

JUDICIAL CENTRE CALGARY

COURT FILE NUMBER / ESTATE NUMBER

Wolverine Energy and Infrastructure Inc. 25-3191521  
Wolverine Equipment Inc. 25-3191522  
Wolverine Construction Inc. 25-3191523  
Western Canadian Mulching Ltd. 25-3191524  
Liberty Energy Services Ltd. 25-3191525  
HD Energy Rentals Ltd. 25-3191526

IN THE MATTER OF THE BANKRUPTCY OF

WOLVERINE ENERGY AND INFRASTRUCTURE INC.,  
WOLVERINE EQUIPMENT INC., WOLVERINE CONSTRUCTION INC.,  
WESTERN CANADIAN MULCHING LTD., HD ENERGY RENTALS LTD. and  
LIBERTY ENERGY SERVICES LTD.

OF THE CITY OF CALGARY  
IN THE PROVINCE OF ALBERTA

TRUSTEE'S REPORT TO CREDITORS ON PRELIMINARY ADMINISTRATION

March 12, 2025

## BACKGROUND

1. Wolverine Energy and Infrastructure Inc., Wolverine Equipment Inc., Wolverine Construction Inc., Wolverine Management Services Inc., HD Northern Equipment Sales and Rentals Inc., HD Energy Rentals Ltd., BHW Employment Services Inc., Flo-Back Equipment Inc., Liberty Energy Services Ltd. and Western Canadian Mulching Ltd. (collectively, the “**Wolverine Companies**” or the “**Debtors**”) were a diversified energy and infrastructure service provider in Western Canada and the United States. The Debtors were in the business of water management, energy rentals and services, environmental clearing and construction production testing, production rentals in Canada, as well as production testing and rentals in the United States.

2. On November 30, 2023, Wolverine Energy and Infrastructure Inc., Wolverine Equipment Inc., Wolverine Construction Inc., HD Energy Rentals Ltd., In-Line Production Testing Ltd., BHW Employment Services Inc., Flo-Back Equipment Inc., Liberty Energy Services Ltd. and Western Canadian Mulching Ltd. (collectively, the “**CCAA Applicants**”) sought and obtained an initial order to commence proceedings under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”). The Initial Order provides, among other things, a stay of proceedings until December 11, 2023, and Ernst & Young Inc. was appointed as the Monitor in the CCAA proceedings.
  
3. The following relevant events occurred in the days leading up to the CCAA comeback hearing on December 8, 2023:
  - a) Canadian Western Bank (“**CWB**”), as secured lender to the CCAA Applicants, filed an application to appoint FTI Consulting Canada Inc. as receiver and manager (the “**Receiver**”) of the assets, properties and undertakings (the “**Property**” or “**Business**”) of Wolverine Companies;
  
  - b) Counsel to the CCAA Applicants consented to a receivership order in respect of the Wolverine Companies; and
  
  - c) On December 7, 2023, Fiera Private Debt Fund V LP and Fiera Private Debt Fund VI LP (collectively “**Fiera**”), as secured lender to the CCAA Applicants, filed an application to terminate the Initial Order.
  
4. On December 8, 2023, at the comeback hearing (the “**Appointment Date**”), this Honourable Court granted the following relief, among other things:
  - a) The CCAA Termination Order; and

- b) Pursuant to a separate Order of Mr. Justice J.T. Neilson (the “**Receivership Order**”), FTI Consulting Canada Inc. was appointed as the Receiver of the property and business of the Debtors (such proceedings thereunder being the “**Receivership Proceedings**”).
5. On December 22, 2023, this Honourable Court granted an order (the “**Amended Receivership Order**”) to amend the Receivership Order by removing HD Northern Equipment Sales and Rentals Inc. and Wolverine Management Services Inc. from the definition of “Debtors”, on a *nunc pro tunc* basis. For clarity, HD Northern Equipment Sales and Rentals Inc. and Wolverine Management Services Inc. are not subject to the Receivership Proceedings in this action.
6. The entities included in the Receivership Proceedings are Wolverine Energy and Infrastructure Inc., Wolverine Equipment Inc., Wolverine Construction Inc., HD Energy Rentals Ltd., BHW Employment Services Inc., Flo-Back Equipment Inc., Liberty Energy Services Ltd. and Western Canadian Mulching Ltd. (collectively, the “**Wolverine Group**”).
7. On February 21, 2025, the Court of King’s Bench of Alberta granted an order declaring Wolverine Energy and Infrastructure Inc., Wolverine Equipment Inc., Wolverine Construction Inc., HD Energy Rentals Ltd., Flo-Back Equipment Inc., Liberty Energy Services Ltd. and Western Canadian Mulching Ltd. bankrupt, and appointing FTI Consulting Canada Inc. as trustee (the “**Trustee**”).
8. Flo-Back Equipment Inc. is a US entity and therefore excluded from all Canada bankruptcy filings, this report is specifically regarding the bankruptcies of Wolverine Energy and Infrastructure Inc., Wolverine Equipment Inc., Wolverine Construction Inc., HD Energy Rentals Ltd., Liberty Energy Services Ltd. and Western Canadian Mulching Ltd. (collectively, the “**Wolverine Bankrupts**”).

## PRELIMINARY EVALUATION OF ASSETS AND DETAILS OF SECURITY INTERESTS

### Summary of Assets

9. As of June 30, 2023, the date of the most recent (unaudited) financial statements, Wolverine Group had total assets with a book value of approximately \$115.4 million comprising:
- a) Trade and other receivables of \$7.4 million;
  - b) Property, plant and equipment of \$54.0 million; and
  - c) Other long-term assets of \$48.0 million comprising:
    - i. Interest in Sound Energy valued at \$5.4 million;
    - ii. Investment in Fleet Energy of 873,105 shares (“**Fleet Shares**”) valued at \$1.6 million;
    - iii. Investment in Green Impact Partners Inc. of approximately 4.1 million shares (“**GIP Shares**”) valued at \$35.9 million; and
    - iv. \$5.0 million for other long-term receivables relating to ongoing litigation claims and potential settlement amounts.

### Security Interests

10. Wolverine Group had the following secured debt:
- a) Approximately \$16.8 million plus accrued interest and legal costs to Canadian Western Bank (“**CWB**”);

- b) Approximately \$54.7 million plus accrued interest and legal costs to Fiera Private Debt Fund V LP and Fiera Private Debt Fund VI LP (together, “**Fiera**”, and collectively with CWB, the “**Secured Lenders**”);
- c) Approximately \$1.0 million to Jim Peplinski Leasing Inc. in respect of certain respective equipment financing facility;
- d) Approximately \$10,600 to Brandt Tractor Ltd. in respect of certain respective equipment financing facility; and
- e) Approximately \$185,390 to John Deere Financial Inc. in respect of certain respective equipment financing facility.

#### **Asset Sales in Receivership Proceedings**

- 11. On April 15, 2024, this Honourable Court granted an approval and vesting order, among other things, approving an auction services agreement between the Receiver and McDougall Auctioneers Ltd. (“**McDougall**”) to dispose of the Wolverine Group’s assets and vesting them in any auction purchaser upon issuance of a bill of sale.
- 12. McDougall completed the auction of the majority of the Wolverine Group’s assets by June 28, 2024, and on July 23, 2024, this Honourable Court granted an order, among other things, approving the proposed interim distribution to CWB, to Fiera, to Jim Peplinski Leasing Inc., to John Deere Financial Inc. and to Brandt Tractor Ltd., and provided specified holdbacks (“**Interim Distribution**”).
- 13. On August 16, 2024, this Honourable Court granted an order, among other things, authorizing the Receiver to transfer the GIP Shares to Fiera (the “**GIP Share Transfer**”) in partial satisfaction of the debt owing to Fiera.

14. On February 21, 2025, this Honourable Court granted an order, among other things, approving:
  - a) A share purchase agreement for the sale of Wolverine Energy and Infrastructure Inc.'s Fleet Shares to Fleet Energy Ltd. ("**Fleet Share Sale**") and approving the distribution the proceeds to Fiera as the senior secured lender with priority-ranking security over the Fleet Shares; and
  - b) A second interim distribution to the Secured Lenders, including proposed holdbacks (the "**Second Interim Distribution**").
15. The Receiver requested the statement of account in connection with Service Canada's subrogated claim in the Receivership Proceedings for a WEPP Employer Super Priority amount of \$11,803.82. The Receiver has paid this in full from the specified holdbacks from the Interim Distribution.
16. Based on the above Interim Distribution, GIP Share Transfer, Fleet Share Sale and Second Interim Distribution, the remaining debt owed to the Secured Lenders is summarized as follows:
  - a) Approximately \$2.1 million to CWB; and
  - b) Approximately \$26.9 million to Fiera.
17. The Receivership Proceedings have not yet been completed. However, all of the Wolverine Group's assets were realized upon (and net proceeds distributed) as part of the Receivership Proceedings.

## **BOOKS AND RECORDS**

18. The Receiver has backed up the Wolverine Group's electronic records on external hard drives and taken possession of the Wolverine Group's physical records. The Trustee will have access to the Wolverine Group's records as required to complete the administration of the bankruptcy estates.

## **CONSERVATORY AND PROTECTIVE MEASURES**

19. As the Wolverine Group's assets were 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**

20. As at the date of this report, the Trustee has received
  - a) 1 proof of claim from unsecured creditors totalling \$160,270.46 for Wolverine Equipment and Infrastructure Inc.;
  - b) 4 proofs of claim from unsecured creditors totalling \$470,310.72 for Wolverine Construction Inc.;
  - c) 5 proofs of claim from unsecured creditors totalling \$324,316.40 for Western Canadian Mulching Ltd.;
  - d) 2 proofs of claim from unsecured creditors totalling \$283,570.40 for HD Energy Rentals Ltd.;
  - e) 2 proofs of claim from unsecured creditors totalling \$28,843.99 for Liberty Energy Service Ltd.; and

- f) no proofs of claim from unsecured creditors for Wolverine Equipment Inc.
21. As at the date of this report, the Trustee has received 1 secured or trust claims totalling \$24,040,716.12 against all estate of Wolverine Bankrupt.

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

22. The Trustee is currently undertaking a review of the Wolverine Group's books and records (the "**Transaction Review**") with respect to reviewable transactions, preferential transfers or payments in favour of a related party creditor as defined in the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, or potential fraudulent preferences as defined in the *Fraudulent Preferences Act*, RSA 2000, c F-24.
23. The Trustee has access to the electronic records of the Wolverine Group (backed up by the Receiver) in addition to the records currently in storage. Furthermore, the Trustee has retained the former corporate accountant of the Wolverine Group, on a contract basis, to assist in the Transaction Review and has commenced this process. The Trustee will provide a further report to the creditors once the Transaction Review is completed.
24. The Trustee has not commenced any legal proceedings and is not aware of any proceedings commenced against the estate at this time.

### **THIRD PARTY GUARANTEES**

25. 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**

26. The Receiver's legal counsel completed independent reviews of the security granted by Wolverine Group in favour of CWB and Fiera. The legal opinions confirmed the validity and enforceability of the security held by CWB and Fiera 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**


27. All of the Wolverine Group's assets were realized on as part of the Receivership Proceedings.
28. Based on the above noted asset sales and distributions, the Receiver does not expect the recoveries to be sufficient to repay the Secured Lenders debt in full. As a result, the Trustee does not expect any assets to be transferred into the bankruptcy estate of the Wolverine Bankrupts.
29. The Trustee does not expect there to be any distribution of funds to the creditors.

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### **FTI Consulting Canada Inc.**

Solely in its capacity as Trustee in Bankruptcy of  
Wolverine Energy and Infrastructure Inc., Wolverine Equipment Inc., Wolverine Construction  
Inc., Western Canadian Mulching Ltd. Liberty Energy Services Ltd. and HD Energy Rentals Ltd.  
and not in its personal capacity

Per:



Deryck Helkaa, CA, CPA, CIRP, LIT  
Senior Managing Director