

COURT FILE NUMBER S-235306
VANCOUVER REGISTRY
ESTATE NO. 11-254535

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF

**ROKSTAD HOLDINGS CORPORATION, ROKSTAD POWER (2018) LTD., GOLDEN
EARS PAINTING & SANDBLASTING (2018) LTD., PLOWE POWER SYSTEMS (2018)
LTD., ROKSTAD POWER CONSTRUCTION SERVICES LTD., ROKSTAD POWER
TRANSMISSION SERVICES LTD., AND ROKSTAD POWER (PRAIRIES) LTD.,
ROKSTAD POWER (EAST), INC., ROKSTAD POWER INC., AND ROKSTAD AIR
LLC**

SUPPLEMENTAL REPORT TO THE FOURTH REPORT OF THE RECEIVER

JANUARY 30, 2025

SUPPLEMENTAL REPORT TO THE FOURTH REPORT OF THE RECEIVER

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INTRODUCTION

1. The Fourth Report dated January 21, 2025, describes the relief sought in connection with the Stellex APA, Stellex AVO, Graham APA and Graham AVO, along with the Receiver's Third CFF.
2. The purpose of this supplement to the Fourth Report of the Receiver (this "**Supplemental Report**") is to provide this Honourable Court and the Debtors' stakeholders with information with respect to the following:
 - a. the Receiver's interim statement of receipts and disbursements (the "**SR&D**") as compared to the cash flow forecast included in the Fourth Report (the "**Third CFF**") for the twelve week period ended January 24, 2025;
 - b. the Receiver's fourth cash flow forecast (the "**Fourth CFF**") for the three week period from January 25, 2025 to February 14, 2025 (the "**Forecast Period**"); and
 - c. the Receiver's application seeking an increase in the amount that the Receiver is authorized to borrow under Receiver's Certificates from US\$15.0 million to US\$19.0 million (the "**Increase in Receiver's Borrowings Order**").
3. This Supplemental Report should be read in conjunction with the Fourth Report and all capitalized terms used herein have the meaning ascribed to them in the Fourth Report.

TERMS OF REFERENCE

4. In preparing this Supplemental Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Debtors' books and records and discussions with various parties (collectively, the "**Information**").

5. Except as described in this Supplemental Report, the Receiver has not:
 - a. 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. examined or reviewed financial forecasts and projections referred to in this Fourth Report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
6. Future-oriented financial information reported or relied on in preparing this Supplemental Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variances may be material.
7. Information and advice described in this Supplemental Report that has been provided to the Receiver by its legal 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.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

9. The table below presents the actual receipts and disbursements compared to the Third CFF from the Fourth Report for the period of November 6, 2024, to January 24, 2025:

Cash Flow Variance Analysis			
Twelve Week Period Ended January 24, 2025			
<i>USD Thousands</i>	Actuals	Forecast	Variance
Receipts			
Receiver's Certificate	13,000	13,420	(420)
Collection of Accounts Receivable	27,634	26,836	798
Other Receipts	2,161	1,988	173
Total Receipts	42,795	42,244	551
Disbursements			
Payroll & Benefits	(25,270)	(24,994)	(276)
Operating Expenses	(12,781)	(14,970)	2,189
Leases	(695)	(669)	(26)
Insurance	(2,705)	(2,705)	(0)
Rent	(684)	(683)	(1)
Taxes	(96)	(96)	-
Professional Fees	(625)	(625)	-
Total Disbursements	(42,857)	(44,743)	1,886
Net Change in Cash	(62)	(2,498)	2,437
Opening Balance	2,524	2,524	-
FX Gain (Loss)	(21)	(23)	2
Ending Balance	\$ 2,440	\$ 3	\$ 2,437

10. A summary of the material variances are as follows:
- a. Receiver's Certificate relates to amounts in respect of Receiver's Borrowings advanced by Stellex, as the holder of the Receiver's Certificates. Total Receiver's Borrowings of US\$13.0 million as at the date of this Supplemental Report;

- b. Collection of Accounts Receivables was approximately US\$0.8 million higher than forecast, primarily driven by early collections;
 - c. Other receipts are substantially in line with forecast;
 - d. Payroll & Benefits for the period are substantially in line with forecast;
 - e. Operating expenses were approximately US\$2.2 million lower than forecast partially due to timing differences that are expected to reverse in future periods;
 - f. Leases, Insurance, rent and taxes for the period are substantially in line with forecast; and
 - g. The Receiver and Canadian counsel have been paid for professional services incurred until November 30, 2024. The Receiver's US counsel has been paid for the initial retainer, but invoices for services the Receiver and its Canadian and US counsel rendered thereafter remain outstanding and are anticipated to be paid from the proceeds of the Graham APA.
11. Cash on hand as at January 24, 2025, is approximately US\$2.4 million.

FOURTH CASH FLOW FORECAST

12. As described in paragraphs 20 through 22 of the Fourth Report, certain factors, including the affect of recent wildfires in Southern California on the timing of accounts receivable collections and the Stellex Purchaser's agreement to pay certain pre-receivership obligations, were not reflected in the Third CFF resulting in an increased funding requirement to the closing date.

13. The Receiver prepared the Fourth CFF to illustrate the estate’s funding requirements for the Forecast Period, a copy of which is attached at Appendix “A”. A summary of the Fourth CFF compared to the Third CFF is set out in the table below:

Cash Flow Forecast <i>USD Thousands</i> For the period ended	Fourth CFF <i>Week 15</i> 2/14/2025	Third CFF <i>Week 15</i> 2/14/2025	Variance
Opening Balance	\$ 2,524	\$ 2,524	\$ -
Receipts			
Receiver's Certificate	19,000	15,000	4,000
Collection of Accounts Receivable	33,538	35,380	(1,842)
Other Receipts	4,255	4,688	(433)
Total Receipts	56,793	55,068	1,725
Disbursements			
Payroll & Benefits	(32,193)	(31,322)	(871)
Operating Expenses	(20,813)	(18,525)	(2,288)
Leases	(999)	(973)	(26)
Insurance	(3,285)	(3,284)	(1)
Rent	(1,082)	(1,088)	6
Taxes	(276)	(419)	143
Professional Fees	(625)	(1,952)	1,327
Total Disbursements	(59,271)	(57,563)	(1,708)
Change in Cash	(2,478)	(2,495)	17
FX Gain (Loss)	(23)	(23)	-
Ending Balance	\$ 23	\$ 6	\$ 17

14. The Fourth CFF is for the 3-week period ending on February 14, 2025, which coincides with the target closing dates for the Stellex APA and the Graham APA. The following are the descriptions of items detailed in the table above:

- a. Receiver’s Certificate: includes the remaining US\$2.0 million currently authorized under Receiver’s Borrowings to the maximum of US\$15.0 million plus the additional funding requested under the Increase in Receiver’s Borrowing Order (bringing the total amount authorized under the Receiver’s Borrowings to US\$19.0 million);

- b. Receipts: based on discussions with divisional VPs, receipts reflect expected payments from customers related to existing invoices as well as forecasted scheduled work-in-progress converted to billings. There has been a decrease in forecasted collections by approximately US\$1.8 million primarily due to a decrease in forecast collections from one of Debtors' major customers due to wildfires in Southern California and timing expected with processing and payment of invoices;
- c. Payroll and Benefits: labour time and rates by workstream for each of the Debtors' divisions and including most recent available information for storm response work or lump sum projects;
- d. Operating costs: expected project expenses and payments to suppliers for ongoing work based on discussions with management personnel in charge of the various operating divisions. Operating costs include checks written that remain outstanding;
- e. Equipment leases: estimated monthly cost of leases per the Debtors' existing lease agreements;
- f. Rent: monthly rent for the Debtors' real property lease including estimated costs for associated utilities;
- g. Insurance: the Debtors' insurance was recently renewed, and the amounts include the monthly premium financing installments;
- h. Professional fees: outstanding and forecast professional fees for the Receiver and the Receiver's US and Canadian legal counsel have been deferred to be paid upon closing from the proceeds of the Graham APA; and
- i. Taxes: estimate for monthly remittance of sales taxes.

15. The Fourth CFF anticipates an incremental US\$6.0 million of Receiver's borrowings for a total of US\$19.0 million.
16. The Receiver notes that incurred and unpaid professional fees and forecast fees to the completion of the Receivership proceedings are not included in the Fourth CFF and are expected to be paid from the proceeds from the Graham APA.

RECEIVER'S BORROWINGS

17. The Receivership Order and Omnibus Approval Order authorize the Receiver to borrow such monies as it deems necessary or desirable from the Debtors' existing secured lender, Stellex, provided that the outstanding principal amount does not exceed US\$15.0 million (US\$13.0 million advanced as at the date of this Supplemental Report). The Receiver's Borrowings advanced by Stellex are secured by the Receiver's Borrowings Charge.
18. As described in this Supplemental Report, the Receiver, in conjunction with Management and Stellex, have identified certain additional funding requirements including (i) concerns about the possible impact on one of its major customers and its ability to process Rokstad's invoices for payment on a timely basis due to delays associated with the wildfires in Southern California and (ii) the payment of pre-receivership obligations owing to certain of its customers to secure the customer's continued business post closing of the Stellex APA. Accordingly, the Receiver is requesting an increase in the permitted borrowings under the Receiver's Certificates of US\$4.0 million, which increase will bring the authorized borrowings to US\$19.0 million.
19. The Receiver's comments with respect to its application for the Increase in Receiver's Borrowings Order are as follows:
 - a. the Fourth Cash Flow Forecast indicates that the requested increase in the Receiver's Borrowings will be sufficient to meet the estate's funding requirements until the closing date of the Transactions; and

- b. The Fourth Cash Flow Forecast has been reviewed in detailed with Stellex, and Stellex has confirmed its willingness to increase the maximum amount of funding available to the Receiver to US\$19.0 million, subject to investment committee approvals and the approval of this Honourable Court.

CONCLUSIONS AND RECOMMENDATIONS

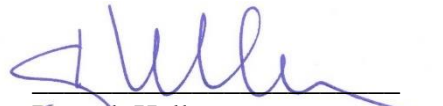

20. The Receiver requires an increase to the permitted borrowings under the Receivership Order on an urgent basis to ensure that employees and certain key suppliers continue to be paid in the normal course and ongoing operations are preserved, to the benefit of all stakeholders.
21. Based on the forgoing, the Receiver respectfully recommends that this Honourable Court grant the Increase in Receiver's Borrowings Order.

All of which is respectfully submitted this 30th day of January 2025.

FTI Consulting Canada Inc.
in its capacity as Receiver of Rokstad



Tom Powell
Senior Managing Director

Deryck Helkaa
Senior Managing Director

Appendix “A” – Cash Flow Forecast

Cash Flow Forecast	Actuals	Forecast	Forecast	Forecast	Forecast	Total
<i>USD Thousands</i>	<i>12 Weeks</i>	<i>Week 13</i>	<i>Week 14</i>	<i>Week 15</i>	<i>3 Weeks</i>	<i>15 Weeks</i>
For the period ended	1/24/2025	1/31/2025	2/7/2025	2/14/2025	2/14/2025	2/14/2025
Opening Balance	\$ 2,524	\$ 2,440	\$ (9)	\$ (16)	\$ 2,440	\$ 2,524
Receipts						
Receiver's Certificate	13,000	3,500	2,100	400	6,000	19,000
Collection of Accounts Receivable	27,634	1,088	2,449	2,367	5,904	33,538
Other Receipts	2,161	-	500	1,595	2,095	4,255
Total Receipts	42,795	4,588	5,049	4,362	13,998	56,793
Disbursements						
Payroll & Benefits	(25,270)	(2,538)	(2,045)	(2,340)	(6,923)	(32,193)
Operating Expenses	(12,781)	(4,015)	(2,034)	(1,983)	(8,032)	(20,813)
Leases	(695)	(304)	-	-	(304)	(999)
Insurance	(2,705)	-	(579)	-	(579)	(3,285)
Rent	(684)	-	(397)	-	(397)	(1,082)
Taxes	(96)	(180)	-	-	(180)	(276)
Professional Fees	(625)	-	-	-	-	(625)
Total Disbursements	(42,857)	(7,036)	(5,055)	(4,323)	(16,415)	(59,271)
Change in Cash	(62)	(2,449)	(7)	39	(2,417)	(2,478)
FX Gain (Loss)	(23)	-	-	-	-	(23)
Ending Balance	\$ 2,440	\$ (9)	\$ (16)	\$ 23	\$ 23	\$ 23