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COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	CANADIAN WESTERN BANK
RESPONDENTS	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., WESTERN CANADIAN MULCHING LTD., and WOLVERINE GROUP INC.
DOCUMENT	FIRST REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF 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., WESTERN CANADIAN MULCHING LTD., and WOLVERINE GROUP INC.

**JANUARY 15, 2024**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**RECEIVER**

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**FIRST REPORT OF THE RECEIVER**

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## INTRODUCTION

1. 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**”) were granted the following relief, among other things:
  - (a) An initial order (the “**Initial Order**”) to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”);
  - (b) An initial stay of proceedings (the “**Initial Stay**”) in favor of the CCAA Applicants until December 11, 2023;
  - (c) The appointment of Ernst & Young Inc. as the monitor (the “**Monitor**”) in the CCAA Proceedings; and
  - (d) The providing of a comeback hearing (the “**Comeback Hearing**”) in respect of the relief granted in the Initial Order, to be heard on December 8, 2023.
  
2. In response to the application by the CCAA Applicants seeking to commence proceedings under the CCAA, Canadian Western Bank (“**CWB**”) made an application for an Order pursuant to section 47(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”), appointing FTI Consulting Canada Inc. as interim receiver (in such capacity, the “**Interim Receiver**”), without security, of all of the assets, undertakings and properties of the Defendants in the within action (the “**Interim Receiver Order**”). Fiera Private Debt Fund V LP and Fiera Private Debt Fund VI LP (collectively “**Fiera**”) swore an Affidavit in support of the application brought by CWB.

3. The Interim Receiver Order was denied and the Initial Order was granted by this Honourable Court.
4. The following relevant events occurred in the days leading up to the Comeback Hearing on December 8, 2023:
  - (a) CWB, as secured lender to the CCAA Applicants, filed an application (the “**Receivership 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 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 referred to as the “**Debtors**” or the “**Company**”. A draft of the Receivership Application was circulated on December 7, 2023 and was filed with the Court on December 7, 2023;
  - (b) On December 6, 2023, counsel to the CCAA Applicants advised CWB and Fiera that the Board of the CCAA Applicants was prepared to consent to the conversion of their CCAA proceedings into a receivership on the customary terms as set out in the Alberta Standard Template Receivership Order at the Comeback Hearing, subject to ensuring that outstanding wages to employees would be paid. In furtherance of such advice, counsel to the CCAA Applicants consented to a receivership order in respect of the Debtors; and
  - (c) On December 7, 2023, Fiera, as secured lender to the CCAA Applicants, filed an application to terminate the Initial Order (the “**CCAA Termination Order**”).

5. On December 8, 2023 (the “**Date of Appointment**”), at the Comeback Hearing, this Honourable Court granted the following relief, among other things:
  - (a) The approval of the Monitor and its legal counsel’s fees with respect to the CCAA Proceedings;
  - (b) The CCAA Termination Order;
  - (c) The termination of the Administration Charge and the D&O Charge as set out in the Initial Order; and
  - (d) Pursuant to a separate Order of Mr. Justice J.T. Neilson (the “**Consent 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**”).
  
6. On December 22, 2023, this Honourable Court granted an order (the “**Amending Order**”) to amend the Consent 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, subject to any further order of this Court.
  
7. The Consent 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.

8. The Receiver's reports and other publicly available information in respect of these Receivership Proceedings are posted on the Receiver's website at <http://cfcanada.fticonsulting.com/wolverine/> (the "**Receiver's Website**").
9. The purpose of this report ("**First Report**" or this "**Report**") is to provide this Honourable Court with:
  - (a) The background of the Company and Property;
  - (b) A summary of the activities of the Receiver since the Date of Appointment;
  - (c) The Receiver's summary statement of receipts and disbursements from the Date of Appointment to January 12, 2024;
  - (d) The Receiver's request to sell specific assets, individually or in the aggregate, in excess of the limitations set forth in the Consent Receivership Order (the "**Surplus Assets**"), and the seeking of a related Restricted Court Access Order in relation to the same;
  - (e) An update on the sale and investment solicitation process (the "**SISP**") commenced by the Receiver to solicit interest in the Property. The procedures for the SISP (the "**SISP Procedures**") provide details outlining timelines and participation requirements for interested parties to participate in the SISP, and are attached as Appendix "A" to this Report; and
  - (f) An update on proceedings in the United States and the proposed filing for Chapter 15 protection under the U.S. Bankruptcy Code.
10. 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) Directions from the Court concerning a demand letter sent on December 29, 2023 to legal counsel of Lefley Honey Company Ltd. (the “**December 29 Letter**”) requesting that they comply with the terms of the Consent Receivership Order and return certain of the Property of the Company that their client is in possession of, which they have refused to release to the Receiver. The December 29 Letter is attached as Appendix “**B**” to this Report;
- (c) Authorization to offer for sale, and to enter into a sale(s) agreement for, the Surplus Assets at the minimum prices listed in Confidential Appendix “**C**” to this Report; and
- (d) Approval of the SISP and SISP Procedures.

## **TERMS OF REFERENCE**

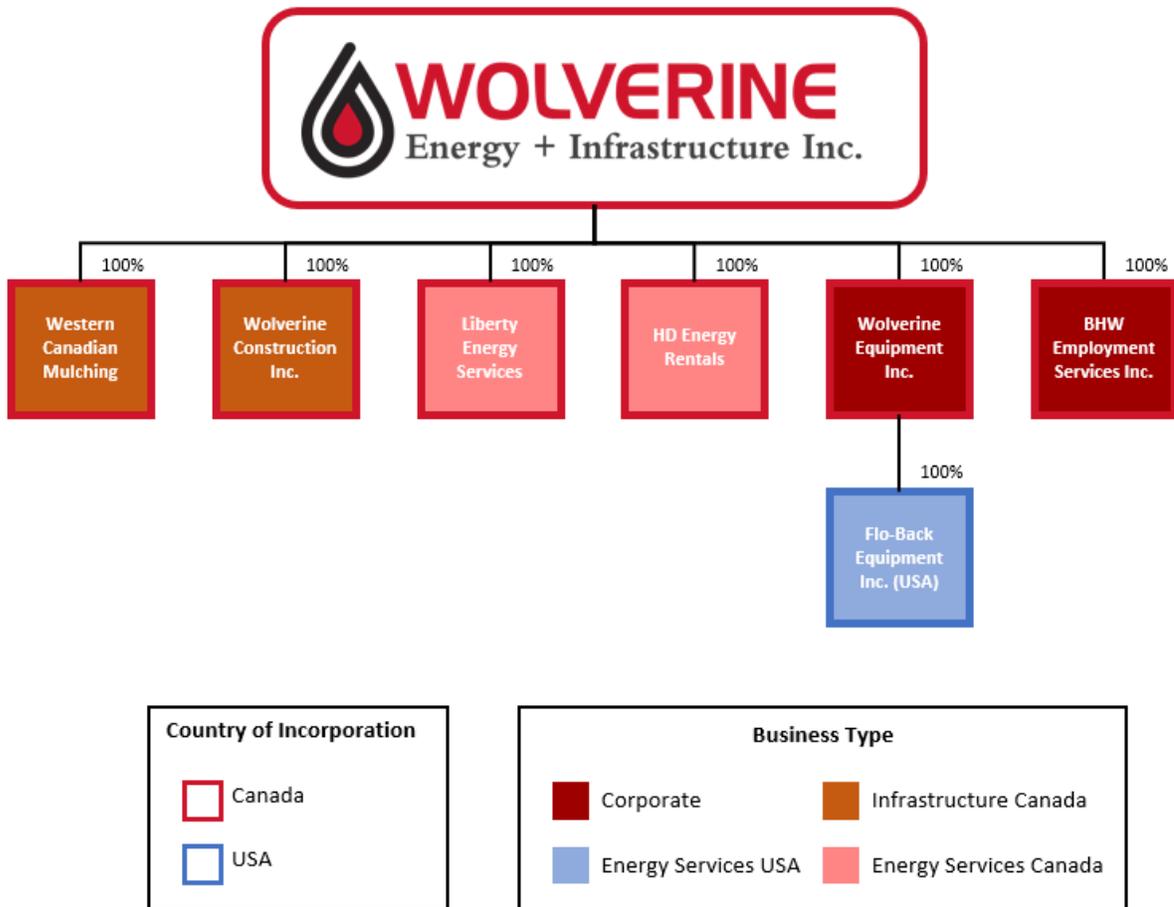
- 11. In preparing this First Report, the Receiver has relied upon audited and unaudited financial information, other information available to the Receiver and, where appropriate, the Company’s books and records and discussions with various parties (collectively, the “**Information**”).
- 12. Except 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 Chartered Professional Accountants of Canada 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 Chartered Professional Accountants of Canada Handbook.

13. 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.
14. The Receiver has prepared this First Report in connection with the Receiver's Application that is to be heard on January 23, 2024. This First Report should not be relied on for other purposes.
15. Information and advice described in this First Report that has been provided to the Receiver by its legal counsel, Torys 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.
16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## BACKGROUND

### Business, Assets and Liabilities of the Debtors

17. The Company is a diversified energy and infrastructure service provider in Western Canada and the United States. It is 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. Wolverine Energy and Infrastructure Inc. is the parent corporation of the other Debtors in these proceedings. A copy of an organizational structure chart that sets out the corporate structure of the Debtors is below:



18. A summary of the operating activities and assets held by each of the Debtors is described in the chart below:

Debtors	Operating or Non-Operating?	Main Business	Employees?
<b>Wolverine Energy and Infrastructure Inc. ("WEII")</b>	<b>Operating as "head office"</b>	Is the parent corporation and 100% shareholder of the other Debtors in these Receivership Proceedings. Head office is located in Calgary, Alberta. Serves as the headquarters for all operations, providing general administrative, management, accounting and human resources functions for the other Debtors.	There are no direct employees under this entity, they are carried under BHW Employment Services Inc., discussed in further detail below.
<b>Western Canadian Mulching Ltd. ("WCM")</b>	<b>Non-Operating</b>	Was in the business of environmental clearing. Operations ceased in May 2023. There is still equipment used by Wolverine Construction Inc. carried under this entity.	There are no employees under this entity.
<b>Wolverine Construction Inc. ("WC")</b>	<b>Operating</b>	Provides environmental cleaning and construction services. Operates out of Bonnyville, Alberta with additional locations in Grande Prairie and Calgary. The assets are comprised of dozers and loaders, mulchers, tractors, trailers, trucks and various other construction service equipment.	At Date of Appointment: four (4) employees and contractors. All employees have been retained to continue operations and assist with the Receivership Proceedings. This will be monitored and adjusted as needed.
<b>Liberty Energy Services Ltd. ("Liberty")</b>	<b>Operating</b>	Provides water management and oilfield services and rentals. Operates out of Edson, Alberta. The assets are comprised of heavy construction equipment, heaters, pumps, light towers, filtration units, fuel skids, hoses, reels, and trailers.	At the Date of Appointment: six (6) employees and contractors. All employees have been retained to continue operations and assist with the Receivership Proceedings. This will be monitored and adjusted as needed.
<b>HD Energy Rentals Ltd. ("HDE")</b>	<b>Operating</b>	Is an oilfield equipment sales and rental business. Headquartered in Grande Prairie, Alberta and has an operating location in Edson, Alberta. Their assets are comprised of boilers and heat exchangers, heavy construction equipment, recycle and sewage containment units, 400 barrel insulated tanks, matting, well site accommodations and wireline trucks.	At the Date of Appointment: four (4) employees and contractors. The Receiver has terminated two (2) employees, and have retained the remainder to continue operations and assist with the Receivership Proceedings. This will be monitored and adjusted as needed.
<b>Wolverine Equipment Inc. ("WEI")</b>	<b>Non-Operating</b>	This entity is used for asset management and was used as an intercompany holding company for the equipment, which was then rented out to the respective operating divisions. There is still equipment carried under this entity.	There are no employees under this entity.
<b>Flo-Back Equipment Inc. ("FBE")</b>	<b>Operating</b>	Is a wholly owned subsidiary of Wolverine Equipment Inc. and is incorporated pursuant to the laws of Delaware, USA. It is in the business of production testing and testing rentals. Primary base of operations are located in Minot, North Dakota with operations and rentals throughout western Canada and the United States. Assets are comprised of iron and supporting joints, test separators, storage vessels, support equipment, flare stacks, manifolds, portable office units and line heaters.	At the Date of Appointment: 41 employees and contractors. All employees have been retained to continue operations and assist with the Receivership Proceedings. This will be monitored and adjusted as needed.
<b>BHW Employment Services Inc. ("BHW")</b>	<b>Non-Operating</b>	Is used for labor and employee management, for purposes of payroll and employee services to support the operating entities.	At the Date of Appointment, BHW had the following employees allocated to each of the above entities: - BHW WEII: nine (9) employees and one (1) director. Three (3) of the employees have been terminated and the director resigned, the remaining employees are assisting with the Receivership Proceeding; - BHW Liberty: 24 employees, all have been retained to continue operations and assist with Receivership Proceedings; - BHW HDE: 20 employees. One (1) employee was terminated since the Date of Appointment, the rest have been retained to assist with ongoing operations; and - BHW WC: 80 employees, all have been retained to continue operations and assist with Receivership Proceedings. The Receiver will monitor employee levels throughout the Receivership Proceedings and adjust accordingly.

19. At the Date of Appointment, WC, Liberty, HDE and FBE were the four main operating divisions (the “**Operating Divisions**”).
20. As at June 30, 2023, the date of the most recent (unaudited) consolidated financial statements, the Company had total assets with a book value of approximately \$115.4 million. This was made up of the following:
- (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<sup>1</sup>:
    - i. Interest in Sound Energy valued at \$5.4 million;
    - ii. Investment in Fleet Energy (“**Fleet Shares**”) valued at \$1.6 million;
    - iii. Investment in Green Impact Partners Inc (“**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 (“**Litigation Claims**”).
21. The Company has the following secured debt as at December 7, 2023:
- (a) \$16.8 million plus accrued interest and legal costs owing to CWB;
  - (b) \$54.7 million plus accrued interest and legal costs to Fiera;

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<sup>1</sup> Book values of other long-term assets are as set out in the notes to the June 30, 2023 consolidated financial statements.

- (c) Fiera and CWB are together referred to as the “**Secured Lenders**”; and
  - (d) Jim Peplinski Leasing Inc. and Brand Tractor Ltd. are owed approximately \$1.5 million and \$353,000, respectively, in respect of certain respective equipment financing facilities.
22. The Receiver has instructed Receiver’s Counsel to conduct an independent review of the validity and enforceability of the security held by CWB, Fiera, Jim Peplinski Leasing Inc. and Brandt Tractor Ltd. over the Property and will report on the results of this review once complete.
23. As at the Date of Appointment, the Company reported approximately \$20.7 million owed to unsecured creditors.

## **RECEIVER’S ACTIVITIES**

### **Custody and Control**

24. On the Date of Appointment, the Receiver attended the Company’s head office at #450, 1010 – 8<sup>th</sup> Avenue SW, Calgary, Alberta to meet with senior management of Wolverine Energy and Infrastructure Inc. to advise the Company that the Consent Receivership Order had been granted and the Receiver was therefore entitled to take possession of the Company’s Property in accordance with the terms of the Consent Receivership Order.
25. Given the widespread geographical nature of the Debtors, the Receiver, accompanied by certain senior management of the Debtors, held virtual meetings with each of the Operating Division managers to notify them of the Receivership Proceedings and answer any questions.

26. The Receiver, in consultation with senior management, reviewed the Operating Divisions and their respective cash flow forecasts to assess the profitability and cash flow needs of each and evaluate the benefits of continuing to operate during the Receivership Proceedings as compared to an immediate or orderly wind-down of operations.
27. Based on our review, the Receiver, in consultation with the Secured Lenders, determined that continuing to operate each of the Operating Divisions would provide strategic and financial benefits to the estate. The financial and cash flow projections for the Operating Divisions forecasted positive cash flows to help support the estate while the Receiver considered and implemented realization strategies. Furthermore, the Receiver is of the view that continuing operations could create additional opportunities for a potential going concern sale or sales on a divisional basis as opposed to limiting the process to a pure liquidation of the equipment and/or assets only.
28. The Receiver notified senior management and division managers (collectively, “**Management**”) of its intent to continue operations at each of the Operating Divisions to facilitate an orderly sale of the operations or Property and to maximize recoveries and the return for all of the Company’s stakeholders.
29. On the Date of Appointment, the Receiver met with Management in order to ensure the continued service from suppliers and contract operators. With the assistance of Management, as of the date of this First Report, the Receiver has maintained operations without any material disruptions.
30. On the Date of Appointment, in accordance with the Receivership Order, the Receiver froze all the Company’s bank accounts and is in the process of setting up new banking arrangements.

## **Statutory Notices**

31. On December 14, 2023, 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.
32. The Receiver notified Canada Revenue Agency (“CRA”) of the Receiver’s appointment and is working with them to open 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**

33. The Receiver established a website at <http://cfcanada.fticonsulting.com/wolverine/>, where it 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 and the Receiver’s contact information to facilitate stakeholder inquiries.

## **Employees**

34. On the Date of Appointment, the Company had approximately 189 employees and contractors (including one (1) director). As discussed above, the Receiver has retained the services of each of the employees whose services were deemed necessary to assist the Receiver through the SISP and Receivership Proceedings. Each of the retained employees was retained on terms and conditions substantially the same as prior to the Date of Appointment.
35. After discussions with the Secured Lenders, the Receiver entered into retention and incentive programs with certain key employees in order to assist in the continued operations and the SISP.

36. At the date of this First Report, the Receiver has terminated six (6) employees and all directors and officers have resigned. The Receiver continues to review staffing requirements to ensure appropriate levels are maintained to assist the Receiver with ongoing operations and executing the SISP.
37. Where applicable, pursuant to the Wage Earner Protection Program Act (“WEPPA”), the Receiver has issued notices to the eligible, terminated employees.

### **Insurance**

38. The Receiver contacted the Company’s insurance provider, Lloyd Sadd Insurance Brokers Ltd. (“**Lloyd Sadd**”), 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. Lloyd Sadd advised that all premiums for the period of June 1, 2023 to June 1, 2024 have been paid and the insurance is in good standing until the expiry of June 1, 2024.
39. We understand from discussions with Lloyd Sadd that there was an equipment adjustment to the premium for the prior term (June 1, 2022 to June 1, 2023) that remains outstanding. The Receiver is in discussions with them with respect to the outstanding amount. However, the Receiver’s initial view is that it is a pre-filing amount owing and is stayed pursuant to the Consent Receivership Order. The Receiver is continuing discussions with Lloyd Sadd with respect to this outstanding amount.

## SISP

40. To capitalize on part of the Receiver's strategy to continue operating the Company's Business to create additional opportunities for a going concern sale or an Operating Division sale or sales, it was prudent to market the assets as quickly as reasonably possible. As most of the Operating Divisions are seasonal in nature (winter being the peak season), there was a sense of urgency to sell the assets as efficiently as possible (prior to spring break-up). Given these circumstances, the Receiver, in consultation with and with agreement from the Secured Lenders, decided to launch a SISP (as it is permitted to do under the terms of the Receivership Order) prior to seeking additional court approval as court time was not available until mid to late January.
  
41. In the later part of December 2023, the Receiver worked with Management in order to prepare for the launching of a SISP, including the following:
  - (a) Reviewing marketing material that had previously been prepared by Management and updating for current information;
  
  - (b) Coordinating the finalization of a desktop appraisal that was being completed by Ernst & Young (draft dated December 1, 2023) (the "**E&Y Appraisal**"). The Receiver understands that the E&Y Appraisal was commissioned by the Company to assist in the CCAA Proceedings. The Receiver made arrangements with E&Y to finalize the appraisal, which has recently been completed with no material changes in values;
  
  - (c) Identifying potential bidders and parties who had previously expressed interested in the Debtors' Property and Business;

- (d) Discussing with Management and the Secured Lenders as to an appropriate and reasonable set of procedures to market and sell the Property or Business of the Debtors that would seek to maximize value but balance the time sensitivity of the seasonal operations. The SISP Procedures were completed and reviewed and approved by the Secured Lenders and were also proved to the Alberta Investment Management Corporation as the largest unsecured creditor; and
  - (e) Updating financial and other data to be populated in the virtual data-room.
42. Specific details with respect to the SISP and the SISP Procedures are presented later in this First Report. However, the Receiver notes the following:
- (a) The GIP Shares and Fleet Shares are not included in the assets being marketed under the current SISP Procedures. The current SISP Procedures only relate to the Operating Divisions;
  - (b) The Receiver, in consultation with the Secured Lenders, is considering the best strategies to market the GIP Shares and Fleet Shares and will seek approval from this Honourable Court in due course to sell these assets; and
  - (c) On January 4, 2024, the Receiver commenced the SISP, as discussed in further detail below.

### **Creditor Demand Notice**

43. On December 29, 2023, the Receiver's Counsel issued a demand letter (the "**December 29 Letter**", attached as Appendix "**B**") to counsel for Lefley Honey Company Ltd. ("**Lefley**"), an unsecured creditor of the Company. Lefley is in possession of certain pieces of equipment owned by the Company.

44. The December 29 Letter requested that Lefley comply with the Consent Receivership Order and promptly release the specified equipment back to the Company, noting the urgency of the matter and the Company's need for the equipment in upcoming operations. Furthermore, it requested a response within seven (7) days of the date of the letter, noting the Receiver would consider commencing legal proceedings to enforce its rights if Lefley failed to comply.
45. As at the date of this First Report, Lefley has failed to respond to the December 29 Letter (through legal counsel or otherwise) or to return the equipment. The Receiver is requesting this Honourable Court to compel Lefley to comply with the Consent Receivership Order and promptly return the Property to the Company.

### **Litigation Claims**

46. On the Date of Appointment, the Receiver met with the Company's in-house legal counsel to discuss any ongoing or historical litigation proceedings in which the Company has been involved. Since the Date of Appointment, the Receiver, in consultation with the Receiver's Counsel, has settled one of the outstanding claims and are pursuing paths of mediation and / or settlement on other identified claims.

### **US Proceedings and Chapter 15 Filing**

47. On January 11, 2024, the Receiver engaged Munsch Hardt as legal counsel in the United States ("**Receiver's U.S. Counsel**") to provide legal services with respect to the preparation, filing and prosecution of a petition for recognition of a foreign proceeding pursuant to chapter 15 of title 11 of the US Bankruptcy Code (the "**Recognition Proceeding**"), seeking the U.S. Courts to recognize the Receivership Proceedings as a foreign main proceeding and to afford authority and powers available under the U.S. Bankruptcy Code to the Receiver to carry out its duties in the Receivership Proceedings and to assist in the facilitation of the completion of the SISP, which involves significant assets and operations in the United States.

48. The Recognition Proceeding will be filed in the United States Bankruptcy Court for the Southern District of Texas, Houston Division.

## SUMMARY OF RECEIPTS AND DISBURSEMENT

49. Receipts and Disbursements from the Date of Appointment to January 12, 2024 are summarized as follows:

<b>Schedule of Receipts and Disbursements</b>	
<b>As at January 12, 2024</b>	
<b>(\$000's CAD)</b>	
<b>Receipts</b>	
Opening Cash	\$ 1,050
Accounts Receivables	4,119
Asset Sales	171
GST/PST Collected	215
<b>Total Receipts</b>	<b>5,554</b>
<b>Disbursements</b>	
Labor	1,716
Operating Costs	503
Rent and Lease Payments	297
Fuel	292
Bank Charges	9
Professional Fees	260
GST/PST Paid	52
Other Costs	33
<b>Total Disbursements</b>	<b>3,163</b>
<b>Net Cash on Hand, before Financing</b>	<b>2,391</b>
Net Receiver's Advances	-
<b>Ending Cash on Hand, after Financing</b>	<b>\$ 2,391</b>

- (a) Opening Cash – cash balance in the Debtors' bank account at Date of Appointment that transferred to Receiver's account;

- (b) Accounts Receivables – amounts collected from various of the Debtors’ customers related to work completed and rental assets contracted out, prior to and during, the Receivership Proceedings;
  - (c) Asset Sales – relates to amounts collected for asset sales;
  - (d) GST / PST Collected – relates to tax credits collected on the revenue generated throughout the receivership period;
  - (e) Labor – costs relating to employee wages, payroll remittances, insurance and benefits;
  - (f) Operating Costs – relates to the payment of ongoing operating costs, including insurance, utilities, property taxes, etc.;
  - (g) Rent and Lease Payments – comprises rent paid related to all occupied, leased premises from which the Debtors are operating and equipment leases;
  - (h) Fuel – costs incurred relating to fuel for ongoing operations;
  - (i) Bank Charges – relates to banking fees;
  - (j) Professional Fees – relates to fees for the Receiver, the Receiver’s Counsel, and the Receiver’s U.S. Counsel.
  - (k) GST/PST Paid – relates to goods and services tax remittances; and
  - (l) Other Costs – relates to critical supplier payments.
50. As at January 12, 2024, the Receiver held \$2.4 million in cash on hand.

## SISP AND SISP PROCEDURES

51. After reviewing the cash flow forecasts and deciding to continue operations with the objective of increasing potential sale opportunities of the Property (i.e. going concern or Operating Division sale), the Receiver sought to capitalize on the peak operating season while, in parallel, implement a process to market the assets and operations as quickly and efficiently as possible. The Receiver, with approval from the Secured Lenders, developed a SISP as set out in the SISP Procedures to market the Property of the Company (i.e. the business and assets of the Operating Divisions).
52. Appendix “A” to this Report contains the detailed SISP Procedures that set out the timelines and parameters pursuant to which the Receiver will market and solicit interest and/or offers to purchase the Company, its operations or its Property. The SISP was developed in consultation with the Receiver’s Counsel, Management and the Secured Lenders, and has been designed to set broad parameters allowing interested parties to advance any sort of purchase proposal for consideration by the Receiver with the goal of maximizing the value to the Company’s stakeholders.
53. The SISP was formally launched on January 4, 2024.
54. Generally, the SISP contemplates five (5) weeks from formal launch on January 4, 2024 to the date required for submitting non-binding bids and an additional four (4) weeks to obtain a definitive agreement to purchase, for an overall nine (9) week process. The following summarizes the timeline for the major steps contemplated in the SISP:
  - (a) January 4, 2024 – formally launch sales process, e-mail blast to over 195 potential parties, post and advertise teaser, and open virtual data room. The teaser and SISP Procedures were posted to the Receiver’s website and have since been advertised on and through various media outlets.

- (b) January 5, 2024 to February 6, 2024 – work with interested parties towards submitting bids, complete management presentations, and field questions from interested parties;
  - (c) February 7, 2024 (12:00 p.m. MST) – Phase I bid deadline for non-binding letters of intent (refer to SISP Procedures at Appendix “A” for details defining requirements to be deemed a “Qualified Phase I Bid”);
  - (d) February 8, 2024 to March 6, 2024 – negotiate formal binding purchase and sale agreements with “Qualified Phase I Bidders”, assist with final due diligence;
  - (e) March 7, 2024 (12:00 p.m. MST) – Phase II bid deadline to submit binding offers with deposit (refer to SISP Procedures at Appendix “A” for details defining requirements to be deemed a “Qualified Phase II Bid”); and
  - (f) March / April 2024 – the Receiver, in consultation with the Secured Lenders, will assess the Phase II Bids received. Where appropriate, the Receiver may continue negotiations with one or more “Qualified Phase II Bidders”. A winning bid or bids (collectively, the “**Successful Bid**”) will be selected and the Receiver will seek Court approval and close the transaction(s).
55. The Receiver believes that the SISP timeline is sufficient to fully market the assets and/or operations of the Company. Furthermore, given the nature of the business, and the seasonality of the operations, the Receiver wanted to market the assets efficiently in order to capitalize on the operating season and the general demand for the equipment.

### *Marketing and Advertising*

56. The SISP Procedures contemplate that, as soon as reasonably practicable after launching the SISP, the Receiver would:
- (a) Post the teaser and SISP Procedures to the Receiver's website;
  - (b) Post advertisements on the following media outlets:
    - i. Insolvency Insider;
    - ii. BOE Report;
    - iii. The Calgary Herald;
    - iv. The Edmonton Journal; and
    - v. Global Newswire; and
  - (c) Establishing an electronic data room containing confidential information concerning the Business and Property (the "**Data Room**") that will be made available for prospective purchasers that have executed a confidentiality agreement with the Receiver.

### *Participation Requirements*

57. In order to participate in the SISP, each potential bidder must deliver to the Receiver an executed a confidentiality agreement in form and substance satisfactory to the Receiver at which time the potential bidder shall be deemed to be a qualified Phase I bidder ("**Qualified Phase I Bidder**").
58. The Receiver shall provide any person deemed to be a Qualified Phase I Bidder with access to the Data Room.

*Receiver's SISP efforts to date*

59. As of the date of this Report, the Receiver has:
- (a) Sent out, via email, the teaser and SISP Procedures to over 195 parties and posted the same to the Receiver's website;
  - (b) Set up the Data Room;
  - (c) Advertised the SISP in the following media outlets on the respective dates:
    - i. Insolvency Insider, January 8, 2024 (newsletter and website for four weeks);
    - ii. BOE Report, January 8, 2024 (newsletter and website);
    - iii. Calgary Herald, January 9, 2024 (print ad and online for six days);
    - iv. Edmonton Journal, January 9, 2024 (print ad and online for six days); and
    - v. Global Newswire, press lease on January 5, 2024 at 12:30 pm MST;
  - (d) Fielding numerous calls and hosted meetings with interested parties;
  - (e) Executing confidentiality agreements; and
  - (f) Providing access to the Data Room.
60. While it is still early stages, there has been good and positive activity with respect to responses from interested parties, including:
- (a) Numerous confidentiality agreements being executed;

- (b) Several potential bidders have accessed the Data Room; and
  - (c) Numerous requests for follow-up calls with the Receiver have been made.
61. As noted above, the SISP does not contemplate the marketing of the GIP Shares or Fleet Shares. The process to market and sell these investments will be considered at a later date and will not fall under the assets or Property included in the SISP as outlined above.

### **SURPLUS ASSET SALES**

62. Pursuant to the Consent Receivership Order, the Receiver is authorized to sell, convey, transfer, lease or assign Property or any part or parts thereof out of the ordinary course of business without the approval of this Honourable Court as long as the transaction individually does not exceed \$250,000 and in aggregate, the consideration of all such transactions, does not exceed \$1.5 million.
63. The Receiver, in consultation with Management, has identified a listing of Surplus Assets that are not needed for ongoing operations of any of the Operating Divisions, and, if sold individually, will not detract from the overall recovery of the assets and Property included in the SISP. A listing of the Surplus Assets is attached at Confidential Appendix “C”.
64. The Receiver, with approval of the Secured Lenders, is seeking authorization from this Honourable Court to market and sell these assets if offers are received that are in excess of a minimum price (the “**Floor Price**”). The Floor Price was established based on the orderly liquidation value as set out in the E&Y Appraisal. The Floor Price will ensure proceeds received from these Surplus Assets maximize the value to all of the Company’s stakeholders.

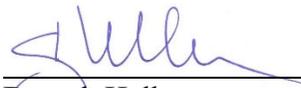
65. Some of the Surplus Assets were listed by the Company with a broker and there is strong interest in the assets in excess of their respective Floor Price. These specific types of assets are in high demand at this time of season which is why the Receiver is seeking approval to market and sell them outside of the SISP.
66. The Receiver has reviewed the detailed listing of Surplus Assets, including the Floor Price and estimated selling price for each of the assets, with the Secured Lenders. The Secured Lenders are supportive of the relief that the Receiver is seeking with respect to the Surplus Assets.

### **RECEIVER'S RECOMMENDATIONS**

67. The Receiver respectfully requests that this Honourable Court grant the following relief:
  - (a) Approval of the Receiver's activities since the Date of Appointment;
  - (b) Compel Lefley to comply with the Consent Receivership Order;
  - (c) Approval of the SISP and SISP Procedures; and
  - (d) Authorization to market and sell the Surplus Assets specified in Confidential Appendix "C".

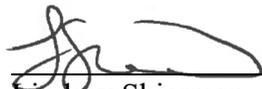
All of which is respectfully submitted this 15<sup>th</sup> day of January 2024.

FTI Consulting Canada Inc.,  
in its capacity as receiver and manager of  
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., and not  
in its personal or corporate capacity



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Deryck Helkaa  
Senior Managing Director



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Lindsay Shierman  
Managing Director

# APPENDIX “A”

SISP Procedures

## Procedures for the Sale and Investment Solicitation Process

1. On December 8, 2023, FTI Consulting Canada Inc. was appointed as Receiver (in such capacity, the “**Receiver**”) pursuant to an order of the Court of King’s Bench of Alberta (the “**Court**”), as amended by an order of the Court granted on December 22, 2023 and as may be further amended, supplemented or otherwise modified or restated by the Court from time to time (the “**Receivership Order**”) of all assets, undertakings and properties of 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 “**Company**”).
2. The Receiver is proposing to run a sale and investment solicitation process for certain assets of the Company (the “**SISP**”) in accordance with the terms hereof. The Receiver reserves its right to have the terms of the SISP approved by the Court by further order that, among other things, will authorize the Receiver to implement the terms of the SISP.
3. Set forth below are the procedures (the “**SISP Procedures**”) to be followed with respect to the SISP to be undertaken to seek a Successful Bid (as defined below), and if there is a Successful Bid, to complete the transaction(s) contemplated by the Successful Bid. The SISP Procedures will be posted to both the Receiver’s website and the Data Room.

### Defined Terms

4. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Receivership Order. In addition, capitalized terms used but not otherwise defined in these SISP Procedures shall have the following meanings:

“**Business**” means the business carried on by the Company;

“**Business Day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the City of Calgary;

“**Lenders**” means the secured lenders, (i) Canadian Western Bank; and (ii) Fiera Private Debt Fund V LP, and Fiera Private Debt Fund VI LP, who are owed approximately \$71.3 million plus accruing interest by the Company as at the date of the Receivership Order; and

“**Property**” means the undertakings, property and assets of the Company or any portion thereof.

### Solicitation Process and Timeline

5. The SISP is intended to solicit interest in, and opportunities for: (i) a sale, or partial sale, of all, substantially all, or certain amounts, of the Property or Business, whether through an asset purchase or share purchase, or a combination thereof; or (ii) for a restructuring, recapitalization, reorganization or refinancing of the Company or its Business, or a combination thereof.

6. The SISP Procedures set forth herein describe the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Company, its Business and its Property, the manner in which a bid becomes a Qualified Phase I Bid or a Qualified Phase II Bid (each as defined below), the receipt and negotiation of bids received, the ultimate selection of a Successful Bid, if any, and the approval thereof by the Court.

7. The Receiver shall implement these SISP Procedures. In the event that there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have jurisdiction to hear and resolve any such dispute.

8. The following table sets out the key milestones under this SISP, subject to extension by the Receiver pursuant to and in accordance with these SISP Procedures:

Milestone	Deadline
Deadline to submit a Phase I Bid	February 7, 2024
Deadline to submit Phase II Bid	March 7, 2024

### **Solicitation of Interest**

9. The Receiver shall cause a notice of the SISP to be published in the:

- (a) Insolvency Insider;
- (b) BOE Report;
- (c) Daily Oil Bulletin;
- (d) Calgary Herald; and
- (e) Edmonton Journal.

10. The Receiver will also issue a press release setting out relevant information from such notice with Canada Newswire designating dissemination in Canada and major financial centres in the United States.

11. A non-confidential teaser letter prepared by the Receiver (the “**Teaser**”) describing the opportunity to acquire some, all or substantially all of the Business or Property will be made available to prospective purchasers and prospective strategic or financial investors and will be posted on the Receiver’s website as soon as practicable following the commencement of the SISP.

12. In order to participate in the SISP, each person (a “**Potential Bidder**”) must deliver to the Receiver at the addresses specified in **Exhibit “A”** (including by email) hereto an executed confidentiality agreement, in form and substance satisfactory to the Receiver, following which the Potential Bidder shall receive access to the electronic data room containing confidential information concerning the Business and Property (the “**Data Room**”). For greater certainty, no Potential Bidder shall receive Data Room access or any confidential information relating to the

Business or the Property unless and until such an executed confidentiality agreement is delivered to the Receiver.

### **Phase I**

13. All Potential Bidders that are parties to a confidentiality agreement with the Receiver in accordance with these SISP Procedures shall be deemed to be a qualified Phase I bidder (a “**Qualified Phase I Bidder**”) and will be promptly notified of such classification by the Receiver.

14. As noted, each Qualified Phase I Bidder shall be provided with access to the Data Room and, if requested by the Qualified Phase I Bidder and deemed appropriate by the Receiver, a management presentation, together with such further information as the Receiver may deem appropriate. The Receiver makes no representation or warranty as to the accuracy or completeness of any information furnished pursuant to these SISP Procedures including, without limitation, the information contained in the Teaser or in the Data Room.

15. If it wishes to submit a bid, a Qualified Phase I Bidder must deliver written copies of a non-binding letter of intent (a “**Phase I Bid**”) to the Receiver to each of the addresses specified in **Exhibit “A”** hereto by no later than 12:00 p.m. (Mountain Time) on February 7, 2024, or such other date or time as may be agreed by the Receiver, acting in its sole discretion (the “**Phase I Bid Deadline**”).

16. A Phase I Bid will be deemed to be a “**Qualified Phase I Bid**” only if the Phase I Bid complies with all of the following:

- (a) it includes a term sheet describing the terms and conditions of the proposed transaction, including identification of: (i) the Business or Property proposed to be acquired; (ii) the liabilities of the Company proposed to be assumed; (iii) the purchase price for the Business or Property proposed to be acquired expressed in Canadian dollars (the “**Purchase Price**”); (iv) the effective date of the proposed transaction; and (v) the structure and financing of the proposed transaction;
- (b) it is not subject to a financing condition and it includes written evidence of the financial ability to consummate the proposed transaction that will allow the Receiver to make a reasonable determination as to the Qualified Phase I Bidder’s financial and other capabilities to consummate the transaction contemplated by its Phase I Bid;
- (c) it contains a description of the conditions precedent and approvals required for a final and binding offer, including, without limitation, any anticipated corporate, security holder, internal or regulatory approvals required to close the transaction, an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;

- (d) it contains an outline of any additional due diligence required to be conducted by the Qualified Phase I Bidder in order to submit a final and binding offer;
- (e) it fully discloses the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the bid and the complete terms of any such participation;
- (f) it does not include any request for or entitlement to any break or termination fee, expense reimbursement or similar type of payment;
- (g) it contains such other information as may reasonably be requested by the Receiver; and
- (h) it is received by the Phase I Bid Deadline.

17. The Receiver, in consultation with the Lenders, will assess the Phase I Bids received by the Phase I Bid Deadline and determine which of such bids constitute Qualified Phase I Bids. The Receiver may, in its sole discretion, waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Phase I Bids.

18. The Receiver may, in consultation with the Lenders, reject any Phase I Bid if it determines that such bid does not constitute a Qualified Phase I Bid, is otherwise inadequate or insufficient, or is otherwise contrary to the best interests of the estates of the Company, or any of its creditors or other stakeholders.

19. To the extent that a Phase I Bid is so determined by the Receiver to be a Qualified Phase I Bid, the corresponding Qualified Phase I Bidder (any such bidder, a “**Phase II Bidder**”) shall be permitted to proceed to Phase II of the SISP. The Receiver shall notify each Qualified Phase I Bidder as to whether or not such person has been determined to be a Phase II Bidder.

## **Phase II**

20. The Receiver shall allow each Phase II Bidder such further access to confirmatory due diligence materials as the Receiver deems appropriate in its reasonable business judgement and subject to competitive and other business considerations.

21. Phase II of the SISP will be limited to those persons that were identified by the Receiver as a Phase II Bidder. No person shall be permitted to participate in Phase II of the SISP without having participated in Phase I of the SISP and who were designated as a Phase II Bidder in accordance herewith.

22. A Phase II Bidder that wishes to make a formal offer to purchase the Business or Property shall submit a binding offer (a “**Phase II Bid**”) and a copy of the purchase and sale agreement that they are prepared to sign (“**Definitive Agreement**”) to the Receiver at the addresses specified in **Exhibit “A”** hereto so as to be received by each of them no later than 12:00 p.m. (Mountain Time) on March 7, 2024 or such other date or time as may be agreed to by the Receiver, acting in its sole discretion (the “**Phase II Bid Deadline**”). Such Phase II Bid shall be a

“**Qualified Phase II Bid**” and such Phase II Bidder shall be a “**Qualified Phase II Bidder**” only if its Phase II Bid complies with all of the following:

- (a) it complies with all of the requirements in respect of Qualified Phase I Bids, other than the requirements set out in Paragraphs 16(c), 16(d) and 16(h);
- (b) it clearly identifies the form of consideration being proposed to satisfy the Purchase Price and estimated value of the consideration in Canadian dollars. The Receiver’s preference is for cash consideration, provided that the Receiver will consider securities or other forms of consideration;
- (c) it includes a letter stating that its Phase II Bid is irrevocable until the earlier of: (i) the approval of a Successful Bid (as defined herein) by the Court in accordance with these SISP Procedures; and (ii) thirty (30) calendar days following the Phase II Bid Deadline, provided that if such Qualified Phase II Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
- (d) it includes written evidence of a firm irrevocable commitment for all required financing, or other evidence of the financial ability of such Qualified Phase II Bidder (including, for greater certainty, such Qualified Phase II Bidder’s designated purchaser(s), if any) to consummate the proposed transaction, that will allow the Receiver to make a reasonable determination as to the Qualified Phase II Bidder’s financial and other capabilities to consummate the transaction contemplated by its bid;
- (e) it is not conditioned on: (i) the outcome of unperformed due diligence; and/or (ii) obtaining financing;
- (f) it includes an acknowledgement and representation that the Qualified Phase II Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents, information and/or the Business or Property to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Business or Property to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly provided in a Definitive Agreement; and (iii) the transaction will be completed on an “as is, where is” basis;
- (g) it includes evidence, in form and substance reasonably satisfactory to the Receiver, of authorization and approval from the Qualified Phase II Bidder’s board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Phase II Bid, and identifies any anticipated shareholder, regulatory or other approvals outstanding, and the anticipated time frame and any anticipated impediments for obtaining such approvals;



- (h) it is accompanied by a refundable deposit (a “**Deposit**”) in the form of a wire transfer (to a bank account specified by the Receiver), or such other form acceptable to the Receiver, payable to the order of the Receiver, in trust, in an amount equal to ten percent (10%) of that total consideration set out in its Phase II Bid;
- (i) the Phase II Bid includes an executed Definitive Agreement, including all exhibits and schedules contemplated thereby (other than exhibits and schedules that by their nature must be prepared by the Receiver), together with a blackline against the draft form of Definitive Agreement which will be prepared by the Receiver and posted in the Data Room;
- (j) it does not include any request for or entitlement to any break or termination fee, expense reimbursement or similar type of payment; and
- (k) it contains such other information as may reasonably be requested by the Receiver.

23. The Receiver, in consultation with the Lenders, will assess the Phase II Bids received by the Phase II Bid Deadline and determine which of such bids constitute Qualified Phase II Bids. The Receiver may, in its sole discretion, waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Phase II Bids. The Receiver may, where it considers appropriate, continue negotiations with one or more Qualified Phase II Bidders to agree on terms of the Successful Bid.

24. The Receiver may, in consultation with the Lenders, reject any Phase II Bid if it determines that such bid does not constitute a Qualified Phase II Bid, is otherwise inadequate or insufficient, or is otherwise contrary to the best interests of the estates of the Company, or any of its creditors or other stakeholders.

25. The Receiver, in consultation with the Lenders, shall select the winning bid or bids (collectively, the “**Successful Bid**”, and the corresponding bidder(s), collectively, the “**Successful Bidder**”).

26. The Receiver will notify Qualified Phase II Bidders if not selected as the Successful Bidder.

### **Court Approval**

27. The Receiver shall apply to the Court (the “**Approval Application**”) for an order approving the Successful Bid and authorizing the Receiver to enter into any and all necessary agreements with respect to the Successful Bid, as well as an order vesting title to the Business or Property in the name of the Successful Bidder.

28. The Approval Application will be held on a date to be scheduled by the Court upon application by the Receiver. The Approval Application may be adjourned or rescheduled by the Receiver, in its sole discretion, without further notice.

29. All Qualified Phase II Bids (other than a Successful Bid) shall be deemed rejected on and as of the date of approval of the Successful Bid by the Court.

### **Deposits**

30. All Deposits shall be retained by the Receiver and deposited in a trust account. If there is a Successful Bid, the Deposit paid by the Successful Bidder whose bid is approved by the Approval Application shall be applied to the Purchase Price to be paid or investment amount to be made by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Phase II Bidders not selected as the Successful Bidder shall be returned to such bidders within five (5) Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, then all Deposits shall be returned to the Phase II bidders within five (5) Business Days of the date upon which the SISP is terminated in accordance with these SISP Procedures.

### **No Amendment**

31. There shall be no amendments to the SISP Procedures, including for greater certainty, the process and procedures set out herein, without the written consent of the Receiver.

### **“As Is, Where Is”**

32. Any sale of the Business or Property will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Receiver or any of their respective affiliates, advisors, agents or representatives, except to the extent otherwise provided under a Definitive Agreement with a Successful Bidder executed and delivered by the Receiver. The Receiver nor any of its respective affiliates, advisors, agents or representatives make any representation or warranty as to the accuracy or completeness of any information furnished pursuant to these SISP Procedures, including, without limitation, information contained in the Teaser or in the Data Room, except to the extent otherwise provided under a Definitive Agreement with a Successful Bidder executed and delivered by the Receiver.

### **Free Of Any and All Claims and Interests**

33. In the event of a sale of the Business or the Property, to the extent permitted by law and the Court, all of the rights, title and interests of the Company in and to the Business or the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests on or against the Property (collectively, the “**Claims and Interests**”). Such Claims and Interests shall attach only to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in a Definitive Agreement with a Successful Bidder and as permitted by applicable law.

### **No Obligation to Conclude a Transaction**

34. The Receiver has no obligation to agree to conclude a sale or investment arising out of this SISP, and it reserves the right and unfettered discretion to reject any offer or other proposal made in connection with this SISP. In addition, at any time during this SISP, the Receiver may

determine to terminate these SISP Procedures, and shall provide notice of such a decision to all Qualified Phase I Bidders or Qualified Phase II Bidders, as applicable.

**Further Orders**

35. At any time during this SISP, the Receiver may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder.

**Exhibit "A"**

Contact information for the Receiver is as follows:

Lindsay Shierman  
Managing Director  
Lindsay.Shierman@fticonsulting.com  
1-587-581-0361

Robert Kleebaum  
Senior Director  
Robert.Kleebaum@fticonsulting.com  
1-581-999-5516

Mailing Address:

Attention: Lindsay Shierman  
FTI Consulting Canada Inc.  
Suite 1610, 520 5th Avenue SW  
Calgary, AB T2P 3R7

Fax Number: 1-403-232-6116

# APPENDIX “B”

December 29 Letter

December 29, 2023

VIA EMAIL ([gchrenk@stringam.ca](mailto:gchrenk@stringam.ca))

Stringam LLP  
108 - 9824 97 Ave  
Grande Prairie, AB T8V 7K2

Attention: Gordon Chrenk

Dear Mr. Chrenk:

**Re: In the Matter of the Receivership of 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. (“Wolverine” or the “Company”);  
Alberta Court of King’s Bench Action No. 2301-16371;  
Demand for return of certain of the Property of Wolverine in same condition provided**

As you are aware, our office acts as counsel to FTI Consulting Canada Inc. in relation to the above-captioned matter concerning the receivership of Wolverine. On December 8, 2023, the Court of King’s Bench of Alberta granted an Order (the “**Consent Receivership Order**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 and section 13(2) of the *Judicature Act*, RSA 2000, c J-2, whereby FTI Consulting Canada Inc. was appointed receiver and manager (“**Receiver**”), without security, of all of Wolverine’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”) (such proceedings referred to herein as the “**Receivership Proceedings**”).

We understand that your office acts as counsel to Lefley Honey Company Ltd. (“**Lefley**”), and that Lefley is in possession of certain pieces of equipment owned by Wolverine, namely the following:

1. a 2011 CMI Hurricane Crawler GBJ14315; and
2. a 2014 CMI Hurricane Crawler GBJ23218.

Further to our email correspondence and that of the Receiver’s office with your office (as counsel to Lefley) dated December 14 and 15, 2023 (which is attached hereto as Schedule “A” to this letter), we hereby demand that Lefley return the equipment in question to the Receiver in the same condition it received same from Wolverine, at Lefley’s earliest possible opportunity. We are in receipt of your message that you would not be available over the latter half of December 2023, but given the urgency of this matter, we do require your prompt attention to this letter.

We also understand that, without the agreement of Wolverine, Lefley is claiming that they are entitled to charge monthly “storage costs” and refuse access to the Receiver to retrieve the said equipment until all the invoices, including the unilaterally imposed “storage costs”, are paid. Should you be in possession of any contractual agreement that reflects the granting of the said “storage charges”, please provide same at your earliest opportunity.

We will direct you at this point to the terms of the Consent Receivership Order, and in particular, paragraphs 3(a), 3(b), 7, 8, 9 and 11 of the same. We will not reproduce the noted applicable sections of the Consent Receivership Order here, but you are directed to the Receiver’s website, a link to which is included here: <http://cfcanada.fticonsulting.com/wolverine/docs/2301-16371-Filed-2023-12-13-Consent-Receivership-Order.pdf>.

Time is of the essence to this demand for the return of the said equipment, now that the construction season is ongoing and the assets in question are required for work that is needed to be concluded in order to maximize the value of the Company’s Property for the benefit of the stakeholders of the receivership estate.

We trust that you understand the serious nature of this matter; therefore, we look forward to receiving confirmation that Lefley has arranged to return the equipment in question within seven (7) days of the date of this correspondence, in the same condition that Lefley first came into possession of same.

**If the Receiver does not receive the equipment within the noted timeline, the Receiver will consider pursuing this matter further, including commencing legal proceedings to address these issues and enforcing its rights without further delay. The Receiver may also seek a contempt order in respect of Lefley’s failure to comply with the clear terms of Consent Receivership Order.**

If it is necessary for the Receiver to commence legal proceedings, the Receiver will seek compensation for all damages the Receiver and the estate has suffered including, but not limited to, compensation for costs incurred in pursuit of exercising its rights under the Consent Receivership Order and for the recovery of its legal fees on a full-indemnity, solicitor and their own client basis. The Receiver hereby expressly reserves all available rights, remedies and claims in their entirety, any of which may be exercised or otherwise pursued at any time, and from time to time, in the sole and absolute discretion of the Receiver, as the case may be, in accordance with the law and in equity.

We trust that the foregoing is in order, but should you have any questions or concerns relating to the above, please do not hesitate to contact the undersigned to discuss the same.

Kindly govern yourselves accordingly.

Sincerely,



Kyle Kashuba

KDK/enclosure

cc: The Receiver, FTI Consulting Canada Inc., Attention: Deryck Helkaa and Lindsay Shierman (via email)

**Schedule "A"**

Email correspondence (attached below)

Subject: RE: [EXTERNAL] Re: Western Canadian Mulching - in Receivership  
Date: 12/15/2023 1:32 PM  
From: "Kashuba, Kyle" <kkashuba@torys.com>  
To: "Gordon D. Chrenek" <gchrenek@stringam.ca>  
Cc: "Shierman, Lindsay" <Lindsay.Shierman@fticonsulting.com>

---

Gordon,

Thank you for the note. Given the urgency of this matter to the receivership estate and the clear terms of the Receivership Order, if you are not available to respond in a timely manner for any reason, please let us know if there is someone else at your firm that we could speak to in order to have this matter appropriately dealt with.

Regards,

Kyle

Kyle Kashuba

P. 403.776.3744 | F. 403.776.3800 | 1.800.505.8679  
525 - 8th Avenue S.W., 46th Floor, Eighth Avenue Place East  
Calgary, Alberta T2P 1G1 Canada | www.torys.com

**TORYS**  
LLP

-----Original Message-----

From: Shierman, Lindsay <Lindsay.Shierman@fticonsulting.com>  
Sent: Friday, December 15, 2023 1:16 PM  
To: Gordon D. Chrenek <gchrenek@stringam.ca>  
Cc: Kashuba, Kyle <kkashuba@torys.com>  
Subject: RE: [EXTERNAL] Re: Western Canadian Mulching - in Receivership

Sorry to hear that. Unfortunately, the assets being held are vital to the Company's operations and we would like to discuss the ability to have it returned for use prior to the new year. I've also cc'd Kyle Kashuba, the Receiver's legal counsel, in case its helpful to include him in our discussions as well.

Please advise if there's any way we can connect sooner than the new year.

Thanks in advance,

Lindsay Shierman  
+1.403.454.6036 T | +1.587.581.0361 M  
lindsay.shierman@fticonsulting.com

-----Original Message-----

From: Gordon D. Chrenek <gchrenek@stringam.ca>  
Sent: Friday, December 15, 2023 1:01 PM  
To: Shierman, Lindsay <Lindsay.Shierman@fticonsulting.com>  
Subject: RE: [EXTERNAL] Re: Western Canadian Mulching - in Receivership

I will not have any availability until after the New Year. Sorry about that.

Gordon Chrenek LLB

Partner

A: 108-9824 97th Ave, Grande Prairie

P: 780.539.6800

Stringam LLP UNCOMMON LAW

W: <https://protect-eu.mimecast.com/s/nWBoCQ1yZil8gVpfxItE9?domain=stringam.ca>

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-----Original Message-----

From: Shierman, Lindsay <Lindsay.Shierman@fticonsulting.com>

Sent: Friday, December 15, 2023 12:51 PM

To: LINDA LEFLEY <tanner23@telus.net>; Gordon D. Chrenek <gchrenek@stringam.ca>

Subject: RE: [EXTERNAL] Re: Western Canadian Mulching - in Receivership

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Thanks Linda, much appreciated. Mr Chrenek, once you have had a chance to review the Order, please advise of your availability this afternoon for a call.

Kind Regards

Lindsay Shierman

Managing Director, Corporate Finance

FTI Consulting

+1.403.454.6036 T | +1.587.581.0361 M

[lindsay.shierman@fticonsulting.com](mailto:lindsay.shierman@fticonsulting.com)

Suite 1610, 520 5th Avenue SW

Calgary, AB T2P 3R7 Canada

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-----Original Message-----

From: LINDA LEFLEY <tanner23@telus.net>

Sent: Friday, December 15, 2023 9:32 AM

To: Shierman, Lindsay <Lindsay.Shierman@fticonsulting.com>; Gordon D. Chrenek

<gchrenek@stringam.ca>

Subject: [EXTERNAL] Re: Western Canadian Mulching - in Receivership

Good morning Lindsay,

We have passed this on to our lawyer Gord Chrenek (Stringam LLP) and his office number is 780-539-6800.

Thank you.

Linda Lefley

On Thu, Dec 14, 2023 at 4:00 PM Shierman, Lindsay <Lindsay.Shierman@fticonsulting.com> wrote:

>

> Hello,

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>

> As you may be aware, on December 8, 2023, 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 Inc., and Western Canadian Mulching Ltd., (collectively, "Wolverine") filed for receivership. FTI Consulting Canada Inc. was appointed as receiver and manager (the "Receiver"). A copy of the Receivership Order granted is attached.

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> The Receiver has been provided notice that Lefley Honey Company Ltd. is currently in possession of a couple of pieces of Wolverine machinery.

>

> I would appreciate the opportunity to discuss the Receivership Proceedings further with you.

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> Please let me know the name of who I can contact and the best number to reach them at.

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> Looking forward to speaking with you.

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> Kind Regards

>

> Lindsay Shierman

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> Managing Director, Corporate Finance

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> FTI Consulting

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-----Original Message-----

From: Gordon D. Chrenek <gchrenek@stringam.ca>

Sent: Friday, December 15, 2023 2:18 PM

To: Shierman, Lindsay <Lindsay.Shierman@fticonsulting.com>

Cc: tanner23@telus.net

Subject: RE: [EXTERNAL] Re: Western Canadian Mulching - in Receivership

Sorry, I don't really understand your comment below.

Obviously they are not vital to the operations or they would not have been abandoned for this long.

What are you proposing to pay for the outstanding storage cost? You can imagine how frustrating this has been for my clients. Can you please make a proposal that is fair and reasonable?

Gordon Chrenek LLB

Partner

A: 108-9824 97th Ave, Grande Prairie

P: 780.539.6800

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W: <https://protect-eu.mimecast.com/s/BSvgC3lABi9w87YIgProK?domain=stringam.ca>

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Lindsay Shierman

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[lindsay.shierman@fticonsulting.com](mailto:lindsay.shierman@fticonsulting.com)

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Managing Director, Corporate Finance

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[lindsay.shierman@fticonsulting.com](mailto:lindsay.shierman@fticonsulting.com)

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<gchrenek@stringam.ca>

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