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COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT PACER CONSTRUCTION HOLDINGS CORPORATION
RESPONDENTS PACER PROMEC ENERGY CORPORATION AND PACER PROMEC ENERGY CONSTRUCTION CORPORATION
DOCUMENT SECOND REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF PACER PROMEC ENERGY CORPORATION AND PACER PROMEC ENERGY CONSTRUCTION CORPORATION

August 19, 2015

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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INTRODUCTION

1. On March 10, 2015 (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**”) of Pacer Promec Energy Corporation (“**PPEC**” or the “**Company**”) and its wholly-owned subsidiary, Pacer Promec Energy Construction Corporation (“**PPEC Construction**”) pursuant to an Order of this Honourable Court (the “**Receivership Order**”).
2. The Receivership Order authorized the Receiver, among other things, to take possession of and exercise control over the Property, carry on the business of the Company and to make such arrangements or agreements as deemed necessary by the Receiver.
3. On May 7, 2015 Honourable Justice B. Nixon granted an approval and vesting order allowing for the sale, free and clear of all encumbrances and claims, of a residential condominium unit owned by PPEC, located in downtown Calgary.
4. On May 11, 2015 Honourable Justice B. Nixon granted another order (“**May 11 Order**”) which, among other things, provided for:
 - (a) Approval of the Pacer Agency Agreement and the Pacer Access Agreement;
 - (b) An increase to the Receiver’s borrowing powers, allowing additional borrowings of \$68 million. The increase brought the total approved borrowings for the receivership to \$78 million;
 - (c) The creation of the Krupp Facility Charge and General Facility Charge, and ranking those charges against the Debtors’ various assets;

- (d) Approval of the proposed Lien Management process;
 - (e) Approval the proposed Claims Procedure; and
 - (f) Appointment of the Claims Officer.
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/ppec>.
6. The purpose of this second report (the "**Second Report**") is to inform the Court as to the following:
- (a) An update with respect to the status of various aspects of the Receivership Proceedings including the Receiver's activities since May 1, 2015, the date of the Receiver's First Report;
 - (b) The proposed procedures to deal with a dispute between ThyssenKrupp Industrial Solutions (Canada) Inc. ("**TKIS**") and PPEC related to the Kearn Lake Project and the MLMR Project, as described in the Receiver's First Report. TKIS was formerly referred to as Krupp in the Receiver's First Report;
 - (c) The process undertaken by the Receiver and the Receiver's recommendation with respect to selecting a selling agent to auction the PPEC Equipment upon completion of the CNRL Contracts;
 - (d) A summary of the Receiver's receipts and disbursements since the Date of Appointment;
 - (e) A summary of the Receiver's and its counsel's fees and disbursements and the Receiver's request for approval thereof; and

- (f) The Receiver's recommendations.
7. The Receiver is requesting the following relief from this Honourable Court:
- (a) An order approving the TKIS Litigation Procedure Order;
 - (b) An order authorizing the Receiver to enter into and implement the Liquidation Services Agreement dated July 29, 2015 (the "LSA") between the Receiver and Century Services Inc. ("Century");
 - (c) An order sealing on the Court file Confidential Appendix A to this Second Report; and
 - (d) An order approving the fees and disbursements of the Receiver for the period to July 31, 2015 and of its legal counsel for the period to July 27, 2015.

TERMS OF REFERENCE

8. In preparing this Second Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Companies' books and records and discussions with various parties (collectively, the "**Information**").
9. Except as described in this Second 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 Second 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 Second Report in connection with the Receiver's August 2015 Application. This Second Report should not be relied on for other purposes.
12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined are as defined in the Receivership Order, and Motion Materials filed in the Receivership Proceedings, or in the previous Reports.

RECEIVER'S ACTIVITIES

CONDOMINIUM SALE

13. On June 4, 2015, the Receiver closed and collected the proceeds of \$428,912 from the sale of the Condominium unit as contemplated in the Receiver's First Report.

CNRL CONTRACTS

14. The Receiver continues to manage construction activities associated with the CNRL Contracts. The Receiver has substantially completed three of the four CNRL Contracts as discussed in further detail below.

BTU Contract and GRU Contracts

15. As described in the Receiver's First Report, the BTU Contract and the GRU Contract were substantially complete at the date of appointment. The remaining tasks included removing scaffolding and demobilizing the construction site. The Receiver has now completed these tasks.

R-100 Contract

16. As described in greater detail in the First Report, the R-100 Contract value was approximately \$30 million. The R-100 Contract is complete and PPEC issued a certificate of substantial performance on April 23, 2015. PPEC has subsequently received the executed Mechanical Completion Certificate transferring care, custody, and control to CNRL.

N-5000 Contract

17. As described in greater detail in the First Report, the N-5000 Contract is the largest of the CNRL Contracts. The Receiver continues to complete the N-5000 Contract as well as various change orders for additional work out of the initial scope, but related to the N-5000 Contract.
18. The Receiver anticipates that construction on the N-5000 Contract will be complete in early September 2015.

EMPLOYEES

19. Currently there are a total of four people assisting the Receiver with administrative matters in the Calgary head office. There are three employees and one person employed through a temporary employment agency.
20. Currently there are a total of 215 employees working on site to assist with the completion of the CNRL contracts as discussed above.

WEPPA

21. On May 1, 2015, the Receiver gave notice to eligible employees, along with the relevant information, making them aware of the existence of the *Wage Earners Protection Program Act* (“WEPPA”). Applications (the “WEPP Claims”) are required to be submitted to Service Canada within 56 days of the later of the following:
 - (a) The date of the receivership;
 - (b) The date that the employment ended due to termination, resignation, retirement or expiry of term; or
 - (c) The date on which the Receiver terminated employment.
22. The Receiver subsequently extended the deadline to August 14, 2015, with the agreement of Service Canada in order to complete the administration of the WEPP Claims.
23. The Receiver has posted the relevant information pertaining to WEPPA on its website and continues to respond to inquiries via email and phone as the messages are received.
24. The Receiver continues to reconcile employee claims and submit the required information to Service Canada relating to outstanding wages and vacation pay for all eligible employees on an ongoing basis.

CLAIMS PROCEDURE

25. On May 12, 2015, in accordance with the Claims Procedure, the Receiver sent the Proof of Claim Document Package to all known creditors.

26. On May 15, 2015, and again on May 19, 2015, the Receiver published a notice to Affected Creditors of the Claims Procedure in both the Calgary Herald and Fort McMurray Today.
27. The Receiver also posted electronic copies of the Proof of Claim Document Package on the Receiver's Website in accordance with the Claims Procedure.
28. Affected Creditors were required to submit their Proof of Claim to the Receiver prior to 5:00 p.m. (Mountain Daylight Time) on June 19, 2015.
29. The Receiver received a number claims by the Claim Bar Date and is currently in the process of evaluating the claims for both validity and quantum will advise this Honourable Court further at a subsequent application.

LIEN MANAGEMENT

30. The Receiver has continued to analyze, reconcile and settle builders' liens that were filed before and after the Receivership date. The Receiver has been able to settle the majority of the liens filed to date by mutually agreeing on settlement terms with the lien claimants. The following table summarizes the number of liens filed, the amount of the lien and the status of the liens.

	# of Liens	Lien Amount	Paid by Receiver	Paid by Bond
Category 1 - Liens Settled	20	18,298,448	10,422,511	-
Category 2 - Liens Not Settled	4	6,865,976	1,081,813	6,814,074
Total	24	25,164,424	11,504,324	6,814,074

31. To date the Receiver has paid out \$11,504,324 in its effort to settle liens and a Bonding Company has issued bonds totaling \$6,814,074.

- (a) Category 1 – liens have been fully settled. The funds were paid by the Receiver to the lien claimants and the lien claimants have provided full releases to the Receiver. In total \$10,422,511 was paid to settle twenty liens.
 - (b) Category 2 – liens have not been settled. In order to have the liens discharged from the title, and pursuant to the May 11 Order, 115% of the lien amounts have been paid into Court pending determination of the lien. The Receiver has paid \$1,081,813 into Court with respect to the Category two liens and a bonding company has issued bonds totaling \$6,814,074.
32. The Receiver continues to reconcile lien claims and determine whether a consensual resolution is possible or whether the matter will be referred to the Claims Officer and will report further to this Honourable Court in this regard.
33. The Receiver anticipates that after the liens have been removed from title it will collect the amounts due from CNRL.

TKIS LITIGATION PROCEDURE

34. As described in the Receiver’s First Report there is an ongoing dispute (“**TKIS Dispute**”) regarding the amounts owed by TKIS to PPEC related to PPEC’s work on the Kearl Lake Project and the MLMR Project, which were completed prior to the Date of Appointment. Multiple legal proceedings have been commenced in respect of the TKIS Dispute by certain subcontractors (“**Sublien Claimants**”) who worked on these projects, and by PPEC. At Date of Appointment PPEC had receivables owing from TKIS totaling \$7.78 million and had filed liens and claims against TKIS in the amount of \$63 million.
35. TKIS disputes that it owes PPEC additional monies and wishes to issue a counterclaim against PPEC.

36. The Receiver proposes that this Honourable Court grant an order (“**TKIS Litigation Procedure Order**”) laying out certain procedures (“**TKIS Litigation Procedures**”) to act as a framework to allow for the efficient and orderly resolution of the TKIS Dispute.
37. The major aspects of the TKIS Litigation Procedures are summarized as follows:
- (a) Clarify that certain claims and issues related to the TKIS Dispute are not subject to the Claims Procedures as outlined in paragraphs 24 to 48 of the May 11 Order.
 - (b) Lift the stay of proceedings granted in these Receivership Proceedings by Order of this Honourable Court on March 10, 2015 to allow TKIS to issue counterclaim, against PPEC.
 - (c) Appoint the Honourable Justice B. Nixon as Case Management Justice in respect of the litigation between the Receiver, PPEC, TKIS and the Sublien Claimants.
 - (d) Provide a deadline to resolve any dispute regarding a complex case litigation plan. If the parties involved fail to agree on a complex case litigation plan they shall appear before the Honourable Justice B. Nixon on or before September 30, 2015 to resolve the dispute.
 - (e) Consolidate all actions commenced by PPEC, Sublien Claimants, and TKIS in respect of the TKIS Dispute so they can be dealt with in one inclusive matter.

38. The Receiver has enquired whether TKIS is in agreement with the form of Order being sought by the Receiver in respect of the TKIS Dispute. At the time of writing this Second Report TKIS is still considering the form of Order, and has not yet indicated whether it is in agreement. The Receiver will continue to communicate with TKIS in this regard with a view to achieving an agreement on the form of Order.

SALE OF PPEC EQUIPMENT

39. Since the Date of Appointment, the Receiver has been contacted by numerous parties expressing interest in the PPEC equipment (the “**PPEC Equipment**”). Given the nature of the PPEC Equipment¹ and the degree of interest, the Receiver has concluded that the most efficient and effective way of realizing on the PPEC Equipment will be through a liquidation auction conducted by a professional liquidator as agent for the Receiver. A public auction will ensure full exposure to the market.
40. To that end, the Receiver contacted a number of liquidators and requested that they submit proposals for the liquidation of the PPEC Assets by no later than July 24, 2015. Four proposals were received by the deadline (the “**Proposals**”).
41. A summary of the Proposals has been prepared by the Receiver and has been designated as confidential Appendix A to this Report. 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 A. Accordingly, Appendix A has not been attached hereto, pending the Court’s decision on the Receiver’s request.

¹ PPEC Equipment primarily relates to machinery and equipment being used on the CNRL Projects such as heavy equipment, handling equipment, office trailers, support equipment, tools etc.

42. The Receiver assessed the four Proposals based on their terms and projected recovery to the Receiver under various assumptions of gross proceeds of realization. The Proposals were generally comparable in terms of overall range of potential recoveries; however, the proposal submitted by Century provided a superior net minimum guarantee which capped the downside risk and was comparable to the other Proposals under higher gross proceed scenarios. Accordingly, the Receiver advised Century that their proposal was accepted and proceeded to negotiate the LSA with Century which is conditional on approval by this Honourable Court. The LSA, a copy of which is attached hereto as Appendix B with the financial terms redacted, was executed on July 29, 2015, subject to approval of this Court.
43. The Receiver is of the view that approval and implementation of the LSA will provide for the most efficient and effective method of realizing on the PPEC Assets. In addition, the Proposals were reviewed by the Receiver and with Pacer, which has provided the funding for the Receiver's Borrowing Charge and General Facility, who supports the approval and implementation of the LSA.
44. Accordingly, the Receiver seeks approval by this Honourable Court of the LSA. The Order sought by the Receiver approving the LSA also vests the PPEC Assets in their purchaser(s) free and clear of any claims or encumbrances.

SUMMARY OF RECEIPTS AND DISBURSEMENT

45. Receipts and Disbursements from the Date of Appointment to July 31, 2015 are summarized as follows:

Schedule of Receipts and Disbursements	N5000	R100	Other	Total	Notes
Receipts					
Receipts	2,647,235	4,747,118	597,419	7,991,772	a
Receivers Certificate	-	-	46,193,217	46,193,217	b
Opening Cash	-	-	443,568	443,568	c
HST Received	-	-	414,266	414,266	d
Sale of Assets	-	-	428,912	428,912	e
Total Receipts	2,647,235	4,747,118	48,077,381	55,471,734	
Disbursements					
Labour and Benefits	21,937,952	5,982,180	321,788	28,241,920	f
Camp Costs	865,676	416,983	-	1,282,658	g
Materials	1,807,381	550,979	-	2,358,360	h
Travel	423,173	211,587	-	634,760	i
Professional Fees	-	-	1,828,602	1,828,602	j
Project Consumables	555,519	343,892	-	899,411	k
Equipment	1,886,702	713,531	-	2,600,234	l
General Overhead	-	-	597,132	597,132	m
HST Paid	-	-	1,322,800	1,322,800	n
Lien Settlements	-	-	11,504,324	11,504,324	o
Total Disbursements	27,476,403	8,219,152	15,574,645	51,270,200	
Net Cash on Hand	(24,829,168)	(3,472,034)	32,502,737	4,201,535	

- (a) Receipts – revenue collected by the Receiver for progress billing from the CNRL Contracts;
- (b) Receiver Certificate – amounts borrowed in accordance with the terms of the Receivership Order and May 11 Order;
- (c) Opening Cash – funds transferred to the Receiver’s bank account in accordance with the terms of the Receivership Order;
- (d) HST – including HST refunds and HST collected;
- (e) Sale of Assets – including the proceeds from the sale of the condominium;

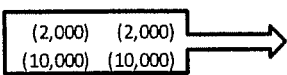
- (f) Labour and Benefits – amounts disbursed by the Receiver relating to payroll and employee related deductions;
- (g) Camp Costs – costs incurred relating to employee lodging at the CNRL Horizon Site;
- (h) Materials – costs incurred for material required to complete the CNRL Contracts;
- (i) Travel – costs incurred relating to employee travel to CNRL Horizon Site;
- (j) Professional Fees – Receiver and Receiver’s Counsel fees and disbursements;
- (k) Project Consumables – fuel, small tools, welding supplies and various other supplies;
- (l) Equipment – cost incurred for rental and purchased equipment relating to the completion of the CNRL Contracts;
- (m) General Overhead – general and administrative costs;
- (n) HST Paid – includes the amount of HST paid, the difference between the HST paid and the HST collected will be refunded to the estate.
- (o) Lien Settlements – Amounts paid to valid Lien holders in order to settle the liens, a portion of this amount is being held by the Court awaiting settlements.

46. As at July 31, 2015, the Receiver holds \$4,201,535 in cash on hand.

UPDATED RECOVERY WATERFALL

47. The following table provides a revised recovery and waterfall analysis to that presented in paragraph 105 of the Receiver's First Report.

\$000's Water Fall Analysis	Note	PPEC (excl. Krupp)	Krupp	Total
Sources of Funds				
	a			
Cash on hand July 31, 2015		4,201	-	4,201
To be Invoiced (CNRL)		31,279	-	31,279
Outstanding Receivables		26,855	7,784	34,639
Krupp Claim		-	TBD	-
Other Assets		1,100	-	1,100
Total Illustrative Recoveries		63,435	7,784	71,219
Receivership Funding				
	b			
Additional General Facility Borrowings		-	-	-
Krupp Facility Borrowings		-	5,000	5,000
		-	5,000	5,000
Uses of Funds				
	c			
Costs to complete contracts		(7,500)	-	(7,500)
Potential Liens		(6,814)	-	(6,814)
Administration, Legal and Professional		(1,500)	(5,000)	(6,500)
		(15,814)	(5,000)	(20,814)
Estimated Remaining Proceeds (a+b-c)		47,621	7,784	55,405
Repayment of Receivership Charges/Priorities				
	d			
Deemed Trust Claims		(2,000)	(2,000)	
Receiver's Borrowings		(10,000)	(10,000)	
General Facility Borrowings to Date		(36,193)	n/a	
Additional General Facility Borrowings		-	-	
Krupp Facility Charge		-	(5,000)	
Surplus (Deficit)		(572)	(9,216)	



 All assets are secured by the source deductions and Receiver's Borrowing Charge

48. With respect to the above recovery and distribution analysis, the Receiver notes the following:

- (a) Source of funds comprise;
- Cash on hand July 31, 2015;

- Completion of the CNRL Contracts and collection of the related accounts receivable. A total of \$31.3 million remains to be invoiced to CNRL and a further \$26.8 million in current receivables (all remaining PPEC receivables excluding any recoveries associated with the Krupp Claims);
 - The Krupp Claims total approximately \$63.0 million. For illustrative purposes, given that the amount is in dispute, we have not estimated a recovery amount;
 - Other Assets includes estimated proceeds from the sale of the PPEC Equipment less cost to buyout leased/financed equipment;
- (b) The Receiver does not anticipate the need to borrow additional funds under the General Facility as long as it can collect on the CNRL Receivables in a timely manner after the liens have been removed from title.
- (c) The use of the funds from the General Facility and Krupp Facility are set out in the table below:

\$000's	General Facility	Krupp Facility	Total
Costs to complete contracts	(7,500)	-	(7,500)
Potential Liens	(6,814)	-	(6,814)
Administration, Legal and Professional	(1,500)	(5,000)	(6,500)
	(15,814)	(5,000)	(20,814)

- Cost to complete include all labour and material required to complete the N-5000 Contract;

- Potential liens relate to the Receiver's estimate to reach final determination on remaining liens that have been filed that remain unsettled;
 - The Krupp Facility relates to the estimated funding of all matters required to collect/litigate the Krupp Receivables and Krupp Claims including legal, Receiver and expert witness; and
 - Administration and professional costs include all costs related to the administration of the estate and the legal and professional costs associated with pursuing the Krupp Claims.
- (d) The repayment of various priority payables and charges are summarized below.
- Deemed Trust Claims – includes payment of a deemed trust claim filed by the Canada Revenue Agency for source deductions and potential deemed trust claim for unpaid pre-receivership workers compensation dues;
 - The Receiver's Borrowing Charge of \$10.0 million as approved in the Receivership Order is secured against all assets of the PPEC estate;
 - The General Facility Charge includes total amount drawn to date. This charge ranks against all assets of PPEC excluding any recoveries relating to the Krupp Claims; however, the General Facility Charge ranks subordinated to the Receiver's Borrowing Charge as discussed above; and

- The Krupp Facility Charge ranks against the recoveries related to the Krupp Claims; however the Krupp Facility Charge ranks subordinated to the Receivers' Borrowing Charge.

REPAYMENT OF RECEIVER'S CERTIFICATES

49. To date the Receiver has borrowed \$10.0 million under the Receiver's Borrowing Charge and a further \$36,193,217 under the General Facility.
50. To date the liens filed on the CNRL Contracts have caused delays in the Receiver from collecting receivables in a timely manner. The Receiver expects to collect approximately \$58 million from CNRL for work completed and to be completed shortly on the CNRL Contracts when all of the liens have been cleared from title, which is anticipated to occur in the near future.
51. The Receiver intends to repay the Receiver's Certificates in the following order;
 - (a) The Receiver's Borrowing Charge (Certificates 1-4); and then
 - (b) The General Facility (Certificates 1-10)

52. As discussed above, the Receiver anticipates that the recoveries from CNRL Receivables will be collected prior to any recoveries from the Krupp Claim or the Krupp Receivables (collectively, the “**Krupp Assets**”). The ranking of charges in the May 11 Order are such that the funds collected from PPEC’s assets other than those related to the Krupp Assets will first be applied to the Receiver’s Borrowing Charge and then to the General Facility. However, the Receiver notes that the Receiver’s Borrowing Charge is secured over all assets of PPEC (including the Krupp Assets and PPEC’s remaining assets). As such, while the Receiver’s Borrowing Charge is to be repaid from the first proceeds realized (which is likely to be the collection of the CNRL Receivables), the Receiver advises that a reallocation of Receiver’s Borrowing Charge will likely be required based on the final recoveries, once known, as between the Krupp Assets and the other PPEC assets. The Receiver believes it to be inappropriate that the entire Receiver’s Borrowing Charge be repaid by either asset pool (i.e. recoveries on the Krupp Assets or the remaining PPEC assets) simply because those funds were collected first. The table above illustrates that the deemed trust relating to source deductions (estimated at \$2.0 million) and the amount borrowed under the Receiver’s Borrowing Charge are secured against the recoveries relating to both the Krupp Assets and all other of PPEC’s assets.
53. The Receiver will report further to this Honourable Court regarding the reallocation once there is additional clarity and certainty regarding the total recoveries and assuming such an allocation is required.

REQUEST FOR FEE APPROVAL

54. The Receiver and its independent legal counsel, Dentons Canada LLP, have maintained detailed records of their professional time and costs. The Receiver is seeking the approval of its fees and disbursements for the period up to July 31, 2015 and those of its legal counsel for the period up to July 27, 2015.

55. Pursuant to paragraphs 17, 18 and 19 of the Receivership Order, any expenditure or liability properly made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, were authorized to be paid on a periodic basis subject to any final passing of the accounts. In addition, the Receiver's Charge was granted as security for, inter alia, the fees and disbursements of the Receiver and its counsel.
56. Pursuant to the Receivership Order, the accounts of the Receiver and its legal counsel, at their standard rates and charges, have been paid from time to time.
57. The total fees of the Receiver during the period of March 10, 2015 to July 31, 2015 (the "Period") amount to \$1,834,773.41 (excluding GST), which includes fees of \$1,666,451.50 and expenses of \$168,321.91 (collectively, the "Receiver Fees and Disbursements"). The following table summarizes the Receiver's accounts billed to date:

Invoice Date	Professional		GST	Total
	Fees	Expenses		
3/31/2015	\$ 404,182	\$ 45,323	\$ 22,475	\$ 471,980
4/30/2015	\$ 366,660	\$ 35,627	\$ 20,114	\$ 422,401
5/31/2015	\$ 298,093	\$ 25,695	\$ 16,189	\$ 339,977
6/30/2015	\$ 314,870	\$ 37,247	\$ 17,606	\$ 369,723
7/31/2015	\$ 282,648	\$ 24,430	\$ 15,354	\$ 322,431
	\$ 1,666,452	\$ 168,322	\$ 91,739	\$ 1,926,512

58. The total amount invoiced by Dentons during the period March 10, 2015 to July 27, 2015, is \$503,170.71 (excluding GST), which includes fees of \$481,902.50 and disbursements of \$21,268.21 (collectively, the "Denton's Fees and Disbursements"). The following tables summarize the accounts of the Receiver's Legal Counsel billed to date split between general Receivership matters and matters dealing with the Krupp Claim:

Receivership Matters

Invoice Date	Professional			Total
	Fees	Expenses	GST	
4/21/2015	\$ 136,613	\$ 1,163	\$ 6,889	\$ 144,665
6/26/2015	\$ 247,939	\$ 5,597	\$ 12,662	\$ 266,197
7/27/2015	\$ 49,122	\$ 11,420	\$ 2,612	\$ 63,154
	\$ 433,673	\$ 18,180	\$ 22,163	\$ 474,015

Krupp Matters

6/23/2015	\$ 20,336	\$ 1,880	\$ 1,111	\$ 23,327
7/27/2015	\$ 27,894	\$ 1,209	\$ 1,455	\$ 30,557
	\$ 48,230	\$ 3,089	\$ 2,566	\$ 53,884
Total	\$ 481,903	\$ 21,268	\$ 24,729	\$ 527,900

59. The Receiver respectfully submits that the Receiver Fees and Disbursements and the Legal Fees and Disbursements are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Receivership Order. Accordingly, the Receiver now seeks the approval of the Receiver Fees and Disbursements and the Legal Fees and Disbursements.


RECEIVER'S RECOMMENDATIONS

60. The Receiver respectfully requests that this Honourable Court grant the following Orders:
- (a) Approve the proposed TKIS Litigation Procedures Order;
 - (b) Approve the proposed LSA;
 - (c) Sealing on the Court file Confidential Appendix A to the Second Report;
 - (d) Approve the repayment order of the Receiver's Certificates; and

- (e) Approve the fees and disbursements of the Receiver and its legal counsel.

All of which is respectfully submitted this 19th day of August, 2015.

FTI Consulting Canada Inc. in its capacity as receiver
and manager of the assets undertakings and
properties Pacer Promec Energy Corporation and
Pacer Promec Construction Corporation



Deryck Helkaa
Senior Managing Director



Jamie Engen
Managing Director

Appendix B

Century LSA

CENTURY

SERVICES INC.
www.CenturyServices.com

11670-147 Street NW
Edmonton, AB T5M 1W2
Ph. 780-944-9144
Fax. 780-944-9629
Email: edmonton@centuryservices.com

July 24, 2015

Sent via E-mail: jamie.engen@fticonsulting.com

FTI CONSULTING

Suite 1502, 701 West Georgia Street
Vancouver, BC V7Y 1C6

Attention: Jamie Engen, Managing Director

RE: PACER PROMEC ENERGY CORPORATION – AUCTION PROPOSAL

Dear Sir:

Century Services Inc. (“*Century*”) has reviewed certain fixed assets, (“collectively *Assets*”) of the above-noted Company, per the asset listing as supplied by FTI, and as viewed in Fort McMurray on July 9, 2015, and proposes the following method of disposal of same:

GUARANTEE

(with sales exceeding: to be split FTI - 85%, Century - 15%)

- This Proposal is subject to the following General Limiting Conditions and Critical Assumptions: ~~AND SUBJECT~~
TO APPROVAL FROM THE COURT OF QUEEN'S BENCH OF ALBERTA
1. A verification of the fixed assets with adjustments for quantity and quality discrepancies from time of original inspection.
 2. Century assumes all tenderers are tendering on the same group of Assets and reserves the right to amend this Proposal should this not be the case.
 3. The Assets are free and clear of all liens and encumbrances. Century shall be indemnified and held harmless by FTI against any claim or action arising as a result of dealing with said Assets that were represented as being free and clear.
 4. Century will be permitted the use of “Pacer Promec Energy Corporation” and “FTI Consulting” in advertising an auction related to the Assets. Century will be allowed to advertise the auction as a Receivership Sale.
 5. Century will have unrestricted, free use of the premises which shall include rent, occupancy costs, property taxes, utilities, telephone, business tax, etc. until a mutually agreed upon date.

6. Century does not assume responsibility for disposal or proper treatment of any hazardous materials as defined by municipal, provincial or federal legislation.
7. Garbage disposal costs incurred during the clean up shall be billed separately to FTI.
8. Any costs to refurbish equipment sale shall be billed separately to FTI.
9. Century reserves the right to abandon any unsold Assets.
10. This Proposal is to be considered en bloc and is null and void, at Century's sole option, if any items offered on are withdrawn.
11. Century reserves the right to amend this Proposal in the event that between the date of this letter and the date or proposed date of the auction or sale there occurs an event of *force majeure* which shall include, but not be limited to, acts of God, riots, civil disturbances, strikes, lock-outs, acts of war, terrorism, insurrection and the like.
12. Century offers its services to operate an Auction Sale on a mutually agreed upon date.
13. Century will have an inspection period prior to the Auction Sale.
14. Century will set-up, detail and catalogue the Assets to be sold by Auction.
15. Century will offer the Assets for sale to the public, discounting prices as product decreases.
16. Century will advertise an Auction Sale through relevant daily, weekly and trade papers; through exposure on the World Wide Web; through pamphleteering to trade related companies; to Century contacts from previous like sales; and through direct telephone solicitation to relevant potential purchasers.
17. Century will be responsible for charging, collecting and remitting the GST where it has been notified said tax is applicable.
18. Century shall continue to carry a \$5 million Comprehensive General Liability insurance policy covering personal injury and property damage that may occur during the Auction Sale as described above. FTI shall satisfactorily insure the Assets Century is liquidating.
19. Century will be responsible for collection of monies for all sales and will guarantee payment once collected. All sale proceeds shall be deposited in a trust account.
20. FTI shall be responsible for merchant charges related to monies received from bank card payments.
21. Century reserves the right to charge a Buyer's Premium. Any Buyer's Premium collected will be to the sole account of Century and will not constitute sales for the purpose of calculating any splits outlined below.
22. Century will have the option of adding other assets to enhance the sale.
23. Within 21 days of the sale, Century shall provide a full report of all sales of the Assets together with sale proceeds in the form of a cheque.
24. All sales exceeding _____ to be split FTI - 85%, Century - 15%.

In order to comply with the timetable as outlined, the above offers are open until 5:00 PM August 4, 2015 unless extended by mutual agreement.

FTI Consulting
Attn: Jamie Engen
Re: Pacer Promec Energy Corporation – Auction Proposal

We trust the above is to your satisfaction. We are ready to proceed immediately.

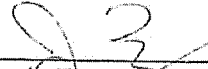
Respectfully yours,
CENTURY SERVICES INC.



Roger Bourgeois
Senior Appraiser and Auctioneer

RB/dmd
Enclosure

FTI CONSULTING,
in its capacity as Receiver



Jamie Engen
Managing Director

818214934 RT 0002
GST Number

~ PLEASE SIGN AND RETURN ~