

<b>JUDICIAL CENTRE</b>	<b>CALGARY</b>
<b>COURT FILE NUMBER</b>	<b>25-2831494</b>
<b>ESTATE NUMBER</b>	<b>25-2831494</b>

**IN THE MATTER OF THE BANKRUPTCY OF  
RBEE AGGREGATE CONSULTING LTD.**

**of the City of Calgary  
in the Province of Alberta**

**TRUSTEE'S REPORT TO CREDITORS ON PRELIMINARY ADMINISTRATION**

**JUNE 7, 2022**

**BACKGROUND**

1. RBee Aggregate Consulting Ltd. (“**RBee**” or the “**Company**”) was incorporated in the Province of Alberta on or around September 13, 2017. The Company’s registered office was in Calgary, Alberta.
2. RBee’s primary business was the operation of gravel crushing plants in various pits and construction sites across Alberta and British Columbia. Gravel crushing is a seasonal industry with operations typically running from April to the onset of winter, at which point the operations wind-down and the majority of the operations employees are laid off. By the end of the 2021 season RBee’s operations were shut down for the winter and the majority of employees had been laid off. The Company had not secured contracts for the 2022 construction season.
3. On March 11, 2022 (the “**Appointment Date**”) a receivership Order (the “**Receivership Order**”) was sought and obtained from the Court of the Queen’s Bench of Alberta. The Receivership Order appointed FTI Consulting Canada Inc. as the Court appointed receiver (the “**Receiver**”) of the assets, undertakings and properties of RBee.

4. On May 18, 2022, the Court of Queen’s Bench of Alberta granted an order declaring RBee bankrupt and appointing FTI Consulting Canada Inc. as trustee (the “**Trustee**”).

## **PRELIMINARY EVALUATION OF ASSETS AND DETAILS OF SECURITY INTERESTS**

### **Summary of Assets**

5. The Company has a fleet of approximately 376 pieces of heavy equipment which includes aggregate handling equipment, crushing equipment, wheel loaders and other pieces of heavy equipment. The assets and equipment of the Company are spread out over three main gravel pit sites which include the Vogel Pit (Rocky Rapids / Drayton Valley, Alberta) (“**Vogel**”), the Windfall Pit (Whitecourt / Windfall, Alberta) (“**Windfall**”) and Site C (Fort St. John, British Columbia) (“**Site C**”) and various other third-party or leased locations.
6. The Company is also in possession of 45 pieces of equipment that are subject to ownership claims by A-1 Quality Belting Ltd.(“**A-1**”) and was in the possession of 69 units that were included in a Business Division Agreement between Rbee and A-1 and have recently been released to A-1.
7. The Company’s other assets include reported accounts receivable and holdback accounts receivable of approximately \$10.5 million, the majority of which are aged greater than 90 days.

## Security Interests

8. RBee owes approximately \$8.7 million plus accrued interest and legal costs to its senior secured first lien lender, Canadian Western Bank (“**CWB**”), and approximately \$22.7 million plus accrued interest and legal costs to its senior secured second lien lender, Crown Capital Partner Funding, LP (“**Crown Capital**” and together with CWB, the “**Secured Lenders**”). The Company also owes approximately \$3.0 million to Komatsu International (Canada) Inc. (“**Komatsu**”) in respect of equipment financing facilities. The combined secured debt of the Secured Lenders and Komatsu is approximately \$34.4 million (the “**Secured Debt**”).
9. The Company has reported unremitted employee source deductions and outstanding GST Remittance due to Canada Revenue Agency (“**CRA**”) of approximately \$1.7 million and \$543,000, respectively, which may represent deemed trust claims against the Company in priority to the Secured Lenders.

## BOOKS AND RECORDS

10. The Receiver has backed up the Company’s electronic records on external hard drives and taken possession of the Company’s physical records. The Trustee will have access to the Company’s records as required to complete the administration of the bankruptcy estate.

## CONSERVATORY AND PROTECTIVE MEASURES

11. As the Company’s assets are to be realized on as part of the Receivership proceedings, no property has been transferred into the bankruptcy estates, therefore there is no property requiring conservatory or protective measures to be performed by the Trustee.

## **PROVABLE CLAIMS**

12. As at the date of this report, the Trustee has received 18 proofs of claim from unsecured creditors totalling \$156,775.00.
13. As at the date of this report, the Trustee has received 2 lien claims totalling \$18,017.79.
14. As at the date of this report, the Trustee has received 2 secured or trust claims totalling \$31,760,229.30.

## **LEGAL PROCEEDINGS, REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS**

15. The Trustee is currently undertaking a review of the Company's books and records with respect to transfers at undervalue or fraudulent preferences as defined in the *Bankruptcy and Insolvency Act* (Canada).
16. The Trustee has not commenced and legal proceedings and is not aware of any proceedings commenced against the estate.

## **THIRD PARTY GUARANTEES**

17. The Receiver has guaranteed the Trustee with respect to reasonable fees, expenses and claims in respect of its activities as the Trustee of the estate.

## SECURITY REVIEW

18. The receiver's legal counsel completed independent reviews of the security granted by RBee in favour of CWB and Crown in British Columbia and Alberta. The legal opinions confirmed the validity and enforceability of the security held by CWB and Crown in each jurisdiction, subject to standard qualifications. The legal opinions will be tabled at the first meeting of creditors.

## ANTICIPATED ASSET REALIZATIONS AND PROJECTED DISTRIBUTIONS

19. The Receivership proceedings have not yet been completed. However, all of the Company's assets will be realized on as part of the Receivership. On May 6, 2022, an approval and vesting order (the "**Auction Approval & Vesting Order**") was granted by this Honourable Court, approving, among other things, the following:
  - a) the offer dated May 3, 2022 between RBee, by and through the Receiver, and A-1 (the "**A-1 Offer**"). The A-1 Offer is an en bloc offer from A-1 to purchase all of the assets at Site C, Windfall and Vogel (the "**A-1 Offer Assets**"); and
  - b) the auction services agreement dated April 29, 2022 between RBee, by and through the Receiver, and McDougall Auctioneers Ltd. (the "**Auction Services Agreement**") for the remaining assets not included in the A-1 Offer.
20. The combination of the A-1 Offer and Auction Services Agreement provide for the best overall recoveries to the Estate and realization on all of the assets under the Receivership. At the date of this Report, the A-1 Offer for the Vogel assets has closed, and A-1 has been provided an extension to June 20, 2022 to close on the Site C and Windfall Assets. The auction for the remaining assets under the Auction Services Agreement is scheduled to be July 2022.

21. The First and Second Reports of the Receiver, dated April 29, 2022 and May 3, 2022, respectively, provide additional detail on the solicitation process of the Receiver that led to the pending sales as well as additional details for each of the respective transactions.
22. Based on the above noted sales the Receiver does not expect the recoveries to be sufficient to pay out the Secured Debt. As a result, the Trustee does not expect any assets to be transferred into the bankruptcy estate of RBee.

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**FTI Consulting Canada Inc.**

Solely in its capacity as Trustee in Bankruptcy of  
RBee Aggregate Consulting Ltd.  
and not in its personal capacity

Per:

A handwritten signature in black ink, appearing to read "Dustin Olver", with a long horizontal flourish extending to the right.

Dustin Olver, CA, CPA, CIRP, LIT  
Senior Managing Director