,000 to BMO and received and utilized these funds in the Receivership Proceedings. Receiver's Certificate No. 1 is attached as **Appendix "E"** to this Report.
93. The terms of Receiver's Certificate No. 1 included interest calculated and compounded monthly not in advance on the last day of each month at a notional rate of 0% above the prime commercial lending rate of BMO of 3.45% (as at May 28th) per annum from time to time, which, in the Receiver's view, is commercially reasonable in the circumstances.
94. Pursuant to paragraph 20 of the Receivership Order, Receiver's Certificate No. 1 has a charge over the Property of the Debtors by way of a fixed and specific charge as security for the payment of the monies borrowed, together with interest and charges, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, but subordinate in priority to the Receiver's Borrowings Charge (as defined in the Receivership Order).

APPROVAL OF THE RECEIVER'S AND ITS COUNSEL'S FEES AND COSTS

95. The Receiver seeks approval from this Honourable Court of its, and those of its legal counsel's fees and disbursements from the May 18, 2018 to August 31, 2018 (the "**Interim Taxation Period**"), pursuant to paragraph 18 of the Receivership Order.
96. The total fees and disbursements of A&M, in its capacity as the court-appointed receiver and manager of the Debtors, during the Interim Taxation Period aggregate \$489,015 (excluding GST). A summary of the Receiver's fees and disbursements are attached as **Appendix "F"** to this Report.
97. The total fees and disbursements of Blakes, the Receiver's independent legal counsel during the Interim Taxation Period aggregate \$133,610 (excluding GST). A summary of Blakes' fees and disbursements are attached as **Appendix "G"** to this Report.

98. The Receiver and Blakes' fee accounts outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the invoices will be brought to the Receiver's application before this Honourable Court set for October 10, 2018 and made available to the Court at its direction, if necessary.
99. The Receiver is respectfully of the view that its and its counsel's fees and costs are fair and reasonable under the circumstances and respectfully requests that this Honourable Court approve the accounts of the Receiver's and its counsel's during the Interim Taxation Period

RECEIVER'S ONGOING ACTIVITIES AND FUTURE COURSE OF ACTION

100. The Receiver's next steps include:
- a) working with Century to conduct the auction at Nomads' and Ladacor's premises as per the Auction Agreement, if approved by this Honourable Court;
 - b) continuing the collection efforts respecting outstanding project and other accounts receivables, investments and other assets of Nomads and Ladacor;
 - c) vacate the Facility;
 - d) work with CRA to finalize the audit of Nomads' and Ladacor's GST and source deductions;
 - e) assign Nomads and Ladacor into bankruptcy;
 - f) continue to operate the Hotel in normal course, while finalizing the Receiver's strategy with respect to the sale and realization of the Hotel, subject to Court approval;

- g) closing the Facility and terminating the office lease space to reduce operational costs and overhead; and
- h) filing, packaging and storing all relevant books and records of Nomads, Ladacor and 236 Inc.

RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS

- 101. The Receiver is of the view that it has made commercially reasonable efforts to obtain the highest realizations for the Auction Assets. The Auction Agreement is, in the opinion of the Receiver, fair and commercially reasonable.
- 102. The Receiver is satisfied that the interests of Ladacor and Nomads financial stakeholders have been considered during the course of the Invitation for Offer process and the Receivership Proceedings.
- 103. The Receiver is of a view that the Invitation for Offer process was efficient, effective and that the integrity of the process has been maintained throughout.
- 104. The Receiver is satisfied that the Invitation for Offer process is inherently fair and has been conducted in a manner such that no parties to the process have experienced preferential or unfair treatment.
- 105. The Receiver recommends that this Honourable Court:
 - a) approve the Century Offer, Auction Agreement and grant the Auction Approval and Vesting Order;
 - b) approve the Receiver's interim statement of receipts and disbursements from the Receivership Date (May 18, 2018) to September 21, 2018;
 - c) approve the payment into Court by the Receiver of \$53,236.34 as security for the builders' lien claim and costs of Hawk Electric, which such security is to be held by the Clerk of the Court pending further Order of the Court;

- d) approve an order directing the Registrar of Land Titles to remove the builders' lien registrations of Hawk Electric and Hagen from title to the Westgate Lands;
- e) amend paragraphs 5, 15 and 16 of the Receivership Order;
- f) approve the actions and activities of the Receiver and Blakes as reported in this Report;
- g) approve Receiver's and Blakes' professional fees and costs with respect to the Interim Taxation Period;
- h) grant the sealing of Confidential Appendices 1 and 2 on the Court record; and
- i) approve the Proposed Interim Distribution;

All of which is respectfully submitted this 2nd day of October, 2018.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as the court-appointed Receiver of
the LADACOR AMS Ltd., Nomads Pipelines Consulting Ltd.,
2367147 Ontario Inc., and not in its personal or corporate capacity**



Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President



Chad Artem, CPA, CA, CBV
Senior Manager

APPENDIX A

Information Package



**LADACOR AMS LTD. AND NOMADS PIPELINE CONSULTING LTD.
INVITATION FOR OFFERS
AUGUST 11, 2018**

OVERVIEW

On May 18, 2018, the Court of Queen's Bench of Alberta (the "Court") granted an Order (the "Receivership Order") pursuant to section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3 ("BIA") and sections 13(2) of the Judicature Act, R.S.A. 2000, cJ-2, and 65(7) of the Personal Property Security Act, R.S.A. 2000, c P-7, whereby Alvarez & Marsal Canada Inc. ("A&M") was appointed receiver (the "Receiver") of all of Ladacor AMS Ltd. ("Ladacor AMS"), Nomads Pipeline Consulting Ltd. ("Nomads"), and 2367147 Ontario Inc.'s ("236") current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including proceeds thereof (the "Property").

The Receiver is currently seeking offers on various Ladacor and Nomads assets. To submit an offer on the Assets, please complete and submit a proposal form (the "Proposal Form"), a copy of which is attached hereto, in accordance with the below and the terms therein.

LADACOR AND NOMADS ASSETS

The Receiver understands that your firm has now visited the Ladacor premise in Calgary, AB and has reviewed the Assets. Attached is a revised fixed asset listing (the "Fixed Asset Listing"), which identifies Ladacor's various equipment and inventory ("Core Assets"). The Receiver is seeking offers on these Core Assets and other office furniture and miscellaneous assets ("Miscellaneous Assets") located at the Ladacor/Nomads premise that are not otherwise included in the Fixed Asset Listing. The Receiver understands that while the Miscellaneous Assets are not included in the Fixed Asset Listing, your firm has reviewed such Miscellaneous Assets in your visit to the Ladacor/Nomads premise.

Please note, the attached Fixed Asset Listing identifies certain assets that are listed under "Hythe Project" and "Eden Valley Project" (the "Projects"). If it is determined that some or all of the Project assets will not be used for their designated projects, the Receiver also asks that your offer contemplates this scenario on the Proposal Form. In particular, please provide a value for each of the Project assets in this section and if it is determined that the Receiver will be proceeding with the projects, this would reduce the value of your offer accordingly.

The Core, Miscellaneous and Project Assets are collectively referred to as the "Assets".

OFFER SUBMISSION

All offers must be submitted on the Proposal Form, along with any additional information you wish to include as part of the offer. Each offer must include a bank draft (or wire transfer) payable to *Alvarez & Marsal Canada Inc., Receiver of Ladacor AMS Ltd. and Nomads Pipelines Consulting Ltd.*, representing 10% of the total amount of the highest valued proposal therein at the time the Proposal Form is submitted by the bidder. The 10% deposit will become non-refundable upon execution of a definitive agreement by the bidder and the Receiver (the "Definitive Agreement") unless the transaction contemplated by the Definitive Agreement does not close as a result of an act or omission of the Receiver (including obtaining approval of the Court of Queen's Bench of Alberta for the performance of the transactions contemplated in the



Definitive Agreement). A copy of the Receiver's wire banking information is attached to this email.

Please note, the Receiver maintains the right to choose and accept any offer from any bidder in its sole discretion and is not required to accept the offer with the highest amount offered. The Receiver may also choose to reject all offers.

BID DEADLINE

As previously communicated to you, the Receiver requires that all proposals be submitted to the Receiver by **Noon MDT on Friday, August 17, 2018**. Proposals should be sent by or email or courier to the following:

Ladacor AMS Ltd. and Nomads Pipeline Consulting Ltd., by and through its court appointed Receiver, Alvarez & Marsal Canada Inc., and not in its personal or corporate capacity
C/o Orest Konowalchuk, Senior Vice President
David Williams, Manager
Chad Artem, Manager
Bow Valley Square IV
Suite 1110, 250-6th Avenue SW
Calgary, Alberta T2P 3H7

Contact information:

Orest Konowalchuk: okonowalchuk@alvarezandmarsal.com (403) 538-4736

David Williams: david.williams@alvarezandmarsal.com (403) 538-7536

Chad Artem: cartem@alvarezandmarsal.com (403) 538-7518

AS IS WHERE IS SALE, SUBJECT TO COURT APPROVAL

The "successful bidder" acknowledges that any sale of the Assets by the Receiver are on an "*as is where is*" basis and the Receiver makes no representation, warranty or collateral agreement, either express or implied, as to the condition or fitness of the Assets for any purpose. It is further agreed by the successful bidder that the implied conditions and warranties contained in the *Sale of Goods Act*, Revised Statutes of Alberta, Chapter S-2, as amended, or any similar statute or law in any other province or territory, are expressly excluded and shall not apply to the sale effected hereby and under any Definitive Agreement. The successful bidder confirms that it has completed to its satisfaction any due diligence and investigation in relation to the Assets and the purchase contemplated herein.

The purchase and sale of Assets requires, and the closing of the transactions contemplated herein may remain subject to, approval of the Court. The Receiver is hopeful that if an acceptable offer is received, the Receiver may (if required) be seeking Court Approval by late-August 2018.

Thank you once again for your interest in the Ladacor Assets, and we look forward to receiving your offer on or before Noon MDT, Friday, August 17, 2018.

Should you have any questions, please do not hesitate to contact David Williams of the Receiver.



David Williams, CPA
Associate
Alvarez & Marsal Canada ULC
Calgary, Alberta
Mobile: 587.894.2802
Office: 403.538.7536
Email: david.williams@alvarezandmarsal.com
www.alvarezandmarsal.com

CONFIDENTIAL

NOT FOR DISTRIBUTION

Ladacor AMS Ltd. and Nomads Pipeline Consulting Ltd. - In Receivership
 Fixed Asset Listing
 August 11, 2018

Photo #	Make	Model	Colour	VIN/Serial Number	Location	Sublocation
NOMADS OWNED - UNALLOCATED						
CONTAINERS						
C-20	Container	Cut in half 40' C-Can	Orange	45G16078266	Calgary	East Wall of Plant
C-21	Container	40' C-Can	Blue	Unknown	Calgary	East Wall of Plant
C-22	Container	40' C-Can	Grey	Unknown	Calgary	East Wall of Plant
C-23	Container	40' C-Can	Red	TGHU8437838	Calgary	East Wall of Plant
C-24	Container	40' C-Can	Blue	HJCU1510470	Calgary	East Wall of Plant
C-25	Container	40' C-Can	White	FXLU9041671	Calgary	North Side of Plant
C-26	Container	40' C-Can	White	FXLU9041748	Calgary	North Side of Plant
C-27	Container	40' C-Can	Blue	HJCU1388486	Calgary	North Side of Plant
C-28	Container	20' C-Can	White	ACSU7007758	Calgary	North Side of Quanset
C-1	Container	40' C-Can	Blue	HJCU1461355	Calgary	Yard
C-10	Container	40' C-Can	Orange	FCLU8252230	Calgary	Yard
C-11	Container	40' C-Can	Orange	FSCU 9458246	Calgary	Yard
C-12	Container	40' C-Can	White	YMLU8415218	Calgary	Yard
C-13	Container	40' C-Can	Blue	HJCU1522413	Calgary	Yard
C-14	Container	40' C-Can	Green	CCLU6744001	Calgary	Yard
C-15	Container	40' C-Can	White	ACSU9019260	Calgary	Yard
C-16	Container	40' C-Can	Blue	HJCU1349540	Calgary	Yard
C-17	Container	40' C-Can	Blue	HJCU1545356	Calgary	Yard
C-18	Container	40' C-Can	Red	6215987	Calgary	Yard
C-19	Container	40' C-Can	Grey	CBHU8486858	Calgary	Yard
C-2	Container	40' C-Can	White	ACSU7005380	Calgary	Yard
C-3	Container	40' C-Can	White	FXLU9041692	Calgary	Yard
C-4	Container	40' C-Can	Green	CLHU8454681	Calgary	Yard
C-5	Container	40' C-Can	Blue	HJCU1534831	Calgary	Yard
C-8	Container	40' C-Can	White	ACSU9014381	Calgary	Yard
C-29	Container	20' C-Can	White	FXLU901715	Calgary	Yard
MACHINERY & TOOLS FOR OPERATIONS						
M-20	Makita	Circular Saw	Green		Calgary	Quanset
M-19	10' Contractor Table Saw	B2397	Green	686376	Calgary	Quanset
A-4	Orbital Sander	OSB-18			Calgary	Shop
M-30	Kawasaki Brute Force 27 Gal Air Compressor	692200		V115070000145	Calgary	Shop
M-31	Dewalt 200 PSI Compressor	D55168			Calgary	Shop
M-32	Shop Air Circulator	2000			Calgary	Shop
	Hobart Stick Welder	Mega-Arc 300			Calgary	Shop
M-21	Dewalt 10' Compound Miter Saw	DW713		236464	Calgary	Shop
M-1	Hyd-Mech S-20	Bandsaw	Green	60496250	Calgary	In partial container far east side of yard
M-11	King Industrial Floor Model Drill Press	KC-122FC		425977	Calgary	Shop
M-27	Bosch 12" DB Glide Miter Saw	GCM125D	Blue	606001261	Calgary	Shop
M-28	Milwaukee 10" Dual Bevel Siding Compound Miter Saw	2734-20		H17A9164732860s	Calgary	Shop
M-29	Bosch 10" Table Saw	T53000			Calgary	Shop
M-4	Rigid Table saw	R4516	Orange	X153388064	Calgary	north side of shop
M-26	Bosch 10" Table Saw	4100	Blue	610261677	Calgary	Shop
M-3	Rigid Air Compressor	GP9015A	Orange		Calgary	inside container #45G16078266
M-36	Non-Cycling Refrigerated Air Dryer	AD-400		9409-118543-ST	Calgary	shop
M-37	Atlas Copco Rotary Screw Compressor	GA22			Calgary	shop
M-35	Reciprocating Compressor Elele	B53v84-E			Calgary	shop
M-7	Miller 24A Wire Feeder			P365100499413fB	Calgary	Front of shop
V-7	Clark Forklift	CGP30			Calgary	North Side of Quanset
V-10	JLG Forklift	40H		0360015277	Calgary	shop
M-5	Rolli Farmer and De Coiler			12045	Calgary	shop
M-33	Lincoln Electric Ranger Welder	305G			Calgary	shop
M-34	Lincoln Electric Ranger Welder	305G			Calgary	shop
M-24	Rigid Hammer Chuck Machine	535	Green	eam15878c9B	Calgary	shop
M-25	Pipe Threading Machine				Calgary	shop
	Durma Iron Worker Machine	iW Series			Calgary	shop
VEHICLES & TRAILERS						
V-8	ATV				Calgary	inside container #45G16078266
V-3	Chevy	Silverado	Grey	1GCHK23K58F186665	Calgary	Yard-Front of Show Suite
V-1	Ford	F350	White	1FDWF36526EA00277	Calgary	Yard-South East Corner
V-11	PJ Trailer			4P5FD4026C1166633	Calgary	Soth West side of Yard
V-2	Dodge	Caravan	White	2C4RDG8G1FR566018	Calgary	Yard- Front of Show Suite
V-4	Freightliner		Blue	2FUPAXY83NV600566	Calgary	Yard-Front of Main Building
	Ford	F150		1FTFW1EF3EFA73394	Banff	Banff
CONSTRUCTION MATERIALS						
	Tank, heater (other items under FA)				Calgary	Container #6078266
	Doors and frames				Calgary	Container #6215987
	Baseboards, locksets, and panneling				Calgary	Container #ACSU7005380
	Furnishings for hotels				Calgary	Container #ACSU7007758
	Plumbing Heat Tracs				Calgary	Container #ACSU9019260
	Plumbing Material				Calgary	Container #CBHU8486858
	HVAC Ducting, fittings and ladder				Calgary	Container #CCLU6744001
	Wall insulation, doors, seals, & thresholds				Calgary	Container #CLHU8454681
	Windows, granet countertops and corner posts				Calgary	Container #FCLU8252230
	Tubs/showers, Electrical and Plumbing				Calgary	Container #FSCU 9458246
	Electrica				Calgary	Container #FXLU9017150
	Insulation Panels and Insulation				Calgary	Container #FXLU9041671
	Misc hotel material & showers (outside of Container)				Calgary	Container #FXLU9041692
	Insulation				Calgary	Container #FXLU9041748
	HVAC (unable to get into this container)				Calgary	Container #HJCU1349540
	Plumbing Material				Calgary	Container #HJCU1388486
	Drywall				Calgary	Container #HJCU1510470 (side is cut open)
	Tarps and floor protection				Calgary	Container #HJCU1522413
	Flooring and tile				Calgary	Container #HJCU1534831
	Dishwasher and insulated tarps				Calgary	Container #HJCU1545356

	Drywall				Calgary	Container #TGHU8437838 (side is cut open)
	Drywall				Calgary	Container #Unknown (side is cut open)
	Drywall				Calgary	Container #Unknown (side is cut open)
	Tarps and floor protection				Calgary	Container #YMLU8415218
	Electrical				Calgary	Shop
	Electrical				Calgary	Shop
	Plumbing				Calgary	Shop
	HVAC				Calgary	Shop
	Plumbing				Calgary	Shop
	HVAC				Calgary	Shop
	Paint				Calgary	Shop
	Weiding - steel				Calgary	Shop
						South Side of Yard

MISCELLANEOUS

A-5	Snowblower				Calgary	inside container #45G16078266
A-7	Samsung Printer	CLX-9352NA		Z94UB1DG100007E	Calgary	Printer Room Main Building
M-17	Handmade Stands		Rust		Calgary	Far South East corner of Yard
M-22	Scaffolding				Calgary	Shop
M-23	Tin Knocker	TK24GAPtts	Green	6/8/2003	Calgary	Shop
A-1	50 fence panels		Green		Calgary	East side of property
A-2	Tanks	LM-ST08171909 & LM-WT02171659	Beige and Green		Calgary	Front of Show Suite
M-10	Miller xmt 35 cc/cv	907161	Blue	LI130968A	Calgary	SOUTH SIDE OF SHOP
M-12	Generator		Blue	90126956/08	Calgary	East Side of Yard
M-13	Generator		Blue	x05c09392	Calgary	East Side of Yard
M-18	Miele Commercial Dryer	PT8303S.EL	STAINLESS	3AC208V60HZ	Calgary	In container C-17
A-3	Show Suite		Beige and Brown		Calgary	yard

NOMADS OWNED - HYTHE PROJECT

CONTAINERS

H-10	Shipping Container		20' C-Can		Hythe	Hythe Site
H-6	Construction Site office		40' C-Can		Hythe	Hythe Site
H-9	Shipping Container		20' C-Can		Hythe	Hythe Site

MACHINERY & TOOLS FOR OPERATIONS

H-1	Skytrak Telescopic Forklift			016004577	Hythe	Hythe Site
H-2	Genie Lift			280-176	Hythe	Hythe Site
H-5	12' closed utility trailer				Hythe	Hythe Site
H-7	Tool Crib		40' C-Can		Hythe	Hythe Site
H-8	Tool Crib		40' C-Can		Hythe	Hythe Site

CONSTRUCTION MATERIALS

	Flooring				Calgary	Container #HUCU1545356
	Millwork				Calgary	Container #ACSU7005380 & Quanset
	Plumbing				Calgary	Shop
	Doors				Calgary	Shop
	Electrical fixtures & material				Calgary	Shop
	HVAC				Calgary	Container #CCLU6744001 & Shop
	Siding				Hythe	Hythe Site
	Fire proof cable				Hythe	Hythe Site
H-11	Container	50-100 panels			Hythe	Hythe Site
H-12	Large Crane Matts				Hythe	Hythe Site
M-16	Generac Generator	SG300	Grey	3002716405	Calgary	South Side of Quanset
M-2	Generac	GP1500DE	Orange and Black		Calgary	Yard
M-14	Roof Top Unit	8.5 TON MODEL	Grey	ZWT08N18V5BAA12DA7	Calgary	Between Quanset and Containers
M-15	Roof Top Unit	6.5 TON MODEL	Grey	ZWT06N18V5BAA11DA7	Calgary	Between Quanset and Containers

MODULES & ROOFADORS

	Building Module			HT-23	Calgary	Yard
	Building Module			HT-24	Calgary	Yard
	Building Module			HT-27	Calgary	Yard
	Building Module			HT-28	Calgary	Yard
	Building Module			HT-33	Calgary	Yard
	Building Module			HT-34	Calgary	Yard
	Building Module			HT-37	Calgary	Yard
	Building Module			HT-38	Calgary	Yard
	Building Module			HT-41	Calgary	Shop
	Building Module			HT-43	Calgary	Shop
	Building Module			HT-47	Calgary	Shop
	Building Module			HT-50	Calgary	Yard
	Building Module			HT-51	Calgary	Yard
	Building Module			HT-52	Calgary	Shop
	Building Module			HT-53	Calgary	Yard
	Building Module			HT-54	Calgary	Yard
	Building Module			HT-57	Calgary	Yard
	Building Module			HT-60	Calgary	Yard
	Building Module			HT-61	Calgary	Yard
	Building Module			HT-64	Calgary	Yard
	Building Module Stairs			HT-65 - Stair S3	Calgary	Yard
	Roofadors			HT-67 - Roofadors 3	Calgary	Yard
	Building Module			HT-69	Calgary	Yard

LADACOR OWNED - EDEN VALLEY PROJECT

MODULES

	Building Module (2 stacked)			Basement #1	Calgary	Shop
	Building Module (2 stacked)			Basement #2	Calgary	Shop
	Building Module (2 stacked)			Upstairs #1	Calgary	Shop
	Building Module (2 stacked)			Upstairs #2	Calgary	Shop

LADACOR OWNED - HEART LAKE PROJECT

MODULES

	Cut Container			#1	Calgary	Yard (in front of house)
	Cut Container			#2	Calgary	Yard (in front of house)
	Cut Container			#3	Calgary	Yard (in front of house)

PROPOSAL FORM – LADACOR AMS LTD. & NOMADS PIPELINE CONSULTING LTD. - IN RECEIVERSHIP

To: Ladacor AMS Ltd. and Nomads Pipeline Consulting Ltd., by and through its court appointed Receiver, Alvarez and Marsal Canada Inc., and not in its personal or corporate capacity

Bow Valley Square 4
Suite 1110, 250 - 6th Avenue SW
Calgary, Alberta T2P 3H7

Attention: Orest Konowalchuk okonowalchuk@alvarezandmarsal.com
David Williams david.williams@alvarezandmarsal.com
Chad Artem cartem@alvarezandmarsal.com

1. _____
(Name of Party issuing Proposal)

2. _____
(Address of Party)

3. _____ (Phone number) _____ (Email)

4. _____
(Person to be contacted)

5. The total amount hereby offered: Proposal A (Net Minimum Guarantee): \$ _____

a. Additional Conditions: _____

6. The total amount hereby offered: Proposal B (Straight Commission) \$ _____

a. Additional Conditions: _____

7. The total amount hereby offered: Proposal C (Outright Purchase): \$ _____

a. Additional Conditions: _____

8. In the event more than one of the foregoing Proposals is submitted by the Bidder, the Receiver may accept any one Proposal from any Bidder in its sole discretion.

9. Each Proposal submitted by any bidder shall be referred to as a "**Bid**". The Receiver maintains the right to accept any Bid in its sole discretion and is not required to accept the Bid with the highest amount offered. The Receiver may choose to reject all Bids.
10. Enclosed is the Bidder's bank draft payable to Alvarez & Marsal Canada Inc., in its capacity as Receiver of Ladacor AMS Ltd. and Nomads Pipeline Consulting Ltd. as a deposit in the amount of \$_____, representing 10% of the total amount of the Bidder's highest valued Proposal submitted herein (the "**Deposit**").
11. If a Bid is accepted by the Receiver (the "**Accepted Proposal**"), the applicable Bidder will, in good faith, negotiate a binding definitive agreement (the "**Definitive Agreement**") with the Receiver which shall, unless the parties agree otherwise, include the following:
 - a. a purchase price in an amount equal to that contained in the Accepted Proposal;
 - b. an allocation of the purchase price for each of the assets sold under the Definitive Agreement (the "**Assets**"), and a term to adjust the purchase price for any removal of Assets from the purchase and sale;
 - c. additional provisions incorporating the Additional Conditions set out in the Accepted Proposal;
 - d. a condition precedent that the performance of the Definitive Agreement may be subject to approval of the Court of Queen's Bench of Alberta (the "**Court Approval**");
 - e. a term that the Deposit will be non-refundable upon the execution of the Definitive Agreement by the Bidder and the Receiver unless the transaction contemplated by the Definitive Agreement does not close as a result of an act or omission of the Receiver (including obtaining Court Approval, if required);
 - f. a term that the Assets shall be acquired by the Bidder on an "as is where is" basis;
 - g. a term that the Receiver will make no representation, warranty or collateral agreement, either express or implied, as to the condition or fitness of any Asset for any purpose or as to the title, ownership or merchantability of any Asset;
 - h. a term that the implied conditions and warranties contained in the Sale of Goods Act, R.S.A., c. S-2, as amended, or any similar statute or law in any other province or territory, are expressly excluded and shall not apply to the sale effected by the Definitive Agreement;
 - i. a representation by the Bidder that it has completed to its satisfaction any due diligence and investigation in relation to the Assets; and
 - j. such other terms that are customary in an agreement of the nature of the Definitive Agreement.

12. The Receiver requires that all proposals be submitted to the Receiver by **Noon MDT on Friday, August 17, 2018**

DATED at _____ this _____ day of _____, 2018.

(Signature of Authorized Representative)

(Name and Position)

ACCEPTED:
**ALVAREZ & MARSAL CANADA INC., RECEIVER OF
LADACOR AMS LTD. and NOMADS PIPELINE CONSULTING LTD.,
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY**

(Signature of Authorized Representative)

(Name and Position)

(Date)

APPENDIX B

Redacted Auction Agreement

THIS Auction and Liquidation Services Agreement dated for reference the 28th day of September, 2018

MADE BETWEEN:

ALVAREZ & MARSAL CANADA INC. LIT, solely in its capacity as the Court-appointed receiver and manager of Ladacor AMS Ltd., Nomads Pipeline Consulting Ltd. and 2367147 Ontario Inc. (collectively, "**Ladacor**") and not in its corporate or personal capacity

(hereinafter referred to as the "**Receiver**")

OF THE FIRST PART

AND:

CENTURY SERVICES CORP.

(hereinafter referred to as the "**Auctioneer**")

OF THE SECOND PART

WHEREAS:

- A. Pursuant to an order (the "**Receivership Order**") of the Court of Queen's Bench of Alberta (the "**Court**") granted May 18, 2018 in Court File No. 1803-09581, Alvarez & Marsal Canada Inc. (the "**Receiver**") was appointed receiver and manager of the assets, property and undertakings of Ladacor, and the Receiver has undertaken the process of identifying and liquidating all such assets, property and undertaking (the "**Sales Process**");
- B. The Auctioneer submitted a proposal to the Receiver dated August 30, 2018 to liquidate the assets of Ladacor listed in **Schedule "A"** hereto (the "**Assets**"); and
- C. The Receiver wishes to retain the Auctioneer to sell the Assets, subject to the terms and conditions hereof.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the Receiver and the Auctioneer agree as follows:

1. RETENTION OF THE AUCTIONEER

- 1.1 The Receiver hereby retains the Auctioneer to carry out, and the Auctioneer hereby agrees to carry out, a sales program and run an auction (the "**Auction**") with respect to the Assets on the terms and conditions as set forth in this agreement.

- 1.2 The Receiver and the Auctioneer covenant and agree with each other to carry out their respective obligations under this Agreement, including without limitation the obligations as set forth in **Schedule “B” and “C”** to this Agreement. If there is a conflict between the body of this Agreement and Schedules “B” or “C,” or any of them, then the following shall be paramount and govern in the following order: (1) the body of this Agreement, (2) Schedule “C” and (3) Schedule “B”.
- 1.3 The Auctioneer will not, and has no authority to, incur any liability or obligation on behalf of the Receiver or Ladacor, unless otherwise specifically authorized and approved by the Receiver.

2. THE AUCTION

- 2.1 Subject to the terms and conditions contained in this Agreement, the Auctioneer has guaranteed and does hereby guarantee a net minimum payment to the Receiver of \$ [REDACTED], in respect of the sale of the Assets subject to adjustment pursuant to section 2.5 of this Agreement, (the “**NMG**”) regardless of the amount of proceeds received from sale of the Assets pursuant to this Agreement.
- 2.2 The Auctioneer has paid to the Receiver a non-interest bearing deposit in the amount of \$ [REDACTED] (the “**Deposit**”).
- 2.3 The Deposit shall be to be held by the Vendor as follows:
- (a) if the Auction does not occur by October 31, 2018 due to: (i) any fault of the Receiver; (ii) the Approval Order (as defined below) not being granted, or (iii) except as provided in 2.3(b) below, for any other reason whatsoever, then in any such case the Deposit shall be returned by the Receiver to the Auctioneer; and;
 - (b) if the Auction is not held due to a material breach by the Auctioneer of its obligations hereunder, the Deposit shall be forfeited by the Auctioneer and the Receiver shall keep the Deposit, which shall not be a penalty and shall be a genuine pre-estimate of damages. If the Deposit is forfeited, the forfeiture thereof shall constitute the Receiver’s sole remedy in respect of damages hereunder.
- 2.4 The Auctioneer shall have the right to charge the purchasers of the Assets a 15% buyer’s premium with respect to the sale of the Assets (the “**Buyer’s Premium**”). The Buyer’s Premium shall be solely to the Account of the Auctioneer and the Receiver shall not be entitled to any amount of the Buyer’s Premium.
- 2.5 The proceeds of sale of the Assets and net of applicable taxes and the Buyer’s Premium (together, the “**Gross Sale Proceeds**”), shall be paid and distributed by the Auctioneer as follows:
- (a) firstly, the Auctioneer shall pay the Receiver an amount equal to the NMG less the Deposit. If the Gross Sale Proceeds are insufficient to make this payment in full, the Auctioneer shall itself pay the deficiency to the Receiver;

- (b) secondly, any remaining Gross Sale Proceeds in excess of the NMG up to \$ [REDACTED] shall be to the account of the Auctioneer (the “**Gross Sale Proceeds Threshold**”). The amount over and above the NMG and up to the Gross Sale Proceeds Threshold shall be inclusive of any and all Costs (as defined in Schedule “C”) up to \$ [REDACTED]; and
 - (c) thirdly, any remaining Gross Sale Proceeds in excess of the Gross Sale Proceeds Threshold, plus and after deducting any and all Costs over and above \$ [REDACTED] (the “**Remaining Gross Sale Proceeds**”) shall be split between the Auctioneer and the Receiver with 90% of the Remaining Gross Sale Proceeds payable to the Receiver and 10% of the Remaining Gross Sale Proceeds payable to the Auctioneer.
- 2.6 If any Asset is either (a) removed from the Sales Process (b) not delivered by the Receiver into the Auctioneer’s exclusive custody at or prior to the time of the Auction, or (c) determined by the Auctioneer, acting reasonably, to be diminished in value due to any damage, change or discrepancy in identity, quality, or condition, since the time of the due diligence that has informed the Auctioneer’s Proposal of August 30, 2018 (as amended, the “**Proposal**”) then in either such case the NMG shall be reduced by an amount agreeable to the Receiver and Auctioneer, and failing agreement as to which, this Agreement shall terminate without further liability against either party hereto, and the Deposit shall be refunded in full to the Auctioneer.
- 2.7 If there is a dispute respecting the ownership of any of the Assets sold by the Auctioneer or any claims relating thereto, the Auctioneer may pay the proceeds in respect of such Assets into the Court of Queen’s Bench of Alberta in Action No. 1803-09581 and the Court may upon further application determine who is entitled to the proceeds.
- 2.8 The Auctioneer will pay any amounts payable to the Receiver from the Gross Sale Proceeds and the Remaining Gross Sale Proceeds within 15 business days following the applicable sale date by way of wire transfer to the account stipulated by the Receiver.

3. REPRESENTATIONS, WARRANTIES, AND COVENANTS WITH RESPECT TO THE ASSETS

- 3.1 The Receiver shall, promptly following approval of this Agreement by the Court of Queen’s Bench of Alberta, deliver to the Auctioneer a copy of all pertinent documents that are in the possession of the Receiver relating to the Assets, including, without limitation, all documents of title, operating manuals, warranties, and all documents respecting registrations.
- 3.2 The Receiver shall provide, or make commercially reasonable efforts to provide, to the Auctioneer and its agents, employees and representatives, access to the Assets from the date of court approval (or such date earlier as agreed to by the Receiver) until two weeks following the date of the Auction for the purposes of showing the Assets to prospective purchasers, preparing for and conducting the auctions, completing all sales, and allowing for the removal of the Assets upon their sale. The Assets are and shall be located at 729 – 24th Ave. S.E., Calgary, AB, T2G 1P5 (the “**Premises**”).

- 3.3 The Auctioneer shall sell the Assets on an “as is, where is” basis and neither the Receiver, Ladacor nor the Auctioneer shall make, vis-à-vis, any third party purchasers, any representations, conditions or warranties, and there are no representations, conditions or warranties associated with the condition of the Assets. The Parties agree there are no terms or conditions whatsoever, whether expressed, implied, statutory or otherwise (including, without limitation, those under the *Sale of Goods Act* (Alberta) and the *International Sale of Goods Contracts Convention Act* (Canada)) with respect to the Assets or any of them or any other matters whatsoever in any way related to the subject matter of this Agreement.
- 3.4 The Auctioneer has conducted its own due diligence, independent inspection, and investigation respecting the Assets and is satisfied with the Assets as to the physical condition of the Assets. The Auctioneer has not conducted due diligence as to title to the Assets, and shall not be liable to the Receiver, Ladacor, its creditors or any third party for any defect in title to the Assets.

4. COURT APPROVAL

- 4.1 This Agreement shall be subject to the condition precedent of approval by the Court of Queen’s Bench of Alberta of (i) the Receiver entering into this Agreement and (ii) a Sale Approval and Vesting Order to be in a form acceptable to both parties hereto (the “**Approval Order**”). The Receiver will apply to the Court for the Approval Order by no later than October 31, 2018.
- 4.2 The Receiver will make its best efforts, but is not obligated, to obtain a Sealing Order respecting this Agreement when it applies to the Court of Queen’s Bench of Alberta for the Approval Order.

5. DUTIES OF AUCTIONEER

- 5.1 Except as otherwise provided for in this Agreement, the Auctioneer shall at its own cost and expense:
- (a) conduct the Auction in accordance with its terms and the terms of this Agreement;
 - (b) provide sufficient licensed auctioneers and other personnel as is generally required for the holding of the Auction;
 - (c) supervise the inspection of the Assets by potential purchasers prior to the Auction;
 - (d) prepare for, arrange, conduct and conclude the Auction including, but not limited to, advertising, auction-related set-up, administrative services, collection of proceeds, banking, security/check out personnel, etc.;
 - (e) advertise and promote the Auction. The Auctioneer shall seek the prior consent of the Receiver to the form and content of all advertising and such consent shall not to be unreasonably withheld;
 - (f) organize, inventory, tag and lot the Assets for the Auction;

- (g) provide administrative services relating to the transfer of ownership of Assets to purchasers such that title to the Assets can be conveyed to the purchasers;
- (h) allow representatives of the Receiver to be present at the Auction and to have access to all of the Auctioneer's records concerning the sale of the Assets; and
- (i) provide the accounting described in Section 2 of Schedule "B" hereto.

6. ADDITIONAL REPRESENTATIONS, WARRANTIES AND CONDITIONS

7.1 The Receiver represents and warrants to the Auctioneer that, subject to the approval of the Court of Queen's Bench described in Section 4.1 hereof, the Receiver has good and sufficient power and authority to enter into this Agreement and to complete the transactions contemplated by this Agreement.

7.2 The Auctioneer represents, warrants and acknowledges to the Receiver that:

- (a) the Auctioneer is a corporation duly incorporated, organized and subsisting under the laws of Alberta;
- (b) the Auctioneer has good and sufficient power and authority to enter into this Agreement and to complete the transactions contemplated by this Agreement;
- (c) this Agreement constitutes a valid and legally binding obligation of the Auctioneer, enforceable against the Auctioneer in accordance with its terms;
- (d) the Auctioneer will, prior to conducting any sales pursuant to this agreement, be registered under Part IX of the *Excise Tax Act* (Canada) and shall have all necessary registrations and authority to collect, report and remit any applicable taxes on or with respect to any sale of any Assets by the Auctioneer pursuant to this agreement, in all applicable jurisdictions. The NMG, the Buyer's Premium, the Gross Sale Proceeds and any and all Costs as specified in this Agreement do not include Goods and Services Tax pursuant to the ETA which shall be payable, as applicable and in addition thereto, by the party receiving the subject good or service;
- (e) the Auctioneer has not jointly elected with the Receiver pursuant to section 177(1.3) of the *Excise Tax Act* (Canada) and
- (j) the Auctioneer holds all required permits and licenses required to perform its obligations under this Agreement.

7.3 The representations, warranties and covenants of the Auctioneer set forth in this agreement will survive completion of the transactions contemplated by this Agreement.

7. MISCELLANEOUS

7.1 All references to currency in this Agreement and in the schedules hereto are to lawful currency of Canada.

- 7.2 If the doing of any act pursuant to this Agreement falls on a day on a bank holiday or weekend, then the time for the doing of such act shall be deemed to be the next day that is not a bank holiday or weekend.
- 7.3 Any notice, request, instruction or other communication to be given hereunder by any party to the other shall be in writing and effective when delivered by facsimile or by electronic mail to the addresses and/or email addresses set forth as follows:

The Receiver: Alvarez & Marsal Canada Inc. LIT
Bow Valley Square IV
Suite 1110, 250 - 6th Avenue SW
Email: okonowalchuk@alvarezandmarsal.com

The Auctioneer: Century Services Corp.
2nd Floor, 734- 42 Ave SE,
Calgary, AB T2G 5N9
Email: jcarlson@centuryservices.com

A party may from time to time change its address for service or its facsimile number for service by giving written notice of such change to the other party.

- 7.4 No waiver by either party of any of the conditions contained in this Agreement or of any breach of any of the covenants contained in this Agreement shall have effect or be binding upon that party unless expressed in writing and any waiver so given shall extend only to the particular condition or breach so waived and shall not limit or affect any rights with respect to any other condition or breach or any future breach.
- 7.5 This Agreement and the attached schedules constitute the entire agreement between the parties relating to the subject matter hereof and supersedes all prior proposals, communications and agreements, whether written or oral.
- 7.6 This Agreement may be amended or modified only by an instrument in writing executed and delivered by the parties hereto subsequent to the date hereof.
- 7.7 The parties covenant to execute such further documents and do such further acts as may be required to implement the terms of this Agreement.
- 7.8 All stipulations in this Agreement as to time are strictly of the essence.
- 7.9 This Agreement shall be governed by the laws in effect in the Province of Alberta and the parties hereby attorn to the jurisdiction of the Courts of that Province.
- 7.10 This Agreement may be executed in counterparts by the parties hereto, and executed counterparts may be delivered by electronic mail and such execution and delivery shall be valid for all intents and purposes and the executed counterparts shall together form one document.
- 7.11 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

EXECUTED at Calgary, Alberta, this 29th day of September, 2018.

ALVAREZ & MARSAL CANADA INC. LIT,
in its capacity as the Court appointed receiver
and manager of Ladacor AMS Ltd., Nomads
Pipeline Consulting Ltd., 2367147 Ontario Inc.



Per: _____

Name: Orest Konowalchuk, CPA, CA CIRP, LIT
Title: Senior Vice President

CENTURY SERVICES CORP.

Per: _____

Name:
Title:

EXECUTED at Calgary, Alberta, this ____ day of September, 2018.


ALVAREZ & MARSAL CANADA INC. LIT,
in its capacity as the Court appointed receiver
and manager of Ladacor AMS Ltd. and Nomads
Pipeline Consulting Ltd.

Per:

Name: Orest Konowalchuk, CPA, CA CIRP,
LIT
Title: Senior Vice President

CENTURY SERVICES CORP.

Per:



Name: James Carlson
Title: Senior Auctioneer

SCHEDULE "A"
THE ASSETS

General Assets: means any and all tangible personal property located on the Premises which are not expressly defined as Specific Assets below, and includes without limitation equipment whether or not affixed, inventory, consumable supplies, office furniture, computers and related hardware, office electronics, hand tools, molds, templates and jigs, containers, vessels and other storage devices, books, records, manuals and warranties, wall to wall and floor to ceiling.

Specific Assets: means those assets listed in the attached Exhibit "A."

Ladacor AMS Ltd. & Nomads Pipeline Consulting - In Receivership
Auction Agreement - Listing of Assets Schedule

SCHEDULE A

Year	Make	Model	Serial Number
NOMADS OWNED			
CONTAINERS			
	Sea Container	40' Sea-Can	Schedule "A" #1
	Sea Container	40' Sea-Can	Schedule "A" #1
	Sea Container	40' Sea-Can	Schedule "A" #1
	Open Sided Sea Container	40' Sea-Can	Schedule "A" #5
	Open Sided Sea Container	40' Sea-Can	Schedule "A" #5
	Open Sided Sea Container	40' Sea-Can	Schedule "A" #5
	Open Sided Sea Container	40' Sea-Can	Schedule "A" #5
	Sea Container	40' Sea-Can	Schedule "A" #8
	Sea Container	40' Sea-Can	Schedule "A" #8
	Sea Container	40' Sea-Can	Schedule "A" #8
	Sea Container	20' Sea-Can	Schedule "A" #12
	Sea Container	40' Sea-Can	Schedule "A" #13
	Sea Container	40' Sea-Can	Schedule "A" #13
	Sea Container	40' Sea-Can	Schedule "A" #13
	Sea Container	40' Sea-Can	Schedule "A" #13
	Sea Container	40' Sea-Can	Schedule "A" #13
	Sea Container	40' Sea-Can	Schedule "A" #13
	Sea Container	40' Sea-Can	Schedule "A" #13
	Sea Container	40' Sea-Can	Schedule "A" #26
	Sea Container	40' Sea-Can	Schedule "A" #26
	Sea Container	40' Sea-Can	Schedule "A" #31
	Sea Container	40' Sea-Can	Schedule "A" #31
	Sea Container	40' Sea-Can	Schedule "A" #31
	Sea Container	40' Sea-Can	Schedule "A" #31
	Sea Container	20' Sea-Can	Schedule "A" #37
	Sea Container	20' Sea-Can	
	Sea Container	20' Sea-Can	Schedule "A" #77
	Construction Site office	40' C-Can	Schedule "A" #76

	Tool Crib	40' C-Can	Schedule "A" #73
	Tool Crib	40' C-Can	Schedule "A" #74
MACHINERY & TOOLS			
	Shear lockformer and finger brake		Schedule "A" #48
	Howlick roll former and decoiler		Schedule "A" #49
	(3) Miller "XMT" multi process welders		Schedule "A" #50
	Lincoln "DC400" multi process welder		Schedule "A" #51
	Almi pupe notcher/grinder		Schedule "A" #52
	Lincoln "Power Mig" mig welder		Schedule "A" #53
	Hypertherm "Powermax 1000" plasma cutter		Schedule "A" #54
	Hypertherm "105" plasma cutter		Schedule "A" #55
	Lincoln "255" mig welder		Schedule "A" #56
	Upright compressor		Schedule "A" #58
	Lincoln "Ranger 305" portable gas welder		Schedule "A" #59
	Hyd-Mech "S-23" horizontal band saw		Schedule "A" #60
	2003 Durma 110-ton iron worker		Schedule "A" #61
	Generac "GP1500E" gas generator		Schedule "A" #63
	Snow blower		Schedule "A" #64
	Ridgid air compressor		Schedule "A" #65
	Genie lift		Schedule "A" #70
	(2) Lincoln Ranger 305G welders		
	Clark Forklift	CGP30	P365L00499413FB
	Skytrak Zoom Boom		016004577
	4x4 Zoom Boom	JXB "40H"	0300015277
VEHICLES & TRAILERS			
	Honda ATV		
2008	Chevrolet Silverado	2500HD	1GCHK23K58F186665
2006	Ford XL DRW Welding Truck	F350	1FDWF36526EA00277
2015	Dodge	Caravan	2C4RDGBG1FR566018
1992	Freightliner		2FUPAXYB3NV600566
2014	Ford	F150	1FTFW1EF3EFA73394
2012	PJ Trailer		4P5FD4026C1166633
	Frame Trailer		
MISCELLANEOUS			

	Assorted bats of insulation		Schedule "A" #2
	Contents of sea container		Schedule "A" #3
	Roof trusses		Schedule "A" #4
	Lot of drywall and particle board		Schedule "A" #6
	Rack and steel		Schedule "A" #7
	Insulated tarps		Schedule "A" #9
	Lot of plumbing supplies in sea container		Schedule "A" #10
	Aluminum studs		Schedule "A" #11
	HVAC Roof Top Unit	8.5 TON MODEL	ZWT08N18V5BAA12DA7
	HVAC Roof Top Unit	6.5 TON MODEL	ZWT06N18V5BAA11DA7
	Contents of sea container		Schedule "A" #15
	Radiant heating panel		Schedule "A" #17
	Lot of poly and flooring		Schedule "A" #18
	Generac 300kW skidded diesel genset	SG300	Schedule "A" #19
	Spider Lifting Chains		Schedule "A" #20
	Lot of table saw, compressor, banding cart and sand blaster		Schedule "A" #21
	Lot of quad tires and storage box		Schedule "A" #22
	Assorted tarps and 2"x4" planks, etc.		Schedule "A" #23
	Aluminum studs and frames		Schedule "A" #24
	Contents of sea container		Schedule "A" #27
	Scaffolding		Schedule "A" #28
	Construction fencing and rack		Schedule "A" #33
	Contents of sea container		Schedule "A" #34
	Lot of saw horses and crane pads		Schedule "A" #35
	Assorted structural steel		Schedule "A" #39
	2-storey modular building	show home	Schedule "A" #40
	Contents of office		Schedule "A" #43
	Lot of grey and back holding tanks		Schedule "A" #44
	Lot of assorted hand and power tools throughout		Schedule "A" #46
	Assorted shop assets		Schedule "A" #47
	(20) crane matts		Schedule "A" #75
	Greenlee Jobbox and contents		
	Lot of ladders, bubble lights, small compressor, etc		

	5 lifts tongue and groove OSB		
	9 Lifts installation		
	HVAC unit		
	Lot of Hardie board and lumber		
LADACOR OWNED			
MODULES			
	Duplex Building Module (2 stacked)	Eden Valley Project	Basement #1
	Duplex Building Module (2 stacked)	Eden Valley Project	Basement #2
	Duplex Building Module (2 stacked)	Eden Valley Project	Upstairs #1
	Duplex Building Module (2 stacked)	Eden Valley Project	Upstairs #2

SCHEDULE “B”
THE RECEIVER’S AND AUCTIONEER’S RESPONSIBILITIES

The following sets out the Receiver’s and Auctioneer’s respective responsibilities with respect to the disposition of the Assets. The parties acknowledge and agree that:

General

1. The Auctioneer is acting only in its capacity as an independent contractor dealing with the Receiver and is otherwise not the Receiver’s employee or assign, nor is it assuming the legal responsibilities, duties or obligations of the Receiver or of a “Secured Party” including but not limited to as set out in Section 17 and Part 5 of the *Personal Property Security Act* (Alberta).
2. The Auctioneer will carry out the Auction in an orderly and professional manner, in accordance with industry practices. The Auctioneer shall, promptly following the Auction, provide the Receiver with a detailed written accounting in respect of the sales and the Gross Sale Proceeds in a form satisfactory to the Receiver acting reasonably.
3. The Auctioneer will not be responsible for the following costs, claims, or liabilities, even if such are payable:
 - (a) lease payments to third parties under any leases of the Assets;
 - (b) any pre-existing environmental costs;
 - (c) any legal costs associated with dealing with liens against the Assets; and,
 - (d) any product warranties, conditions, or liabilities, including without limitation as to title to the Assets, and otherwise those set forth in the *Sale of Goods Act* (Alberta) and the *International Sale of Goods Contracts Convention Act* (Canada).

Taxes

4. The Auctioneer shall collect, and promptly pay to the applicable authority and confirm such payment to the Receiver, all social services tax, provincial sales tax (if applicable), goods and services tax and any other tax resulting from any sale transaction entered into by the Auctioneer with respect to any of the Assets.
5. The Auctioneer shall indemnify and hold the Receiver harmless from any and all demands, liabilities or claims, including, but not limited to, fines, penalties, losses, costs and expenses, which the Receiver may sustain, incur or be subject to, arising out of, or by reason of, any failure by the Auctioneer to collect, pay or remit any applicable taxes under, or in accordance with, the provisions of the *Excise Tax Act* (Canada) in relation to the sale of the Assets in accordance with the Auction (including without limiting the generality of the foregoing in respect of the Buyer’s Premium described in Section 2.4 of this Agreement).

Insurance

6. The Auctioneer will maintain insurance, and will provide to the Receiver proof of insurance, with respect to any public liability which could flow from the Auctioneer's activities, naming the Receiver as beneficiary of such insurance, providing for coverage of not less than \$5,000,000 per occurrence and otherwise in a form satisfactory to the Receiver acting reasonably.
7. Proceeds received on any insurance claim in respect of any insured Assets that otherwise would have been sold during the Auction shall be considered Gross Sale Proceeds.

Environmental

8. For the purposes of this Schedule "B", "Contaminants" means any substance or thing or mixture of them which alone, or in combination, or in concentrations, are flammable, corrosive, reactive or toxic or which might cause adverse effects or be deemed detrimental to living things or to the environment, including, but not limited to, any pollutant, contaminant, toxic or hazardous substance, such as, by way of example, urea formaldehyde, asbestos, polychlorinated biphenyl, pesticides, or any other substance with which the removal, manufacture, preparation, generation, use, maintenance, storage, transfer, handling or ownership is subject to any laws, rules or regulations.

SCHEDULE "C"
AUCTIONEER'S TERMS AND CONDITIONS

1. **Definitions**

- (a) "Claim" or "Claims" as applicable, means claims, demands, losses, liabilities, actions and proceedings (in each case whether threatened or actual), damages, costs and expenses (including without limitation all legal fees on a solicitor-client basis);
- (b) "Costs" means all expenses and costs (whether internal or out-of-pocket) incurred by Century to perform the Services and include but are not limited to title due diligence, auction set-up, asset cataloguing, advertising, staffing, marketing, and administrative expenses, cost of any replacement parts, costs incurred in the maintenance, refurbishment or repair of Assets, transportation costs, storage costs, cleaning costs and clean up, garbage disposal costs, merchant charges related to monies received from bank card payments or any other payments where extra charges apply to payee's account, legal costs (on a solicitor-and-his-own-client basis), and costs and expenses associated with the pursuit and/or prosecution of any delinquent Buyer, each as applicable;
- (c) "Force Majeure" means an occurrence beyond the reasonable control of the parties and which renders it commercially unreasonable for a party to perform its obligations and includes without limiting the generality of the foregoing an act of God, war, revolution, insurrection, blockage, riot, strike, industrial or civil disturbances, fire, lightning, extreme and/or severe weather, storms, floods, shortage of labour or materials, provided that any lack of finances shall not be considered a Force Majeure;

- 2. **CONDUCT OF SALE:** Century has the right and retains absolute and sole discretion to (a) provide any appraisal of the Assets or assessment of the condition of the Assets; (b) require and/or conduct any maintenance, refurbishment or repair of any and all of the Assets with a view to maximizing the resale value of such Assets, and to obtain and provide estimates in connection therewith; (c) consult any experts in connection with any appraisal, the Auction, the Assets or any matter provided herein; (d) set-up, marketing, cataloguing, details, and descriptions of Assets; (e) add, group or offer other assets in conjunction with the Assets; (f) determine auction date(s), forum, and venue for sale of the Assets; (g) determine the manner of conducting the auction; and (h) sell any and all of the Assets prior to the auction. Itemized Costs incurred pursuant to the foregoing may be provided upon request.
- 3. **COSTS:** Receiver shall be liable for any Costs incurred by Century that are specifically directed and approved by the Receiver in respect of the Assets and in connection with matters provided for hereunder or in the Proposal or in the Agreement to which this Schedule is attached.
- 4. **MUTUAL INDEMNITY:** The Parties hereby agree to release and indemnify each other party, defend and hold harmless, each of the parties affiliates and each of their agents,

representatives, employees, principals, successors, officers, directors and assigns (each an "Indemnified Party"), from and against any and all Claims against or incurred by an Indemnified Party arising out of, in connection with, relating to or resulting from (i) any matter covered by the Receiver's or Century's Insurance or in respect of which the Receiver or Century is required to carry insurance as provided hereunder; (ii) any breach by a Party of any term, condition, obligation, covenant, warranty or representation hereunder or in the enforcement of a Parties' rights under these Terms and Conditions; (iii) any unlawful act, omission, negligence or willful misconduct of a Party; (iv) any failure to comply with the applicable environmental and/or safety laws, rules or regulations by a Party; or (v) any corrosive, flammable, hazardous, toxic and/or pressurized substances other than normal operating fuels, oils and lubricants associated with the Assets, or any contamination resulting from any leaks, spills, or malfunction of the Assets while the Assets are at the auction site.

5. APPROVAL ORDER: The Receiver shall ensure that the Approval Order provides for the model order standard template language for the sale of the Assets by Century.
6. FORCE MAJEURE: Notwithstanding anything herein, neither party shall be liable for delay or obstruction of its ability to perform its obligations hereunder due to a Force Majeure.
7. WRITTEN ACKNOWLEDGEMENT BY LANDLORD AND COSTS OF PREMISES: Receiver shall obtain and provide written acknowledgement from the landlord or owner and lessor as applicable of the Premises to enable Century to legally enter the Premises. Such written acknowledgement shall provide Century unrestricted, free use of the Premises to access the Assets and perform the auction and reasonable period after the removal and clean-up of the premises.
8. AGGREGATE LIABILITY: With the exception of Century's liability for payment of the NMG and the Remaining Gross Proceeds (if any), as defined herein, in no event shall the aggregate liability of Century or the Receiver under these Terms and Conditions, in tort or by any legal theory, whatsoever, for any Claim in any way relating to these Terms and Conditions exceed the amount of the Deposit.
9. WAIVER OF CONSEQUENTIALS: In no event shall either Party be liable for any indirect, special, punitive, exemplary, or consequential damages or losses, loss of revenue, loss of profit, loss of business, economic loss, loss of opportunity, loss of reputation, loss of use, or anticipated savings on costs or expenses, regardless of whether such damages are considered direct, indirect or consequential whether in contract tort, statute, or any other legal theory or principle.

APPENDIX C

Land Titles Certificate for Westgate Project property



LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0010 163 277 5417NY;14;2 102 084 105

LEGAL DESCRIPTION
PLAN 5417NY
BLOCK 14
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.567 HECTARES (1.4 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;25;52;34;W

MUNICIPALITY: CITY OF EDMONTON

REFERENCE NUMBER: 962 282 754

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
102 084 105	15/03/2010	TRANSFER OF LAND	\$3,600,000	\$3,600,000

OWNERS
1507811 ALBERTA LTD.
OF 1103, 837-2 AVENUE SW
CALGARY
ALBERTA T2P 0E6

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
152 116 892	20/04/2015	MORTGAGE MORTGAGEE - RBC INVESTOR SERVICES TRUST. C/O CMLS FINANCIAL LTD 2110, 1066 WEST HASTINGS STREET VANCOUVER BRITISH COLUMBIA V6E3X2 MORTGAGEE - CIBC MELLON GLOBAL SECURITIES SERVICES COMPANY.

ENCUMBRANCES, LIENS & INTERESTSPAGE 2
102 084 105

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
		C/O CMLS FINANCIAL LTD. 2110, 1066 WEST HASTINGS STREET VANCOUVER BRITISH COLUMBIA V6E3X2 ORIGINAL PRINCIPAL AMOUNT: \$3,885,000
152 116 893	20/04/2015	CAVEAT RE : ASSIGNMENT OF LEASE CAVEATOR - RBC INVESTOR SERVICES TRUST. CAVEATOR - CIBC MELLON GLOBAL SECURITIES SERVICES COMPANY. BOTH OF: C/O CMLS FINANCIAL LTD 2100-1066 WEST HASTINGS STREET VANCOUVER BRITISH COLUMBIA V6E3X2 AGENT - ROBERT C STEMP
152 116 894	20/04/2015	CAVEAT RE : ASSIGNMENT OF RENTS CAVEATOR - RBC INVESTOR SERVICES TRUST. CAVEATOR - CIBC MELLON GLOBAL SECURITIES SERVICES COMPANY. BOTH OF: C/O CMLS FINANCIAL LTD 2110, 066 WEST HASTINGS STREET VANCOUVER BRITISH COLUMBIA V6E3X2 AGENT - ROBERT C STEMP
172 111 922	09/05/2017	UTILITY RIGHT OF WAY GRANTEE - EPCOR DISTRIBUTION & TRANSMISSION INC. AS TO PORTION OR PLAN:PORTION
172 300 522	16/11/2017	BUILDER'S LIEN LIENOR - NOMADS PIPELINE CONSULTING LTD. C/O BORDEN LADNER GERVAIS LLP ATT: PAUL ALBERT 1900, 520 3RD AVENUE SW CALGARY ALBERTA T2P0R3 AMOUNT: \$4,216,508
172 324 722	06/12/2017	BUILDER'S LIEN LIENOR - MAYAN & SON PAINTING. 3603 10 AVENUE NW EDMONTON ALBERTA T6L2L2 AGENT - AVORY MAYAN

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 3
102 084 105

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

AMOUNT: \$14,732

172 335 044 18/12/2017 BUILDER'S LIEN
LIENOR - HAWK ELECTRIC (NORTHERN) INC.
C/O GUREVITCH BURNHAM LAW OFFICE
9931-106 AVE
GRANDE PRAIRIE
ALBERTA T8V1J4
AMOUNT: \$86,180

182 015 696 17/01/2018 BUILDER'S LIEN
LIENOR - S.S. DECKING LTD.
C/O HAUTMANN LAW OFFICE
1410,5555 CALGARY TRAIL
EDMONTON
ALBERTA T6H5P9
AGENT - JOHN W HAUTMANN
AMOUNT: \$20,981

182 057 147 08/03/2018 CERTIFICATE OF LIS PENDENS
AFFECTS INSTRUMENT: 172335044

182 110 234 11/05/2018 CERTIFICATE OF LIS PENDENS
AFFECTS INSTRUMENT: 172300522

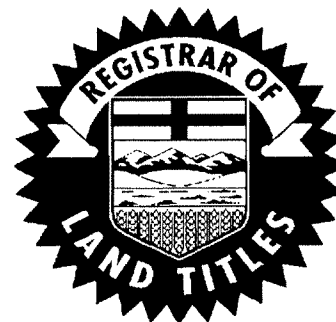
182 124 615 31/05/2018 BUILDER'S LIEN
LIENOR - HAGEN SURVEYS (1982) LTD.
8929-20TH STREET
EDMONTON
ALBERTA T6P1K8
AGENT - DAVID J HAGEN
AMOUNT: \$2,037

TOTAL INSTRUMENTS: 011

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 7 DAY OF AUGUST,
2018 AT 04:09 P.M.

ORDER NUMBER: 35650020

CUSTOMER FILE NUMBER: 99766/12



END OF CERTIFICATE

(CONTINUED)

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

APPENDIX D

HAGEN NOTICE



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Ryan Zahara

Partner

Dir: 403-260-9628

ryan.zahara@blakes.com

September 12, 2018

VIA COURIER AND EMAIL

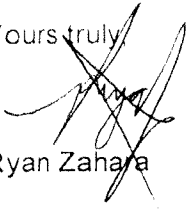
Hagen Surveys (1982) Ltd.
8929 - 20th Street
Edmonton AB T6P 1K8

**Attention: David J. Hagen and Nicholas
Ronsko**

**RE: Nomads Pipeline Consulting Ltd. operating as Ladacor v. 1507811 Alberta Ltd.
Action No. 1801-06806**

Please find enclosed for service upon you the Notice to Prove Lien filed today for Instrument Number 182 124 615 on Land Title Number 102 084 105.

Yours truly,


Ryan Zahara

31384404.1

COURT FILE NUMBER
COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE
PLAINTIFF
DEFENDANT
DOCUMENT

Clerk's Stamp:

1801-06806

CALGARY

NOMADS PIPELINE CONSULTING LTD.
operating as LADACOR

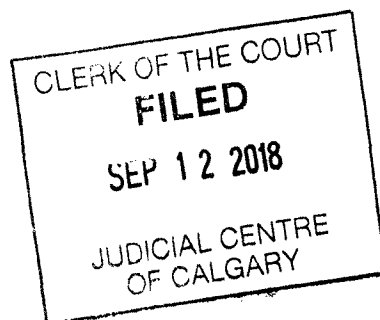
1507811 ALBERTA LTD.

NOTICE TO PROVE LIEN

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

BLAKE, CASSELS & GRAYDON LLP
3500, 855 – 2nd Street SW
Calgary, AB T2P 4J8

Attention: Ryan Zahara
Telephone: 403-260-9628
Facsimile: 403-260-9700
Email: ryan.zahara@blakes.com
File Reference: 99766/12



TAKE NOTICE THAT the undersigned hereby requires that you prove your lien registered pursuant to the *Builders' Lien Act*, R.S.A. 2000, c. B-7 ("**Builders' Lien Act**") on May 31, 2018, in the Alberta Land Titles Office as Instrument No. 182 124 615 in respect of the following lands:

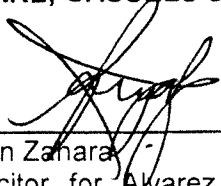
PLAN 5417NY BLOCK 14 LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.567 HECTARES (1.4 ACRES) MORE OR LESS
ESTATE: FEE SIMPLE, ATS REFERENCE: 4;25;52;34;W
MUNICIPALITY: CITY OF EDMONTON
REFERENCE NUMBER: 962 282 754

AND FURTHER TAKE NOTICE THAT unless within 15 days from the date of service of this Notice upon you, you file in the office of the Clerk of the Court at the Courthouse in Calgary, Alberta, an Affidavit giving detailed particulars of your lien pursuant to section 52 of the *Builders' Lien Act*, you will lose your lien.

DATED at Calgary, Alberta this 12th day of September, 2018 **AND DELIVERED** by BLAKE, CASSELS & GRAYDON LLP, Barristers and Solicitors, 3500, 855 – 2 Street SW, Calgary, Alberta, T2P 4J8, Attention: Ryan Zahara (403) 260-9628, solicitors for Alvarez & Marsal Canada Inc. the receiver and manager of the Plaintiff herein, Nomads Pipeline Consulting Ltd., operating as Ladacor, whose address for service is in care of the said solicitors.

BLAKE, CASSELS & GRAYDON LLP

Per: _____


Ryan Zahara
Solicitor for Alvarez & Marsal Canada Inc. the
receiver and manager of the Plaintiff,
Nomads Pipeline Consulting Ltd., operating as
Ladacor

APPENDIX E

Receiver's Certificate No. 1

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. 1 _____

AMOUNT \$ 500,000.00

1. THIS IS TO CERTIFY that ___Alvarez & Marsal Canada ULC, the receiver and manager (in each capacity the "Receiver") of all of the assets, undertaking and property of **LADACOR AMS LTD., NOMADS PIPELINE CONSULTING LTD., AND 2367147 ONTARIO INC.** appointed by Order of the Court of Queen's Bench of Alberta (the "Court") dated the 18th day of May, 2018 (the "Order") made in action #1803 09581, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of **\$500,000.00**, being part of the total principal sum of \$1,200,000.00, which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the last day of each month after the date hereof at a notional rate per annum equal to the rate of 0 % above the prime commercial lending rate of BMO-Bank of Montreal, (Prime Rate = 3.45% at May 28, 2018) from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at: BMO-Bank of Montreal, SAMU Office, 20th floor, 10175 – 101 Street, Edmonton, AB T5J 0H3.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the 28th day of May, 2018.

Alvarez & Marsal Canada Inc., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal or corporate capacity



Per: _____

Name: Orest Konowalchuk, CPA, CA, CIRP, LIT

Title: Senior Vice President

APPENDIX F

Receiver Fees and Costs

Ladacor AMS Ltd., Nomads Pipeline Consulting Ltd., and 2367147 Ontario Inc. - In Receivership
 Summary of Receiver's Fees and Disbursements ("2018 Billings")
 May 18, 2018 to August 31, 2018

Appendix F

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
Ladacor/Nomads - 1	May 18, 2018 to May 31, 2018	115,477.50	555.36	116,032.86	5,801.64	121,834.50
Ladacor/Nomads - 2	June 1, 2018 to June 30, 2018	95,921.25	2,166.84	98,088.09	4,904.40	102,992.49
Ladacor/Nomads - 3	July 1, 2018 to July 31, 2018	79,255.00	40.07	79,295.07	3,964.75	83,259.82
Ladacor/Nomads - 4	August 1, 2018 to August 31, 2018	71,142.50	1,990.21	73,132.71	3,656.64	76,789.35
LADACOR/NOMADS TOTAL		\$ 361,796.25	\$ 4,752.48	\$ 366,548.73	\$ 18,327.44	\$ 384,876.17

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
236 - 1	May 18, 2018 to May 31, 2018	21,165.00	1,966.41	23,131.41	1,156.57	24,287.98
236 - 2	June 1, 2018 to July 31, 2018	68,820.00	2,591.09	71,411.09	3,570.55	74,981.64
236 - 3	August 1, 2018 to August 31, 2018	27,675.00	248.73	27,923.73	1,396.19	29,319.92
236 TOTAL		\$ 117,660.00	\$ 4,806.23	\$ 122,466.23	\$ 6,123.31	\$ 128,589.54
TOTAL		\$ 479,456.25	\$ 9,558.71	\$ 489,014.96	\$ 24,450.75	\$ 513,465.71

APPENDIX G

Receiver's Counsel Fees and Costs

Ladacor AMS Ltd., Nomads Pipeline Consulting Ltd., and 2367147 Ontario Inc. - In Receivership
 Summary of the Receiver's counsel (Blakes) Fees and Disbursements ("2018 Billings"
 May 18, 2018 to August 31, 2018

Appendix G

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
205221	May 4, 2018 to May 31, 2018	11,566.00	189.95	11,755.95	585.02	12,340.97
2056560	June 1, 2018 to June 30, 2018	77,058.50	885.30	77,943.80	3,893.00	81,836.80
2061309	July 1, 2018 to July 31, 2018	23,559.50	30.00	23,589.50	1,179.48	24,768.98
2066882	August 1, 2018 to August 31, 2018	19,658.50	661.79	20,320.29	1,012.99	21,333.28
TOTAL		\$ 131,842.50	\$ 1,767.04	\$ 133,609.54	\$ 6,670.49	\$ 140,280.03

CONFIDENTIAL APPENDIX 1

Unredacted Auction Agreement

CONFIDENTIAL APPENDIX 2

Summary and analysis of the Proposal Offers