

COURT FILE NUMBER **1901-05010**

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE **CALGARY**

PLAINTIFF **1056420 ALBERTA LTD.**

DEFENDANT **HEAVY NORTH CONSTRUCTION LTD.**

APPLICANT **KPMG INC., IN ITS CAPACITY AS COURT-APPOINTED
RECEIVER AND MANAGER OF HEAVY NORTH
CONSTRUCTION LTD.**

DOCUMENT **FIRST SUPPLEMENTAL CONFIDENTIAL REPORT TO
THE COURT SUBMITTED BY KPMG INC., IN ITS
CAPACITY AS COURT-APPOINTED RECEIVER AND
MANAGER OF HEAVY NORTH CONSTRUCTION LTD.
DATED JULY 15, 2019**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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1. INTRODUCTION AND PURPOSE OF REPORT

Introduction

1. Heavy North Construction Ltd. (“**Heavy North**” or the “**Company**”) is a construction services company that specializes in general civil construction projects in the mining, oil and gas, power and transportation industries. The Company’s principal assets include construction machinery such as graders, compactors, excavators and other equipment as well as vehicles, survey equipment and generators (the “**Equipment**”). All assets are located in Alberta.
2. The Company has two primary secured lenders, Alberta Treasury Branches (“**ATB**”) and 1056420 Alberta Ltd. (“**105**”). ATB has advanced funds of approximately \$3.4 million (plus interest and fees) to Heavy North. These amounts were borrowed by Heavy North pursuant to the facility agreements between ATB and Heavy North dated November 10, 2017 and November 15, 2017. 105 has advanced funds of approximately \$2.4 million (plus interest and fees) pursuant to a General Security Agreement dated June 1, 2017 (the “**GSA**”).
3. As a result of the downturn in the oil and gas sector, growing competition and cost overruns experienced on certain projects, the Company experienced significant cash flow difficulties and ceased or demonstrated an intention to cease carrying on business. Furthermore, all employees were terminated in early February 2019 and the Company had exited all of its previously leased premises. Accordingly, the Company was in default of the GSA.
4. On March 26, 2019, 105 issued a demand for payment and notice of intention to enforce security (the “**Demand Notice**”) pursuant to section 244 of the *Bankruptcy and Insolvency Act* (“**BIA**”).
5. Shortly after the Demand Notice, 105 commenced an application to appoint KPMG Inc. (“**KPMG**”) as receiver and manager of Heavy North (the “**Receiver**”) pursuant to section 243 of the BIA and section 13(2) of the *Judicature Act*, RSA 2000, c J-2 to, *inter alia*, take possession of and exercise control over the assets of the Company and any and all proceeds, receipts and disbursements arising out of or from the assets (the “**Property**”).
6. On April 16, 2019, the Court of Queen’s Bench of Alberta (“**Court**”) issued an order appointing KPMG as the Receiver over all of the Property and undertakings of Heavy North (the “**Order**”).
7. Further background to the receivership, including a summary of assets and primary liabilities, is provided in the Receiver’s first report to the Court dated July 15, 2019 (the “**First Report**”).

8. For further background information on Heavy North and these receivership proceedings please refer to the Receiver's website www.home.kpmg/ca/heavynorth.
9. In preparing this report, the Receiver has been provided with, and has relied upon, unaudited and other financial information, books and records (collectively, the "**Information**") prepared by the Company and/or their representatives, and discussions with the Company's management and/or representatives. The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided and in consideration of the nature of evidence provided to this Honourable Court. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.
10. The information contained in this report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Receiver.
11. All references to monetary amounts in this report are in Canadian dollars unless otherwise specified.
12. Defined terms not defined herein have the same meaning as defined in the First Report.

Purpose of the Receiver's First Supplemental Confidential Report

13. This is the Receiver's first supplemental confidential report (the "**First Supplemental Confidential Report**") and should be read in conjunction with the First Report.
14. The First Supplemental Confidential Report is filed to provide this Honourable Court with the following:
 - a) Details of the sales and marketing process undertaken by the Receiver to solicit proposals from parties interested in acquiring the Equipment, including the final purchase price for the Equipment in the asset purchase agreement ("**APA**"); and
 - b) The Receiver's recommendations in connection thereto.
15. The First Supplemental Confidential Report has been prepared on a confidential basis and the Receiver is requesting that it be sealed by the order of this Honourable Court for the reasons set out in the First Report.

16. The Receiver will seek a sealing order in connection with the First Supplemental Confidential Report, as the First Supplemental Confidential Report includes certain commercially sensitive information (including appraisal values for the Equipment and a proposed purchase price) and disclosure of the information contained in the First Supplemental Confidential Report would cause irreparable prejudice to creditors and other stakeholders in the event the transaction contemplated by the APA does not close. If this were to occur, the Equipment would be subject to further marketing and the Receiver's ability to obtain the highest and best price would be severely compromised by this information being in the public domain. As such, the Receiver seeks a limited sealing order (until the closing of the proposed sale of the Equipment and the filing of the corresponding closing certificate) for the First Supplemental Confidential Report.

2. SALES AND MARKETING PROCESS

Realization Approach – Equipment

17. Given the nature of the Equipment the Receiver determined that soliciting proposals from auctioneers and liquidators on an auction, net minimum guarantee (“**NMG**”), or an outright purchase basis would be the most appropriate mechanism to maximize realizations (the “**Sales Process**”). The Receiver also contacted several strategic buyers who had expressed an interest in the Equipment.
18. The Sales Process included:
 - a) Preparing a Request for Proposal (“**RFP**”) to be sent to identified potential interested parties;
 - b) Identifying prospective auctioneers, liquidators and certain operating entities likely to have some interest in the Equipment. The list that was developed was based on information provided by former management, 105 and the Receiver’s own experience. Fifteen prospective parties and nine operating entities (together, the “**RFP Parties**”) were identified from across Canada and the United States;
 - c) Issuing the RFP packages via email on June 3, 2019 to each of the RFP Parties;
 - d) Coordinating site visits; and
 - e) Providing follow up information to all RFP Parties upon request.
19. The deadline for proposals to be received was June 25, 2019 at 4:00 pm Mountain Time (the “**Submission Deadline**”).

Sales Process Results

20. By the Submission Deadline, the Receiver received 12 proposals from nine interested parties as summarized below:
 - a) Okuip International – outright purchase of certain of the Equipment for \$2,076,000;
 - b) Corporate Assets Inc. – (i) NMG for \$2,650,000 with gross auction revenue exceeding \$2,750,000 to be split 97.5% to KPMG and 2.5% to Corporate Assets Inc.; or (ii) straight commission of 0% plus \$65,000 on expenses;

- c) Century Services Corp. – straight commission of 0% plus \$65,000 on expenses;
- d) Maynard Industries Canada Ltd. (“**Maynard**”) – NMG for \$3,835,000 with gross auction revenue exceeding \$3,985,000 to be split 90.0% to KPMG and 10.0% to Maynard Industries Canada Ltd.;
- e) Hilco Industrial and M&E Partners (“**Hilco ME**”) – NMG for \$4,300,000 with gross auction revenue exceeding \$4,450,000 to be split 95.0% to KPMG and 5.0% to Hilco ME;
- f) Dreamwork Development & Solutions – outright purchase of certain equipment for \$8,000;
- g) Battle Team Holdings Ltd. (“**Battle Team**”) – outright purchase for \$3,673,112;
- h) Ritchie Bros Auctioneers (“**RBA**”) – (i) outright purchase for \$4,275,000; or (ii) straight commission of 8% plus expenses; and
- i) McDougall Auctioneers Ltd. – (i) outright purchase for \$3,162,417 or (ii) NMG for \$3,275,503 with gross auction revenue exceeding \$3,660,503 100% to KPMG plus expenses.

21. Upon review, the Receiver identified the Hilco ME, RBA, and Maynard (collectively the, “**Auctioneers**”) proposals as the most attractive bids due to the value of the NMGs/outright purchase offers; however, the Auctioneers’ bids had certain conditions and issues, namely:

- a) Both Hilco ME and Maynard required the use of Myshak Group’s (“**Myshak**”) sites to facilitate an auction for a further 60 – 90 days after this Honourable Court’s approval of the sale; and
- b) RBA had certain conditions in respect of the equipment located at Finning Canada’s repair facility as well as requiring verification of certain other equipment.

22. The Battle Team offer was also considered by the Receiver as Battle Team and Myshak share a common owner and the majority of the Equipment was located on Myshak properties and so would not have to be moved if a sale to Battle Team was concluded. It was also evident to the Receiver through several conversations with Battle Team that they had an intimate knowledge of the Equipment given the recent history between Myshak and Heavy North as described in the First Report. Therefore, a transaction with Battle Team was more likely to be without conditions, straightforward and quick to close and could limit the costs and risks in an auction situation.

23. Accordingly, the Receiver contacted Battle Team to investigate if it would be prepared to increase its offer to compete with the bids of the Auctioneers.
24. On June 27, 2019, the Receiver received a revised offer from Battle Team for outright purchase of the Equipment for \$4,334,272 (the “**Final Battle Team Offer**”).
25. Accordingly, the Final Battle Team Offer was accepted. A copy of the APAs between the Receiver and Battle Team is attached as **Appendix “A”**.

Appraisal

26. After its appointment, the Receiver engaged Hilco Valuation Services, LLC (“**Hilco**”) to conduct an appraisal of the Equipment (the “**Appraisal**”). A copy of the Appraisal, dated May 22, 2019, is attached hereto as **Appendix “B”**.
27. The Appraisal provided an aggregate forced liquidation value of the Equipment of \$6.5 million. It should be noted however that this value included the leased equipment, all of which was subsequently returned to the lessors (the “**Leased Assets**”) for the reasons set out in the First Report. The Appraisal also included certain equipment that was sold prior to the conclusion of the Sales Process (“**Sold Equipment**”). The estimated value of the Leased Assets and the Sold Equipment was approximately \$2.1 million and \$120,000 respectively.
28. Accordingly, the adjusted forced liquidation value in the Appraisal, with the Leased Assets and Sold Equipment excluded, is approximately \$4.3 million (the “**Adjusted Appraised Value**”).
29. Details of the Leased Assets and the Sold Equipment transactions are set out in the First Report.

The Receiver’s Observations and Recommendations to the Sale of the Equipment

30. The Receiver is seeking approval from the Court to approve the sale of the Equipment to Battle Team for the following reasons:
 - a) The Final Battle Team Offer represents the highest guaranteed offer for the Equipment at \$4,334,272;
 - b) The Final Battle Team Offer is consistent with the Adjusted Appraised Value;
 - c) Although additional realizations in excess of the Final Battle Team Offer might possibly be generated if an auction were held in conjunction with the NMG offer from

RBA, the Receiver believes there are considerable risks and disadvantages to this approach, namely:

- i. To exceed the Final Battle Team Offer, an auction would need to exceed proceeds of \$4.5 million, which is in excess of the Adjusted Appraised Value and in excess of any of the offers received;
 - ii. An auction would create additional expenses and risk to the estate including potential repair, security, storage, relocation and insurance costs;
 - iii. There could be complications and associated costs with requiring the use of Myshak's various sites for a significantly extended period of time; and
 - iv. There would be additional professional fees incurred due to the extended period prior to an auction.
- d) The Equipment is located on sites belonging to Myshak. Given the common ownership between Myshak and Battle Team, transitioning the Equipment to Battle Team is expected to be straightforward, relatively quick and therefore less expensive in terms of professional fees and costs.
- e) The Sales Process set out an initial three-week process for marketing of the Equipment to prospective buyers or liquidators and in the Receiver's view, this timeline was sufficient to allow interested parties to perform due diligence and to submit offers; and
- f) ATB and 105 are supportive of the transaction.

3. RECOMMENDATIONS

31. We submit this First Supplemental Confidential Report in support of our application respectfully requesting this Honourable Court to approve the sale of the Equipment.

All of which is respectfully submitted this 15th day of July, 2019.

**KPMG INC.,
COURT-APPOINTED RECEIVER
AND MANAGER OF
HEAVY NORTH CONSTRUCTION LTD.
and not in its personal or corporate capacity**

A handwritten signature in black ink, appearing to read "Neil A. Honess". The signature is fluid and cursive, with the first name "Neil" being the most prominent part.

Per: Neil A. Honess
Senior Vice President

Appendix A
Asset Purchase Agreement
dated July 15, 2019

ASSET PURCHASE AGREEMENT

THIS AGREEMENT has been entered into as of July 15, 2019,

BY and AMONG:

KPMG INC. in its capacity as receiver and manager of Heavy North Construction Ltd. (“**Heavy North**”), and not in its personal or corporate capacity (the “**Vendor**”)

- and -

BATTLE TEAM HOLDINGS LTD., a corporation governed by the laws of the Province of Alberta (“**Purchaser**”)

RECITALS:

- A. Pursuant to a Receivership Order of the Court of Queen's Bench (Alberta) (the “**Court**”) made as of April 16, 2019 (the “**Appointment Order**”), Vendor was appointed as receiver and manager, without security, of all of Heavy North’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof; and
- B. The Vendor has agreed to sell and the Purchaser has agreed to purchase the Purchased Assets (as defined herein) upon the terms and conditions hereinafter set forth.

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, the parties hereby agree with each other as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

The following terms and expressions shall have the meanings set forth below wherever used in this Agreement:

“**Affiliate**” means, in respect of a person, any other person, directly or indirectly, that controls, is controlled by or under common control with the first mentioned person, and for the purposes of this definition “control” means the possession, directly or indirectly, by a person or a group of persons acting in concert of the power to direct or cause the direction of the management and policies of the person, whether through the ownership of voting securities or otherwise;

“**Agreement**” means this Asset Purchase Agreement;

“**Appointment Order**” has the meaning ascribed thereto in the recitals to this Agreement;

“**Approval and Vesting Order**” means an order to be granted by the Court which authorizes, approves and confirms this Agreement and the completion of the Transaction contemplated hereunder and vests the Purchased Assets in the Purchaser, free and clear of all encumbrances (other than Permitted Encumbrances), in a form acceptable to the Vendor and the Purchaser;

“**Assumed Obligations**” has the meaning set out in Section 2.6;

“**Business**” means the business carried on by Heavy North;

“**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in the Province of Alberta;

“**Closing**” means the completion of the sale to and purchase by the Purchaser of the Purchased Assets under this Agreement;

“**Closing Date**” means that date that is five (5) Business Days after the grant of the Approval and Vesting Order, or such other date as the parties hereto may agree upon in writing;

“**Court**” has the meaning ascribed thereto in the recitals to this Agreement;

“**Deposit**” means the \$433,427.22 deposit provided to the Vendor;

“**Encumbrance**” means pledges, liens, charges, security interest, mortgages, or adverse claims or encumbrances of any kind or character except Permitted Encumbrances;

“**ETA**” means Part IX of the *Excise Tax Act* (Canada);

“**GST**” means all taxes payable under the ETA or under any provincial legislation similar to the ETA, and any reference to a specific provision of the ETA or any such provincial legislation shall refer to any successor provision thereto of like or similar effect;

“**Heavy North**” has the meaning ascribed thereto in the recitals to this Agreement;

“**ITA**” means the *Income Tax Act* (Canada), as amended;

“**Permitted Encumbrances**” means, with respect to the Purchased Assets, liens for taxes, assessments or governmental charges that are not due, or the validity of which is being contested in good faith by the Vendor;

“**Purchase Price**” has the meaning set out in Section 2.2;

“**Purchased Assets**” means all of Heavy North’s right, title and interest in and to the assets listed on Schedule “A” attached hereto, together with all operating manuals, keys and codes;

“**Purchaser**” has the meaning ascribed thereto in the recitals to this Agreement;

“**Receivership Proceedings**” means the receivership proceedings commenced against Heavy North pursuant to the order of the Court in Action No. 1901-05010;

“**Sales Tax**” means GST and all transfer, sales, excise, stamp, license, production, value-added and other like taxes (including any retail sales taxes and land transfer taxes), assessments, charges, duties, fees, levies or other governmental charges of any kind whatsoever, and includes additions by way of penalties, interest and other amounts with respect thereto;

"**Time of Closing**" has the meaning ascribed thereto in Section 3.1, or such other time as may be agreed to in writing between the Vendor and the Purchaser;

"**Transaction**" means the transaction of purchase and sale contemplated by this Agreement; and

"**Vendor**" has the meaning ascribed thereto in the recitals to this Agreement.

1.2 Headings, etc. The division of this Agreement into articles, sections and paragraphs and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise stated, all references herein to articles or sections are to those of this Agreement.

1.3 Including. Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

1.4 Plurality and Gender. Words used herein importing the singular number only shall include the plural and vice versa and words importing gender shall include all genders and words importing individuals shall include corporations, partnerships, trusts, syndicates, joint ventures, governments and governmental agents and authorities and vice versa.

1.5 Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to its conflict of law rules. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the Province of Alberta over any action or proceeding arising out of or relating to this Agreement or the Transaction and the parties hereto irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such courts of the Province of Alberta.

1.6 Currency. Unless otherwise specified, all references to money amounts are to lawful currency of Canada.

1.7 Time. Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and, in the case of calculation of the Closing Date, by extending the period to the next Business Day following if the last day of the period is not a Business Day.

1.8 Schedules. The following Schedules are incorporated herein and form part of this Agreement:

Schedule "A"	Purchased Assets
Schedule "B"	General Conveyance

ARTICLE 2 PURCHASE AND SALE

- 2.1 **Sale of Purchased Assets.** Upon the terms and conditions stated herein (which conditions, for greater certainty, include the granting by the Court of the Approval and Vesting Order), effective as of the Closing Date, the Purchaser shall purchase from the Vendor, and the Vendor shall sell, assign, set over and deliver to the Purchaser, the Purchased Assets free and clear of all Encumbrances (other than Permitted Encumbrances) at and for the Purchase Price hereinafter described.
- 2.2 **Purchase Price.** The aggregate purchase price payable by the Purchaser to the Vendor for the Purchased Assets shall be the amount of CAD\$4,334,272.00 (the “**Purchase Price**”).
- 2.3 **Payment of Purchase Price.** Subject to this Agreement, on or prior to the Closing Date, the Purchaser shall pay the Purchase Price to the Vendor by paying the amount by which the Purchase Price exceeds the Deposit at the Time of Closing (the “**Balance**”). Unless otherwise agreed by the parties, all amounts payable to the Vendor in this Section 2.3 and Section 2.5 below shall be paid to the Vendor in Canadian funds and by solicitor’s trust cheque, wire transfer, or by cheque certified by, or draft of, a Canadian chartered bank.
- 2.4 **Deposit.** The Deposit shall be released, and the Balance payable, at the Time of Closing.
- 2.5 **Sales Taxes.** At Closing, the Purchaser shall be solely responsible for all Sales Taxes pertaining to their acquisition of the Purchased Assets including, but not limited to, GST. The Purchase Price does not include GST. The Vendor and the Purchaser agree to use their commercially reasonable efforts to minimize Sales Taxes payable in connection with the completion of the Transaction. If GST is payable in respect of the purchase of the Purchased Assets pursuant hereto, the Purchaser shall be responsible for the payment of, and shall indemnify and save harmless the Vendor in respect of, the GST and all interest and penalties payable pursuant to the ETA in respect thereof.
- 2.6 **Assumption of Obligations.**
- (a) The Purchased Assets shall remain at the risk of the Vendor until the Closing Date and thereafter shall be at the sole risk of the Purchaser.
 - (b) The Purchaser shall assume such liabilities and obligations arising on or after the Closing Date only to the extent that they relate to the Purchased Assets on or after the Closing Date not related to any default existing prior to or as a consequence of the closing of the Transaction contemplated by this Agreement or any breach or misrepresentation by the Vendor of a representation, warranty or covenant in this Agreement (the “**Assumed Obligations**”). For greater certainty, the Purchaser shall not assume and shall not be deemed to have assumed any liabilities, obligations, contracts (written or unwritten) or commitments of the Vendor or Heavy North other than the Assumed Obligations and, except as expressly provided herein, shall have no obligation to discharge any liability or obligation of the Vendor or Heavy North.

- (c) The Purchaser shall indemnify and save harmless the Vendor in respect of any liabilities, debts and obligations of the Vendor forming part of the Assumed Obligations. The Purchaser, and its respective successors, assigns, and affiliates, agree to and do hereby remise, release and forever discharge the Vendor from and against any and all actions, causes of actions, claims, damages, costs, expenses, interests and demands of every kind and nature whatsoever, whether at law or at equity, or under any statute, which either of them ever had, now have, or may in the future have against the Vendor, in connection with the Assumed Obligations. The covenants and agreements to indemnify made by the Purchaser in this Section 2.6 shall survive Closing.

ARTICLE 3 CLOSING

- 3.1 **Time of Closing.** The closing of the Transaction shall occur at 2:00 p.m. (Calgary time) on the Closing Date (the “**Time of Closing**”), at the office of the Vendor’s solicitor.
- 3.2 **Mutual Condition to Closing.** The obligation of the Purchaser and the Vendor to proceed with the closing of the Transaction is subject to the Vendor obtaining the Approval and Vesting Order, which shall not have been stayed, varied, vacated or be subject to any pending appeal and no order shall have been issued which restrains or prohibits the completion of the Transaction.
- 3.3 **Purchaser’ Conditions.** The obligation of the Purchaser to complete the Transaction on the Closing Date is subject to the following conditions being fulfilled or performed at or prior to the time indicated:
- (a) at or prior to the Time of Closing, all representations and warranties of the Vendor contained in this Agreement shall be true and correct in all material respects with the same effect as though made on and as of that date;
 - (b) prior to the Time of Closing, the Vendor shall have performed or complied with each of its agreements, covenants and obligations (including, without limitation, those set out in Section 8.1) under this Agreement to the extent required to be performed on or before the Closing Date; and
 - (c) prior to the Time of Closing the Vendor shall have executed (as applicable) and delivered all deliverables required under Section 4.1.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. In the event that any of the foregoing conditions is not satisfied or waived by the Closing Date, the Purchaser shall be entitled to terminate this Agreement by notice in writing given to the Vendor on the Closing Date.

3.4 Vendor's Conditions. The obligation of the Vendor to complete the Transaction on the Closing Date is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing, as applicable:

- (a) at or Prior to the Time of Closing, all representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects with the same effect as though made on and as of that date; and
- (b) prior to the Time of Closing the Purchaser shall have performed or complied with, in all material respects, each of its agreements, covenants and obligations under this Agreement, to the extent required to be performed on or before the Closing Date; and
- (c) prior to the Time of Closing the Purchaser shall have executed (as applicable) and delivered all deliverables required under Section 4.2.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. In the event that any of the foregoing conditions is not satisfied or waived by the Closing Date, the Vendor shall be entitled to terminate this Agreement by notice in writing given to the Purchaser on the Closing Date.

ARTICLE 4 CLOSING DELIVERIES

4.1 Deliveries by the Vendor at Closing. At the Time of Closing the Vendor shall deliver, or cause to be delivered, the following to the Purchaser:

- (a) a certified copy of the Approval and Vesting Order;
- (b) such bills of sale, assignments, instruments of transfer, deeds, assurances, consents and other documents as shall be necessary or desirable to effectively transfer and assign to the Purchaser the Purchased Assets including the General Conveyance attached hereto as Schedule "B"; and
- (c) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement.

4.2 Deliveries by the Purchaser at Closing. At the Time of Closing the Purchaser shall deliver, or cause to be delivered, the following to the Vendor:

- (a) an amount equal to the Purchase Price plus applicable GST; and
- (b) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

**ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE VENDOR**

- 5.1 Vendor's Representations and Warranties.** The Vendor represents and warrants, and acknowledges that the Purchaser is relying upon such representations and warranties in connection with the acquisition of the Purchased Assets, that, as at the Closing Date:
- (a) the Vendor has been appointed by the Court as receiver of the assets, undertakings and properties of Heavy North pursuant to the Appointment Order, a copy of which has been provided to the Purchaser;
 - (b) subject to the Appointment Order, the issuance of the Approval and Vesting Order and any further order made by the Court in the Receivership Proceedings, the Vendor has all necessary power and authority to enter into, execute and deliver this Agreement and all related documents and to carry out its obligations under this Agreement; and
 - (c) the Vendor is not a non-resident of Canada within the meaning of the ITA.

**ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

- 6.1 Purchaser' Representations and Warranties.**
- (a) the Purchaser is a validly existing corporations under the laws Alberta, and has all requisite corporate power and authority to execute and deliver this Agreement and all related documents and perform its obligations under this Agreement;
 - (b) the Purchaser is not a non-Canadian as defined in the *Investment Canada Act* (Canada) and that the completion of the within Transaction is not notifiable or reviewable under the said legislation; and
 - (c) the Purchaser is not a non-resident of Canada within the meaning of the ITA.

**ARTICLE 7
LIMITATIONS ON REPRESENTATIONS AND WARRANTIES OF THE VENDOR**

- 7.1 Limitations.** Except as set out herein, the Purchased Assets are being sold on an "as is, where is" basis as of the Closing and in their condition as of Closing with "all faults" and:
- (a) neither the Vendor, its affiliates, nor any of their respective officers, directors, employees or other representatives make, have made or shall be deemed to have made any other representation or warranty, express or implied, at law or in equity, in respect of the Purchased Assets, including but not limited to those with respect to title, encumbrances, description, fitness for purpose, merchantability, condition, assignability, collectability, quantity, outstanding amount, value or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell same and without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to any Sale of Goods Act or similar legislation in any jurisdiction

in Canada shall not apply hereto and shall be deemed to have been waived by the Purchaser; and

- (b) neither the Vendor, its affiliates, nor any of their respective officers, directors, employees or representatives will have or be subject to any liability or indemnification obligation to the Purchaser or to any other person resulting from the distribution to the Purchaser, its affiliates or representatives of, or the Purchaser's use of, any information relating to the Purchased Assets, and any information, documents or material made available to the Purchaser, whether orally or in writing, in certain data rooms, management presentations, functional break-out discussions, responses to questions submitted on behalf of the Purchaser or in any other form in expectation of the Transaction. Any such other representation or warranty is hereby expressly disclaimed. The Purchaser warrants, covenants and expressly acknowledges that it has conducted its own independent inspection and investigation of the Purchased Assets and is satisfied with the Purchased Assets in all respects.

7.2 Indemnification Procedures for Third Party Claims.

- (a) In the case of claims made by a third party with respect to which indemnification is sought, the Party seeking indemnification (the “**Indemnified Party**”) shall give prompt notice, and in any event within 10 days, to the other Party (the “**Indemnifying Party**”) of any such claims made upon it including a description of such third party claim in reasonable detail including the sections of this Agreement which form the basis for such claim, copies of all material written evidence of such claim in the possession of the Indemnified Party and the actual or estimated amount of the damages that have been or will be sustained by an Indemnified Party, including reasonable supporting documentation therefor.
- (b) The Indemnifying Party shall have the right, by notice to the Indemnified Party given not later than 30 days after receipt of notice described in Section 7.2(a) to assume the control of the defence, compromise or settlement of the claim, provided that such assumption shall, by its terms, be without cost to the Indemnified Party.
- (c) Upon the assumption of control of any claim by the Indemnifying Party as set out in Section 7.2(b), the Indemnifying Party shall diligently proceed with the defence, compromise or settlement of the claim at its sole expense, including, if necessary, employment of counsel reasonably satisfactory to the Indemnified Party and, in connection therewith, the Indemnified Party shall co-operate fully, but at the expense of the Indemnifying Party with respect to any out-of-pocket expenses incurred, to make available to the Indemnifying Party all pertinent information and witnesses under the Indemnified Party's control, make such assignments and take such other steps as in the opinion of counsel for the Indemnifying Party are reasonably necessary to enable the Indemnifying Party to conduct such defence. The Indemnified Party shall also have the right to participate in the negotiation, settlement or defence of any claim at its own expense. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, settle, compromise or offer to settle or compromise any third-party claim if such settlement (i) does not include an unconditional written release by the claimant or plaintiff of the

Indemnified Party from all liability in respect of such third-party claim or (ii) would result in (A) the imposition of a consent order, injunction or decree that would restrict the future activity or conduct of the Indemnified Party or any of its Affiliates or (B) a finding or admission of a violation of applicable laws, wrongdoing or violation of the rights of any Person by the Indemnified Party or any of its Affiliates.

- (d) The final determination of any claim pursuant to this Section 7.2(b), including all related costs and expenses, shall be binding and conclusive upon the Parties as to the validity or invalidity, as the case may be of such claim against the Indemnifying Party.
- (e) If the Indemnifying Party does not assume control of a claim as permitted in Section 7.2(b), the obligation of the Indemnifying Party to indemnify the Indemnified Party in respect of such claim shall terminate if the Indemnified Party settles such claim without the consent of the Indemnifying Party.

7.3 **General Indemnity.** The Purchaser shall be liable to the Vendor for and shall, in addition, indemnify the Vendor from and against, all losses, costs, claims, damages, expenses and liabilities suffered, sustained, paid or incurred by the Vendor which arise out of any matter or thing related to the Purchased Assets after the Closing Date. The covenants and agreements to indemnify made by the Purchaser in this Section 7.2 shall survive Closing.

ARTICLE 8 COVENANTS

8.1 **Vendor's Covenants.** Prior to the Time of Closing, the Vendor shall refrain from transferring, leasing, selling or otherwise disposing of any of the Purchased Assets.

ARTICLE 9 NOTICES

9.1 **Notices.** Any notices or other communications required or given under this Agreement shall be in writing, shall be delivered in person or by facsimile and shall be deemed to have been given and received when delivered in person or when communicated by facsimile during normal business hours on a Business Day (and otherwise on the next Business Day):

if to the Vendor, addressed to:

KPMG Inc., in its capacity as court appointed
receiver and manager of Heavy North Construction Ltd.,
and not in its personal or corporate capacity
3100, 205 – 5th Avenue S.W.
Calgary, AB T2P 4B9

Attn: Neil Honess / Mike Clark
Telephone: 403-691-8014 / 609-691-3468
Facsimile: 403-691-8008
Email: neilhoness@kpmg.ca / maclark@kpmg.ca

with a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2500 450 - 1st Street SW
Calgary, AB T2P 5H1

Attention: Randal Van de Mosselaer
Facsimile: (403) 260-7024

if to the Purchaser, addressed to:

Battle Team Holdings Ltd.
28527 Acheson Road
Acheson, Alberta T7X 6A8

Attention: Jim Myshak
Facsimile: (780) 960-9266

with a copy to:

McLennan Ross LLP
600, 12220 Stony Plain Road
Edmonton, AB
T5N 3Y4

Attention: Darren Becker, Q.C.
Facsimile: (780) 733-9758

or at such other place or places or to such other person or persons as shall be designated in writing by a party to this Agreement in the manner herein provided.

ARTICLE 10 MISCELLANEOUS

- 10.1 Enurement.** This Agreement shall be binding upon and enure to the benefit of the parties hereto and their legal representatives, successors and permitted assigns.
- 10.2 Assignment.** The Purchaser shall not assign any right or interest in this Agreement without the Vendor's prior written consent, which consent may be withheld in the Vendor's sole and absolute discretion, provided that the Purchaser shall be entitled, upon giving notice to the Vendor at any time not less than two Business Days prior to the Closing Date, to assign all of their rights and obligations under this Agreement to any affiliate of the Purchaser. Any such assignment will not release the Purchaser from any of their obligations or liabilities hereunder.
- 10.3 Severability.** In case any provision in this Agreement shall be prohibited, invalid, illegal or unenforceable in any jurisdiction, such provision shall be ineffective only to the extent of such prohibition, invalidity, illegality or unenforceability in such jurisdiction without

affecting or impairing the validity, legality or enforceability of the remaining provisions hereof, and any such prohibition, invalidity, illegality or unenforceability shall not affect or impair such provision in any other jurisdiction.

- 10.4 Further Assurances.** Each of the parties hereto shall at the request and expense of the other party hereto so requesting execute and deliver such further or additional documents and instruments as may reasonably be considered necessary or desirable to properly reflect and carry out the true intent and meaning of this Agreement.
- 10.5 Survival.** In addition to the circumstances above where the survival of certain representations, warranties, covenants and agreements is expressly provided for, the representations, warranties, covenants and agreements made by the parties each to the other in or pursuant to this Agreement shall survive the Closing of the Transaction provided for herein.
- 10.6 Time of Essence.** Time shall be of the essence of this Agreement.
- 10.7 Waiver.** Failure by either party hereto to insist in any one or more instances upon the strict performance of any one of the covenants contained herein shall not be construed as a waiver or relinquishment of such covenant. No waiver by any party hereto of any such covenant shall be deemed to have been made unless expressed in writing and signed by the waiving party.
- 10.8 Amendment.** This Agreement may not be amended, modified or terminated except by an instrument in writing signed by the parties hereto.
- 10.9 Entire Agreement.** This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the parties and set out all of the covenants, promises, warranties, representations, conditions and agreements between the parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral between the parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered hereunder or thereunder.

[Remainder of Page Intentionally Left Blank]

10.10 Counterparts and Facsimile. This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and all counterparts together shall constitute one and the same instrument. A signed counterpart provided by way of facsimile transmission or by e-mail in PDF shall be as binding upon the parties as an originally signed counterpart.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed and delivered by its duly authorized officer, to be effective as of the date first written above.

**KPMG INC., in its capacity as receiver of
Heavy North Construction Ltd., and not in its
personal or corporate capacity**

Per: 

Name: Neil Honess
Title: Senior Vice President

BATTLE TEAM HOLDINGS LTD.

Per: _____
Name: James Myshak
Title: Secretary

10.10 Counterparts and Facsimile. This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and all counterparts together shall constitute one and the same instrument. A signed counterpart provided by way of facsimile transmission or by e-mail in PDF shall be as binding upon the parties as an originally signed counterpart.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed and delivered by its duly authorized officer, to be effective as of the date first written above.

**KPMG INC., in its capacity as receiver of
Heavy North Construction Ltd., and not in its
personal or corporate capacity**

Per: _____
Name:
Title:

BATTLE TEAM HOLDINGS LTD.

Per: _____
Name: James Myshak
Title: Secretary



SCHEDULE A

Purchased Assets

Heavy North Construction Ltd.

Assets Located at Various Locations Across Alberta

As at May 29, 2019

LIST SUBJECT TO CHANGE

#	HNC Unit #	Year	Equipment Description	Hours as at Mar. 9, 2019 (KM's)	Location	Serial Number	Picture #
Asset Lot A							
1	TRK510	2014	HM400	7,297	Stony Plain	KMTHM012A29003586	166
2	TRK515	2017	HM300	3,360	Stony Plain	10054	27
3		2008	16 Wheel Jeep Trailer		Stony Plain	2N9MJA1608E065026	139
4	TRK025	2015	F350	84,605 KM	Stony Plain	1FT8W3B60FEA05456	97
5	TRK020	2014	F250	146,353 KM	Stony Plain	1TTW2B6XEED71388	98
6	TRK027	2015	F550	102,774 KM	Stony Plain		99
7	EXC014	2015	CAT 314E - LCR	4,558	Stony Plain	CAT0314ECZJT00899	100
8	LDR009	2014	938K	5,068	Stony Plain	CAT0938KCXT00610	101
9	DZR020	2015	D6N	3,982	Stony Plain	Sequence number: PBA02237	102
10	TRK900	2015	Kenworth T880	431,680 KM	Stony Plain	1XK2P4EX9F 1971599	103
11	LDR022	2015	CAT 299D	3,172	Stony Plain	CAT0299DPGTC02240	104
12	TNK001	2014	3000L TransCube		Stony Plain	30TCG	105
13	TRK005	2014	F350	75,922 KM	Stony Plain	1FT8W3B66EEB04166	107
14	TRK006	2014	F350	97,644 KM	Stony Plain	1FT8W3B61EEB04169	108
15	TRK009	2014	F150	145,801 KM	Stony Plain	1FTFW1EFXEFA72307	109
16	TRK019	2014	F150	185,060 KM	Stony Plain	1FTFW1EFXEFB19366	110
17	TRK026	2014	F150	154071 KM	Stony Plain	1FTFW1EF8EFB90372	111
18	TRK028	2015	F150	166,372 KM	Stony Plain	1FTFW1EF5EFC53668	112
19		2013	2013 Wacker Neuson OPU-6555HE Reversible Vibratory Plate		Stony Plain	DPU6SSHE10245703	113
20	DZR020	2015	2015 CAT D6N LGP		Stony Plain	PBA02237	102
21		2013	Wacker Neuson DPU 100-70 Reversible Vibratory Plate		Stony Plain	10261558	114
22			Cansel Construction level		Stony Plain	2200110	115
23			Trimble Spectra Laser AL422		Stony Plain	2200110	115
24			Trimble Multi-Battery Adapter Power Kit		Stony Plain	4730400023	117
25			TPL5 Laser Level		Stony Plain	0241	118
26			Johnson Automatic Leveling Rotary Laser Level		Stony Plain	40-65-40	119
27			Trimble 2M Construction Prism		Stony Plain	5812001	120
28			Acculme Pro laser level Kit		Stony Plain	40-6522	121
29			Trimble GCS Flex		Stony Plain	EXC026 Grade Control	124
30		2015	Trimble Machine Control Car MS992 (GPS System)		Stony Plain	3514J769SP, 351417875P,	126
31			Tromble Machine Control MS992		Stony Plain	2354J083SW,3514J789S,2614J907SQ,1983JSOOSP	127
32			Zephyr Geodetic Antenna		Stony Plain	,1983J501SP 7000112058	128

Heavy North Construction Ltd.**Assets Located at Various Locations Across Alberta****As at May 29, 2019****LIST SUBJECT TO CHANGE**

#	HNC Unit #	Year	Equipment Description	Hours as at Mar. 9, 2019 (KM's)	Location	Serial Number	Picture #
33			Trimble TOL 45HX -35W Radio System Kit, Antenna Pole Snap Lock, Dual Clamp Tri-Max, 122 Tilt Bucket Kit w/ Sensor Module: Trimble Grader GPS system c/w all attachments and accessories		Stony Plain		131
34		2015	Ford F-550 Supercrew XLT 4X4		Stony Plain	1FOOW5HT9FEA66743	135
35		2014	Wacker Neuson WP-ISSOA Vibratory Plate Compactor		Stony Plain	30,058,694.0	149
36		2013	Wacker Neuson WP-1550A Vibratory Plate Compactor		Stony Plain	WP1550A30030527	150
37		2014	Wacker Neuson DPU-6555HE Reversible Vibratory Plate Compactor		Stony Plain	10,328,932.0	151
38		2013	Wacker Neuson DPU-100-70 Reversible Vibratory Plate		Stony Plain	10,245,435.0	152
39		2013	Wacker Neuson DS-70 Diesel Vibratory Rammer		Stony Plain	DS70720016197	153
40			Trimble S6 Robotic Station		Stony Plain	92,610,230.0	156
41	TLR016	2017	Gooseneck Load Trailer		Stony Plain	4ZEGL342XH1141114	165

Heavy North Construction Ltd.

Assets Located at Various Locations Across Alberta

As at May 29, 2019

LIST SUBJECT TO CHANGE

#	HNC Unit #	Year	Equipment Description	Hours as at Mar. 9, 2019 (KM's)	Location	Serial Number	Picture #
Asset Lot B							
42	EXC013	2014	Komatsu PC490LC-10 Hydraulic Excavator	7,134	Fort McMurray	KMTPC128A02080081	21
43	EXC026	2015	321D	4,562	Fort McMurray	CAT0321DVMPG01255	22
44	PKR009	2014	CAT CS56	3,574	Fort McMurray	CATCS56BCL8H00750	23
45	TRK512	2015	740B	5,778	Fort McMurray	CAT0740BCT4R02202	25
46	TRK513	2017	730C	4,189	Fort McMurray	TFF00346	26
47	LDR004	2014	950K	7,769	Fort McMurray	CAT0950KCFER00741	28
48	DZR014	2014	Komatsu D65	5,724	Fort McMurray	1535	29
49	DZR022	2014	Komatsu D155	3,836	Fort McMurray	90175	30
50	CNX001	2015	Maintenance Connex		Fort McMurray		59
51	TNK002	2014	8,500L Westeel Gas Tank		Fort McMurray	671407801	36
52	TNK003	2014	25,000L Westeel Diesel Tank		Fort McMurray	641400391	37
53		2015	40FT Maintenance Trailer		Fort McMurray	1S9BE2021F1870664	38
54		2018	Generator Connex (2 - 20KW/Tank/Lightplant)		Fort McMurray		39
55	GEN001	2014	Doosan L6	10,962	Fort McMurray	445205UHWD88	40
56	GEN002	2014	Doosan L6	7,148	Fort McMurray	4452D4UHWD88	41
57	GEN005	2013	Multiquip 45KW	18,723	Fort McMurray	174858	42
58	GEN014	2015	Westquip 35KW	17,005	Fort McMurray	1W9W3L910FLS28551	43
59	GEN018	2013	Metrolite 8KW	10,098	Fort McMurray	20194366	44
60	GEN019	2013	Metrolite 8KW	7,496	Fort McMurray	20194365	45
61	GEN020	2013	Metrolite 8KW	9,969	Fort McMurray	20137391	46
62	GEN023	2014	Metrolite 20KW	9,758	Fort McMurray	20137378	47
63	GEN024	2015	Metrolite 20KW	4,267	Fort McMurray	20204181	48
64	GEN026	2015	Magnum 8KW	7,858	Fort McMurray	5200I 20 5AJLS1614CB002243	49
65	GEN029	2015	Magnum 8KW	1,969	Fort McMurray	4080K 8 5AJLS1413CB217700	50
66	GEN031	2015	Magnum 20KW	5,009	Fort McMurray	4080K 8 5AJLS1417CB217702	51
67	GEN032	2015	Magnum 20KW	9,896	Fort McMurray	4080K 8 5AJLS1412CB217705	52
68	GEN033	2015	Magnum 20KW	6,523	Fort McMurray	5AJLS1413CB213257	53
69	TRK021	2014	F150	182,312 KM	Fort McMurray		54
70	TRK024	2014	F250	163,998 KM	Fort McMurray	11TTW2B63EEB71393	55
71	TRK041	2013	M2 4X4 Freightliner Service Truck		Fort McMurray	3ALDCYOTSOOFD4056	57
72	PRK023	2015	CAT CS56	2,871	Fort McMurray	CATCS56BAL8H00466	58
73	CNX001	2015	40' Standard ISO Steel Container on 48' Skid		Fort McMurray	TRDU7530413	59
74		2015	Horizon North 12x40 Custom Scale Shack		Fort McMurray	124015749116	60
75		2018	Westquip WQ20 20KW Westquip Genset		Fort McMurray	665876X17F241038	61
76		2018	Westquip WQ20 20KW Westquip Genset c/w WQ Install-Elec		Fort McMurray	665877X17F266016	62
77		2018	Westquip 20' Shippmg Container		Fort McMurray	BSUBU2530341	63

Heavy North Construction Ltd.

Assets Located at Various Locations Across Alberta

As at May 29, 2019

LIST SUBJECT TO CHANGE

#	HNC Unit #	Year	Equipment Description	Hours as at Mar. 9, 2019 (KM's)	Location	Serial Number	Picture #
78		2012	Cargo Mate Trailer		Fort McMurray	5NHUBLV27C7434035	70

Heavy North Construction Ltd.

Assets Located at Various Locations Across Alberta

As at May 29, 2019

LIST SUBJECT TO CHANGE

#	HNC Unit #	Year	Equipment Description	Hours as at Mar. 9, 2019 (KM's)	Location	Serial Number	Picture #
Asset Lot C							
79	EXC008	2014	Cat 308E2	3,601	Grovedale	FJX00836	72.0
80	EXC039	2015	305	1,907	Grovedale	CAT3055EVEJX01237	73.0
81	TRK903	2004	Water Truck (15,898L)	13,752	Grovedale	5KKHAECV04PM44611	75.0
82	TLR009	2016	8.5x36 Gooseneck Trailer (E10236DG310)		Grovedale	4UGFG3639GD028573	164.0
83	PKR024	2015	CAT CS56	2,841	Grovedale	CATCS56BLL8H00453	77.0
84	PKR027	2015	CAT CS56	2,774	Grovedale	CATCS56BTL8H00703	79.0
85	DZR012	2015	D6N	5,851	Grovedale	C8N16689	80.0
86	DZR015	2015	D6N	5,897	Grovedale	C8N30193	81.0
87	TRK902	2007	Fuel Truck (single Axle)	9,869	Grovedale	1FVACXDC67HY84549	82.0
88	ATT004	2018	Bradco 625 Trencher		Grovedale		85.0
89	TLR013	2017	2685L Fuel Trailer (H27ART-EB)		Grovedale	16,005,520.0	86.0
90	TLR011	2016	500G Water Trailer (WTE5C)		Grovedale	WT5HRTB	87.0
91	SAN001	2016	Sand Spreader (2YD Stainless Steel) Meyer		Grovedale		88.0
92	GEN007	2014	Doosan L6	3,089	Grovedale	445212UHW88	89.0
93	GEN021	2013	Metrolite 8KW	7,426	Grovedale	SA-L TW201136256WBLD12	90.0
94	GEN022	2013	Metrolite 8KW	7,659	Grovedale	20,182,448.0	91.0
95	GEN027	2015	Magnum 8KW	8,697	Grovedale	1217705	92
96	GEN028	2015	Magnum 8KW	8,137	Grovedale	1277702	93
97	GEN030	2015	Magnum 8KW	7,157	Grovedale	5AJLS1415CB217701	94.0
98	TRK004	2013	F150	193,856 KM	Grovedale	1FTFW1ET5DKG36683	95.0
99	TRK023	2015	F350	79,127 KM	Grovedale	1FT8W3B65FEA054S3	96.0
100		2013	Wacker Neuson WAK RT82-SC2 Sheepsfoot Trench Roller		Grovedale	20159198	146

Heavy North Construction Ltd.

Assets Located at Various Locations Across Alberta

As at May 29, 2019

LIST SUBJECT TO CHANGE

#	HNC Unit #	Year	Equipment Description	Hours as at Mar. 9, 2019 (KM's)	Location	Serial Number	Picture #
Asset Lot D							
101	EXC045	2014	324	5,141	Edmonton - Finning service shop	PNW01487	1.0
102	DZR016	2015	D6T	7,086	Edmonton - Finning service shop	CATOOD6TCKSB01433	2.0
103	TRK022	2014	F150	135,082 KM	Unknown		144
104		2012	Bomag BMP8500 Roller 24-33" Walkbehind Pad Compactor		Unknown	101720112266	154
105			Trimble Laser Level VL633		Unknown	14307622	155
106			PORT/MOT 136-17416 CH ANALOG CW BATT/CHGR/ANT/BELTCLIP (40 Units)		Unknown	7521SN2445, 7521SN2428, 7521SN2433,7521SN2436, 7521SN2424, 7521SN2432, 7521SN2442,7521SN2414, 7521SN2463, 7521SN2438, 7521SN2079,7521SN22063, 7521SN2091, 7521SN2072, 7521SN2216,7521SN2086, 7521SN2067, 7521SN22070, 7521SN2081,7S2ISN22D65, 7521SN2469, 7521SN2473, 7521SN2385 , 7521SN2429, 7521SN2443, 7521SN2397, 7521SN2427, 7521SN2466, 7521SN2485, 7521SN2439, 7521SN2092, 7521SN2077, 7521SN2076, 7521SN2085, 7521SN2088, 7521SN2047, 7521SN2087, 7521SN20SO, 7521SN2082, 7521SN20664	159
107		2018	Rice Lake RL-OTR-80X11		Unknown	79XY	Unknown

SCHEDULE B

General Conveyance

(see attached)

GENERAL CONVEYANCE

THIS AGREEMENT made the ___ day of _____, 2019.

BETWEEN:

KPMG INC. in its capacity as receiver and manager of Heavy North Construction Ltd. (“**Heavy North**”), and not in its personal or corporate capacity (the “**Vendor**”)

- and -

BATTLE TEAM HOLDINGS LTD., a corporation governed by the laws of the Province of Alberta (“**Purchaser**”)

WHEREAS the Vendor and the Purchaser entered into an Asset Purchase Agreement made as of July 15, 2019 providing, among other things, for the acquisition of the Purchased Assets by the Purchaser from the Vendor.

NOW THEREFORE THIS AGREEMENT WITNESSES that Vendor and Purchaser agree as follows:

Definitions

Unless otherwise defined in this General Conveyance, capitalized words when used in this General Conveyance have the meaning ascribed to them in the Asset Purchase Agreement.

Conveyance

Pursuant to and for the consideration provided for in the Asset Purchase Agreement, Vendor hereby sells, assigns, transfers, conveys and sets over to Purchaser the Purchased Assets (all of which are listed in Exhibit “A” hereto), and Purchaser hereby purchases and accepts the Purchased Assets, to have and to hold the same absolutely, together with all benefits and advantages to be derived therefrom, subject to the terms and conditions of the Asset Purchase Agreement.

Effective Date

The Vendor and the Purchaser agree that the effective date of this transaction shall be effective as the date first written above.

Subordinate Documents

This General Conveyance is executed and delivered by the parties hereto pursuant to and for the purposes of the provisions of the Asset Purchase Agreement and the provisions of the Asset Purchase Agreement shall prevail and govern in the event of a conflict between the provisions of the Asset Purchase Agreement and this General Conveyance.

Enurement

This General Conveyance shall be binding upon and enure to the benefit of each of the parties hereto and their respective successors and permitted assigns.

Further Assurances

The Vendor and the Purchaser will each, from time to time and at all times hereafter, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of this General Conveyance.

Merger

Nothing contained in this General Conveyance shall in any way result in a merger of the terms and conditions of the Asset Purchase Agreement with the terms and conditions of this General Conveyance and the parties hereto specifically agree that all such terms and conditions of the Asset Purchase Agreement shall continue to apply to the within conveyance.

Governing Law

This General Conveyance shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta.

Counterpart Execution

This General Conveyance may be executed in counterparts and delivered by one party hereto to the other by facsimile or other electronic means (including by portable document format "pdf"), each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. If this is delivered by facsimile or other electronic means, the party thereto so delivering this General Conveyance shall within a reasonable time after such delivery, deliver an original executed copy to the other.

IN WITNESS WHEREOF the parties have executed this General Conveyance as of the date first written above.

**KPMG INC. in its capacity as receiver
and manager of HEAVY NORTH
CONSTRUCTION LTD.**

BATTLE TEAM HOLDINGS LTD.

Per: _____

Per: _____

EXHIBIT "A"

LIST OF PURCHASED ASSETS

(see attached.)

Appendix B

Hilco Valuation Services, LLC

Appraisal Reported dated May 22, 2019



A Hilco Global Company
Vested in Your Success



HilcoTM
Valuation Services

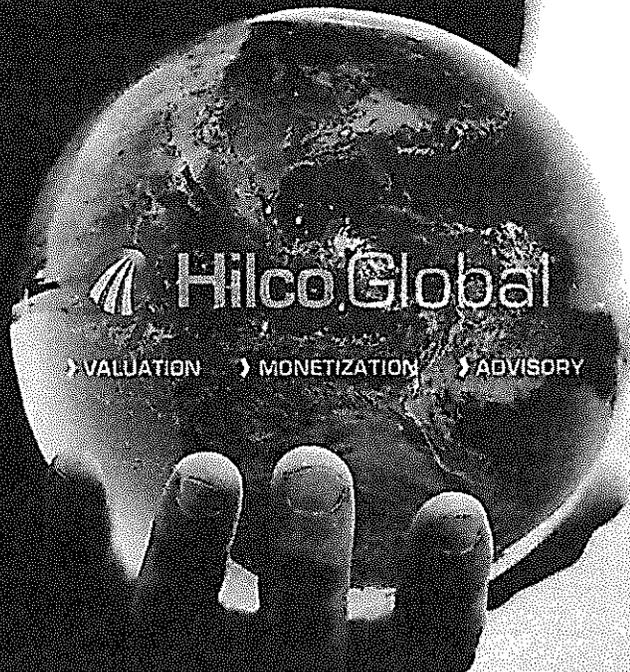
M&E APPRAISAL

Appraisal of:

Heavy North Construction Ltd.

Report Date: May 22, 2019

Effective Date: May 22, 2019



Business Purposes

LENDING • FINANCIAL REPORTING • STRATEGIC PLANNING • INSURANCE/RISK MANAGEMENT
ESTATE/TAX MANAGEMENT • PORTFOLIO VALUATION • DISPUTE RESOLUTION • FINANCIAL OPINIONS

Global Headquarters / 5 Revere Drive, Suite 206 / Northbrook, IL 60062

Company Overview

Company Name	Heavy North Construction Ltd.
Industry	Construction
NAICS Code	236220
Headquarters	Edmonton, AB
# Locations	1
Website	N/A

Primary Contact Information

Client	Mr. Neil Honess KPMG, Inc. Calgary, Alberta T2P 4B9
Company	N/A

Appraisal Scope

Appraisal Approach	Forced Liquidation Value (FLV), Orderly Liquidation Value (OLV), Fair Market Value (FMV)
Liquidation Time Frame	NFLV – 3 Months, NOLV – 6 Months
Date of Engagement	May 16, 2019
Effective Date of Report	May 22, 2019

Valuation Approach

The primary approach to value utilized in this report was the market approach. The cost and income approach were not utilized in the valuation of assets in this appraisal.

Asset Reconciliation

Assets were appraised on a desktop basis.

Appraisal Team**Project Manager**

Adam Stump, ASA, CEA
Managing Director
astump@hilcoglobal.com
(847) 849-2953

Appraisers and Analysts

Bryan Courcier

Summary Total Values

VALUE	FLV	OLV	FMV	REF
Total Value	CAD\$ 6,523,465	CAD\$ 7,284,015	CAD\$ 8,386,382	Pg. 5

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5.1 Asset List	See Electronic Attachment

1.0 Engagement Overview

1.0 Engagement Overview

1.1 Engagement Summary

Pursuant to our engagement letter dated May 16, 2019 we hereby submit our Desk Top Appraisal of certain Machinery and Equipment of Heavy North Construction Ltd. at the location listed in Section 1.2 in the Facilities Summary Table.

Files utilized as the basis for this appraisal include:

- 2019-05-13 Consolidated HN Equipment List - For Appraisal.xlsx

The purpose of this “Desk Top” appraisal report is to provide a disinterested statement of the value of the subject Machinery and Equipment based on current market conditions and founded on the basis of Forced Liquidation Value, Orderly Liquidation Value and Fair Market Value as defined on the Definitions page of this appraisal report.

The basis of value for the Machinery and Equipment:

- Considers what an alternative purchaser would pay for the Machinery and Equipment for removal
- Assumes that it is the buyers’ responsibility to pay the costs associated with disassembling, transporting, and reinstalling the assets at another location
- Assumes that the assets are being sold “as is, where is”, without any representations as to the operational condition of the equipment and without any warranty to the seller.

In addition, the Fair Market Value concept assumes that the assets are to be liquidated by a willing seller to a willing buyer, with equity to both, neither being under compulsion to buy or sell, and that both parties are fully aware of all relevant facts. Further, this definition assumes that there is no limiting time frame for this transaction.

The information included in this report is for use only by KPMG, Inc. and is intended only for use in business decisions. The appraisal may be invalid if used for any other purpose.

Only the sales comparison approach was utilized for the value conclusions found herein. The cost and income approaches were considered but given no weight as they were deemed unnecessary to arrive at credible results.

Hilco Valuation Services, LLC has not inspected the equipment described herein, and assumes the assets to be in working condition and maintained within industry standards.

The intended use of this report has no effect on the values reflected herein.

All of the assets were represented to the appraiser as the property of Heavy North Construction Ltd., unless otherwise noted.

Use of this report by others is not intended unless express written consent is further granted.

This appraisal was prepared in accordance with the guidelines established by the Uniform Standards of Professional Appraisal Practice 2018-2019 Standards 7 & 8 and in conformance with the Standards and Procedures of Professional Appraisal Ethics and Practice of the Association of Machinery and Equipment Appraisers and/or the American Society of Appraisers.

The information included in this report is subject to the Statement of Conditions expressed within this document.

1.2 Facilities Summary

Hilco Valuation Services appraised certain Machinery and Equipment of Heavy North Construction Ltd. at the location listed below. The assets were valued on a Desktop basis per equipment lists provided by KPMG, Inc..

LOCATION	APPRAISER
Heavy North Construction Ltd. 625 Parsons Rd SW #115 Edmonton, AB	Bryan Courcier

2.0

Value Conclusions

2.0 Value Conclusions

2.1 Location Summary

ASSETS LOCATED AT:	FLV	OLV	FMV
Heavy North Construction Ltd. 625 Parsons Rd SW #115 Edmonton, AB			
TOTAL VALUE	CAD\$ 6,523,465	CAD\$ 7,284,015	CAD\$ 8,386,382

3.0

Overviews

3.0 Overviews

3.1 Equipment Disposition Overview

EQUIPMENT OVERVIEW

The Machinery and Equipment at the Heavy North Construction Ltd. location consists of various types of construction equipment and vehicles. There is no proprietary technology associated with the Machinery and Equipment.

The Machinery and Equipment was not inspected by the appraiser. The appraisal was performed on a “Desktop” basis wherein asset lists and other information were provided by KPMG, Inc..

Valuation judgments were based solely upon the information provided. Due to the nature of a desktop appraisal and the information on the asset lists provided, certain assumptions had to be made by the appraiser and Hilco Valuation Services. These assumptions include that the Machinery and Equipment is in working condition, under power and maintained within industry standards.

APPRAISAL APPROACH

The primary approach utilized in evaluating the assets was the market or sales comparison approach. Market data was collected from various sources including, but not limited to: Used equipment dealers that purchase and sell comparable equipment, conversations with new machinery dealers and manufacturers, researching our proprietary in-house databases, consultation with Hilco Industrial’s liquidators and searches on the Internet.

From a market (or sales) comparison approach, general points to value for specific assets include analyzing numerous elements of the asset in question and the specific appraisal scope. The most explicit indications of value for most equipment include: model, age and general capacities and specifications. A more detailed analysis for specific assets includes: market saturation as it relates to large quantities of similar assets put up for sale at once, geographical location and accessibility of the assets and difficulty or ease of removal for an asset.

In practice, the most common method used by personal property appraisers is the sales adjustment grid. It uses a small number of recently sold equipment in similar condition to the subject property to estimate the value of its attributes. Adjustments to the comparables may be determined by trend analysis, matched-pairs analysis, or simple surveys of the market.

This appraisal has not taken into consideration Net Book Value when assigning value to the assets. Typical straight line depreciation has no direct correlation to a true market value of an asset and is not a substitute for specific market research.

The cost approach and income approach were not utilized in this appraisal report.

MARKET AND APPRAISAL CONSIDERATIONS

For the purposes of this appraisal, the appraisers’ have assumed an average condition and mileage for the age stated and standard options unless otherwise noted. Further, the appraisers have assumed that all vehicles and equipment appraised herein meet all current federal, state and local emission requirements for the state where the equipment is operated.

4.0

Additional Appraisal Information

4.0 Additional Appraisal Information

4.1 Certification of Appraisal

I and/or we certify that to the best of our knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is the appraisers' unbiased professional analyses, opinions and conclusions.

The appraisers (or the specified) have no present or prospective interest in the property that is the subject of this report, and the appraisers (or the specified) have no personal interest or bias with respect to the parties involved.

Hilco Valuation Services and/or those signing below have not appraised the assets of Heavy North Construction Ltd. as part of a previous engagement during a period covering the previous three years from the current engagement date.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results. The appraisal report is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

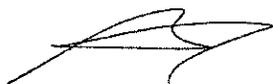
Our analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice 2018-2019 Standards 7 & 8 promulgated by the Appraisal Standards Board (ASB) of The Appraisal Foundation, and the Professional Standards and Ethics of the American Society of Appraisers.

All information in the appraisal is considered confidential and will not be transmitted to a third party without the express written consent of KPMG, Inc..

The appraisers signing the report below did not physically inspect the equipment of Heavy North Construction Ltd. at the locations listed in Section 1.2 in the Facilities Summary Table, for utilization and determination in the appraisal process.

Individuals signing the report below who have the professional designation of CEA (Certified Equipment Appraiser of the Association of Machinery and Equipment Appraisers) or ASA (Accredited Senior Appraiser of the American Society of Appraisers) are in conformance with their respective professional society's mandatory reaccreditation program.

No one other than the individuals noted or those signing below provided significant professional assistance in producing this report.



Adam Stump, ASA, CEA
Managing Director



Bryan Courcier
Senior Vice President

4.2 Definitions of Value¹

DESKTOP APPRAISAL: An estimated opinion of the appropriately defined value, expressed in terms of currency in Canadian Dollars to be realized by the sale of assets, in which the opinion is generated from lists and/or other informational materials supplied to the appraiser and evaluated without the benefit of an actual onsite inspection.

FORCED LIQUIDATION VALUE (AUCTION): An estimated amount of the most probable price expressed in terms of currency in Canadian dollars which could typically be realized at a properly advertised and conducted public auction sale, held under Forced sale conditions, with the seller obligated to sell, and under present day economic trends, as of the effective date of this appraisal report. Conclusions take into consideration physical location, difficulty of removal, physical condition, adaptability, specialization, marketability, overall appearance and psychological appeal. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis “as is” with purchasers responsible for removal of the assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and/or monetary appeal necessary to gain the values indicated.

ORDERLY LIQUIDATION VALUE: An estimated amount, expressed in terms of currency in Canadian dollars which the subject equipment could typically realize at a privately negotiated sale, properly advertised and professionally managed, by a seller obligated to sell over an extended period of time, usually within six to twelve months, as of the effective date of this appraisal report. Further, the ability of the asset group to draw sufficient prospective buyers to insure competitive offers is considered. All assets are to be sold on a piecemeal basis “as is” with purchasers responsible for removal of the assets at their own risk and expense. Any deletions or additions to the total assets appraised could change the psychological and/or monetary appeal necessary to gain the values indicated.

FAIR MARKET VALUE: An estimated amount, expressed in terms of currency in Canadian dollars, that may be reasonably expected to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under compulsion to buy or sell, and both parties fully aware of all relevant facts, as of the effective date of this appraisal report. All assets are to be sold on a piecemeal basis “as is” with purchasers responsible for removal of the assets at their own risk and expense.

¹ Source of Value Definitions: Hilco Valuation Services

4.3 Approaches to Value

MARKET APPROACH

One of the three recognized approaches used in appraisal analysis, this approach involves the collection of market data pertaining to the subject assets being appraised. This approach is also known as the “Comparison Sales Approach.” The primary intent of the market approach is to determine the desirability of the assets and recent sales or offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the assets being appraised. If the comparable sales are not exactly similar to the asset being appraised, adjustments must be made to bring them as closely in line as possible with the subject property.

COST APPROACH

One of the three recognized approaches used in appraisal analysis, this approach is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When the subject asset is not new, the current cost must be adjusted for all forms of depreciation as of the effective date of the appraisal.

DEPRECIATION

Defined as the actual loss in value or worth of a property from all causes including those resulting from physical deterioration, functional obsolescence or economic obsolescence.

Physical Deterioration

A form of depreciation where the loss in value or usefulness of an asset is attributable solely to physical causes such as wear and tear and exposure to the elements.

Functional Obsolescence

A form of depreciation where the loss in value is due to factors inherent in the property itself and due to changes in design or process resulting in inadequacy, overcapacity, excess construction, lack of functional utility, or excess operation costs.

Economic Obsolescence

A form of depreciation or loss in value caused by unfavorable external conditions. These can include such things as the economics of the industry, availability of financing, loss of material and labor sources, passage of new legislation, and changes in ordinances.

INCOME APPROACH

One of the three recognized approaches used in appraisal analysis, this approach considers value in relation to the present worth of future benefits derived from ownership and is usually measured through the capitalization of a specific level of income. This approach is the least common approach used in the appraisal of Machinery and Equipment since it is difficult to isolate income attributable to such assets.

4.4 Statement of Conditions

This appraisal has been made in accordance with the guidelines established by the Uniform Standards of Professional Appraisal Practice 2018-2019 Standards 7 & 8, the Association of Machinery and Equipment Appraisers and/or the American Society of Appraisers and reflects the best judgment of the appraiser.

This document and supporting notes are confidential. Neither all nor any part of the contents of this appraisal shall be copied or disclosed to any party or conveyed to the public orally or in writing through advertising, public relations, news, sales, or in any other manner without the prior expressed written consent and approval of both Hilco Valuation Services and its client.

The fees for this appraisal are not contingent upon the values reported.

The effective date(s) of the appraisal establishes the dates of the current and prospective market value.

This Appraisal is subject to the following limitations:

No responsibility is assumed for matters of a legal nature, which might affect the property that is the subject of this appraisal. In particular, but without limiting the generality of the foregoing, the annexed appraisal assumes that the property is not subject to any liens, encumbrances, or impediments to its free transferability and that such property conforms to all statutes, regulations, and codes that might relate to or affect the use, sale or other disposition of such representations.

The Appraisal is based on the following:

Information provided to Hilco Valuation Services, which Hilco Valuation Services has been led to believe is representative of the assets subject to this appraisal. This information has been subjected by Hilco Valuation Services to such tests as Hilco Valuation Services determined, in good faith, to be appropriate to confirm the accuracy of such representations.

Confirmation of the quantities of such assets was based upon information Hilco Valuation Services has been led to believe is accurate. Hilco Valuation Services also has subjected this information to such tests as deemed appropriate, in good faith, to conduct.

These appraisals are based upon the value of the assets as of the effective date of this report and for the stated purpose. Subsequent changes, including changes in the market or in the composition of assets, could have a significant effect on the values herein. Hilco Valuation Services assumes no responsibility for economic, functional or physical factors occurring subsequent to the effective date of this report.

Hilco Valuation Services was provided with asset listings and supplemental information, which were not audited before being used for the purposes of our review and analysis. We have accepted the Company's representation and have assumed, without independent verification, that all such information was reasonably prepared and that it is accurate and complete in all material respects. We assume no responsibility for its accuracy.

The opinions as to value stated in this report are premised upon the specific methods of sale discussed herein and must not be used in conjunction with any other proposed method of disposition.

The appraiser is not an attorney at law. The reader is advised to consult with his/her attorney on general rules of law as they apply to the property in question.

All opinions as to value are presented as the appraiser's considered opinion, based on the facts and data set forth in the report. The values reported herein are an opinion only and are not a warranty or representation of fact. No responsibility is assumed for any inability to sell the designated assets at the values projected

herein. Other than stated herein, no representation, warrant, or statement is made as to the value or marketability of the assets.

The opinions expressed herein are valid only for the express and stated purpose of providing information and assistance to the parties to whom this report is specifically addressed and to their counsel in connection with the proposed financing and are not in any way, implied or expressed, to be construed, used, circulated, quoted, relied upon, or otherwise referred to for any other purpose.

It is an express condition of this report that the appraiser is not required to give testimony or appear in court regarding this appraisal, unless arrangements have been previously made therefore.

The appraiser's opinion of Machinery and Equipment condition is derived from documentation supplied by KPMG, Inc.. The values reported assume the equipment is operational, serviceable and properly maintained within industry standards unless otherwise stated in the report.

Consideration for possible environmental hazards or the existence of potentially hazardous or toxic materials, which may have been used in the maintenance and operation of the equipment, was not considered in arriving at the opinion of value stated and goes beyond the scope of this appraisal. In the development of our opinion of value, no consideration has been given to such liability or its impact on value.

Unless otherwise stated in the appraisal, compliance with the requirements of the Americans with Disabilities Act of 1990 ("ADA") has not been considered in arriving at the opinion of value stated in the appraisal. Failure to comply with the requirements of the ADA may negatively affect the value of the designated assets. Hilco Valuation Services recommends that an expert in this field be employed for further analysis.

The appraisal assumes (a) responsible ownership and competent management of the designated assets; (b) there are no hidden or unapparent conditions of the designated assets that would render the values more or less valuable (no responsibility is assumed for such conditions or for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state, and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the appraisal; (d) all required licenses, certificates of occupancy, and other governmental consents have been or can be obtained and renewed for any use on which the value estimate contained in the appraisal is based.

Hilco's appraised values are dependent upon a number of key factors, including the proper execution of any liquidation methodologies outlined in this report. In addition, where Hilco has not appraised all of the Company's tangible and intangible assets, certain liquidation strategies to maximize the value of some assets could conflict with Hilco's Machinery and Equipment valuation, and adversely affect our estimate values. Should liquidation become an appropriate exit strategy, coordination of the exit strategies for all asset classes may be necessary to realize the appraised values herein.

Hilco Valuation Services has made no investigation as to the emissions levels from any off-road, on-highway or stationary diesel equipment contained within this report. Any information provided by the company or client, its owners or representatives, regarding the subject equipment's compliance with federal, state or local emission standards is assumed to be accurate and true.

This appraisal report is deemed a fractional appraisal in that there is no consideration given for business goodwill, royalties, licensing, or any other type of intangible asset associated with the business wherein the respective designated assets are located unless otherwise stipulated in the report.

The total value of the appraisal was determined by adding together the individual values of the assets. The appraisal report has not considered the effect on value, if any, of the assemblage of the various assets at each of the locations detailed on the Conclusion of Value page(s).

Any deletions or additions to the total assets could change the psychological and/or monetary appeal necessary to gain the values indicated.

4.5 Methodology

This appraisal was prepared utilizing some or all of the following methodology:

Machinery and Equipment is appraised according to its highest and best use. Factors such as condition, age, functionality, obsolescence, marketability and plant location are considered when assigning the appraised value(s) herein. Items that are out of service and/or incomplete are so noted in the appraisal report.

The appraisers did not physically inspect the equipment of Heavy North Construction Ltd.. The equipment was appraised on a “Desktop” basis. The appraiser’s opinion of Machinery and Equipment condition is derived from documentation supplied by KPMG, Inc.. The values reported assume the equipment is operational, serviceable and properly maintained within industry standards unless otherwise stated in the report.

Market Approach: Values are established by comparing the items appraised with equivalent items sold at recent auction or liquidation sales, consulting with new and/or used equipment dealers offering comparable equipment for sale, consulting selected trade publications, periodicals and machinery catalogs, and when appropriate, consulting with professional machinery movers.

Cost Approach: Values are established based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When the subject asset is not new, the current cost must be adjusted for all forms of depreciation as of the effective date of the appraisal.

Where appropriate, acknowledged outside experts have provided an opinion of value based upon written and pictorial information, and are fee compensated by Hilco Valuation Services. Those individuals are identified in the Certification of Appraisal.

Prior to its release to the client, an administrative review of each appraisal, for compliance with applicable standards and requirements as well as for quality control purposes, may be performed by peer appraisers of Hilco Valuation Services and/or liquidators of Hilco Industrial, L.L.C.

4.6 Glossary

Leased: Asset is not owned by the company. Rather it is being operated under either a “Capital Lease” or an “Operating Lease”.

Capital Lease: The lessee assumes some of the risks of ownership. The lease is recognized as both an asset and a liability. The company can claim depreciation on the asset and can also deduct the interest expense. At the end of the lease term, there is either a transfer of ownership to the lessee or there is an option to purchase the asset.

Operating Lease: The lessor (or owner) transfers only the right to use the property to the lessee. At the end of the lease period, the lessee returns the property to the lessor. The lease expense is treated as an operating expense in the income statement.

Not Valued: The appraiser has not assigned a value due to one or more of the following: (1) not enough information to reach an opinion of value; (2) asset is third party owned; or (3) asset is considered part of real property

Valued for Salvageable Components Only: Indicates that the value assigned to an asset or group of assets (Line/Lot/Cell) is the aggregate total of the values of only those components that the appraiser deems saleable.

Disassembled at Time of Inspection: Asset is partially or fully disassembled, in storage and not expected to be put back into production.

Not Inspected by Appraiser, Information Provided by Company: Asset was not physically inspected by the appraiser. All information used to arrive at an opinion of value was provided solely by the company and/or client and evaluated without the benefit of an actual inspection.

Out of Service at Time of Inspection: Asset is not in operating condition. Asset may be in place or in storage and has been valued “as-is, where-is”. This definition does not apply to assets that are temporarily out-of-service due to production schedules, preventative maintenance or periodic rebuilding.

Not In Use at Time of Inspection: Asset is fully operational but temporarily out-of-service due to production schedules, preventative maintenance or periodic rebuilding. Asset may be in place or in storage; this definition does not apply to assets that are out of service.

Not Yet Installed at Time of Inspection: Asset may be new, used or rebuilt; is partly or fully disassembled, however, the company does plan to install. Value assumes that asset is complete, fully installed and operational.

CONDITION CODES

In accordance with ASA guidelines, Hilco Valuation Services has adopted the following definitions/condition codes to identify the overall condition of an item.

CONDITION	DEFINITION	ESTIMATED % REMAINING USEFUL LIFE
New (N)	Unused item; May or may not be installed, However, no loss in value due to physical depreciation	100%
Excellent (E)	Near new condition; Very little use, very low hours or miles; May or may not be recently purchased	80-99%
Very Good (VG)	Above average condition; May have been refurbished or rebuilt or may not have been used enough to require such efforts	60-79%
Good (G)	Good or average condition and appearance; No known defects or serious problems; Repair or refurbishment not necessary	40-59%
Fair (F)	May require repair or refurbishment soon; Appears to have seen extensive service; May be aged, have suffered hard use or may be visually unattractive to potential buyers	20-39%
Poor (P)	Item appears worn; Requires major repairs or refurbishment; Visually unattractive to potential buyers	5-19%
Salvage (S)	Value in some or all unit components as reusable or spare parts only; Little other value	0-4%
Scrap (X)	No longer serviceable; Little or no value other than for materials contained	0-4%
Not Applicable (N/A)	Asset was not physically inspected. Condition unknown.	N/A

Condition codes are included solely as a guide in evaluating the appearance of the subject assets as compared with similar or like items as new, as offered for sale on the secondary market, or as seen in general use by the appraisers throughout their careers. These codes are opinions only and are correct to the nearest of the appraisers' ability to render such judgments. Other than of visual observations or interviews with Company management and personnel, no investigation has been made as to the true operating condition of the appraised assets or their fitness for any subsequent use.

No testing was performed to determine functional condition, capacity, repeatability, tolerances, or roadworthiness. All assets are assumed to be in working order unless otherwise indicated. Actual condition may be an unknown or partially unknown factor for all or many of the items listed. In certain cases, aesthetic or visual appeal of the subject assets is given due consideration with respect to historical desirability of such items in a liquidation, exchange, or In Place analysis, true operational condition notwithstanding.

All assets should be considered in-service and in working condition unless explicitly stated otherwise.

4.7 Qualifications

Adam Stump, ASA, CEA

Managing Director
Hilco Valuation Services
One Northbrook Place
5 Revere Drive, Suite 300
Northbrook, Illinois 60062

Experience

Adam has been in the auction, liquidation and appraisal industries since 1998.

Industry Specialties

- Automotive
- CNC Machine Tools
- Computers
- Construction
- Distribution & Fulfillment
- Electronics
- Ferrous & Nonferrous Wire
- Food and Chemical Processing
- Forging
- Foundry & Primary Metals
- Glass Forming
- Lumber Mills and Sawmills
- Metalworking
- Metal Forming
- Mining
- Oil and Gas Field
- Packaging
- Plastics & Rubber Molding
- Printing
- Production
- Production & Assembly
- Recycling Facilities
- Stamping
- Steel Processing
- Textiles
- Transportation
- Woodworking

Professional Designations and Association Memberships

- Accredited Senior Appraiser (ASA), American Society of Appraisers (ASA)
- Certified Equipment Appraiser (CEA), Association of Machinery and Equipment Appraisers (AMEA)

Professional Accomplishments

- Consultant to Financial Institutions on Asset-Based Loans and Recovery
- Completed American Society of Appraisers Courses ME201, ME202, ME203 and ME204
- Successfully completed the Uniform Standards of Professional Appraisal Practice (USPAP) course
- Testified as Expert Witness in Litigation

Education

- Bowling Green State University, BSCS
- Colorado Mountain College, AA

Bryan Courcier

Senior Vice President
Hilco Valuation Services
One Northbrook Place
5 Revere Drive, Suite 300
Northbrook, Illinois 60062

Experience

Bryan has worked in all areas of the auction, liquidation and appraisal industries since 2007.

Industry Specialties

- Agriculture Equipment
- Asphalt
- Automotive
- Bulk Transport
- Chartered Coach Services
- Class 8 Trucking
- Concrete-Ready Mix
- Construction
- Demolition Services
- Excavation
- Livery Fleets
- Metal Recycling
- Mining
- Moving – Storage Industries
- Oil and Gas Field
- Transportation and Intermodal
- Towing Services
- Scrap Recycling

Professional Designations and Association Memberships

- Member of ELFA, ABI, TMA, CFA
- Member of Association of Machinery and Equipment Appraisers (AMEA)
- Member: Machinery Dealers National Association (MDNA)

Professional Accomplishments

- \$200,000,000+ in managed construction and commercial transportation asset dispositions from 2010 - 2015
- Consultant to Financial Institutions on Asset-Based Loans and Recovery
- Testified as expert witness in Litigation
- International Business Development, Relationship Management, and Project Management in South America, Australia and Canada

Education

- Bachelor of Arts in History with an emphasis on Europe and Regional Religions
- Minor in Communications Studies

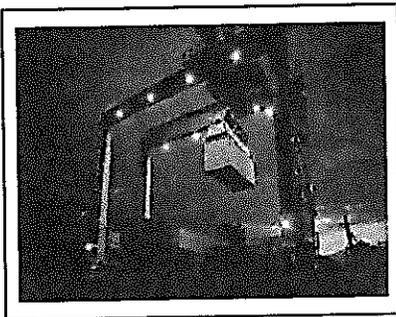
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Asset Exhibits

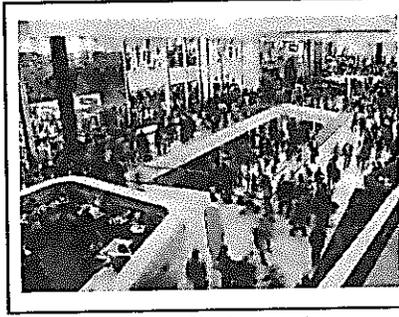
Hilco Asset Disposition Services

***The World's Largest, Most Experienced
Multi-Class Asset Disposition Company***

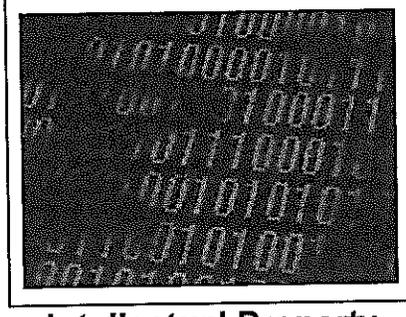
With offices worldwide, Hilco can offer greater exposure for your assets. Through comprehensive marketing campaigns and established relationships with our existing global network of buyers, we have the ability to identify and locate the most qualified and interested buyers of any type of asset.



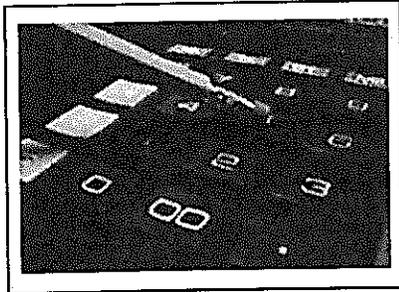
**Industrial Asset
Monetization**



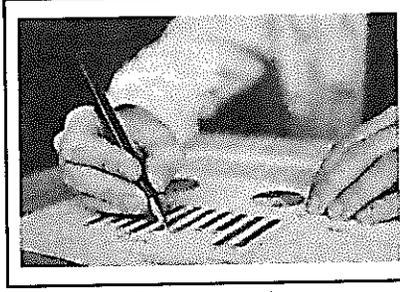
**Retail Asset
Monetization**



**Intellectual Property
Monetization**



**Accounts
Receivables**



**Corporate
Finance**



**Real Estate
Monetization**

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