



Clerk's stamp:

COURT FILE NUMBER

2001 - 06423

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

\$250

JUDICIAL CENTRE

CALGARY

APPLICANTS

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.
C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF ENTREC CORPORATION,
CAPSTAN HAULING LTD., ENTREC ALBERTA
LTD., ENT CAPITAL CORP., ENTREC CRANES &
HEAVY HAUL INC., ENTREC HOLDINGS INC., ENT
OILFIELD GROUP LTD., and ENTREC SERVICES
LTD.

DOCUMENT

ORIGINATING APPLICATION

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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Barristers and Solicitors
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File No.: 144572.3

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 master/judge.

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

Date

May 15, 2020

Time

10:00 a.m.

Where	Calgary Courts Centre, 601 – 5 th Street S.W., Calgary
Before Whom	The Honourable Justice B.E. Romaine

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

Basis for the claim/reference/appeal/matter to be put before the Court:

The Parties

1. The applicants, ENTREC Corporation ("**ENT Parent**"), Capstan Hauling Ltd. ("**Capstan**"), Entrec Alberta Ltd. ("**ENT Alberta**"), ENT Capital Corp. ("**ENT Capital**"), ENT Oilfield Group Ltd. ("**ENT Oilfield**"), Entrec Services Ltd. ("**ENT Services**"), Entrec Holdings Inc. ("**ENT Holdings**"), and ENTREC Cranes & Heavy Haul Inc. ("**ENT USA**") (collectively the "**Applicants**" or "**ENTREC**") are all companies to which the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as Amended (the "**CCAA**") applies.
2. ENT Parent, Capstan, ENT Alberta, ENT Capital, ENT Oilfield, and ENT Services are corporations incorporated pursuant to the laws of the Province of Alberta, and are "debtor companies" within the meaning of the CCAA.
3. ENT Holdings and ENT USA are corporations incorporated pursuant to the laws of the State of Texas, in the United States of America, and are each "debtor companies" within the meaning of the CCAA.
4. ENT Parent is the parent company of ENTREC. ENT Parent is publicly traded on the Toronto Stock Exchange under the ticker symbol "ENT".
5. Capstan, ENT Alberta, ENT Capital, ENT Oilfield, ENT Services, ENT Holdings, and ENT USA are each subsidiaries of ENT Parent.
6. The Applicants each have claims against them which are in excess of CAD\$5,000,000.00
7. Each of the Applicants are insolvent.

The Business of the Applicants

8. The Applicants are involved in the heavy haul transportation and crane solutions industry, and provide their services to the oil and natural gas, construction, petrochemical, mining, and power generation industries in Alberta, British Columbia, and parts of the United States.
9. ENTREC employs approximately 370 employees, with approximately 230 located in Alberta, and 140 located in the United States.
10. Due to a number of factors, including the COVID-19 global pandemic, depressed oil and gas prices, and unsuccessful attempts to raise additional debt and equity financing, the Applicants are currently facing a liquidity crisis.

11. ENT Parent is the Borrower under a large asset based lending facility (the "**ABL Facility**") which is administered by Wells Fargo Finance Corporation Canada ("**Wells Fargo**") as agent for a syndicate of lenders (the "**Syndicate**"). As at May 11th, 2020, the amounts due and owing under the ABL Facility to the Syndicate amount to approximately CAD\$72,298,817.96 and USD\$12,688,618.43 (the "**ABL Indebtedness**").
12. In addition to the amounts due and owing by ENT Parent under the ABL Indebtedness, ENT Parent is further indebted to Canadian Western Bank ("**CWB**") in accordance with the terms of an operating facility (the "**Operating Facility**"). The amounts due and owing under the Operating Facility amount to approximately CAD\$4,900,000 as at May 1, 2020 (the "**Operating Facility Indebtedness**").
13. To secure the ABL Facility and the Operating Facility, ENT Parent has executed a general security agreement which grants to Wells Fargo, as agent for the Syndicate, a first ranking security charge over all of its assets, subject to certain purchase money security interests (the "**ENT Parent Security**").
14. To further secure the indebtedness due and owing by ENT Parent to the Syndicate on account of the ABL Indebtedness and the Operating Facility Indebtedness, each of Capstan, ENT Alberta, ENT Capital, ENT Oilfield, ENT Services, ENT USA, and ENT Holdings (the "**Subsidiaries**") have granted guarantees in favour of Wells Fargo (collectively the "**Guarantees**").
15. The respective Guarantees are secured by a security interest granted by each of the Subsidiaries, which for each represents a first ranking security interest in all of their assets, subject to certain purchase money security interests.
16. As a result of its liquidity crisis, ENTREC has been unable to maintain compliance with certain covenants under the ABL Facility. As a result, Wells Fargo has issued eight default and reservation of rights letters since 2019, with the most recent being issued on February 24, 2020.
17. In an effort to restructure its corporate affairs, ENTREC commenced a corporate reorganization and took various steps to restructure its balance sheet, including selling the majority of its crane assets and business to a third party, renegotiating a key long-term lease with an existing landlord, commencing the downsizing of business operations, entering into the sale of redundant equipment to a large global auctioneer, and the seeking of an equity investment and debt financing in the United States (collectively the "**Restructuring Efforts**").
18. In addition to the Restructuring Efforts, ENT USA has successfully applied for and has received forgivable loans in the approximate amount of USD\$3,943,300 (the "**COVID Financing**") in accordance with the United States *Coronavirus Aid, Relief, and Economic Security Act* (the "**Cares Act**"). The COVID Financing will be utilized in strict compliance with the *Cares Act*.
19. Despite the Restructuring Efforts and the cash injection obtained through the COVID Financing, ENTREC remains in default of the ABL Facility and the Operating Facility and finds itself in a liquidity crisis.

20. On May, 14, 2020, Wells Fargo, as agent for the Syndicate, issued demands and corresponding section 244 notices under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 to each of ENT Parent and the Subsidiaries (collectively the "**Demands**").
21. As a result of the Demands, ENTREC is required to immediately repay approximately CAD\$72,298,817.96 and USD\$12,688,618.43 to the Syndicate, however, ENTREC does not have sufficient liquidity to do so.
22. In consultation with its financial and legal advisors, including Alvarez & Marsal Canada Inc. ("**A&M**"), the proposed CCAA Monitor, as well as the Syndicate and the Syndicate's financial and legal advisors, it has been determined that the most beneficial course of action to maximize value for all of ENTREC's stakeholders would be through Court supervised CCAA proceedings, as this would result in a stay of proceedings and provide ENTREC with the necessary breathing space needed to continue its day-to-day operations while exploring and conducting a Court supervised formal sale and investment solicitation process or plan of arrangement.
23. Unless CCAA proceedings are implemented, ENTREC will not be able to continue its current operations and will likely cease operating. Accordingly, the Applicants require immediate protection under the CCAA in order to maximize value for all of ENTREC's stakeholders.

Remedy Sought:

24. The Applicants seek an initial order (the "**Initial Order**") in accordance with the Court's authority under the CCAA, in substantially the same form attached hereto as Schedule "A". The Applicants seek in the Initial Order, *inter alia*, the following:
 - (a) deeming service of the application for the Initial Order to be good and sufficient;
 - (b) declaring each of the Applicants to be a company to which the CCAA applies;
 - (c) authorizing the Applicants to carry on business in a manner consistent with the preservation of their business and property;
 - (d) appointing A&M as Monitor of the Applicants in these CCAA proceedings (in such capacity, the "**Monitor**");
 - (e) staying, for an initial period of not more than ten (10) days, all proceedings, rights, and remedies against or in respect of the Applicants, including their respective businesses and property, or the Monitor, except as otherwise set forth in the Initial Order;
 - (f) authorizing the Applicants to pay the reasonable fees and disbursements of the Monitor and its counsel, the Applicants' professional advisors and legal counsel, independent counsel to ENTREC's board of directors (to a maximum of \$750,000 and the legal and financial advisors retained by the Applicants' senior secured lender (and proposed interim lender), Wells Fargo as agent for the Syndicate;
 - (g) authorizing the Applicants, with the consent of the Monitor, to make payment for certain pre-filing expenses with respect to obligations incurred as a result of goods and services supplied to the Applicants by critical and necessary suppliers and

insurance providers, in order to carry on business in a manner consistent with the preservation of their business operations and property;

- (h) authorizing the Applicants to obtain Interim Financing pursuant to the terms and conditions of the Restructuring Support Agreement (the "**RSA**" as defined in the Affidavit of John Stevens), provided that the Applicants shall not be entitled to draw from the Interim Financing an amount in excess of \$3,600,000 until further Order of this Court;
 - (i) granting and Administration Charge, a Directors' Charge, and an Interim Lender's Charge (as defined in the Affidavit of John Stevens), on the terms and priority as outlined in the Initial Order;
 - (j) directing and authorizing the Applicants to utilize the COVID Financing in strict compliance with the United States *Coronavirus Aid, Relief, and Economic Security Act*;
 - (k) appointing the Monitor as the Applicants' Foreign Representative in the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside of Canada, including but not limited to acting as the foreign representative of the Applicants to apply in the United States Bankruptcy Court for relief pursuant to Chapter 15 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1515; and
 - (l) scheduling a comeback hearing on May 25, 2020, which is 10 days from the date of the Initial Order (if granted) (the "**Comeback Hearing**").
25. A Sealing Order with respect to certain schedules "B" and "D" of the RSA contained at **Exhibit "U"** of the Affidavit of John Stevens, sworn May 14th, 2020 (the "**Redacted Schedules**"). The Redacted Schedules contain confidential information of a commercial nature which, if disclosed to third parties, could jeopardize the proposed CCAA Proceedings and disseminate personal information and proposed milestones contained in a key employee retention plan and key employee incentive plan which will be sought at the Comeback Hearing. In the event that such information is disseminated to the public domain, the Applicants' efforts to market its assets and business operations could be hindered, and interested parties may use this information as an unfair advantage to other stakeholders.

Affidavit or other Evidence to be used in Support of this Application

- 26. Affidavit of John Stevens, sworn May 14th, 2020;
- 27. Consent to Act of Alvarez & Marsal Canada Inc.;
- 28. Pre-filing report of Alvarez & Marsal Canada Inc; and
- 29. Such further and other material or evidence as counsel to the Applicants may advise, subject to the discretion of this Honourable Court.

Applicable Acts and Regulations:

- 30. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as Amended;

31. Alberta Rules of Court, Alta Reg. 124/2010 including Division 4 Part 6, and Rules 6.3, 6.4, and 6.28; and
32. Such further and other Acts and Regulations as counsel to the Applicants may advise

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, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to without any further notice of them to you. 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 give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) within a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

Clerk's Stamp:



COURT FILE NUMBER
COURT
JUDICIAL CENTRE OF

COURT OF QUEEN'S BENCH OF ALBERTA
CALGARY

IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE
OR ARRANGEMENT OF ENTREC
CORPORATION, CAPSTAN HAULING LTD.,
ENTREC ALBERTA LTD., ENT CAPITAL
CORP., ENTREC CRANES & HEAVY HAUL
INC., ENTREC HOLDINGS INC., ENT OILFIELD
GROUP LTD. and ENTREC SERVICES LTD.

DOCUMENT
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT:

CCAA INITIAL ORDER

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DATE ON WHICH ORDER WAS PRONOUNCED:	May 15, 2020
NAME OF JUSTICE WHO MADE THIS ORDER:	B.E. Romaine
LOCATION OF HEARING:	Calgary, Alberta

UPON the application of ENTREC CORPORATION, CAPSTAN HAULING LTD., ENTREC ALBERTA LTD., ENT CAPITAL CORP., ENTREC CRANES & HEAVY HAUL INC., ENTREC HOLDINGS INC., ENT OILFIELD GROUP LTD. and ENTREC SERVICES LTD. (collectively, the "**Applicants**"); **AND UPON** having read the Originating Application, the Affidavit of John Stevens sworn May 14, 2020 (the "**Stevens Affidavit**"), filed; **AND UPON** reading the consent of Alvarez & Marsal Canada Inc. ("**A&M**") to act as Monitor of the Applicants (in such capacity, the "**Monitor**"); **AND UPON** being advised that Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo**"), as agent for itself and a syndicate of lenders (collectively, the "**Syndicate**") consents to the within Order pursuant to the terms of the Restructuring Support Agreement, a partially redacted copy of which is attached as **Exhibit "U"** to the Stevens Affidavit (the "**RSA**"); **AND UPON** hearing counsel for the Applicants, counsel for Wells Fargo, and counsel for the proposed Monitor; **AND UPON** reading the Pre-Filing Report of A&M dated May 14, 2020; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order (the "**Order**") is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPLICATION

2. The Applicants are companies to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**") applies.

PLAN OF ARRANGEMENT

3. Subject to the terms of the RSA, the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. Subject to the terms of the RSA, the Applicants shall:
 - (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");

- (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property; and
 - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as the Applicants deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.
- 5. Subject solely to paragraph 6 and no other provision of this Order, the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Stevens Affidavit or replace it with another substantially similar central cash management system acceptable to the Syndicate (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.
- 6. Notwithstanding any other term of this Order, the Applicants are authorized and directed to utilize the Payroll Relief (as defined in the Stevens Affidavit) in accordance with and solely for the purposes authorized by the *Coronavirus Aid, Relief, and Economic Security Act* (United States). Disbursements of the Payroll Relief shall be subject to the oversight of the Monitor. The Monitor will provide such reporting to the Syndicate with respect to the Payroll Relief in accordance with the terms of the RSA.

7. To the extent permitted by law and subject to and in accordance with the terms of the RSA, the Applicants shall be entitled but not required to make the following advances or payments of the following expenses, incurred prior to or after this Order:
 - (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
 - (b) the reasonable fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges, including for periods prior to the date of this Order; and
 - (c) with the consent of the Monitor, obligations owing for goods and services supplied to the Applicants prior to the date of this Order if, in the opinion of the Applicants after consultation with the Monitor, the supplier or vendor of such goods or services is necessary for the operation or preservation of the Business or Property, provided that such payments shall not exceed \$750,000 in the aggregate without prior authorization of this Court.
8. Except as otherwise provided to the contrary herein and subject to the terms of the RSA, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
 - (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
 - (b) payment for goods or services actually supplied to the Applicants following the date of this Order.
9. The Applicants shall remit, in accordance with legal requirements, or pay:
 - (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority that are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

- (i) employment insurance,
- (ii) Canada Pension Plan, and
- (iv) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and that are attributable to or in respect of the carrying on of the Business by the Applicants.

10. Until such time as a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("**Rent**"), but shall not pay any rent in arrears.
11. Except as specifically permitted in this Order and subject to the terms of the RSA, the Applicants are hereby directed, until further order of this Court:
 - (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of its creditors as of the date of this Order;

- (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property;
- (c) not to grant credit or incur liabilities except in the ordinary course of the Business; and
- (d) to make all payments of principal, interest, fees and expenses to Wells Fargo under the RSA.

RESTRUCTURING

12. The Applicants shall, subject to the consent of Wells Fargo and such requirements as are imposed by the CCAA and the terms of the RSA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any portion of its business or operations and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$1,000,000 in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to any of the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicants and such employee; and
- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or sale transaction,

each of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

13. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between

any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with section 32 of the CCAA, the Applicants shall not be required to pay Rent under such lease pending resolution of any such dispute other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

14. If a notice of disclaimer is delivered pursuant to section 32 of the CCAA, then:
 - (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and
 - (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the applicable Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants and Monitor of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

15. Until and including May 25, 2020, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

16. Wells Fargo is an unaffected creditor in these CCAA proceedings and is not subject to the stay of proceedings or other limitations of creditors rights herein ordered. Nothing in this Order shall prevent Wells Fargo from, on prior notice to the Applicants, the Monitor and the Service List, enforcing its security under or in connection with the ABL Facility (as defined in the Stevens Affidavit) (the "**Syndicate Security**") against the Property of the Applicants.

NO EXERCISE OF RIGHTS OR REMEDIES

17. Subject to paragraphs 5 and 16 of this Order, during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:
 - (a) empower the Applicants to carry on any business that the Applicants are not lawfully entitled to carry on;
 - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
 - (c) prevent the filing of any registration to preserve or perfect a security interest;
 - (d) prevent the registration of a claim for lien; or
 - (e) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment.
18. Nothing in this Order shall prevent any party from taking an action against one or more of the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor, the Applicants and Wells Fargo forthwith.

NO INTERFERENCE WITH RIGHTS

19. Subject to paragraphs 5 and 16 of this Order, during the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants (or any one Applicant), except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

20. Subject to paragraphs 5 and 16 of this Order, during the Stay Period, all Persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication, cloud computing and other data services, centralized banking services, payroll services, repair and maintenance services, utility wire-lifting services, parts suppliers, fuel providers, insurance, transportation services and permit providers, utility or other services to the Business or the Applicants

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of the applicable Applicant's current premises, telephone numbers, facsimile numbers, internet addresses, cloud data storage and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

21. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any person, other than the Interim Lender (as defined herein) where applicable, be under any obligation on or

after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 17 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before the date of this Order and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

23. Each Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors and or officers of the applicable Applicant after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
24. The directors and officers of each of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$1,500,000, as security for the indemnity provided in paragraph 23 of this Order. The Directors' Charge shall have the priority set out in paragraphs 40 and 42 herein.
25. Notwithstanding any language in any applicable insurance policy to the contrary:
- (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
 - (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is

insufficient to pay amounts indemnified in accordance with paragraph 23 of this Order.

APPOINTMENT OF MONITOR

26. A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business, and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their respective shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
27. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
 - (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
 - (b) assist the Applicants and their counsel in the development of a sale and investment solicitation process;
 - (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;
 - (d) assist the Applicants, to the extent required by the Applicants, in its dissemination to the Interim Lender and its counsel, financial and other information as contemplated in the RSA;
 - (e) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its financial advisors and counsel on a periodic basis in accordance with the terms of the RSA;

- (f) advise the Applicants in its development of the Plan and any amendments to the Plan;
 - (g) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
 - (h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to the extent that is necessary to adequately assess the Property, Business, and financial affairs of the Applicants or to perform its duties arising under this Order;
 - (i) be at liberty to engage independent legal counsel, noticing agents or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
 - (j) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and
 - (k) perform such other duties as are required by this Order or by this Court from time to time.
28. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation or regulation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order be deemed to be in possession of any of the Property within the meaning of any federal or provincial environmental legislation.

29. The Monitor shall provide any creditor of the Applicants, including the Interim Lender, with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
30. In addition to the rights and protections afforded the Monitor under the CCAA or as an Officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.
31. The Monitor, counsel to the Monitor, and counsel to the Applicants shall be paid their reasonable fees and disbursements (including any pre-filing fees and disbursements related to these CCAA proceedings), in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a bi-weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants, retainers in accordance with such parties' retainer agreements, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.
32. The Monitor and its legal counsel shall pass their accounts from time to time.
33. Canadian and US counsel to each of the Monitor, the Applicants and the Applicants' board of directors (the "**Administration Professionals**"), as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$750,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Administration Professionals, both before and after the making of this

Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof.

INTERIM FINANCING

34. The Applicants are hereby authorized and empowered to obtain and borrow under a revolving credit facility from Wells Fargo Capital Finance Corporation Canada (the "**Interim Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$3,600,000 unless permitted by further order of this Court.
35. Such credit facility shall be on the terms and subject to the conditions set forth in the RSA and the Definitive Documents (as defined herein).
36. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs, and security documents, guarantees and other definitive documents (collectively, including the RSA, the "**Definitive Documents**"), as contemplated by the RSA or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities, and obligations to the Interim Lender under and pursuant to the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
37. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property to secure all obligations under the Definitive Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the Definitive Documents. The Interim Lender's Charge shall not secure any obligation existing before the date this Order is made. The Interim Lender's Charge shall have the priority set out in paragraphs 40 and 42 hereof, *provided that*, the Interim Lender's Charge shall not rank in priority to the encumbrances listed in Exhibit "V" to the Stevens Affidavit and such other encumbrances in respect of which Wells Fargo has contractually agreed to subordinate the priority of the Syndicate Security relative to such encumbrances (the "**Carve Out**").

38. Notwithstanding any other provision of this Order:
- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;
 - (b) upon the occurrence of an event of default under the Definitive Documents or the Interim Lender's Charge, the Interim Lender may, subject to the provisions of the Definitive Documents with respect to the giving of notice, and in accordance with the Definitive Documents and the Interim Lender's Charge, as applicable, exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Definitive Documents, and the Interim Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment, and give other notices; provided that the Interim Lender must apply to this Court on five (5) business days' prior written notice (which may include the service of materials in connection with such an application to this Court, which period may run contemporaneously with any notice required pursuant to the RSA) to the Service List, solely to enforce against or exercise any other rights and remedies with respect to any Applicant or any of the Property, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of any Applicant; and
 - (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.
39. The Interim Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES

40. The priorities of the Directors' Charge, the Administration Charge and the Interim Lender's Charge, as among them, shall be as follows:
- First – Administration Charge (to the maximum amount of \$750,000);
 - Second – Directors' Charge (to the maximum amount of \$1,500,000); and
 - Third – Interim Lender's Charge (subject to the Carve Out).
41. The filing, registration or perfection of the Directors' Charge, the Administration Charge or the Interim Lender's Charge (collectively, the "**Charges**") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
42. Each of the Directors' Charge, the Administration Charge, and the Interim Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to the Syndicate Security but behind all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Persons that have not been served with notice of this application. The Applicants and beneficiaries of the Charges shall be entitled to seek priority ahead of the Encumbrances on notice to those parties likely to be affected by such priority (it being the intention of the Applicants to seek priority of the Charges ahead of all such Encumbrances (in the case of the Interim Lender's Charge, other than the Carve Out) at the Comeback Hearing (as defined below)).
43. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the Interim Lender's Charge, unless the Applicants also obtains the prior written consent of the Monitor, the Interim Lender, and the beneficiaries of the Directors' Charge and the Administration Charge, or further order of this Court.
44. The Directors' Charge, the Administration Charge, the Definitive Documents and the Interim Lender's Charge shall not be rendered invalid or unenforceable and the rights and

remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:

- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
- (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
- (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
- (d) the provisions of any federal or provincial statutes; or
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") that binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Definitive Documents, shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which it is a party;
 - (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, the Applicants entering into the Definitive Documents or the execution, delivery or performance of the Definitive Documents; and
 - (iii) the payments made by the Applicants pursuant to this Order, including the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

ALLOCATION

45. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the Administration Charge, the Interim Lender's Charge, and the Directors' Charge amongst the various assets comprising the Property.

SERVICE AND NOTICE

46. The Monitor shall (i) without delay, publish in the *Globe and Mail* (National Edition) a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against any Applicant of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.
47. The Monitor shall establish a case website in respect of the within proceedings at: <http://www.alvarezandmarsal.com/entrec> (the "**Monitor's Website**").
48. Any person that wishes to be served with any application and other materials in these proceedings must deliver to the Applicants and the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission, a request to be added to the service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up-to-date form of the Service List on the Monitor's Website.
49. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsel's email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on the Monitor's Website.
50. The Applicants and, where applicable, the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed

to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

51. Service or distribution in accordance with this Order shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 8100-2-175 (SOR/DORS).
52. A motion in these proceedings is hereby scheduled to be heard before this Court on May 25, 2020 (the "**Comeback Hearing**"). The Applicants are entitled to serve any court materials in connection with the Comeback Hearing on the Service List by courier, personal delivery or electronic transmission in accordance with this Order.

GENERAL

53. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
54. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Monitor's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
55. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager or a trustee in bankruptcy of the Applicants, the Business or the Property.
56. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order. The Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose

of having these proceedings recognized in a jurisdiction outside of Canada, including but not limited to acting as the foreign representative of the Applicants to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the United States Bankruptcy Code, as amended, and to act as foreign representative in respect of any such proceedings and ancillary relief in respect thereto, and to take such other steps as may be authorized by the Court.

57. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
58. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
59. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Daylight Time on the date of this Order.

Justice of the Court of Queen's Bench of Alberta