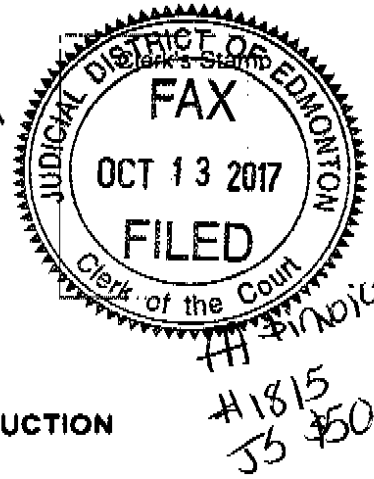


COURT FILE NUMBER 1403-13215
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE EDMONTON
 PLAINTIFF E CONSTRUCTION LTD.
 DEFENDANTS SPRAGUE-ROSSER CONTRACTING CO.
 LTD. and REGIONAL MUNICIPALITY OF
 WOOD BUFFALO
 DOCUMENT APPLICATION (APPROVAL OF E CONSTRUCTION
 SETTLEMENT AGREEMENT)
 ADDRESS FOR SERVICE AND
 CONTACT INFORMATION OF
 PARTY FILING THIS
 DOCUMENT
 McCARTHY TÉTRAULT LLP
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NOTICE TO RESPONDENT(S)

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

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

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

Date: October 23, 2017
 Time: 9:00 a.m.
 Where: Edmonton Law Courts
 Before Whom: The Honourable Madam Justice J.M. Ross

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

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

on August 7, 2014 (the “**Receivership Order**”), applies for an order, substantially in the form attached as Schedule “**A**” hereto:

1. Declaring that this application (the “**Application**”) is properly returnable on October 23, 2017, service of the Application and Tenth Report of the Receiver, dated October 13, 2017 (the “**Tenth Receiver’s Report**”) is validated and declared to be good and sufficient, that service of the Application and Tenth Receiver’s Report on persons listed on the Service List (as such term is defined in the Order) is validated, good, and sufficient, and that no persons, other than those listed on the Service List, are entitled to service of the Application or the Tenth Receiver’s Report.
2. Authorizing, empowering and directing the Receiver’s solicitors to immediately and forthwith disburse and deal with the Funds (as defined below) pursuant to the draft form of order attached as Schedule “**A**” hereto (the “**Draft Order**”).
3. Such further and other relief as counsel may advise.

Grounds for making this application: The grounds for the Application are as follows:

4. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Draft Order.
5. The Receiver was appointed as the Receiver of Contracting pursuant to the Receivership Order.
6. Pursuant to a consent order issued in the within proceedings on May 5, 2016 (the “**Consent Order**”), counsel for the Receiver was ordered to hold the sum of \$4,432,455, plus all accrued interest thereon (the “**Funds**”).
7. E Construction and Contracting have been engaged in an ongoing dispute pertaining to the E Construction Contract, the E Construction Lien and the Funds. Various litigation was in progress between Contracting and E Construction when the Receivership Order was issued, including the Contracting Action, an ongoing dispute over the validity and enforceability of the E Construction Lien and the claims advanced by E Construction against Contracting in the within proceedings.

8. The Consent Order resulted in the discharge of the E Construction Lien and the posting of security for the E Construction Lien. The E Construction Lien was subsequently declared to be invalid and unenforceable by judgment of this Honourable Court issued on February 13, 2017 (the “**E Construction Lien Decision**”). E Construction has appealed the E Construction Lien Decision by way of the E Construction Appeal.

9. Following the issuance of the E Construction Lien Decision, and to establish a fair and equitable process whereby the Funds could be disbursed to entitled creditors, this Honourable Court issued the Trust Process Order. The only Persons who made Trust Claims pursuant to the Trust Process Order were E Construction and Pioneer.

10. The E Construction Application and the Pioneer Application were each heard on June 22, 2017 and September 5, 2017 and judgment has been reserved. The Receiver, E Construction and RBC have reached a settlement agreement pertaining to the ongoing dispute between E Construction and Contracting (the “**E Construction Settlement Agreement**”).

11. The E Construction Settlement Agreement is in the best interests of the estate of Contracting and its creditors and stakeholders because:

- (a) it is a global resolution of all issues as between E Construction and Contracting, including the E Construction Application and the E Construction Appeal;
- (b) it removes all litigation risk arising from the E Construction Application, the E Construction Appeal and the Contracting Action;
- (c) it results in the immediate release of 98% of the Funds to affected creditors in a consensual manner;
- (d) it saves the estate the ongoing fees and expenses that will be incurred by the Receiver in continuing to advance and respond to the dispute with E Construction; and
- (e) it preserves the right of Pioneer to seek full recovery on the Pioneer Claim by way of withholding of the Pioneer Funds.

Material or Evidence to be relied on: The Receiver will rely on the following material:

12. The Tenth Report of the Receiver, dated October 13, 2017.

8. Such further and other material as counsel may advise;

Applicable Rules:

13. Rule 6.3 of the *Alberta Rules of Court*.

14. Such further and other rules as counsel may advise and this Honourable Court may allow.

Applicable Acts and regulations:

15. The *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended.

16. Such further and other acts and regulations as counsel may advise and this Honourable Court may allow.

Any irregularity complained of or objection relied on:

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

How the application is proposed to be heard or considered:

18. The Receiver proposes that the Application be heard in person with one, some or all of the parties present.

WARNING

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

SCHEDULE "A"

ORDER (APPROVAL OF E CONSTRUCTION SETTLEMENT AGREEMENT)

COURT FILE NUMBER	1401-13215
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	E CONSTRUCTION LTD.
DEFENDANTS	SPRAGUE-ROSSER CONTRACTING CO. LTD. and REGIONAL MUNICIPALITY OF WOOD BUFFALO
DOCUMENT	ORDER (Approval of E Construction Settlement Agreement)
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McCarthy Tétrault LLP Barristers & Solicitors Sean F. Collins / Walker W. MacLeod / Theodore Stathakos 4000, 421 – 7 th Avenue S.W. Calgary, Alberta T2P 4K9 Telephone: 403-260-3500 Facsimile: 403-260-3501 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED:	October 23, 2017
LOCATION WHERE ORDER WAS PRONOUNCED:	Edmonton, Alberta
NAME OF JUSTICE WHO MADE THIS ORDER:	Justice J.M. Ross

UPON THE APPLICATION of Alvarez & Marsal Canada Inc., in its capacity as the court-appointed receiver and manager (the "**Receiver**") of Contracting pursuant to the Receivership Order (the "**Application**"); **AND UPON** noting that Contracting and E Construction entered into a construction contract dated May 9, 2012 and pertaining to the construction of a road and bridge project in the RMWB (the "**E Construction Contract**"); **AND UPON** noting that E Construction has advanced an action against Contracting in the within proceedings alleging, *inter alia*, a breach of the E Construction Contract by Contracting (the "**E Construction Action**"); **AND UPON** noting that Contracting commenced an action against E Construction in Court File No. 1401-08353 on July 31, 2014 alleging, *inter alia*, a breach of the E Construction

Contract by E Construction (the “**Contracting Action**”); **AND UPON** noting the consent order issued by the Honourable Justice J. M. Ross, dated May 5, 2016, in the within proceedings (the “**Consent Order**”); **AND UPON** noting the order issued by the Honourable Justice J. M. Ross, dated February 13, 2017, in the within proceedings that, *inter alia*, declared the E Construction Lien to be invalid and unenforceable (the “**E Construction Lien Order**”); **AND UPON** being advised that E Construction has appealed the E Construction Lien Order to the Court of Appeal of Alberta pursuant to a Notice of Appeal dated March 9, 2017 in Court of Appeal File No. 1703-0069AC (the “**E Construction Appeal**”); **AND UPON** reviewing the trust claim process order issued by the Honourable Justice J. M. Ross, dated April 6, 2017, in the within proceedings (the “**Trust Claim Order**”) and the order issued on the application of E Construction on May 4, 2017 that, *inter alia*, extended certain of the deadlines as specified in the Trust Claim Order; **AND UPON** noting that the only Persons who made trust claims pursuant to the Trust Claims Order were Pioneer Truck Lines Ltd. (“**Pioneer**”), filed on May 12, 2017 (the “**Pioneer Application**”) and E Construction, filed on June 2, 2017 (the “**E Construction Application**”); **AND UPON** having read the Affidavit of Dave Manchakowski, sworn May 2, 2017 and the Affidavit of Jack Farrar, sworn on June 2, 2017; **AND UPON** having read the sixth report of the Receiver, dated November 10, 2015, the ninth report of the Receiver, dated March 27, 2017 (the “**Ninth Report**”), the first supplement to the Ninth Report, dated April 20, 2017, the second supplement to the Ninth Report, dated May 23, 2017 and the tenth report of the Receiver, dated October 13, 2017 (the “**Tenth Report**”); **AND UPON** having read the written brief of E Construction, dated June 9, 2017, the written briefs of the Receiver and RBC, each dated June 16, 2017, and the reply written brief of E Construction, dated August 25, 2017, in respect of the E Construction Application; **AND UPON** hearing oral submissions on June 22, 2017 and September 5, 2017 in respect of the E Construction Application; **AND UPON** reading the affidavit of service of ●, sworn October ●, 2017 (the “**Service Affidavit**”); **AND UPON** hearing submissions from the Receiver, RBC, E Construction and Pioneer;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the Application and the Tenth Report in the manner described in the Service Affidavit is good and sufficient and no Persons other than those listed on the service list attached as an exhibit to the Service Affidavit (the “**Service List**”) are entitled to receive notice of the Application or service of the Tenth Report.

2. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Consent Order.

3. The Receiver's solicitors are authorized, empowered and directed to immediately and forthwith disburse and deal with the Funds (as such term is defined in the Trust Claim Order) pursuant to and in accordance with the terms of this Order.

4. The Receiver's solicitors shall hold the amount of \$80,228 of the Funds (the "**Pioneer Funds**") as security for the claim asserted by the Pioneer pursuant to the Pioneer Application. In the event that:

- (a) the Pioneer Claim is allowed, the Receiver's solicitors shall continue to hold the Pioneer Funds pending any further order of this Honourable Court; and
- (b) if the Pioneer Claim is dismissed, the Receiver's solicitors shall forthwith disburse the Pioneer Funds and any interest accrued thereon to the Receiver without any further order of this Honourable Court and the Receiver is authorized and empowered to make disbursement of the Remaining Funds pursuant to and in accordance with the terms of the July 17 Order.

5. The Receiver's solicitors shall immediately and forthwith disburse the sum of \$400,000 of the Funds (the "**E Construction Settlement Funds**") to E Construction upon the issuance of this Order. Upon receipt of the E Construction Settlement Funds:

- (a) Contracting shall discontinue the Contracting Action on a without costs basis and E Construction shall consent to the discontinuance of the Contracting Action on a without costs basis;
- (b) E Construction shall discontinue the E Construction Appeal on a without costs basis and each of the Receiver and RBC shall consent to the discontinuance of the E Construction Appeal on a without costs basis; and
- (c) the E Construction Application is deemed to be withdrawn and E Construction shall no longer advance the E Construction Application or any claim made therein.

6. The Receiver's solicitors shall immediately and forthwith disburse the remaining balance of the Funds, including any interest accrued on the Funds (the "**Remaining Funds**") to Contracting (in care of the Receiver) upon the issuance of this Order and, upon receipt of the Remaining Funds, the Receiver is authorized and empowered to make disbursement of the Remaining Funds pursuant to and in accordance with the terms of the July 17 Order. Without limitation and for greater certainty it is hereby declared that, subject only to the charges created in the Receivership Order, RBC has a valid and enforceable first-lien charge on the Remaining Funds and no other Person (including, without limitation, any Person who is a creditor of Contracting or claiming by, through or under Contracting or a creditor of Contracting by way of subrogation or for contribution and indemnity) has any Claim (as defined herein) to the Remaining Funds other than a Claim that is postponed and subordinate to the Claims of RBC and the charges created in the Receivership Order to the Remaining Funds.

7. The E Construction Settlement Funds and the Remaining Funds (collectively, the "**Disbursed Funds**") are unconditionally and indefeasibly releasable to each of E Construction and Contracting (in care of the Receiver) pursuant to and in accordance with the terms of this Order. The legal and equitable interest in the Disbursed Funds shall vest absolutely in each of E Construction and Contracting (in proportion to their entitlement to receive the Disbursed Funds pursuant to and in accordance with the terms of this Order), free and clear of and from any and all Trust Claims (as such term is defined in the Trust Claim Order), security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, advanced pursuant to the Trust Claim Order or otherwise (collectively, the "**Encumbrances**"). For greater certainty all Encumbrances affecting or relating to the Disbursed Funds are hereby expunged and discharged as against the Disbursed Funds, but provided that nothing in this paragraph 7 shall prevent or restrict RBC from asserting a Claim to the Remaining Funds or any other Person from asserting a Claim against Contracting or its assets, properties or undertakings that is postponed and subordinate to the Claims of RBC and the charges created in the Receivership Order.

8. Each of E Construction and Contracting (for the purposes of this paragraph each, a "**Party**" and collectively, the "**Parties**") hereby release, remise, acquit, and forever discharge the other Party, the Receiver and each of their respective employees, agents, representatives,

consultants, counsel, fiduciaries, servants, officers, directors, partners, predecessors, successors, and assigns, subsidiary corporations, parent corporations, and related corporate divisions and the successors and assigns of each of the foregoing (each, a **“Released Party”** and collectively, **“Released Parties”**), from any and all actions and causes of action, Trust Claims, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct or indirect, at law or in equity, of whatsoever kind or nature (collectively, the **“Claims”**), for or because of any manner or things done, omitted or suffered to be done by any of the Released Parties prior to and including the date hereof, and in any way directly or indirectly arising out of or in any way connected to the Consent Order, the E Construction Contract, the Contracting Action, the E Construction Action, the E Construction Lien Order, the E Construction Appeal, the E Construction Application, the Funds, the Contracts, the Projects or the Trust Claim Order (collectively, the **“Released Matters”**). Without limiting the generality of the foregoing, this Order is intended to fully and finally satisfy any and all alleged losses, injuries or damages occurring to any Party that are connected with or related to the Released Matters and no Person, whether a Party, a Released Party or a Person claiming by, through or under a Party or another Person by way of subrogation or for contribution and indemnity, shall have or be able to advance any Claims against any Released Party or the Disbursed Funds for anything directly or indirectly arising out of or in any way connected to the Released Matters. For greater certainty this Order, the declaration that RBC has a valid and enforceable first-lien charge on the Remaining Funds subject only to the charges created in the Receivership Order as provided by paragraph 6 herein, the unconditional and indefeasible release of the Disbursed Funds free and clear of all Encumbrances as provided by paragraph 7 herein and the release and discharge of all Claims against the Released Parties that arise out of or are in way connected to the Released Matters as provided by this paragraph 8, shall be and remain binding and effective on all Persons notwithstanding the issuance of judgment or reasons in either the Pioneer Application or the E Construction Application, as applicable, but again provided that nothing in this paragraph 8 shall prevent or restrict RBC from asserting a Claim to the Remaining Funds or any other Person from asserting a Claim against Contracting or its assets, properties or undertakings that is postponed and subordinate to the Claims of RBC and the charges created in the Receivership Order.

9. Only Persons listed on the Service List are entitled to be served with a copy of this Order and service of this Order shall be effective on all Persons on the Service List by shall be effective by facsimile, electronic mail, personal delivery or courier.

Justice J.M. Ross J.C.Q.B.A.