

COURT FILE NUMBER 1801-06866

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT ATB FINANCIAL

RESPONDENTS MUSTANG WELL SERVICES LTD., KKS  
R ENTERPRISES LTD., COMPLETE OILFIELD  
MANUFACTURING INC., REACTION OILFIELD  
SUPPLY (2012) LTD., AND MRBD LTD.

DOCUMENT **FIRST REPORT OF FTI CONSULTING  
CANADA INC., IN ITS CAPACITY AS  
COURT APPOINTED RECEIVER AND  
MANAGER OF MUSTANG WELL SERVICES  
LTD., KKS R ENTERPRISES LTD.,  
COMPLETE OILFIELD MANUFACTURING  
INC., REACTION OILFIELD SUPPLY (2012)  
LTD., AND MRBD LTD.**

**August 27, 2018**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**RECEIVER**

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## INTRODUCTION

1. On May 17, 2018 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all the assets, undertakings and properties (the “**Property**” or “**Business**”) of Mustang Well Services Ltd. (“**Mustang**”), KKSER Enterprises Ltd. (“**KKSER**”) Complete Oilfield Manufacturing Ltd. (“**Complete**”), Reaction Oilfield Supply (2012) Ltd. (“**Reaction**”) and MRBD Ltd. (“**MRDB**”) pursuant to an Order of the Honourable Justice Jones (the “**Receivership Order**”). Mustang, KKSER, Complete, Reaction and MRDB are collectively referred to as the “**Debtors**” or the “**Company**”.
2. The Receivership Order authorized the Receiver, among other things, to manage, operate and carry on the Business of the Company, to market any or all of the Property including advertising and soliciting offers to purchase the Property, and to make such arrangements or agreements as deemed necessary by the Receiver.
3. On May 17, 2018, an Order (the “**Sale Approval Order**”) was granted approving the sale of a building legally described as Plan 1323928 Block 1 Lot 9, having a civic address of 135 46272 Highway 56, Rural Camrose County, Alberta which was owned by KKSER (the “**KKSER Building #1**”).
4. On June 4, 2018, the Receiver filed a Receiver’s Certificate certifying that the transaction has been completed. The Receiver closed the sale of the KKSER Building #1 on May 31, 2018 and net proceeds of \$1,144,466.45 (“**KKSER Building #1 Proceeds**”) from the transaction are currently being held by the Receiver. The Receiver proposes to distribute the KKSER Building #1 Proceeds to ATB Financial (“**ATB**”) as further described later in this report.
5. The Receiver’s reports and other publicly available information in respect of these proceedings (the “**Receivership Proceedings**”) are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/Mustang> (the “**Receiver’s Website**”).

6. The purpose of this report (“**First Report**”) is to provide this Honourable Court with:
- (a) A summary of the activities of the Receiver since the Date of Appointment;
  - (b) A summary of receipts and disbursements from the Date of Appointment to August 24, 2018;
  - (c) The Receiver’s summary and recommendations with respect to the proposed sale (the “**Proposed Sale**”) of certain assets of the Debtors including a building located near Camrose, Alberta at Plan 9922651 Lot 3 (“**KKSR Building #2**”) and various equipment and inventory. The Receiver and 877232 Alberta Ltd. (“**877 AB Ltd.**”) have executed a definitive asset purchase agreement (the “**877 APA**”); and
  - (d) The Receiver’s summary and recommendations with respect to selling the remaining assets of the Debtors by way of public auction.
7. The Receiver is requesting the following relief from this Honourable Court:
- (a) Approval of the activities of the Receiver since the Date of Appointment as reported herein;
  - (b) An order (the “**Approval and Vesting Order**”) in respect of the proposed 877 APA;
  - (c) Authorization for the Receiver to engage Tiger Liquidity Services Energy Partners (“**Tiger**”) to facilitate a sale of the Debtors’ remaining assets by public auction;
  - (d) A Sealing Order in respect of Appendices B to D; and

- (e) Authorizing certain interim distributions (the “**Interim Distributions**”) from the net proceeds received from the sale of the KCSR Building #1 and, if approved by this Honourable Court, the sale of the KCSR Building #2 as described below.

## **TERMS OF REFERENCE**

- 8. In preparing this First Report, the Receiver has relied upon audited and unaudited financial information, other information available to the Receiver and, where appropriate, the Company’s books and records and discussions with various parties (collectively, the “**Information**”).
- 9. Except as described in this First Report:
  - (a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
  - (b) The Receiver has not examined or reviewed financial forecasts and projections referred to in this First Report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
- 10. Future oriented financial information reported or relied on in preparing this First Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
- 11. The Receiver has prepared this First Report in connection with the Receiver’s Application on September 5, 2018. This First Report should not be relied on for other purposes.

12. Information and advice described in this First Report that has been provided to the Receiver by its legal counsel, Cassels Brock and Brockwell LLP (the “**Receiver’s Counsel**”), was provided to assist the Receiver in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## **BACKGROUND**

### **Corporate Structure and Asset Holdings**

14. The Debtors are related parties and operate in various areas within the oil field service industry. A summary of the operating activities and assets held by each of the Debtors is described below.
  - (a) Mustang – is an oil and gas well servicing company that owns nine (9) service rigs (“**Service Rigs**”) and miscellaneous ancillary equipment. At the Date of Appointment Mustang had thirty-nine (39) employees. The Receiver has terminated employees on behalf of the Debtors on an ongoing basis as various jobs were completed and equipment retrieved. The Receiver continues to employ three (3) Mustang employees to assist in these Receivership Proceedings.
  - (b) Complete – is a repair, maintenance and rig manufacturing shop that owns various tools, manufacturing equipment and parts inventory. At the Date of Appointment Complete had five (5) employees and two (2) contractors. All employees and contractors were subsequently terminated upon the completion of ongoing jobs. Complete operated out of the facility described above as KKS Building 2.

- (c) MRBD – is an equipment holding company that owns four hybrid wireline/service rig units known as “**Innovators**”. MRBD rented the Innovators to Mustang. At the Date of Appointment MRBD did not have any employees.
- (d) Reaction – Reaction was an oilfield supply company. Reaction’s assets included minor inventory parts and supplies. At the Date of Appointment Reaction did not have any employees.
- (e) KKSR – is a real estate holding company that, as at the Date of Appointment, owned two buildings:
  - i. KKSR Building #1 – which was previously sold by the Receiver as described above and authorized by the Sale Approval Order.
  - ii. KKSR Building #2 – this building is subject to the Receiver’s Proposed Sale and the 877 APA.

## **RECEIVER’S ACTIVITIES**

### **Custody and Control**

15. On the Date of Appointment, the Receiver attended the Company’s leased premises at Suite 1100, 910 7<sup>th</sup> Ave SW, Calgary, Alberta to meet with the Company’s chief financial officer, advise the Company that the Receivership Order had been granted and to take possession of the Company’s Property in accordance with the terms of the Receivership Order. The Receiver indicated its intent to continue the Debtors’ operations in the interim in order to complete several on-going jobs, retrieve the Debtors’ assets and facilitate an orderly sale of the Property or Business in order to maximize the return for all of the Company’s stakeholders.

16. At the Date of Appointment, the Service Rigs and Innovators were located at various locations throughout Alberta and Saskatchewan. The Receiver utilized the services of existing employees to retrieve the Service Rigs and Innovators. All Service Rigs, Innovators and other equipment are now currently located at the KKSR Building #2 and a leased yard in near Camrose, Alberta.
17. On the Date of Appointment, in accordance with the Receivership Order, the Receiver froze the Companies' bank accounts.

### **Statutory Notices**

18. On May 27, 2018, the Receiver mailed the notice and statement of receiver in accordance with subsection 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* to the Superintendent of Bankruptcy and to all known creditors of the Debtors.
19. The Receiver notified Canada Revenue Agency (“CRA”) of the Receiver's appointment and established new remittance accounts for the goods and sales tax and employee payroll deduction obligations arising subsequent to the Date of Appointment.

### **Website and Receiver Contacts**

20. The Receiver established a website at <http://cfcanada.fticonsulting.com/Mustang>, where the Receiver will post periodic updates on the progress of the Receivership Proceedings, along with copies of court orders, motion materials and reports filed in connection with these Receivership Proceedings. The Receiver posted its Calgary office contact information including its phone number, fax number and e-mail address, for creditors, employees, interested parties and other stakeholders can use to contact the Receiver.

## **Employees**

21. As discussed above, the Receiver initially retained all employees in order to complete ongoing jobs and retrieve equipment. Employees were terminated as ongoing jobs were completed and equipment retrieved. All jobs have now been completed and all equipment has been retrieved and is currently being stored in a central yard located in Camrose, Alberta.
22. At the date of this report, the Receiver continues to retain 3 employees on a part-time basis. The retained employees have been assisting and continue to assist the Receiver with safeguarding assets, touring potential purchasers around the yard to view assets, completing final invoicing/billings, day to day accounting and accounts receivable collections.

## **Insurance**

23. The Receiver contacted the Company's insurance provider to amend the Company's existing insurance policies to reflect the Receiver's interest in the Property, to review the adequacy of the insurance and to discuss the status of the insurance coverage. The Receiver amended the Company's insurance policy to reflect the fact that the Company's operations have effectively ceased, and that the Property is now located in a secure facility awaiting sale.

## **Accounts Receivable**

24. Since the Date of Appointment, the Receiver has made efforts to collect outstanding accounts receivable owing to the Debtors as at the Date of Appointment. According to the Company's books and records the Debtors had approximately \$2.0 million in accounts receivable on the Date of Appointment.



25. To date the Receiver, with the assistance of the remaining employees, has collected approximately \$1.3 million. The Receiver continues collection efforts on the remaining outstanding accounts receivables, however the remaining receivables are older overdue accounts with significantly higher collection risk.

## SUMMARY OF RECEIPTS AND DISBURSEMENT

26. Receipts and Disbursements from the Date of Appointment to August 24, 2018 are summarized as follows:

<b>Schedule of Receipts and Disbursements</b>		
<b>As at August 24, 2017</b>		
<b>\$ CAD</b>		<b>Notes</b>
<b>Receipts</b>		
Receiver's Borrowings	150,000	a
Accounts receivables and other miscellaneous	1,397,245	b
Net Proceeds from sale of KCSR Building #1	1,144,466	c
<b>Total - Receipts</b>	<b>2,691,711</b>	
<b>Disbursements</b>		
Repayment of Receiver's Borrowings	150,000	d
Payroll - Employee Related Obligations	235,178	e
Insurance	50,944	f
Operating expenses	77,789	g
GST/PST Paid	4,121	h
Bank & Interest Charges	2,310	i
<b>Total - Disbursements</b>	<b>520,341</b>	
<b>Net Cash on Hand</b>	<b>2,171,370</b>	

- (a) Receiver's Borrowings – amounts borrowed in accordance with the terms of the receivership Order to provide sufficient working capital to fund the completion of ongoing projects and the retrieval of equipment;
- (b) AR Collections and other miscellaneous – amounts collected from customers related to work completed prior to receivership proceedings as well as minor refunds from deposits;

- (c) Net Proceeds from sale of KKSR Building #1 – proceeds held in trust related to the sale of KKSR Building #1, the Receiver is requesting to distribute these funds to ATB as the senior secured creditor and mortgage holder over KKSR Building #1 discussed in further detail below;
- (d) Repayment of Receiver’s Borrowings – relates to the repayment of the funds borrowed by the Receiver;
- (e) Payroll and employee related obligations – costs relating to employee wages, payroll remittances, benefits and payroll service charges;
- (f) Insurance – costs incurred relating to insurance on KKSR Building #2 and the Remaining Equipment;
- (g) Operating expenses – operating costs incurred relating to completing ongoing projects, retrieving equipment and the operation of KKSR Building #2;
- (h) GST/PST paid – relates to goods and services tax remittances; and
- (i) Bank & interest charges – relates to banking fees and interest charged on the Receiver’s borrowings.

27. As at August 24, 2018 the Receiver held \$2,171,370 in cash on hand.

**PROPOSED SALE OF THE KKSR BUILDING #2 AND ADDITIONAL PROPERTY**

28. The Receiver is seeking approval from this Honourable Court to complete the 877 APA. A redacted copy of the 877 APA is attached at Appendix A and an unredacted copy is attached as confidential Appendix B. A summary of key non-commercial terms of the 877 APA are as follows:

- (a) The purchased assets include:
    - i. The KKSR Building #2;
    - ii. 1 Forklift; 1 skid steer; 2 pick-up trucks, 1 service truck; and
    - iii. Miscellaneous intellectual property, supplies and parts inventory owned by Complete and Reaction;
  - (b) The 877 APA is subject to the following conditions precedent (collectively, the “**Purchaser Conditions**”):
    - i. this Honourable Court approving the 877 APA and granting an approval and vesting order; and
    - ii. the purchaser obtaining financing;
  - (c) The purchaser has paid a deposit of 5% of the purchase price, which deposit is refundable only if court approval cannot be obtained.
29. The financing condition was waived by the purchaser on August 13, 2018, therefore the 877 APA is subject only to approval by this Honourable Court.

#### **THE RECEIVER’S ANALYSIS OF THE PROPOSED SALE**

30. Prior to these Receivership Proceedings, KKSR engaged Trevor Vinet of Re/Max Real Estate (Edmonton) Ltd. (“**Re/Max**”) to market and solicit offers for the property held by KKSR pursuant to the terms of a commercial seller brokerage agreement (“**Brokerage Agreement**”) dated January 18, 2018.

31. KKSR Building #2 was advertised for sale on the real estate board's Multiple Listing Service ("MLS") commencing on January 18, 2018 with an original listing price of \$1,875,000.
32. The Receiver understands that prior to these Receivership Proceedings both KKSR Building #1 and KKSR Building #2 were listed for sale by Re/Max concurrently. Re/Max was instructed to sell one building and to terminate the listing for the other building once one of the buildings sold. A sale agreement for KKSR Building #1 was initially entered into on April 26, 2018 and shortly thereafter Re/Max terminated the listing for KKSR Building #2. Accordingly, the KKSR Building #2 was publicly listed for approximately 3.5 months. During this time no offers were received for KKSR Building #2 through the Re/Max listing process.
33. On February 26, 2018, concurrently with the Re/Max process, the Debtors engaged Sageworth Partners Inc. ("**Sageworth**") to act as financial advisor and selling agent to initiate a sales and marketing process (the "**Sageworth Process**") with a mandate to sell all or parts of the Debtors' business. The Sageworth process resulted in various non-binding expressions of interest being received. One of the expressions of interest included an offer of \$850,000 for the KKSR shares based on the understanding that the only asset that would be held in KKSR at the time of closing would be KKSR Building #2. Accordingly, the offer was effectively for KKSR Building #2. This offer was not accepted.
34. In addition to the above, the Receiver reviewed an independent appraisal that was completed by RLB Property Appraisals Ltd ("**RLB Appraisal**"), on behalf of the Debtors, with an effective date of May 3, 2018.
35. The Receiver considered all the above in negotiating the 877 APA and is of the view that the purchase price is appropriate and closing the 877 APA is in the best interest of the stakeholders for the following reasons:

- (a) KKSR Building #2 was adequately exposed to the marketplace as it was listed on MLS by Re/Max. Re/Max is an experienced and reputable brokerage firm. The MLS listing was active for approximately 3.5 months. No offers were received during this time which may indicate that the original list price of \$1,875,00 may have been above market at and/or the market for manufacturing shops/yards in Camrose, Alberta was soft;
- (b) The Sageworth Process brought one expression of interest explicitly related to the KKSR Building #2. The offer was significantly lower than the purchase price contemplated in the 877 APA. The Receiver notes that the 877 APA does include additional assets (3 trucks, parts/supply inventory, fork lift and skid steer) however, the Receiver is of the view that the value of these items is relatively immaterial to the total transaction value;
- (c) The purchase price in the 877 APA is consistent with the RLB Appraisal;
- (d) Completing the Proposed Sale will avoid the requirement to pay a commission on the sale. A typical commission on this type of real-estate transaction would be approximately \$40,000;
- (e) The 877 APA no longer contains any material conditions;
- (f) 877 AB Ltd. is an unrelated third party;
- (g) The Receiver does not believe that re-listing the KKSR Building #2 for sale would result in an increased return to stakeholders; and
- (h) ATB (as the senior secured creditor and only mortgagee on KKSR Building #2) is supportive of closing the 877 APA as set out above.

## SALE OF REMAINING EQUIPMENT

36. If this Honourable Court approves the 877 APA, the major remaining assets aside from accounts receivable will be the Service Rigs, Innovators and other miscellaneous equipment (collectively, the “**Remaining Equipment**”).
37. The Receiver made attempts since the Date of Appointment to sell the Remaining Equipment by way of an en bloc sale. The Receiver’s efforts were focused on contacting parties who had previously expressed an interest in the Remaining Equipment through the Sageworth Process. The most common response from these parties was that they would be interested in certain, but not all the Remaining Equipment. Furthermore, the Receiver was unable to attract any piecemeal offers that would result in the sale of substantially all of the assets or were for reasonable value.
38. Given an en bloc sale is unlikely and given the nature of the Remaining Equipment, the Receiver concluded that the most efficient and effective way of realizing on the Remaining Equipment was through a liquidation auction conducted by a professional liquidator as agent for the Receiver. This will ensure full and adequate exposure to the market.
39. The Receiver contacted three (3) liquidators and requested that they submit proposals by no later than August 24, 2018.
40. Three (3) proposals were received (the “**Proposals**”) and a summary of the Proposals has been prepared by the Receiver and has been designated as confidential Appendix C.
41. The Receiver is of the view that disclosure of the financial terms of the Proposals may be detrimental to the realization process and is therefore seeking a Sealing Order in respect of Appendix C.

42. The Receiver assessed the three Proposals based on their terms and projected recovery under various assumptions of gross proceeds of realization. The Receiver also considered the marketing strategies, experience and timelines presented within the Proposals. The proposal submitted by Tiger provided the highest net minimum guarantee and overall expected recoveries which would protect the downside risk to the auction while maintaining the potential for upside.
43. Accordingly, the Receiver proceeded to negotiate an auction agreement (“**Auction Agreement**”) with Tiger which is conditional on approval by this Honourable Court. A copy of the Auction Agreement is attached as confidential Appendix D. As at the date of this report the Auction Agreement has not been finalized however the Receiver expects to have the Auction Agreement executed prior to the application on September 5, 2018. The Receiver is of the view that disclosure of the financial terms of the Auction Agreement may be detrimental to the realization process and is therefore seeking a Sealing Order in respect of the Auction Agreement.
44. The Receiver is of the view that approval and implementation of the Auction Agreement will provide for the most efficient and effective method of realizing on the Remaining Equipment. Accordingly, the Receiver seeks the approval of this Honourable Court to sell the Remaining Equipment by way of public auction in accordance with the terms of the Auction Agreement. The Order sought by the Receiver approving the Auction Agreement also vests the Remaining Equipment in their purchaser(s) free and clear of any claims or encumbrances.

## SECURED AND PRIORITY CLAIMS

### Alberta Treasury Branch

45. ATB is the main secured creditor within these Receivership Proceedings. On the date of Appointment ATB was owed approximately \$17.5 million. ATB's security interests are documented in detail within the affidavit of Trina Holland dated May 14, 2018. The security package includes various general security agreements and guarantees from the Debtors as well as a land mortgage dated October 15, 2013 ("**KKSR Mortgage**") in the principal sum of \$2,800,000 over the KKSR Building #1 and the KKSR Building #2.
46. The Receiver's Counsel has not completed a full review of ATB's security for the reasons described in paragraph 49 of this Report. However, Receiver's Counsel has completed an independent security review of the KKSR Mortgage. The Receiver's Counsel's review of the KKSR Mortgage concluded, with standard assumptions and qualifications, that the KKSR Mortgage constitute a valid and enforceable obligation of KKSR in accordance with the terms of the KKSR Mortgage and that the KKSR Mortgage creates a valid mortgage and charge in favour of ATB in the real property described in the KKSR Mortgage. The review noted a potential claim in priority of ATB arising from a caveat registered by Camrose County for property taxes. The Receiver notes that there are approximately \$90,000 property taxes in arrears related to the KKSR Building #2 ("**Property Tax Arrears**").
47. Given the above review, and should this Honourable Court approve the 877 APA, the Receiver seeks authorization to make the following distributions ("**Proposed Distributions**"):
- (a) Distribution of the Property Tax Arrears to Camrose County from the net proceeds received from the 877 APA;



- (b) Distribution of KKSR Building #1 Proceeds currently held in trust by the Receiver to ATB;
- (c) Distribution of the purchase price allocated to KKSR Building #2 within the 877 APA less the Property Tax Arrears to ATB; and
- (d) The Receiver is not intending to distribute the funds received from the sale of the other assets included in the 877 APA for the reasons set out below.

### **Other Secured Creditors**

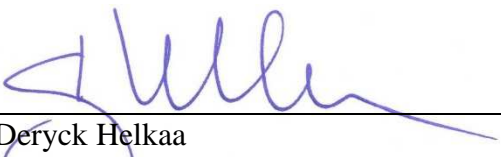
48. Through searches performed in the Alberta, British Columbia and Saskatchewan personal property registries and communications with various creditors, the Receiver is aware that aside from ATB there are other creditors who are asserting security interests in certain property of the Debtors in priority to ATB. The Receiver's Counsel is waiting on additional documents and information from certain of those creditors. As such, the Receiver's Counsel has not had the opportunity to finalize their general security review and those creditors alleging security interests in priority to ATB have not had an opportunity to put evidence in support of their claims before this Honourable Court.
49. Accordingly, if this Honorable Court authorizes the Receiver to sell the Remaining Equipment by way of public auction, the Receiver intends to hold the net proceeds from the sale of the Remaining Equipment in trust until further order of this Honourable Court. This will allow for: (i) the Receiver's Counsel to complete their security review once the additional documents and information have been received ; and (ii) any affected creditors to bring an application before this Honourable Court in the event that those creditors disagree with the outcome of the security review.

## RECEIVER'S RECOMMENDATIONS

50. The Receiver respectfully requests that this Honourable Court grant the following relief:
- (a) Approving the Receiver's activities to date;
  - (b) Granting a sale approval and vesting order in respect of the 877 APA;
  - (c) Approving the sale of the Remaining Equipment by way of public auction;
  - (d) Approving the Auction Agreement; and
  - (e) Approving the Proposed Distributions

All of which is respectfully submitted this 27<sup>th</sup> day August 2018.

FTI Consulting Canada Inc.,  
in its capacity as proposed receiver Mustang  
Well Services Ltd., KKS SR Enterprises Ltd.,  
Complete Oilfield Manufacturing Inc., Reaction  
Oilfield Supply (2012) Ltd., AND MRBD Ltd.



Deryck Helkaa  
Senior Managing Director



Dustin Olver  
Managing Director

**ASSET PURCHASE AGREEMENT**

THIS AGREEMENT is made as of July <sup>31</sup> 2018

BETWEEN

**FTI CONSULTING CANADA INC. ("FTI")**, in its capacity as Receiver of **MUSTANG WELL SERVICES LTD., KKSER ENTERPRISES LTD., COMPLETE OILFIELD MANUFACTURING INC., REACTION OILFIELD SUPPLY (2012) LTD. and MRBD LTD.**, and not in its personal capacity (in such capacity, the "Receiver")

(the "Vendor")

AND

**877232 ALBERTA LTD.**, a corporation incorporated pursuant to the laws of the Province of Alberta

(the "Purchaser")

**RECITALS**

- A. Pursuant to an Order of the Honourable Mr. Justice A.D. MacLeod of the Alberta Court of Queen's Bench (the "Court") granted on May 17, 2018 (the "Receivership Order"), FTI was appointed as Receiver of the assets, undertakings and properties of, *inter alia*, Mustang Well Services Ltd. ("Mustang"), KKSER Enterprises Ltd. ("KKSER"), Complete Oilfield Manufacturing Inc. ("Complete"), Reaction Oilfield Supply (2012) Ltd. ("Reaction") (collectively, KKSER, Complete and Reaction are referred to the "Companies");
- B. KKSER is the registered owner of the Lands, Reaction and Complete are the owners of the Inventory, and Mustang, Reaction and Complete are the owners of the Equipment (all as defined below);
- C. FTI has the authority to sell, on behalf of the Companies, the Lands, Inventory and Equipment (collectively the "Assets"), pursuant to the Receivership Order; and
- D. Subject to the approval of the Court, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, on an "as is, where is basis" the Assets pursuant to the terms and conditions of this Agreement.

**AGREEMENTS**

For good and valuable consideration, the receipt and sufficiency of which each Party acknowledges, the Parties agree as follows:



**PART 1  
INTERPRETATION**

**1.1 Defined Terms**

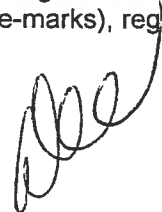
In this Agreement:

- (a) **"Action"** means the Alberta Court of Queen's Bench File No. 1801-06866;
- (b) **"Agreement"** means this agreement including any recitals and schedules to this agreement, as amended, supplemented or restated from time to time;
- (c) **"Applicable Laws"** means any statute, law, ordinance, rule, regulation, regulatory policy, by-law (zoning or otherwise), order, judgment, decree, treaty, guidelines or administrative requirements having the force of law or restriction of any kind whatsoever, including but without limiting the generality of the forgoing, Environmental Laws.
- (d) **"Assets"** means the Lands, Inventory, Equipment and IP as set out in Schedule "A";
- (e) **"Buildings"** means the existing buildings located on and forming a part of the Lands as of the date hereof and including all building systems and infrastructure and all fixtures, fittings, improvements and appurtenances thereto;
- (f) **"Business Day"** means any day in the Province of Alberta that is not a Saturday, Sunday or a statutory holiday;
- (g) **"Closing"** means the successful completion of the transaction of purchase and sale for the Assets contemplated by this Agreement;
- (h) **"Closing Date"** means that date which is the tenth (10<sup>th</sup>) Business Day following the date on which the Court Approval is granted, or such later date as the Purchaser and Vendor may agree in writing;
- (i) **"Closing Time"** means 12:00 o'clock PM (M.S.T.) on the Closing Date or such other time on the Closing Date as may be determined by the Vendor in its sole discretion;
- (j) **"Court"** has the meaning as set out in Recital A;
- (k) **"Court Approval"** means an order of the Court approving of the Transaction and the vesting of the Assets in the name of the Purchaser, free and clear of any Encumbrances other than the Permitted Encumbrances, substantially in the form of order attached hereto as Schedule "B".
- (l) **"Companies"** has the meaning set out in Recital A;
- (m) **"Deposit"** has the meaning set out in Section 2.5(a)(i);
- (n) **"Encumbrance"** means any security interest, lien, charge, claim, pledge, encumbrance, mortgage, lease, title retention agreement, easement,

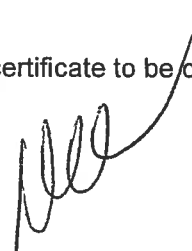


encroachment, right-of-way, restrictive covenant, license, or any other claim of any nature of kind, whether financial or otherwise;

- (o) **"Environmental Laws"** means all Laws relating in full or in part to the protection or preservation of the environment, product liability and employee and public health and safety, and includes without limitation, those Applicable Laws relating to the storage, generation, use, handling, manufacture, processing, labelling, advertising, sale, display, transportation, treatment, release, discharge and/or disposal of Hazardous Substances;
- (p) **"Equipment"** collectively means the Equipment of Mustang, the Equipment of Complete and the Equipment of Reaction, as set out in Schedule "A";
- (q) **"General Conveyance"** means the general conveyance in the form attached as Schedule "C";
- (r) **"Government Authority"** means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction;
- (s) **"GST"** means the goods and services tax required to be paid pursuant to the *Excise Tax Act* (Canada);
- (t) **"Hazardous Substances"** means any substance of constituent thereof, sound, vibration, ray, heat, odour, radiation, or energy which is deemed to be, alone or in any combination, a pollutant, contaminant, source of pollution or contamination, waste of any nature, hazardous substance, hazardous material, toxic substance, dangerous substance, or dangerous good, including as defined, judicially interpreted, or identified by any Environmental Law;
- (u) **"Improvements"** means the Buildings and all fixtures and appurtenances thereof and all other fixed improvements constructed on or within the Lands or any part or parts thereof;
- (v) **"Inventory"** collectively means the Inventory of Complete and the Inventory of Reaction, as set out in Schedule "A";
- (w) **"IP" or "Intellectual Property"** means all of a Company's
  - (i) business and trade names, corporate names, brand names, and slogans;
  - (ii) inventions, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part, and extensions of any patent or patent application), unregistered industrial designs, applications for registration of individual designs, and registered designs;
  - (iii) registered copyrights and all registered and unregistered trade-marks (including the goodwill attaching to those trade-marks), registrations, and applications for trade-marks and copyrights;



- (iv) rights and interests in and to processes, data, trade secrets, designs, know-how, processes, product formulae and information, manufacturing, engineering, and other drawings and manuals, technology, algorithms, blue prints, research and development reports, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information;
- (v) other owned intellectual and industrial property rights throughout the world;
- (vi) licences of the intellectual property listed in paragraphs (i) through (v) above;
- (vii) all future income and proceeds from any of the intellectual property listed in paragraphs (i) through (v) above and the licences listed in paragraph (vi) above; and
- (viii) all rights to damages and profits by reason of the infringement of any of the intellectual property listed in paragraphs (i) through (vi) above;
- (x) "**Lands**" means lands and all Improvements located in Camrose, Alberta, the legal description of which is set out in Schedule "A";
- (y) "**Losses and Liabilities**" means all losses, costs, expenses, interest, charges, assessments damages, liabilities, obligations, fines and penalties, including all reasonable costs incurred in investigating, defending or negotiating the settlement or resolution of any claim or threatened claim, and specifically including reasonable legal and other professional fees and expenses on a "solicitor and his own client" or comparable basis, regardless of whether the foregoing arise in, under or by virtue of common law, in equity, under Applicable Law, under contract, negligence, strict liability, breach of duty or otherwise;
- (z) "**Material Damage**" means any damage to, or destruction of, a portion of the Assets that exceeds \$100,000 to repair or replace;
- (aa) "**Parties**" means the Vendor and the Purchaser, and their respective successors and assigns, and "**Party**" means any one of the Parties;
- (bb) "**Permitted Encumbrances**" means the Encumbrances listed in Schedule "D";
- (cc) "**Purchase Price**" has the meaning given in Section 2.3;
- (dd) "**Purchaser's Officer's Certificate**" means the officer's certificate to be completed by the Purchaser in the form attached as Schedule "F".
- (ee) "**Receivership Order**" has the meaning given in Recital A; and
- (ff) "**Transaction**" means the transaction of purchase and sale contemplated by this Agreement; and
- (gg) "**Vendor's Officer's Certificate**" means the officer's certificate to be completed by the Vendor in the form attached as Schedule "E".



## 1.2 Schedules

The following attached Schedules form part of this Agreement:

Schedule A	List of Assets
Schedule B	Proposed form of Court Approval
Schedule C	General Conveyance
Schedule D	Permitted Encumbrances
Schedule E	Vendor's Officer's Certificate
Schedule F	Purchaser's Officer's Certificate

## PART 2 AGREEMENT TO SELL AND CONSIDERATION

### 2.1 Agreement to Sell

The Vendor agrees to sell the Assets to the Purchaser and the Purchaser agrees to purchase the Assets from the Vendor, as at the Closing Date, at the Purchase Price and on and subject to all of the terms and conditions hereof.

### 2.2 Transfer of Assets

Provided that Closing occurs, and subject to the terms and conditions of this Agreement, possession, risk, beneficial and legal ownership of the Assets shall, in accordance with the Court Approval, transfer from the Vendor to the Purchaser on the Closing Date.

### 2.3 Purchase Price

The purchase price payable by the Purchaser to the Vendor for the Assets shall be [REDACTED] [REDACTED] exclusive of GST and subject to adjustments as provided in Part 3 (the "Purchase Price").

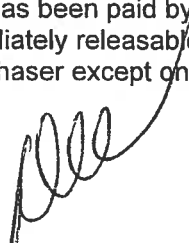
### 2.4 Allocation of Purchase Price

The Purchase Price shall be allocated among the Assets as follows:

- (a) to the Lands [REDACTED];
- (b) to the Inventory, Equipment and IP of Complete [REDACTED];
- (c) to the Inventory, Equipment, and IP of Reaction [REDACTED]; and
- (d) to the Equipment of Mustang [REDACTED].

### 2.5 Payment of Purchase Price

- (a) The Purchaser covenants and agrees to pay the Purchase Price in lawful money of Canada as follows:
  - (i) the sum of [REDACTED] as a non-refundable deposit (the "Deposit"), which amount has been paid by the Purchaser to the Vendor. The Deposit shall be immediately releasable to the Vendor and shall be non-refundable to the Purchaser except only if the



Purchaser's Conditions as set out in Section 7.2 are not all satisfied or waived by the Purchaser, the Vendor materially breaches the terms of this Agreement, or by agreement of the Parties pursuant to Section 10.1(a). The Deposit shall, however, be credited towards the Purchase Price on Closing.

- (ii) the balance of the Purchase Price, subject to adjustment as provided herein, shall be paid to the Vendor's lawyer on before the Closing Time by way of a bank draft.
- (b) Subject to exceptions in subsection (a)(i), if the Transaction is not completed for any reason, then the Deposit shall be retained by the Vendor without prejudice to any rights or remedies the Vendor may have in law or under this Agreement in connection with any default of the Purchaser.

### PART 3 ADJUSTMENTS

#### 3.1 Adjustments

The Parties will make, without duplication, the usual adjustments relating to the Assets, as of the Closing Date. For purposes of the adjustments, the Vendor shall be responsible for all costs of the Closing Date and be entitled to all revenues for the Closing Date. Adjustments will include any amounts paid or payable for realty taxes, local improvement rates, utility costs, security deposits and rents if applicable, and any other amount usually adjusted in connection with the transfer of such assets.

#### 3.2 Taxes

- (a) The Purchase Price of the Assets does not include GST payable by the Purchaser pursuant to the *Excise Tax Act*. Subject to subsection (b) below, the Purchaser agrees to pay to the Vendor, on the Date of Closing, all GST payable as a result of this Transaction in accordance with the *Excise Tax Act*.
- (b) Notwithstanding subsection (a) above, the Vendor shall not collect GST from the Purchaser in this Transaction if the Purchaser is registered under the *Excise Tax Act* and in that event, the Purchaser shall file returns and remit such GST to the Receiver General for Canada when and to the extent required by the *ETA*. The Purchaser shall provide, on the Closing Date, such officer's certificate and indemnity to be in a form satisfactory to the Vendor's solicitor, acting reasonably.

### PART 4 REPRESENTATIONS

#### 4.1 Representations of the Vendor

- (a) The Vendor represents and warrants to the Purchaser now and on Closing that:
  - (i) the Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act (Canada)*;

A handwritten signature in black ink, appearing to be 'M. Lee', is written over the bottom right portion of the text in item (i).



- (ii) the Vendor is validly existing and in good standing under the laws of Alberta;
  - (iii) the Vendor has, or will have after obtaining Court Approval, all necessary authority to execute and deliver this Agreement and all other documents and instruments contemplated in this Agreement;
  - (iv) the Agreement, and each of the other agreements, documents and instruments to be executed by the Vendor on or before Closing, have been, subject to obtaining the Court Approval, or will be duly executed and delivered by the Vendor and, subject to obtaining Court Approval, will constitute valid and binding obligations of the Vendor, enforceable in accordance with their terms and subject only to any limitation under Applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (b) Notwithstanding anything to the contrary in this Agreement, the Vendor makes no representations, warranties, conditions or terms except as expressly set forth in this Agreement.

#### **4.2 Representations of the Purchaser**

The Purchaser represents and warrants to the Vendor now and on Closing that:

- (a) the Purchaser is acting as a principal and will be purchasing the Assets for its own account, and not as an agent, trustee or other representative;
- (b) the Purchaser is a corporation, duly incorporated, validly existing, and in good standing under the laws of its jurisdiction of incorporation, and has the requisite power and capacity to enter into this Agreement and to carry out its terms;
- (c) other than the Court Approval, no registration, notice, consent, approval or filing under any Applicable Law, including (without limitation) the *Investment Canada Act* and the *Competition Act* (Canada), is required as a condition or a result of the Purchaser entering into this Agreement, or the completion or performance of this Agreement, including the purchase of the Lands by the Purchaser; and
- (d) the Purchaser has sufficient funds available to it to enable it to pay in full the Purchase Price to the Vendor as herein provided and is otherwise able to fully perform its obligations under this Agreement.

A handwritten signature in black ink, appearing to be 'PAC', located in the bottom right corner of the page.

**PART 5  
TITLE TO THE ASSETS**

**5.1 Permitted Encumbrances**

The Vendor's right, title and interest in the Assets will, in accordance with the Court Approval, be transferred to the Purchaser free and clear of any financial encumbrances, but subject to any Permitted Encumbrances.

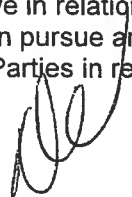
**5.2 "As-Is, Where Is"**

The Purchaser acknowledges that the Vendor is selling the Assets strictly on an "as is, where is" basis as they exist on the Closing Date and that there will be no adjustments made for any changes to the condition of the Assets. The Purchaser acknowledges that it has satisfied itself as to all matters relating to the physical condition of the Assets and has conducted such inspections of the condition of and title to the Assets as the Purchaser deemed appropriate. No representation, warranty, term or condition by the Vendor is expressed or implied as to title, ownership, entitlement, encumbrances, environmental liabilities, description, fitness for purpose, merchantability, assignability, condition, quantity or quality or in any respect of any other matter or thing whatsoever concerning the Assets or the right of the Vendor to sell the Assets. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to any Applicable Law, including without limitation, the *Sale of Goods Act* (Alberta) or other similar legislation, do not apply hereto and are hereby waived by the Purchaser. The description of the Assets as set out herein is for the purpose of identification only and no representation, warranty, condition or term has or will be given by the Vendor concerning the completeness or accuracy of such descriptions.

**5.3 Environmental Release, Indemnity and Covenant Not to Sue**

- (a) The Purchaser agrees that subject only to the express covenants and agreements of the Vendor contained herein, the Purchaser is purchasing the Assets in their present state, condition and location, including, without limitation, the environmental condition of the Lands, the existence of any Hazardous Substances on, within or under the Lands or in the groundwater within the Lands, and any impact of any environmental condition at the Lands or any Hazardous Substances at or migrating to or from or to the Lands, whether presently known or later discovered.

The Purchaser, from and after the Closing Date, shall assume all liabilities and responsibilities, whether presently known or later discovered and regardless of the source or cause of the same, with respect to the environmental condition of the Lands, the existence of any Hazardous Substances at the Lands, and any impact of any environmental condition at the Lands or any Hazardous Substances at the Lands, or migrating to or from the Lands, and the Purchaser shall indemnify and hold FTI, in its personal and corporate capacity and in its capacity as the Receiver and including its directors, officers, employees, consultants, contractors and agents (the "**Indemnified Parties**"), harmless with respect thereto, and the Purchaser hereby agrees to release the Indemnified Parties from any and all claims, whether by statute, common law, or in equity, that the Purchaser may now or in the future have in relation thereto, and that it will not alone or in concert with any other person pursue any action, claim, dispute or proceeding against the Indemnified Parties in relation thereto.



- (b) If a Claim is made against an Indemnified Party by a third party for which the Indemnified Party may be liable under Section 5.3(a), the Indemnified Party shall give notice (the "**Indemnity Notice**") to the Purchaser specifying the particulars of such claim within 20 days after it receives notification of the Claim. The Purchaser shall have the right to participate in any negotiations or proceedings with respect to such Claim at its own expense. The Indemnified Party shall not settle or compromise any such Claim without the prior written consent of the Purchaser, unless the Purchaser has not, within 30 days after the giving of the Indemnity Notice, given notice to the Indemnified Party that it wishes to dispute such Claim. If the Purchaser does give such a notice, it shall have the right at its own cost and expense to assume the defense of such Claim and to defend such Claim in the name of the Indemnified Party. The Indemnified Party shall provide to the Purchaser all files, books, records and other information in its possession or control which may be relevant to the defense of such Claim. The Purchaser shall co-operate in all reasonable respects in the defense of such Claim at the expense of the Purchaser. If the Purchaser fails, after the giving of such notice, diligently and reasonably to defend such Claim throughout the period that such Claim exists, its right to defend the Claim shall terminate and the Indemnified Party may assume the defense of such Claim at the sole expense of the Purchaser. In such event, the Indemnified Party may compromise or settle such Claim, without the consent of the Purchaser.

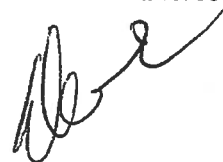
## **PART 6 COURT APPROVAL**

**6.1** The Purchaser acknowledges and agrees that until this Agreement is approved by the Court in the Action, the Vendor's obligation in connection with this Agreement is limited to considering it and, if accepted by the Vendor, putting the Agreement before the Court for approval. Thereafter, the Purchaser acknowledges that the Vendor is subject to the jurisdiction and discretion of the Court to entertain other offers and any further orders the Court may make regarding the Assets. Given the Vendor's position as receiver and manager, the Vendor may be compelled to advocate that the Court consider other offers in order to obtain the highest price for the Assets. The Vendor gives no assurance or undertaking to advocate the approval of this Agreement by the Court. The Purchaser acknowledges that it must make its own arrangements to support the approval of this Agreement in Court.

## **PART 7 CONDITIONS**

### **7.1 Vendor's Conditions**

- (a) The obligation of the Vendor to complete the Transaction is subject to and conditional upon the following matters (each of which is inserted for the sole benefit of the Vendor and may be waived in whole or in part by the Vendor) being satisfied on or by the Closing Date, unless otherwise specified:
- (i) on the Closing Date, no person entitled by law to do so shall have redeemed the Assets;
  - (ii) on the Closing Date, the Court Approval shall be in full force and effect and no notice of appeal has been served;



- (iii) no part of the Lands or Inventory shall have been removed from the control of the Vendor by any means or process;
  - (iv) no action or proceeding, at law or equity, shall have been commenced or threatened by any person to enjoin, to restrict or prohibit the completion of the Transaction that has not at the Closing Time been dismissed, quashed, or permanently stayed without any further rights of appeal or leave to appeal;
  - (v) all consents or approvals from or notifications to any lender, landlord, lessor or other third person required under the terms of any agreement, lease or instrument in connection with the completion of the Transaction will have been duly obtained or given, as the case may be;
  - (vi) all consents or approvals from, orders and authorizations of, notifications to and licences from any persons (or registrations, declarations, filings or recordings with any such authorities) required in connection with the Transaction, the making of the Agreement, the Closing, or the performance of any of the terms and conditions thereof, in form and substance satisfactory to the Vendor and its counsel, shall have been duly obtained or given, as the case may be;
  - (vii) the representations and warranties of the Purchaser contained in the Agreement shall be true and correct as at the Closing Date and with the same force and effect as if made at and of such time;
  - (viii) the Purchaser has paid to the Vendor all amounts required to be paid by it under this Agreement; and
  - (ix) the Purchaser has performed all of its obligations and covenants under this Agreement to the extent required, on or before the Closing Date.
- (c) The closing of the Transaction is not deemed to be a waiver by the Vendor of compliance with any condition inserted for its benefit which is not satisfied on the Closing Date.

## 7.2 Purchaser's Conditions

The obligation of the Purchaser to complete the Transaction is subject to and conditional upon the following matters (each of which is inserted for the sole benefit of the Purchaser and may be waived in whole or in part by the Purchaser) being satisfied or waived on or by the Closing Date, unless otherwise specified:

- (a) on or before August 13, 2018, the Purchaser shall have confirmed in writing to the Vendor that the Purchaser has obtained financing to the Purchaser's satisfaction;
- (b) on the Closing Date no person entitled by law to do so shall have redeemed the Assets;
- (c) on the Closing Date, the Court Approval shall be in full force and effect;



- (d) the representations and warranties of the Vendor contained in the Agreement shall be true and correct as at the Closing Date and with the same force and effect as if made at and of such time; and
- (e) the Vendor has performed all of its obligations and covenants under this Agreement to the extent required to be performed, on or before the Closing Date.

### **7.3 Parties to Exercise Diligence and Good Faith with respect to Conditions**

Each Party covenants to the other that it will proceed diligently, honestly, and in good faith, and use commercially reasonable efforts with respect to all matters within its reasonable control to satisfy its respective conditions in Sections 7.1 and 7.2.

### **7.4 Binding Agreement**

The Vendor and the Purchaser acknowledge and agree that although their respective obligations to complete the Transaction contemplated by this Agreement are subject to the satisfaction or waiver of the conditions precedent set forth in Sections 7.1 and 7.2:

- (a) those conditions precedent are not conditions to there being a binding agreement between the Vendor and the Purchaser with respect to the Assets; and
- (b) this Agreement is not void, voidable, revocable or, except for default, otherwise capable of being terminated by any of the Parties until the time limited for the satisfaction or waiver of such conditions precedent has expired.

## **PART 8 CLOSING**

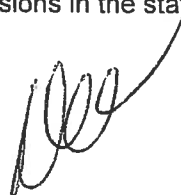
### **8.1 Closing Date and Closing**

The Closing shall take place on the Closing Date at the Closing Time at the offices of the Vendor's lawyers, Cassels Brock & Blackwell LLP Suite 3810, Bankers Hall West, 888 3<sup>rd</sup> Street SW Calgary, Alberta T2P 5C5 or such other place and in such other manner as the Parties may agree.

### **8.2 Documents to be Delivered by the Vendor**

At or before the Closing Date, the Vendor will deliver, or cause to be delivered, to the Purchaser's solicitors:

- (a) a certified copy of the Court Approval;
- (b) an executed copy of the receiver's certificate in the form contemplated by the Court Approval;
- (c) the statement of adjustments;
- (d) all keys in the Vendor's actual possession;
- (e) an undertaking to readjust any errors or omissions in the statement of adjustments;



- (f) the General Conveyance, executed by the Vendor;
- (g) a Vendor's Officer's Certificate, dated the Closing Date, confirming that all of the representations and warranties of the Vendor contained in this Agreement are true and accurate in all material respects as of the Closing Date, with the same effect as though made as of the Closing Date;
- (h) any other deeds of conveyance, bills of sale, transfers, and assignments reasonably required by the Purchaser, and in form and content satisfactory to the Purchaser's and Vendor's lawyers, appropriate to effect the assignment, transfer and sale of the Assets as contemplated in this Agreement; and
- (i) for any part of the Assets comprised of a motor vehicle, such separate form of bill of sale or conveyance as may be required by Alberta registries.

### **8.3 Documents to be Delivered by the Purchaser**

At or before the Closing Date, the Purchaser will deliver, or cause to be delivered, to the Vendor:

- (a) an undertaking to readjust any errors or omissions in the statement of adjustments;
- (b) a certificate of the Purchaser attesting to the Purchaser's GST registration number with a copy of its GST registration number attached to such declaration;
- (c) indemnity from the Purchaser in favour of the Vendor with respect to the Purchaser's payment of GST in a reasonable form that is provided by the Vendor;
- (d) the General Conveyance, executed by the Purchaser;
- (e) a Purchaser's Officer's Certificate, dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and accurate in all material respects as of the Closing Date, with the same effect as though made as of the Closing Date;
- (f) the balance due on Closing; and
- (g) such further and other documentation as the Vendor may reasonably require, in a form and content satisfactory to the Vendor acting reasonably.

### **8.4 Closing Trust Conditions**

The deliveries referred to in Sections 8.2 and 8.3 shall be subject to such reasonable trust conditions as may be agreed upon between the Vendor's and Purchaser's lawyers. Notwithstanding any other provision in this Agreement, it is agreed that such trust conditions shall require that the entire cash balance due on Closing be paid to the Vendor's lawyer in trust prior to the Purchaser proceeding to register the Court Approval.

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**PART 9  
RISK, DAMAGE AND GENERAL INDEMNITY**

**9.1 Risk**

Up to the Closing Date, any risk of loss or damage by fire or other cause to the Assets will remain with the Vendor. The Vendor is not required to maintain any insurance relating to the Assets, but if there is such insurance, the Vendor will hold any insurance policies or compensation policies, and any proceeds of any insurance policies or compensation, if any, in trust for the Vendor and the Purchaser as their interests appear.

**9.2 Purchaser's Election**

If, prior to the Closing Date, there occurs any Material Damage by fire or other cause to the Assets, then the Purchaser may, at its option:

- (a) terminate this Agreement; or
- (b) reduce the Purchase Price, by notice to the Vendor, by an amount equal to the cost of repair, or, if the Assets are destroyed or damaged beyond repair, by an amount equal to the replacement cost of the assets forming part of the Assets that have been damaged or destroyed, and complete the purchase, provided that the Vendor must agree to the amount of any reduction of the Purchase Price; or
- (c) elect to complete the purchase and sale of the Assets, in which case any insurance proceeds or other compensation proceeds paid or payable with respect to the Assets will be assigned or paid by the Vendor to the Purchaser.

**9.3 Non-Material Damage**

In the event of damage to the Assets that is not Material Damage, the Purchaser will complete the purchase and sale of the Assets, in which event any insurance proceeds or other compensation proceeds paid or payable with respect to the Assets will be assigned or paid by the Vendor to the Purchaser, and the Purchase Price will be reduced by the cost of repair to the extent that any such proceeds do not compensate for the repair or replacement cost of the damaged or destroyed Assets, provided that the Vendor must agree to the amount of any reduction to the Purchase Price.

**9.4 General Indemnity**

If Closing occurs, the Purchaser shall, without any further necessary action on the part of the Vendor or the Purchaser:

- (a) assume, perform, pay, discharge and be liable to the Vendor and each other Vendor entity for; and
- (b) as a separate covenant, save and hold harmless and indemnify the Vendor and each other Vendor entity from and against;

all Losses and Liabilities suffered, sustained, paid or incurred by any of them whether arising or accruing on or after the Closing Date and which relate to the Assets and whether such Losses and Liabilities relate to the period before or after the Closing Date. The Purchaser's indemnity obligation set forth in this Section shall survive the Closing Date and continue indefinitely.



**PART 10  
TERMINATION**

**10.1 Grounds for Termination**

This Agreement may be terminated at any time prior to Closing:

- (a) by mutual written agreement of the Vendor and the Purchaser;
- (b) by either the Vendor or the Purchaser pursuant to Sections 7.1 or 7.2, as applicable; or
- (c) by the Purchaser pursuant to Section 9.2(a).

**10.2 Effect of Termination**

If this Agreement is terminated by the Vendor or the Purchaser as permitted under Section 10.1, then Sections 11.10 and 11.14 shall remain in full force and effect following any such permitted termination.

**PART 11  
GENERAL**

**11.1 Further Assurances**

The Parties will execute and deliver all other appropriate supplemental agreements and other instruments, and take any other action necessary, to give full effect to this Agreement, and to make this Agreement legally effective, binding, and enforceable as between them, and as against third Parties.

**11.2 Binding Agreement**

This Agreement will bind and benefit each of the Parties including their respective successors and permitted assigns. Unless otherwise stated, the representations and obligations of the Parties will not survive the closing of the transactions contemplated in this Agreement.

**11.3 Non-Merger**

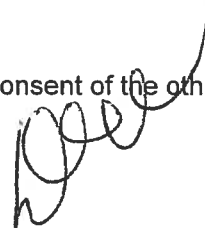
The covenants, representations, warranties, indemnities and agreements herein contained on the part of the Purchaser and Vendor shall not merge on Closing, but shall continue in full force and effect notwithstanding the delivery of any assignment, conveyance, transfer or document.

**11.4 Expenses**

Except as otherwise specified in this Agreement, each Party shall pay any expense it incurs in authorizing, executing, and performing this Agreement and any transaction contemplated by it, whether or not that transaction is completed, including any fee and expense of its legal counsel, banker, investment banker, broker, accountant, or other consultant.

**11.5 Assignment**

Neither Party may assign this Agreement without the prior consent of the other Party.

A handwritten signature in black ink, appearing to be a stylized name, located at the bottom right of the page.



### **11.6 Counterparts**

This Agreement may be signed by original or by facsimile or other electronic transmission (including PDF) and executed in any number of counterparts, and each executed counterpart will be considered to be an original. All executed counterparts taken together will constitute one agreement.

### **11.7 Entire Agreement**

This Agreement constitutes the entire agreement between the Parties and there are no representations or warranties, express or implied, statutory or otherwise and no agreements collateral to this Agreement other than as expressly set out or referred to in this Agreement.

### **11.8 Gender and Number**

Words in one gender include all genders, and words in the singular include the plural and vice versa.

### **11.9 Governing Law and Jurisdiction**

This Agreement will be governed by and construed in accordance with Alberta law and applicable Canadian law and will be treated in all respects as an Alberta contract. The Parties agree to the non-exclusive jurisdiction of the courts of the Province of Alberta.

### **11.10 No Personal Liability**

The Purchaser acknowledges that FTI is acting only in its representative capacity as Receiver and that FTI will have no liability under or as a result of entering into or carrying out the transaction under this Agreement except in that capacity.

### **11.11 Time**

Time will be of the essence.

### **11.12 Expiry of Time Period**

In this Agreement, if any period ends on a day other than a Business Day, that period will be extended to the next following Business Day.

### **11.13 Notices**

In this Agreement:

- (a) any notice or communication required or permitted to be given under the Agreement will be in writing and will be considered to have been given if delivered by hand, transmitted by facsimile transmission, electronic mail or mailed by prepaid registered post in Canada, to the address email or facsimile transmission number of each Party set out below:
  - (i) if to the Vendor:

A handwritten signature in black ink, appearing to be a stylized name, located at the bottom right of the page.

FTI Consulting Canada Inc.  
1610, 520 – 5th Avenue SW  
Calgary, Alberta T2P 3R7

Attention: Dustin Olver  
Email: Dustin.Olver@fticonsulting.com

with a copy to:

Cassels Brock & Blackwell LLP  
Barristers and Solicitors  
Suite 3810, Bankers Hall West  
888 3<sup>rd</sup> Street SW  
Calgary, Alberta T2P 5C5  
Attention: Jeffrey Oliver/Danielle Marechal

Email: joliver@casselsbrock.com  
Fax No.: 403-648-1151

(ii) if to the Purchaser:

877232 Alberta Ltd.  
4925-51 Street  
Camrose, Alberta T4V 1S4  
Attention: Dan Walline

Fax No.: 780-672-5565  
Phone No: 780-672-5561

or to such other address, email or facsimile transmission number as any Party may designate in the manner set out above;

(b) any notice or communication will be considered to have been received:

- (i) if delivered by hand during business hours on a Business Day, upon receipt by a responsible representative of the Vendor, and if not delivered during business hours, upon the commencement of business on the next Business Day;
- (ii) if sent by facsimile transmission or electronic mail during business hours on a Business Day, upon the sender receiving confirmation of the transmission, and if not transmitted during business hours, upon the commencement of business on the next Business Day; and
- (iii) if mailed by prepaid registered post in Canada, upon the fifth Business Day following posting; except that in the case of a disruption or an impending or threatened disruption in postal services every notice or communication will be delivered by hand or sent by facsimile transmission.



**11.14 Confidentiality**

Neither the Vendor nor the Purchaser will, without the prior written consent of the other, disclose the Purchase Price or any of the other terms and conditions of this Agreement to any other Person other than to its respective bankers, solicitors and financial advisors, or otherwise as required to carry out its obligations under this Agreement or by law.

**11.15 Receivership Provision**


Notwithstanding any of the provisions contained in this Agreement, the Purchaser and Vendor acknowledge and agree that:

- (a) in the event of any inconsistency between the terms of this Agreement and the terms of this Section, the terms of this Section shall prevail;
- (b) the Assets are being sold by the Vendor pursuant to the terms of the Receivership Order;
- (c) the Vendor acts solely in its capacity as Receiver with no personal, corporate or other liability or obligation under, as a result of, or in connection with the Transaction or the terms and conditions of this Agreement, and the Vendor, in any capacity other than its capacity as Receiver, has never been, nor is, nor ever will be, the owner of, a person responsible for, or in possession, charge or control of the Assets; and
- (d) this Agreement is conditional upon obtaining the Court Approval and the Vendor covenants and agrees to diligently apply for such Court Approval. The Vendor shall provide notice to the Purchaser of the application to the Court for Court Approval. The Purchaser shall, at its own expense, co-operate with the Vendor as the Vendor may reasonably require to obtain the Court Approval.


IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

**877232 ALBERTA LTD.**

**FTI CONSULTING CANADA INC.,** in its capacity as Receiver of Mustang Well Services Ltd., KKSr Enterprises Ltd., Complete Oilfield Manufacturing Inc., Reaction Oilfield Supply (2012) Ltd., and MRBD Ltd.; and not in its personal capacity

By:   
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

By: DAN WALLACE  
 Name: DAN WALLACE  
 Title: PRESIDENT

By:   
 Name: Dustin Oliver  
 Title: Managing Director

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**SCHEDULE "A"**  
**LIST OF ASSETS**

The Lands are those legally described as:

Plan 9922651  
Lot 3  
Excepting thereout all mines and minerals  
Area: 1.62 Hectares (4 Acres) more or less

together with all buildings and fixtures attached thereto (the "Lands").

The Intellectual Property of Complete and the Intellectual Property of Reaction means each company's Intellectual Property as defined in Section 1.1(w).

The Inventory is comprised of the following:

The Inventory of Complete, as viewed on ~~July 27, 2018~~ and the Inventory of Reaction as viewed on ~~July 27, 2018~~ (collectively, the "Inventory")

The Equipment of Mustang is comprised of the following:

- C30L Clark forklift, serial no. P232L-0452-9781-KF
- John Deere skid steer, serial no. 1TO326DKCCG230320
- 2012 Dodge Ram 2500 with flat deck, serial no. 3C7WDTCL8CG232211

The Equipment of Complete is comprised of the following:

- 2002 International service truck, serial no. 1HTMMAAN72H544962

The Equipment of Reaction is comprised of the following:

- 2011 GMC Sierra 1500, serial no. 3GTP24EAXBG217281

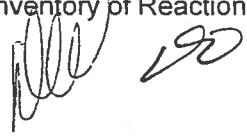
Collectively, the Equipment of Mustang, the Equipment of Complete and the Equipment of Reaction constitutes the "Equipment".



*date to be agreed upon by parties*



*date to be agreed upon by parties*



**SCHEDULE "B"**  
**PROPOSED FORM OF COURT APPROVAL**

COURT FILE NO.: 1801-06866 Clerk's Stamp

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE RECEIVERSHIP OF MUSTANG WELL SERVICES LTD., KKSER ENTERPRISES LTD., COMPLETE OILFIELD MANUFACTURING INC., REACTION OILFIELD SUPPLY (2012) LTD. and MRBD LTD.

APPLICANT ATB FINANCIAL

RESPONDENTS MUSTANG WELL SERVICES LTD., KKSER ENTERPRISES LTD., COMPLETE OILFIELD MANUFACTURING INC., REACTION OILFIELD SUPPLY (2012) LTD. and MRBD LTD.

DOCUMENT **APPROVAL AND VESTING ORDER**  
**(Sale by Receiver)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
Cassels Brock & Blackwell LLP  
Suite 3810, 888 3<sup>rd</sup> Street SW  
Calgary, Alberta T2P 5C5  
Telephone: (403) 351-2921  
Facsimile: (403) 648-1151  
File No.45306-7

Attention: Jeffrey L. Oliver

**DATE ON WHICH ORDER WAS PRONOUNCED:** August 15, 2018

**LOCATION WHERE ORDER WAS PRONOUNCED:** Calgary, Alberta

**NAME OF JUSTICE WHO MADE THIS ORDER:** The Honourable Justice D.B. Nixon

**UPON THE APPLICATION** by FTI Consulting Canada Inc. ("FTI") in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of Mustang Well Services Ltd., KKSER Enterprises Ltd., Complete Oilfield Manufacturing Inc., Reaction Oilfield Supply (2012) Ltd. and MRBD Ltd. (collectively, the "**Debtors**") for an order approving

the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and 877232 Alberta Ltd. (the "**Purchaser**") dated July ●, 2018 and appended to the ● Report of the Receiver dated ● (the "**Report**"), and vesting in the Purchaser (or its nominee) the Debtors' right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**");

**AND UPON HAVING READ** the Receivership Order dated May 17, 2018 (the "**Receivership Order**"), the Report and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Receiver, the Purchase, ATB Financial,●, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

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

**SERVICE**

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

**APPROVAL OF TRANSACTIONS**

2. The Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets to the Purchaser (or its nominee).

**VESTING OF PROPERTY**

3. Upon the delivery of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule "A"** hereto (the "Receiver's Certificate"), all of the Debtors' right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on **Schedule "B"** hereto shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies,

charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing:

any encumbrances or charges created by the Receivership Order;

all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; and

those Claims listed on **Schedule "C"** hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, caveats, easements and restrictive covenants listed on **Schedule "D"**); and,

for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. From and after the closing of the Transaction (including the payment of the purchase price by the Purchaser to the Receiver), the Receiver is authorized to discharge from the Personal Property Registry any claim registered against any of the Personal Property being purchased by the Purchaser, to the extent the security interest is registered against the interest of the Debtors.
5. Upon the delivery of the Receiver's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the Registrar of Land Titles of Alberta (the "Registrar") is hereby authorized, requested, and directed to cancel the existing Certificate of Title No. 082 114 241 for those lands and premises municipally described as 46358 Sec Hwy 834. Camrose, Alberta T4V 1X4, and legally described as:

Plan 9922651  
Lot 3  
Excepting thereout all mines and minerals  
Area: 1.62 Hectares (4 Acres) more or less

(the "**Lands**")

and to issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), namely, 877232 Alberta Ltd., and to register such transfers, discharges, discharge statements of conveyances, as may be required to convey clear title to the

Lands to the Purchaser (or its nominee), which Certificate of Title shall be subject only to those encumbrances (the "Permitted Encumbrances") listed on **Schedule "D"** hereto.

6. This Order shall be registered by the Registrar notwithstanding the requirements of section 191(1) of the Land Titles Act, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.
7. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
8. The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtors.
9. The Debtors and all persons who claim by, through or under the Debtors in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Purchased Assets and, to the extent that any such persons remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
10. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtors, or any person claiming by or through or against the Debtors.
11. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or the Debtors.



12. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).
13. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtors' records pertaining to the Debtors' past and current employees, including personal information of those employees listed in the Sale Agreement. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtors.
14. Notwithstanding:
  - The pendency of these proceedings;
  - Any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors and any bankruptcy order issued pursuant to any such applications; and
  - Any assignment in bankruptcy made in respect of the Debtorsthe vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.
15. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

**MISCELLANEOUS MATTERS**

16. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
17. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
18. Service of this Order on any party not attending this application is hereby dispensed with.

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

**Schedule "A" to Approval and Vesting Order**

**Form of Receiver's Certificate**

COURT FILE NO.:	1801-06866	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
	IN THE MATTER OF THE RECEIVERSHIP OF MUSTANG WELL SERVICES LTD., KKS R ENTERPRISES LTD., COMPLETE OILFIELD MANUFACTURING INC., REACTION OILFIELD SUPPLY (2012) LTD. and MRBD LTD.	
APPLICANT	ATB FINANCIAL	
RESPONDENTS	MUSTANG WELL SERVICES LTD., KKS R ENTERPRISES LTD., COMPLETE OILFIELD MANUFACTURING INC., REACTION OILFIELD SUPPLY (2012) LTD. and MRBD LTD.	
DOCUMENT	<b>RECEIVER'S CERTIFICATE</b>	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Cassels Brock & Blackwell LLP Suite 3810, 888 3 <sup>rd</sup> Street SW Calgary, Alberta T2P 5C5 Telephone: (403) 351-2921 Facsimile: (403) 648-1151 File No.45306-7  Attention: Jeffrey L. Oliver	

**RECITALS**

- A. Pursuant to an Order of the Honourable Justice A.D. MacLeod of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated May 17, 2018, FTI Consulting Canada Inc. ("**FTI**") was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets of Mustang Well Services Ltd., KKS R Enterprises Ltd., Complete Oilfield Manufacturing Inc., Reaction Oilfield Supply (2012) Ltd. and MRBD Ltd. (collectively, the "**Debtors**").

- B. Pursuant to an Order of the Court dated August 15, 2018, the Court approved the agreement of purchase and sale made as of July ●, 2018 (the "**Sale Agreement**") between the Receiver and 87232 Alberta Ltd. of ● (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Sections 7.1 and 7.2 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.
- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE RECEIVER CERTIFIES** the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Sections 7.1 and 7.2 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [●Time] on [●Date].

**FTI Consulting Canada Inc., in its capacity as Receiver of the undertaking, property and assets of Mustang Well Services Ltd., KKSER Enterprises Ltd., Complete Oilfield Manufacturing Inc., Reaction Oilfield Supply (2012) Ltd. and MRBD Ltd., and not in its personal capacity.**

Per; \_\_\_\_\_

Name:

Title:

**SCHEDULE "C"**  
**GENERAL CONVEYANCE**

This General Conveyance made this ● day of ●, 2018.

**BETWEEN:**

**FTI CONSULTING CANADA INC. ("FTI"), in its capacity as  
Receiver of MUSTANG WELL SERVICES LTD., KKSR  
ENTERPRISES LTD., COMPLETE OILFIELD  
MANUFACTURING INC., REACTION OILFIELD SUPPLY (2012)  
LTD. and MRBD LTD., and not in its personal capacity (in such  
capacity, the "Receiver")**

**(the "Vendor")**

**AND**

**877232 ALBERTA LTD., a corporation incorporated pursuant to  
the laws of the Province of Alberta**

**(the "Purchaser")**

WHEREAS the Vendor has agreed to sell and convey the Debtors' entire right, title, estate and interest in the Assets to the Purchaser and the Purchaser has agreed to purchase and accept all of the Debtor's rights, title, estate and interest in and to the Assets.

**THE PARTIES AGREE AS FOLLOWS:**

**1. Definitions**

In this General Conveyance, including the recitals, "Agreement" means the Asset Purchase and Sale Agreement dated July ●, 2018 between the Vendor and the Purchaser and, in addition, the definitions provided for in the Agreement are adopted in this General Conveyance.

**2. Conveyance**

The Vendor, for the consideration provided for in the Agreement, the receipt and sufficiency of which is acknowledged by the Vendor, hereby sells, assigns, transfers and conveys the entire right, title, benefit and interest of the Debtor in and to the Assets to the Purchaser, its successors and assigns, and the Purchaser purchases and accepts such interests from the Vendor, TO HAVE AND TO HOLD the same absolutely, subject to the terms of the Agreement, the Permitted Encumbrances and compliance with the terms of the Leases and all other Title and Operating Documents.

**3. Effective Time**

This General Conveyance and the transfer of title to and possession of the Debtor's interest in and to the Assets will, subject to the terms of the Agreement, be effective as of the Closing Date.

**4. Subordinate Document**

This General Conveyance is executed and delivered by the Parties pursuant to the Agreement for the purposes of the provisions of the Agreement, and the terms hereof shall be read on conjunction with the terms of the Agreement. If there is a conflict between the provisions of the Agreement and this General Conveyance, the provisions of the Agreement shall prevail to the extent of the conflict.

**5. Enurement**

This General Conveyance enures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

**6. Further Assurances**

Each Party shall, after the date of this General Conveyance, at the request of the other Party and without further consideration, do all further acts and execute and deliver all further documents which are reasonably required to perform and carry out the terms of this General Conveyance.

**7. Governing Law**

This General Conveyance will be governed by and construed in accordance with the laws of the Province of Alberta.

**IN WITNESS WHEREOF** the Parties have duly executed this General Conveyance.

**877232 ALBERTA LTD.**

**FTI CONSULTING CANADA INC.**, in its capacity as Receiver of Mustang Well Services Ltd., KKSR Enterprises Ltd., Complete Oilfield Manufacturing Inc., Reaction Oilfield Supply (2012) Ltd., and MRBD Ltd.; and not in its personal capacity

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE "D"**  
**PERMITTED ENCUMBRANCES**

<b>Nature</b>	<b>Registration No.</b>	<b>Registered Owner</b>
Utility Right of Way	3248UX	Grantee – Ankerton Gas Go-Op Ltd.
All reservations, exceptions and conditions to which the title to the Lands is subject pursuant to the Land Titles Act (Alberta)		

**SCHEDULE "E"**  
**VENDOR'S OFFICER'S CERTIFICATE**

Re: Section 8.2(f) of the Asset Purchase and Sale Agreement ("Agreement") dated July ●, 2018 between FTI Consulting Canada Inc. ("FTI"), in its capacity as Receiver of Mustang Well Services Ltd., KKSR Enterprises Ltd., Complete Oilfield Manufacturing Inc., Reaction Oilfield Supply (2012) Ltd. and MRBD Ltd. and not in its personal capacity (in such capacity, the "Receiver"), as the Vendor, and 877232 Alberta Ltd. as the Purchaser.

Unless otherwise stated, the definitions provided for in the Agreement are adopted in this Certificate.

I, [Name], [Title], hereby certify that:

1. Each of the representations and warranties of the Vendor contained in Section 4.1 of the Agreement is true and correct in all material respects as of the Closing Date.
2. All Closing conditions for the benefit of the Vendor, pursuant to Section 7.1 of the Agreement, have been satisfied or waived.
3. This Certificate is made for and on behalf of the Vendor and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.
4. This Certificate is made with full knowledge that the Purchaser is relying on the same for the Closing of the Transaction.

IN WITNESS WHEREOF I have executed this Certificate the ● day of ●, 2018.

**FTI CONSULTING CANADA INC.**, in its capacity as Receiver of Mustang Well Services Ltd., KKSR Enterprises Ltd., Complete Oilfield Manufacturing Inc., Reaction Oilfield Supply (2012) Ltd., and MRBD Ltd.; and not in its personal capacity

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:



**SCHEDULE "F"**  
**PURCHASER'S OFFICER'S CERTIFICATE**

Re: Section 8.3(d) of the Asset Purchase and Sale Agreement ("Agreement") dated July ●, 2018 between FTI Consulting Canada Inc. ("FTI"), in its capacity as Receiver of Mustang Well Services Ltd., KKSER Enterprises Ltd., Complete Oilfield Manufacturing Inc., Reaction Oilfield Supply (2012) Ltd. and MRBD Ltd. and not in its personal capacity (in such capacity, the "Receiver"), as the Vendor, and 877232 Alberta Ltd. as the Purchaser.

Unless otherwise stated, the definitions provided for in the Agreement are adopted in this Certificate.

I, [Name], [Title], hereby certify that:

1. Each of the representations and warranties of the Purchaser contained in Section 4.2 of the Agreement is true and correct in all material respects as of the Closing Date.
2. All Closing conditions for the benefit of the Purchaser, pursuant to Section 7.2 of the Agreement, have been satisfied or waived.
3. This Certificate is made for and on behalf of the Purchaser and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.
4. This Certificate is made with full knowledge that the Vendor is relying on the same for the Closing of the Transaction.

IN WITNESS WHEREOF I have executed this Certificate the ● day of ●, 2018.

**877232 ALBERTA LTD.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title: