

COURT FILE NUMBER	1901-08251
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	NATIONS FUND I, LLC
DEFENDANT	BEARSTONE ENVIRONMENTAL SOLUTIONS INC.
APPLICANT	KPMG INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF BEARSTONE ENVIRONMENTAL SOLUTIONS INC.
DOCUMENT	FIRST REPORT TO THE COURT SUBMITTED BY KPMG INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF BEARSTONE ENVIRONMENTAL SOLUTIONS INC.
DATE	OCTOBER 2, 2019
ADDRESS FOR SERVICE AND CONTRACT INFORMATION OF PARTY FILING THIS DOCUMENT:	KPMG INC. Suite 3100, Bow Valley Square II 205 - 5th Ave SW Calgary, Alberta T2P 4B9 Attn: Neil Honess / George Bourikas Tel: (403) 691-8014 / (416) 777-8887 Email: neilhoness@kpmg.ca / gbourikas@kpmg.ca CASSELS BROCK & BLACKWELL LLP Suite 3810, Bankers Hall West 888 3rd Street SW Calgary, AB T2P 5C5 Jeffrey Oliver Tel: (403) 351-2921 joliver@casselsbrock.com

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1. INTRODUCTION AND PURPOSE OF REPORT

Introduction

1. Bearstone Environmental Solutions Inc. (“**Bearstone**” or the “**Company**”) provides environmental oilfield services to the oil and gas industry throughout Western Canada. The Company’s primary assets include vacuum, water trucks and related equipment. The Company has three locations; operational facilities in Grande Prairie and Medicine Hat and a head office in Calgary.
2. Bearstone’s senior secured lender is Nations Fund I, LLC (“**Nations**” or the “**Lender**”). Nations has advanced funds of approximately \$5.13 million (plus interest and fees) to Bearstone. These amounts were borrowed by Bearstone pursuant to certain loan and security agreements.
3. On June 10, 2019, Nations issued a demand for payment and notice of intention to enforce security (the “**Demand Notice**”) pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (the “**BIA**”).
4. Shortly after the Demand Notice, Nations commenced an application to have KPMG Inc. (“**KPMG**”) appointed as receiver and manager of Bearstone (in such capacity, the “**Receiver**”) pursuant to section 243 (1) of the BIA and section 13(2) of the *Judicature Act*, RSA 2000, c J-2 to, *inter alia*, take possession of and exercise control over the assets of the Company and any and all proceeds, receipts and disbursements arising out of or from the assets (the “**Property**”).
5. Prior to being appointed as Receiver of Bearstone, KPMG prepared the First Report of the Proposed Receiver dated July 17, 2019, the First Confidential Supplemental Report of the Proposed Receiver dated July 17, 2019, the Second Report of the Proposed Receiver dated July 29, 2019 and the Second Confidential Supplemental Report of the Proposed Receiver on July 29, 2019 (collectively, the “**Proposed Receiver’s Pre-Filing Reports**”). The Proposed Receiver’s Pre-Filing Reports were filed in connection with the application brought by Nations, and provided, *inter alia*:
 - a) Background information on the Company;
 - b) An overview of the Silverpoint Transaction; and
 - c) The Proposed Receiver’s analysis of the same.
6. Copies of the Proposed Receiver’s Pre-Filing Reports are attached hereto as **Appendix “A”** and **Appendix “B”**, respectively.

7. On August 6, 2019 (the “**Receivership Date**”), the Court of Queen’s Bench of Alberta (the “**Court**”) granted an order appointing KPMG as the Receiver over all the Property and undertakings of Bearstone (the “**Receivership Order**”). A copy of the Receivership Order is attached hereto as **Appendix “C”**.
8. On August 6, 2019, the Court also granted an order (the “**Sale Approval and Vesting Order**”), which approved:
 - a) The transaction contemplated between Bearstone, Nations, Silverpoint Energy Services Inc. (“**Silverpoint**”), and New West Energy Services Inc. (“**New West**”), resulting in the transfer of substantially all of the Company’s assets located at the Medicine Hat location to Silverpoint (the “**Silverpoint Transaction**”), and the adoption of the related asset purchase and sale agreement (the “**Amended Silverpoint APA**”) by the Receiver, details of which are provided in the Proposed Receiver’s Pre-Filing Reports; and
 - b) The vesting of the right, title and interest in and to the Purchased Assets with the Purchaser (as defined in the Amended Silverpoint APA).
9. A copy of the Sale and Approval Vesting Order is attached hereto as **Appendix “D”**.

Purpose of the Report

10. This is the Receiver’s first report to the Court (the “**First Report**” or the “**Report**”) which has been prepared to provide this Honorable Court with:
 - a) An update on the actions of the Receiver since the Receivership Date;
 - b) A summary of the Company’s primary assets and liabilities;
 - c) Details of the asset realization process;
 - d) Details pertaining to the proposed transaction (the “**Liquidation Transaction**”) between the Receiver and Ritchie Bros. Auctioneers Inc. (“**RB**”) in respect of certain equipment located at the Company’s Grande Prairie location (the “**RB Equipment**”);
 - e) The Receiver’s interim statement of receipts and disbursements from August 6, 2019 to September 25, 2019;

- f) The Receiver's fees and disbursements for the period of July 1, 2019 to August 5, 2019 related to preparation of the Proposed Receiver's Pre-Filing Reports and preparation for the receivership;
 - g) The Receiver's fees and disbursements for the period of August 6, 2019 to September 20, 2019 related to the receivership itself;
 - h) The fees and disbursements of the Receiver's Counsel's (defined herein) for the period of June 10, 2019 to August 31, 2019; and
 - i) The Receiver's recommendations.
11. A confidential supplemental report (the "**First Confidential Supplemental Report**") has been prepared by the Receiver, which provides details in respect of the proposed Liquidation Transaction, and the bids submitted to the Receiver in connection with the RFP (defined herein).

Terms of Reference

12. In preparing this Report, the Receiver has been provided with, and has relied upon, unaudited and other financial information, books and records (collectively, the "**Information**") prepared by the Company and/or its representatives, and discussions with the Company's management and/or representatives.
13. The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants Handbook, and accordingly the Receiver expresses no opinion or other form of assurance in respect of the Information.
14. Capitalized terms not otherwise defined herein are as defined in the Proposed Receiver's Pre-Filing Reports.
15. The information contained in this Report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Receiver.
16. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

17. All materials filed with the court and all orders granted by the Court in connection with the receivership will be made available to creditors and other interested parties in electronic format on the Receiver's website <http://home.kpmg/ca/bearstone>.

2. THE COMPANY'S PRIMARY ASSETS AND LIABILITIES

18. As at the Receivership Date, the Company's primary assets as recorded in the Company's books and records are summarized as follows:

Summary of Primary Assets	
As at August 7, 2019	CAD \$
Asset	Estimated Book Value
Property, plant and equipment (net)	3,835,780
Equipment under capital lease (net)	2,467,903
Accounts receivable	1,621,677
Other assets (net), excluding Goodwill	326,166
Total Assets	8,251,526

19. The Company's equipment (both owned, and under capital lease) is primarily oil field servicing equipment located at both the Medicine Hat and Grande Prairie locations.
20. Other assets consist of prepaid expenses, and other miscellaneous tools located at both the Medicine Hat and Grande Prairie locations which were used to service and maintain the Company's equipment.
21. As at the Receivership Date, the Company's primary liabilities as recorded in the Company's books and records are summarized as follows:

Summary of Primary Liabilities	
As at August 7, 2019	CAD \$
Liabilities	Estimated Book Value
Related party advances	9,838,730
Long-term debt	4,377,805
Accounts payable	2,519,353
Obligations under capital leases	647,343
Accrued liabilities	150,149
Total Liabilities	17,533,381

22. The Company's outstanding long-term debt was primarily owing to Nations. Its obligations under capital leases related to various lessors.
23. Based on the books and records available to the Receiver, the Company had approximately 278 unsecured creditors, including landlords, Canada Revenue Agency ("CRA"), and suppliers.

24. The Company uses a third-party payroll service provider and the Receiver was able to determine that remittances for all employee source deductions were current as at the Receivership Date.
25. Based on the most recent Notice of Assessment from CRA dated August 3, 2019, the Company owed \$26,375 in respect of GST. The Company had filed GST returns up to and including April 2019, and is in the process of filing the remaining outstanding GST returns up to the Receivership Date. Based on the Company's financial statements, the estimated total GST arrears owing is approximately \$46,450. The Receiver is in the process of filing outstanding GST returns in order to finalize the total GST arrears owing.
26. Based on a statement of account notice from the British Columbia Ministry of Finance dated August 24, 2019, the Company owed \$20,819 in PST arrears.

3. ACTIVITIES OF THE RECEIVER TO DATE

Day One Activities

27. The Company had three locations in Alberta: a head office in Calgary and two operational facilities in Medicine Hat and Grande Prairie.
28. On the Receivership Date, the Receiver attended all three locations to undertake the following initial actions:
 - a) Contacted all employees to inform them of the receivership and provided them with termination letters;
 - b) Identified, inventoried and secured all equipment located at the Grande Prairie location (the “**GP Equipment**”);
 - c) Inventoried the equipment at the Medicine Hat location (the “**MH Equipment**”), including the Silverpoint Equipment (defined herein);
 - d) Secured the Grande Prairie premises including changing all locks and making arrangements for ongoing security; and
 - e) Engaged three former Grande Prairie employees as consultants to the Receiver to assist in various matters.

Cash and Banking

29. The Receiver requested all bank accounts to be immediately transferred to the Receiver. The Company had accounts with Bank of Montreal and Canadian Western Bank, which remained open for receipts, but were frozen for disbursements.
30. The Receiver immediately opened a new bank account in the name of the receivership estate and subsequently transferred all cash in the Company’s bank accounts to the Receiver’s bank account. As certain cash receipts continue flow to the Company’s bank accounts, the Receiver periodically sweeps funds from the Company’s accounts to the Receiver’s account as required.
31. Subsequently it appears certain amounts may have disbursed from the Company’s existing bank account after the Receivership Date. The Receiver is investigating this matter.

Books and Records

32. Substantially all of the Company's books and records were located in Calgary. A backup of all digital records was taken by the Receiver. The books and records of the Company were sold as part of the Amended Silverpoint APA.

Insurance

33. The Receiver reviewed the Company's existing insurance policies for adequacy of protection and noted that:
- a) The policies were set to expire on August 11, 2019; and
 - b) The Company did not have an automobile insurance policy (which resulted in no insurance coverage over the Company's commercial light vehicles).
34. The existing insurers were only willing to extend the coverage period until August 24, 2019 to give the Receiver the opportunity to seek new insurers.
35. Accordingly, the Receiver obtained new insurance policies which included coverage for damage, theft, automobile, and general liability insurance, effective August 24, 2019.

Notice

36. The Receiver has issued the prescribed notice and statement pursuant to sections 245 and 246 of the BIA to all known secured and unsecured creditors of the Company, providing notice of its appointment. A copy of the notice and statement is attached hereto as **Appendix "E"**.

Management, Employees, and Contractors

37. As at the date Receivership Date, the Company had approximately 37 employees.
38. Pursuant to the Amended Silverpoint APA, 33 of the 37 Company's employees were transferred to Silverpoint on the Receivership Date.
39. The Receiver engaged as consultants the three former employees at Grande Prairie to assist the Receiver with safeguarding and performing certain repairs on the GP Equipment in order to maximize realizations.

Security Review

40. Cassels Brock & Blackwell LLP (“**Cassels Brock**” or the “**Receiver’s Counsel**”) has undertaken a review of the validity and enforceability of the security held by Nations. The Receiver’s Counsel has advised the Receiver that Nations has a valid security interest in the right, title, and interest of the Company in its real and personal property, subject to certain standard assumptions and qualifications.

Equipment and Property Leases

Medicine Hat

41. Substantially all of the MH Equipment that was either a) owned by the Company, or b) leased to the Company by Nations was sold to Silverpoint pursuant to the Silverpoint Amended APA (the “**Silverpoint Equipment**”). The Receiver attended the Medicine Hat location to oversee the transfer of the Silverpoint Equipment to Silverpoint.
42. In respect of the MH Equipment that was leased to the Company by lessors other than Nations the (“**MH Other Lenders’ Equipment**”), the Receiver either a) transferred/assigned the lease agreements to Silverpoint, or b) terminated the lease agreements.
43. The Receiver terminated the lease for the Medicine Hat property after vacating the premises.

Grande Prairie

44. Substantially all of the GP Equipment was leased. The majority of the leases were with Nations, with the remainder of the leases being with various other lenders (the “**GP Other Lenders’ Equipment**”).
45. The Receiver engaged GD Auctions and Appraisals (“**GD Auctions**”) to conduct an independent appraisal of the GP Equipment. The Receiver contacted the various other lenders to obtain payout statements in order to confirm the amount of debt owing on their respective equipment. The Receiver utilized the GD Auction appraisal and the payout statements in order to determine equity in the GP Other Lenders’ Equipment. To the extent that there was no equity in the GP Other Lenders’ Equipment, the respective lenders were allowed to retrieve their equipment from the Receiver, thus satisfying their secured claims in the Bearstone estate. To the extent that there was equity in the GP Other Lenders’ Equipment, the respective lenders were granted the option to either i) elect to include their equipment in the Liquidation Transaction, from which proceeds up to the amount of the debt owing on the equipment would be paid to the respective lenders, thus satisfying their secured claims

in the Bearstone estate; or ii) elect to retrieve their equipment from the Receiver, and remit to the Receiver any realizations in excess of the secured debt in relation to that equipment.

- 46. All equipment for which Nations was the lessor was included in the Liquidation Transaction.
- 47. The Receiver continues to occupy the Grande Prairie location on a month to month basis, as this is where the GP Equipment is stored which remains in possession of the Receiver. The Receiver intends to vacate this premises once the remaining equipment is sold and removed from the location.

Other Locations

- 48. The Receiver immediately terminated two of the leases related to properties in Grande Prairie that the Company no longer occupied.
- 49. Bearstone's head office was located in Calgary (the "**Head Office**") however the lease was in the name of New West (the parent company of Bearstone). The rent payment for August had been paid prior to the Receivership Date.
- 50. The assets in the Head Office consisted of furniture and office equipment of minimal value. The Receiver is in the process of selling certain of these assets to Silverpoint and intends to abandon any assets that remain thereafter.

4. REALIZATION OF ASSETS

Accounts Receivable

51. The table below summarizes the accounts receivable realizations to date by the Receiver:

Accounts receivable summary	
For the Period August 6, 2019 to September 25, 2019	
	Amount (CAD\$)
Balance as at August 6, 2019	1,621,677
Amounts billed during the period	274,549
Total accounts receivable	1,896,226
Amounts collected	(831,078)
Amounts deemed uncollectible	(196,489)
Estimated future collections	868,659

52. As of the Receivership Date, the Company had an accounts receivable balance of approximately \$1,621,677. The balance consisted of approximately 34 customers.
53. Silverpoint has assisted the Receiver in preparing and issuing invoices for work that was completed but yet to be invoiced as at the Receivership Date. An additional \$274,549 has been invoiced from August 6, 2019 to September 25, 2019.
54. Silverpoint has assisted the Receiver in collecting outstanding accounts receivable, given its management's relationships with the debtors and the fact that Silverpoint continues to service many of Bearstone's former clients.
55. The Receiver issued demand letters in respect of certain overdue accounts on August 20, 2019, and September 17, 2019.
56. As of September 25, 2019, the Receiver has collected approximately \$831,078 of receivables, while approximately \$1,065,148 remain outstanding. Approximately \$196,489 of this balance is likely uncollectable, mainly due to offsetting payable balances. The Receiver, with the assistance of Silverpoint, as required, will continue to pursue outstanding receivables to the extent that they are recoverable.

Medicine Hat Assets

57. Substantially all of the MH Equipment was sold to Silverpoint, pursuant to the Amended Silverpoint APA.

58. Remaining miscellaneous items are in the process of being sold to Silverpoint. These items consist of small tools and miscellaneous IT equipment. The transaction is expected to be for approximately \$5,000 - \$10,000 and therefore below the threshold for requiring Court approval pursuant to the Receivership Order.

Grande Prairie Assets

59. To realize on the Company's assets located at the Grande Prairie location, the Receiver prepared and distributed a request for proposal (the "**RFP**") in order to solicit proposals from auctioneers, third party liquidators, and private buyers.
60. The RFP included *inter alia*, the following information:
- a) A high-level overview of the assets included in the process;
 - b) An outline of the requirements to be included in the proposal submission;
 - c) The proposal submission deadline;
 - d) A description of the Receiver's proposal review and selection process;
 - e) A copy of the Receivership Order;
 - f) A Non-Disclosure and Confidentiality Agreement (the "**NDA**"); and
 - g) A bid deadline date of September 20, 2019 (the "**Bid Deadline**").
61. The RFP was sent directly to 42 potential bidders, including 18 liquidators and 24 private buyers. Concurrently, advertisements were placed in industry and local publications referencing the Receiver's website for the sales process (the "**Sales Process**"). Copies of the newspaper advertisements are attached hereto as **Appendix "F"**.
62. Potential bidders were required to submit a signed NDA to the Receiver in order to receive a detailed asset listing.
63. The Receiver received 24 signed NDAs from interested parties and, on the Bid Deadline received six bids, all which were submitted by liquidators (rather than private buyers).

64. Following receipt of bids, the Receiver corresponded with certain parties that submitted bids in order to clarify certain terms of their respective bids.
65. Accordingly, the Receiver determined that the bid received from RB (the “**RB Offer**”) was superior to all other bids received.
66. The Receiver has, subject to approval of this Honourable Court, accepted the RB Offer and has executed an Auctioneer Agreement with RB (the “**RB Agreement**”). A copy of the RB Agreement (with certain terms redacted) is attached hereto as **Appendix “G”**.
67. The Receiver has provided further detailed information on the appraisal value, Sales Process and the RB Offer in the First Confidential Supplemental Report.
68. The Receiver is of the view that the Sales Process for the GP Equipment was fair, reasonable and transparent and provided the highest and best value for the equipment given the following:
- a) The RB Offer provided the highest net minimum guarantee (“**NMG**”), the opportunity for additional realizations, and an off-site auction reducing receivership costs;
 - b) The Sales Process set out an initial four week process for marketing of the GP Equipment to prospective buyers and liquidators and, in the Receiver’s view, this timeline was sufficient to allow due diligence and submission of bids; and
 - c) Nations are supportive of the transaction.
69. The Receiver will seek an approval and vesting order in respect of the RB Agreement and the transaction set out therein.
70. The Receiver will seek a sealing order in connection with the First Confidential Supplemental Report as the First Confidential Supplemental Report includes certain commercially sensitive information (including appraisal values for the RB Equipment and a proposed purchase price) and disclosure of the information contained in the First Confidential Supplemental Report could cause irreparable prejudice to creditors and other stakeholders in the event the transaction contemplated by the RB Agreement does not close. If this were to occur, the RB Equipment could be subject to further marketing and the Receiver’s ability to obtain the highest and best price would be severely compromised by the information being in the public domain. As such, the Receiver seeks a limited sealing order in connection to the First Confidential Supplemental Report.

5. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

71. Below is a summary of the Receiver's interim receipts and disbursements for the period August 6, 2019 to September 25, 2019 (the "SRD"). The complete statement of receipts and disbursements is attached hereto as **Appendix "H"**.

Interim Statement of Receipts and Disbursements	
August 6, 2019 to September 25, 2019	
	Amount (CAD \$)
Cash Receipts	
Accounts receivable collections	791,503
GST collections	39,575
Transfer from pre-receivership bank account	17,056
Petty cash	129
Interest	111
Total cash receipts	848,375
Cash disbursements	
Payroll, wages and contractors	(82,173)
Receiver's Counsel fees	(56,413)
Rent	(29,920)
Repairs and maintenance	(19,356)
Credit card payment	(11,091)
Appraisal fees	(7,000)
GST paid	(6,317)
Advertising	(2,159)
Insurance	(1,725)
Mail forwarding	(494)
Computer services	(482)
Bank fees	(62)
Total cash disbursements	(217,193)
Excess receipts over disbursements	631,182

72. Receipts relate primarily to collections of outstanding accounts receivable and opening cash balances on the accounts.
73. The Receiver's disbursements during the receivership period have primarily related to the preservation of the equipment located in Grande Prairie, and the asset realization strategy related to same, which includes, inter alia, costs such as premises rent, insurance, and repairs to the equipment, among other items. It also includes disbursements related to the repairs and maintenance of the GP Equipment.
74. The Receiver anticipates future receipts to relate primarily to i) collections of remaining accounts receivable outstanding; and ii) proceeds from the Liquidation Transaction.

75. The Receiver anticipates future disbursements required to complete the administration of the estate to relate primarily to i) premises rent; ii) GST remittances; and iii) professional fees of the Receiver and the Receiver's Counsel.
76. The Receiver and the Receiver's Counsel have billed fees of \$310,634 and \$73,262 respectively including GST (the "**Receivership Professional Fees**"). \$56,413 has been paid to date to the Receiver's Counsel in respect of work carried out in preparation for the Receivership Order; the remainder of the Receivership Professional Fees remain unpaid.

Receivership Professional Fees Summary				
Service Period	Fees	Disbursements	GST	Total
Receiver				
July 1, 2019 - August 5, 2019	51,305.00	3,549.02	2,742.70	57,596.72
August 6, 2019 - September 20, 2019	220,602.50	20,385.02	12,049.38	253,036.90
Total Receiver's Fees	271,907.50	23,934.04	14,792.08	310,633.62
Receiver's Counsel				
August 1, 2019 - August 31, 2019	15,818.00	233.56	797.58	16,849.14
June 10, 2019 - July 31, 2019	47,127.50	6,619.48	2,665.64	56,412.62
Total Receiver's Counsel Fees	62,945.50	6,853.04	3,463.22	73,261.76
Total Professional Fees	334,853.00	30,787.08	18,255.30	383,895.38

77. The Receiver is seeking approval of the Receivership Professional Fees. Copies of the invoices described therein, including detailed time analysis, will be made available to this Honourable Court, if requested.
78. The Receiver incurred significant time from July 1, 2019 to August 5, 2019 reviewing the Amended Silverpoint APA, preparing the Proposed Receiver's Pre-Filing Reports and preparing for the Receivership. Given that among other things:
- a) The Value of Silverpoint's bid under the Amended Silverpoint APA was significantly greater than the appraised forced liquidation value of the Purchased Assets;
 - b) Nations was supportive of the Amended Silverpoint APA and the Silverpoint Transaction; and
 - c) Pursuing the Amended Silverpoint APA and the Silverpoint Transaction eliminated auction risks and costs from the sale of the Purchased Assets and significantly reduced professional costs, and preserved a significant number of jobs;

It is the view of the Receiver that having the Amended Silverpoint APA and the Silverpoint Transaction close rapidly would preserve as much value as possible for the creditors. In the circumstances, the Receiver respectfully submits that it is fair, reasonable and appropriate that the Receiver and Receiver's Counsel be paid their pre-filing fees and disbursements.

79. From August 6, 2019 to September 20, 2019 the Receiver has had to incur considerable time and cost in securing and maintaining the GP Equipment, resolving the final issues with respect to the Silverpoint transaction, dealing with Lessors, and conducting the Sales Process. The Receiver is of the view that, in light of the nature, extent and value of the assets, the Receivership Professional Fees are fair and reasonable.

6. INTERIM DISTRIBUTIONS TO SECURED CREDITORS

80. The Company's secured creditors are currently understood as follows:
- a) Nations is the primary secured creditor of Bearstone and has security over certain equipment of the Company as well as a general security agreement over the assets of the Company; and
 - b) Certain other lenders have security over the GP Other Lenders' Equipment.
81. As noted previously, CRA has a claim for GST arrears of approximately \$46,450 and the British Columbia Ministry of Finance has a claim for PST arrears of approximately \$20,819.
82. Bradvin Trailer Sales Ltd. ("**Bradvin**") is currently holding certain of the Company's equipment (the "**Withheld Equipment**") pursuant to garage keepers' liens registered by Bradvin against Bearstone in the Alberta Personal Property Registry (the "**Liens**"). The Receiver has yet to determine the validity of the Liens but will retain proceeds from the sale of the Withheld Equipment (the "**Funds**") to the value of the Liens in trust pending further Order of this Honourable Court or until Bradvin and the Receiver have come to an agreement as to the validity of the Liens.
83. The Receiver continues to collect outstanding accounts receivable and realize on other miscellaneous assets. As a result of the large deficiency owing to Nations, the Receiver is seeking the Court's permission to make ongoing distributions to Nations ("**Interim Distributions**"), subject only to holdbacks for:
- a) Amounts owing that may rank in priority to Nations' amounts outstanding;
 - b) Amounts owing to Other Lenders in respect of their security;
 - c) The Funds held back in order to secure Bradvin's alleged Liens; and
 - d) Professional fees and other disbursements required to complete the administration of the receivership.

7. RECEIVER'S RECOMMENDATIONS

84. The Receiver submits this First Report, respectfully requesting that this Honorable Court:
- a) Approve the First Report and the activities of the Receiver as set out therein;
 - b) Approve the sale and approve the vesting order in relation to the equipment that is subject to the RB Agreement;
 - c) Approve the Receivership Professional Fees for the Receiver for the period of July 1, 2019 to August 5, 2019 related to preparation for the receivership and for the period of August 6, 2019 to September 20, 2019 for the receivership, and the Receiver's Counsel for the period June 10, 2019 to August 31, 2019;
 - d) Seal the First Confidential Supplemental Report; and
 - e) Approve the proposed Interim Distributions.

This Report is respectfully submitted this 2nd day of October, 2019

KPMG Inc.

**In its capacity as Court-Appointed Receiver of
Bearstone Environmental Solutions Inc.
and not in its personal or corporate capacity**

A handwritten signature in blue ink, appearing to read 'Neil Honess', is written over a faint, larger signature in grey ink.

Per: Neil Honess
Senior Vice President

APPENDIX “A”

First Report of the Proposed Receiver

COURT FILE NUMBER **1901-08251**

COURT **COURT OF QUEEN'S BENCH OF ALBERTA**

JUDICIAL CENTRE **CALGARY**

APPLICANTS **NATIONS FUND I, LLC**

DEFENDANT **BEARSTONE ENVIRONMENTAL SOLUTIONS INC.**

DOCUMENT **PROPOSED RECEIVERS'S REPORT**

JULY 17, 2019

ADDRESS FOR SERVICE AND
CONTRACT INFORMATION OF
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Appendix “B” – Asset Purchase and Sale Agreement

1. INTRODUCTION AND PURPOSE OF REPORT

1. Pursuant to an affidavit sworn by Gerry Kerkhoff, president of Bearstone Environmental Solutions Inc., (“**Bearstone**” or the “**Company**”), sworn on July 11, 2019 (the “**Kerkhoff Affidavit**”), Bearstone is a body corporate incorporated in the Province of Alberta, and is a wholly-owned subsidiary of New West Energy Services Inc. (“**New West**”) which is a public company listed on the TSX Venture Exchange. Bearstone provides environmental oilfield services to the oil and gas industry throughout Western Canada. Primary service offerings include environmental consulting services, vacuum and water trucks, as well as fluid transportation. Bearstone’s senior secured lender is Nations Fund I, LLC (“**Nations**” or the “**Lender**”).
2. KPMG Inc. (“**KPMG**”, the “**Proposed Receiver**”) understands that an application is to be made to the Court of Queen’s Bench of Alberta (the “**Court**”) by Nations seeking the following in respect of Bearstone (the “**Application**”):
 - a) An order (the “**Receivership Order**”) (substantially in the form of the Receivership Order filed in connection with the Application), appointing the Proposed Receiver as Receiver and Manager over all the current and future assets, undertaking and property of Bearstone pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”); and
 - b) If the Receivership Order is granted, an order (the “**Approval and Vesting Order**”) (substantially in the form of the Approval and Vesting Order filed in connection with the Application):
 - i. Authorizing and directing the Receiver to adopt and close the Proposed Transaction (as defined and discussed below); and
 - ii. Vesting the Purchased Assets (defined herein) in and to Silverpoint Energy Services Inc. (“**Silverpoint**” or the “**Purchaser**”), free and clear of all claims (other than permitted encumbrances set out in the Approval and Vesting Order).

3. KPMG is a trustee within the meaning of section 2(1) of the *Bankruptcy and Insolvency Act* and has provided its consent to act as receiver (attached as **Appendix “A”**) in these proceedings in the event that the Court grants the Receivership Order.
4. Further background and information regarding the Company and the receivership proceedings will be made available on the Proposed Receiver’s website, if the Receivership Order is granted, at <http://home.kpmg/ca/bearstone>.

Terms of Reference

5. In preparing this Proposed Receiver’s Report (the “**Report**”) and making the comments herein, KPMG has been provided with, and has relied upon certain unaudited, draft and/or internal financial information, Company records, Company prepared financial information and projections, discussions with management (the “**Management**”) and employees, and information from other third party sources (collectively, the “**Information**”).
6. The Proposed Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Proposed Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Handbook, and accordingly the Proposed Receiver expresses no opinion or other form of assurance in respect of the Information.
7. Some of the information referred to in this Report consists of financial forecast and projections. An examination or review of the financial forecast and projects, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
8. Certain information referred to in this Report is based on Management’s estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence no assurance can be provided regarding the forecasted or projected results. Indeed, the reader is cautioned that the actual results will likely vary from the forecasts or projections, even if the assumptions materialize, and the variations could be significant.
9. The Proposed Receiver has prepared this Report in connection with the Application to be heard on July 23, 2019. This Report should not be relied on for other purposes.

10. Information and advice described in this Report that has been provided to the Proposed Receiver by its legal counsel, Cassels Brock & Blackwell LLP (“**Cassels Brock**”, or the “**Proposed Receiver’s Counsel**”), was provided to assist the Proposed Receiver in considering its course of action, and is not intended as legal or other advice to, and may not be relied upon by, any other person.
11. Capitalized terms not otherwise defined herein are as defined in the Company’s application materials, including the Affidavit of Mark Skura sworn June 12, 2019 (the “**Skura Affidavit**”) filed in support of this Application, the Kerkhoff Affidavit, and the APA (defined herein). This Report should be read in conjunction with the Skura Affidavit as certain information has not been included herein to avoid unnecessary duplication.
12. Information in this Report is based upon the following sources:
 - a) Our work with Bearstone;
 - b) The Kerkhoff Affidavit;
 - c) The Skura Affidavit; and
 - d) The Application.

In particular, the Information contained in the “Business Operations”, “KPMG Prior Involvement with Bearstone” and “Financial Matters” sections of this Report was obtained from the Kerkhoff Affidavit:

13. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

2. BACKGROUND

Business Operations

14. Bearstone's headquarters and registered office is located in Calgary, Alberta. Bearstone has operations in the Grande Prairie and Medicine Hat regions. Substantially all of the financial books and records of the Company are located in the Calgary office. Certain other records (such as equipment maintenance records) are located at the Medicine Hat and Grande Prairie offices.
15. The Calgary location of Bearstone primarily focuses on providing environmental consultation services to its clients, while the Medicine Hat and Grande Prairie operations offer oilfield services such as vacuum, water trucks and fluid transportation equipment.
16. The activity at Bearstone's Grande Prairie operations decreased significantly towards the end of 2018 as a result of declining market conditions. We understand that management made the decision to cease operations at the Grande Prairie location in December 2018. Certain assets and employees remain at the Grande Prairie site following the wind-down, and are detailed herein.

Summary of Assets

17. A significant portion of Bearstone's assets are subject to a security interest in favour of Nations, while certain other assets are financed through equipment lease agreements with various other lenders (the "**Other Lenders**"). Bearstone's major equipment assets are:
 - a) Approximately 61 pieces of equipment (49 of which are secured by Nations and 12 of which are secured by Other Lenders) located at the Grande Prairie location (the "**Grande Prairie Assets**"); and
 - b) Approximately 44 pieces of equipment (12 of which are secured by Nations, 24 of which are secured by Nations' General Security Agreement, and 8 of which are secured by the Other Lenders) located at the Medicine Hat location (the "**Medicine Hat Assets**").

Employees and Contractors

18. Bearstone has a total of 37 employees, 13 of which are salaried and 24 of which are paid hourly. The employees are located in Calgary (7), Medicine Hat (26), and Grande Prairie (4). Bearstone's employees are not unionized.

KPMG prior involvement with Bearstone

19. Bearstone first contacted KPMG in April 2019 to discuss certain restructuring alternatives. Subsequently, Bearstone engaged KPMG on or about May 16, 2019 to undertake certain analysis and contingency planning and prepare for potential formal restructuring proceedings.
20. Prior to KPMG's engagement, Bearstone and Nations were contemplating a transaction that would establish a new entity into which a portion of Bearstone's assets would be transferred. KPMG's engagement specifically excluded any role in the negotiation of the terms of this transaction.

Financial Matters

21. The depressed oil and gas prices experienced since 2014 have had a significantly negative effect on Bearstone's business. Bearstone first started to have financial challenges in 2016, concurrent with a general downturn in the oil and gas industry in Western Canada. Bearstone attempted to manage these challenges by laying off employees, reducing wages, and arranging for capital injections.
22. In March 2017, Bearstone entered into an agreement with Nations to acquire approximately \$4.8 million worth of fluid transportation assets in Grande Prairie. As part of this transaction Bearstone was able to restructure and refinance its existing debt, with Nations retiring that existing senior debt. Initially the restructuring and refinancing was successful, but in early 2018 Bearstone encountered major equipment repair requirements which created pressure on its cash flow and operations. Bearstone took various steps to try and address these challenges, with some initial success, but the production curtailment program mandated by the government of Alberta in November 2018 resulted in a drastic decline in activity in the Grande Prairie region (which continued into 2019), and an approximately 75% drop in revenues for the Bearstone's Grande Prairie division.
23. In the second quarter of 2019 the decision was made to stem these losses by ceasing operations at Bearstone's Grande Prairie operations. Various merger and other strategic opportunities were explored – including potential mergers, sales, or refinancing – but those efforts were ultimately unsuccessful.

24. Bearstone is consequently unable to service its existing debt. Absent continued advances from the Lender, or alternative financing, Bearstone is unable to fund its operating costs.
25. Pursuant to the Skura Affidavit, as of June 6, 2019, Bearstone has an outstanding loan balance of \$5.13 million owed to Nations pursuant to the Loan and Security Agreements. Further details on amounts owing to the Lender can be found in the Skura Affidavit.
26. On June 10, 2019, a demand letter and Notice of Intent to Enforce Security (the “**NOI**”) were sent by Nations to Bearstone by facsimile and by courier.

Security Review

27. The Proposed Receiver’s Counsel has undertaken a review of the validity and enforceability of the security held by the Lender. With respect to the Purchased Assets, the Proposed Receiver’s Counsel has advised that the Lender has a valid security interest in the right, title and interest of the Company in the Purchased Assets, subject to certain standard assumptions and qualifications as well as the following qualifications:
 - a) The Proposed Receiver’s Counsel has identified certain garage keepers’ liens (collectively, the “**Liens**”) registered against a small number of the Purchased Assets. To the extent that these Liens constitute valid and enforceable liens that remain unpaid, it is the view of the Proposed Receiver’s Counsel that these Liens will either need to be assumed by the Purchaser or paid out as a condition of the Proposed Transaction. The parties to the Proposed Transaction are continuing to investigate these liens to determine their validity and to determine how best to address any outstanding Liens; and
 - b) For the time being, the Proposed Receiver’s Counsel has excluded from the scope of its security review the following asset: 2011 Kenworth 1NKDXBEX3BJ946734 (the “**Excluded Asset**”). The Excluded Asset appears to remain subject to a prior registration involving a different secured party and a different debtor (the “**Other Registration**”). The Proposed Receiver’s Counsel has not been provided with copies of the security documents underlying the Other Registration against the Excluded Assets and can therefore not opine on the validity and enforceable of the security interest underlying the Other Registration. The parties to the Proposed Transaction are continuing discussions with respect to how best to address the Other Registration.

3. PROPOSED TRANSACTION

28. In the event that the Proposed Receiver is appointed by the Court, Bearstone, Nations, Silverpoint, and New West will be seeking Court approval for the Proposed Receiver to adopt and close an Asset Purchase and Sale Agreement (the “**APA**”), attached hereto as **Appendix “B”**. This transaction (the “**Proposed Transaction**”), if approved by the Court, will result in Silverpoint (a company operated by primarily the same management group currently operating Bearstone), acquiring certain assets of Bearstone (the “**Purchased Assets**”), which assets consist of the Medicine Hat Assets.
29. The primary goals of the Proposed Transaction are as follows:
- a) Transfer the Purchased Assets from Bearstone to Silverpoint;
 - b) As consideration for this transfer, Silverpoint will assume certain debt (the “**Assumed Debt**”) currently owing from Bearstone to Nations in an amount significantly in excess of the forced liquidation value (“**FLV**”) of the Purchased Assets;
 - c) Nations will consent to the assignment of the Assumed Debt by Silverpoint; and
 - d) The business and approximately 33 jobs associated with the business and the Purchased Assets will, by virtue of the Proposed Transaction, be preserved.
30. The Purchased Assets were independently appraised by Sterling Appraisal and Machinery Ltd. (“**Sterling**”) on May 22, 2019 (the “**Appraisal**”). The value of Silverpoint’s bid is significantly greater than the appraised FLV of the Purchased Assets. Moreover, the Proposed Transaction is: (i) supported by Nations (Bearstone’s senior lender); (ii) will eliminate auction risk and costs from the sale price of the Purchased Assets; (iii) will significantly reduce professional costs; and (iv) will preserve a significant number of jobs.
31. Moreover, if this transaction is approved, Silverpoint will continue to service certain of Bearstone’s key existing customers, which could assist in realization of accounts receivables during the proposed receivership.
32. Approval of the Proposed Transaction will result in approximately 33 of Bearstone’s 37 employees transferring to Silverpoint. Furthermore, Nations has agreed to fund the payment by

Silverpoint of any wage arrears owing as at the date of the appointment of the Proposed Receiver to those Bearstone employees transferring to Silverpoint.

33. If the Proposed Transaction is approved, the Proposed Receiver would not be required to operate either the Calgary or Medicine Hat operations, nor would a sale process be required for the Medicine Hat operations and assets, resulting in reduction in both operating costs and the concomitant professional fees.
34. The Closing Date for the Proposed Transaction is July 30, 2019, or such other business day as the parties may agree in writing. It is the intention of the parties to close the Proposed Transaction on, or very near to, the date that the Proposed Receiver is appointed.
35. The purchase price (the “**Purchase Price**”) for the Purchased Assets shall be deemed to be \$2,733,911 and the same shall at closing be deemed to be paid by the Silverpoint.
36. The APA also contains a mechanism to adjust the Purchaser’s indebtedness to Nations based on funds subsequently received by the Proposed Receiver, as follows. The Purchaser’s indebtedness shall, on the day that is six months from the Closing Date (as defined herein), be adjusted and reduced by the amounts of funds subsequently received by the Receiver:
 - i. In excess of \$1,710,000 (not to be reduced by any sales commissions or other expenses) associated with the sale of assets remaining with Vendor; and
 - ii. In excess of \$1,095,291 associated with the collection of the Vendor’s accounts receivable.
37. Any adjustments to the Purchaser’s indebtedness to Nations will not affect the Purchase Price. These adjustments to indebtedness are meant to ensure that the Purchaser is made whole in the event that realizations on the Grande Prairie Assets and/or Bearstone’s accounts receivable are in excess of their estimated net realizable value. The Purchase Price will remain well in excess of the forced liquidation value of the Purchased Assets, as estimated by Sterling.

4. ANALYSIS OF THE PROPOSED TRANSACTION

Estimated Net Realization

38. The Confidential Supplemental Report to this Report (the “**First Confidential Supplemental Report**”) discusses in detail the Proposed Receiver’s estimated realizations in two scenarios: either the Proposed Transaction is approved (the “**Transaction Scenario**”), or Proposed Transaction is not approved (the “**Receivership Only Scenario**”).
39. The Proposed Receiver highlights the following in relation to the estimated realization analysis contained in the First Confidential Supplemental Report:
 - a) As noted previously, the Purchased Assets were independently appraised on May 24, 2019 by Sterling. A copy of the Appraisal is attached as Appendix “A” to the First Confidential Supplemental Report. Approximately 25% of the assets that are subject to the appraisal are secured by Other Lenders. The Purchase Price is greater than the appraised FLV of the Purchased Assets and eliminates auction risk and costs from the eventual sale price of these assets;
 - b) If the Proposed Transaction is approved, Silverpoint will continue to service certain of Bearstone’s existing customers, which could lead to a higher realization of accounts receivables than otherwise would occur in the Receivership Only Scenario given the usual issues with collecting receivables in receivership scenarios;
 - c) Approval of the Proposed Transaction will result in approximately 33 of the Company’s 37 employees transferring to Silverpoint. As noted previously, Nations has agreed to fund the payment by Silverpoint of any wage and vacation arrears owing as at the date of the receivership to those Bearstone employees transferring to Silverpoint. As such, priority payables relating to wage and vacation arrears will be reduced in the Transaction Scenario and other employee claims, albeit unsecured, will similarly be reduced; and
 - d) If the Proposed Transaction is approved, the Proposed Receiver would not be required to operate either the Calgary or Medicine Hat operations, resulting in reduction in both operating costs and the concomitant professional fees.

40. The estimated realizations under the Proposed Transaction Scenario are approximately \$2.11 million greater than under the Receivership Only Scenario.

Receivership Only Scenario

41. The Proposed Receiver has contemplated the realizations generated by the Receivership Only Scenario (as outlined in the Confidential Supplement) as follows:
- a) It is unlikely the Proposed Receiver will have access to funds and/or insurance and permits to be able to operate the Medicine Hat Assets during the receivership proceedings. If the business operations are closed for several weeks, many of Bearstone's clients would likely find alternative service providers which would reduce the likelihood of the business, as operated by Silverpoint, succeeding going forward and negatively impact the likely recoveries from the assets;
 - b) The Proposed Receiver's ability to safeguard the assets will be diminished as many of the Medicine Hat Assets are currently in the field, active on jobs within the region;
 - c) The realization received from the sale of the Medicine Hat Assets will be significantly less as compared to the realization received through the sale of the business as an operating business;
 - d) Collections on accounts receivables will likely be greater if the business is sold as a going concern and Silverpoint is able to continue servicing Bearstone's existing clients. In the Receivership Only Scenario, the Proposed Receiver will likely incur increased professional fees related to collections on outstanding accounts receivables; and
 - e) The Proposed Receiver's professional fees in this scenario will be significantly higher as a result of all of the additional administrative steps required under the Receivership Only Scenario, as outlined above.

PROPOSED RECEIVER'S COMMENTS ON THE PROPOSED TRANSACTION

Realizations

42. The Proposed Receiver has considered the realizations generated by the Proposed Transactions in relation to any prejudice to other parties and would comment as follows:

- a) The consideration for the Purchased Assets under the APA exceeds the forced liquidation value of the Purchased Assets by a substantial margin. In addition, as a result of the assumption of the Nations' debt by Silverpoint, the amount of Nations' secured debt will decrease by an amount in excess of the likely value of the Purchased Assets without the Proposed Transaction;
- b) In addition, the benefits of the Proposed Transaction include a reduction in employee claims (both priority and unsecured), the reduction of potential auction costs and risks of realizations below the appraised value and a reduction in operating and professional fees;
- c) In order to preserve the relationships that Bearstone has with its clients, and the going concern value of the business, it is imperative that the Proposed Transaction be closed immediately (i.e. concurrently with the appointment of the Proposed Receiver);
- d) The Proposed Transaction will allow Silverpoint to assist with the collection of the accounts receivable thus increasing the likelihood of realization on these assets;
- e) Nations' position remains significantly under-secured and it is unlikely any other transaction will materially reduce or eliminate a shortfall to Nations;
- f) Priority creditors will not be prejudiced as sufficient assets remain in Bearstone after the Proposed Transaction to ensure these amounts will be paid in full; and
- g) Based on the Proposed Receiver's analysis, the Proposed Transaction and the concomitant receivership realization of the remaining assets of Bearstone will generate a significantly higher realization than a receivership without the Proposed Transaction.

Going Concern Sale Possibility

- 43. The Proposed Receiver has considered the possibility that a going concern sales process for all or part of the operations of Bearstone would generate additional realizations and would comment as follows:
 - a) Given Management's previously unsuccessful attempts to complete a sale of its operations, a successful going concern sale of Bearstone in its current state is unlikely;

- b) The operations in Grande Prairie have essentially ceased, thus any going concern value for the Company as a whole is likely minimal;
- c) Pursuant to the Kerkhoff Affidavit, Bearstone does not have funds available to operate as a going concern during even a significantly truncated sales process. The weekly cash requirement to operate Bearstone during a marketing process would be approximately \$150,000, consisting primarily of employee wages and salaries, rent, supplies, and other operating costs. Accordingly, even a short four-week sales process could cost in excess of \$600,000 in operating costs alone, excluding professional fees. Bearstone has no ability to fund this, and Nations has indicated it is not willing to fund a sales process;
- d) Given the Company's recent financial results, it appears unlikely that an attempted sale of the Company in its current state will generate significant interest from prospective purchasers; and
- e) The Company's contracts and master service agreements are prohibited from being transferred to purchasers in a receivership. Without those contracts, the "going concern value" resides with the directors, management and key employees, value that cannot be "sold" meaning that the assets capable of being sold are effectively just the machinery and equipment.

Related Party Transaction

- 44. Although this proceeding is a receivership rather than a bankruptcy, the Proposed Transaction Scenario would constitute a related party transaction pursuant to subsections 30(4) to (6) of the BIA. Although these provisions do not technically apply to a related party transaction occurring as part of a receivership, the Proposed Receiver wishes to comment on the factors specifically set out in those subsections.
- 45. Section 30(4) to (5) permit a Trustee in bankruptcy to sell or dispose of a bankrupt's property to a person who is "related to" the bankrupt. Under Section 30(5) of the BIA, a related person includes: (i) a director or officer of the bankrupt; (ii) a person who has or has had, directly or indirectly, control in fact of the bankrupt; and (iii) a person who is related to a person described in (i) or (ii). In the Proposed Transaction Scenario, both Bearstone and the Purchaser are wholly owned subsidiaries of New West Energy Services Inc.

46. Subsection 30(6) of the BIA, sets out the factors to be considered by the Court in deciding whether to approve a sale to a related party. Notwithstanding that Bearstone and the Purchaser are related parties within the meaning of t subsection 30(5) of the BIA, the Proposed Receiver is of the view that the Proposed Transaction will result in an enhanced realization to creditors, particularly as compared to the Receivership Only Scenario, and that any potential issues arising from the fact that Bearstone and the Purchaser are related parties are minimized as a result of the following (among other things):
- a) Management has previously canvassed the market for the sale of Bearstone as a going concern without success;
 - b) Management's relationships with Bearstone's key clients are critical to successfully realizing on Bearstone's outstanding accounts receivable. Given that most of the current employees of Bearstone will be transferred to the Purchaser, these key relationships will be preserved as part of the Proposed Transaction, which will result in higher realizations in relation to the accounts receivable;
 - c) The Proposed Transaction values the Purchased Assets significantly in excess of their appraised values and the consideration being paid under the Proposed Transaction is fair and reasonable in the circumstances and is superior to the amounts that would be generated under the Receivership Only Scenario; and
 - d) Nations, the Company's primary secured lender, is supportive of the Proposed Transaction and is willing to allow for the assignment of the amounts outstanding to it by Bearstone in order to effect the Proposed Transaction.

SEALING OF THE CONFIDENTIAL SUPPLEMENT TO THIS REPORT

47. As noted previously, a copy of the Appraisal is attached to the Confidential Supplement. It is the intention of the Proposed Receiver to bring an application to seal the Confidential Supplement in the event that the Proposed Receiver is appointed as receiver in these proceedings.
48. Given the potential prejudice to a future sales process in the event that the Proposed Transaction is not approved by the Honourable Court or does not close, the Proposed Receiver respectfully requests that this Honourable Court seal this First Confidential Supplemental Report until the

filing of a Receiver's Certificate substantially in the form attached to the Sale Approval and Vesting Order being sought as part of the Application.

5. CONCLUSION

49. Based on the foregoing, it is the view of the Proposed Receiver that the Proposed Transaction will likely result in enhanced realizations on the assets of Bearstone as compared to likely realizations that would be recovered if the Proposed Transaction did not occur.

This Report is respectfully submitted this 17th day of July, 2019

KPMG Inc.

**In its capacity as Proposed Receiver of
Bearstone Environmental Solutions Inc.
and not in its personal or corporate capacity**

A handwritten signature in dark ink, appearing to read 'Neil Honess', is positioned above the typed name.

Per: Neil Honess
Senior Vice President

APPENDIX “B”

Second Report of the Proposed Receiver



COURT FILE NUMBER

1901-08251

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

NATIONS FUND I, LLC

DEFENDANT

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

DOCUMENT

SECOND REPORT OF THE PROPOSED RECEIVER

JULY 29, 2019

ADDRESS FOR SERVICE AND
CONTRACT INFORMATION OF
PARTY FILING THIS DOCUMENT:

PROPOSED RECEIVER

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Listing of Appendices

Appendix “A” – Amended and Restated Asset Purchase and Sale Agreement

1. INTRODUCTION AND PURPOSE OF REPORT

1. Pursuant to an affidavit sworn by Gerry Kerkhoff, president of Bearstone Environmental Solutions Inc., (“**Bearstone**” or the “**Company**”), sworn on July 11, 2019 (the “**Kerkhoff Affidavit**”), Bearstone is a body corporate incorporated in the Province of Alberta, and is a wholly-owned subsidiary of New West Energy Services Inc. (“**New West**”) which is a public company listed on the TSX Venture Exchange. Bearstone provides environmental oilfield services to the oil and gas industry throughout Western Canada. Primary service offerings include environmental consulting services, vacuum and water trucks, as well as fluid transportation. Bearstone’s senior secured lender is Nations Fund I, LLC (“**Nations**” or the “**Lender**”).
2. KPMG Inc. (“**KPMG**”, the “**Proposed Receiver**”) understands that an application was intended to be made to the Court of Queen’s Bench of Alberta (the “**Court**”) by Nations seeking the following in respect of Bearstone (the “**Application**”):
 - a) An order (the “**Receivership Order**”) (substantially in the form of the Receivership Order filed in connection with the Application), appointing the Proposed Receiver as Receiver and Manager over all the current and future assets, undertaking and property of Bearstone pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”); and
 - b) If the Receivership Order was granted, an order (the “**Approval and Vesting Order**”) (substantially in the form of the Approval and Vesting Order filed in connection with the Application):
 - i. Authorizing and directing the Proposed Receiver to adopt and close the Proposed Transaction (as defined and discussed in the Proposed Receivers Report dated July 17, 2019 (the “**First Report**”)); and
 - ii. Vesting the Purchased Assets (defined herein) in and to Silverpoint Energy Services Inc. (“**Silverpoint**” or the “**Purchaser**”), free and clear of all claims (other than permitted encumbrances set out in the Approval and Vesting Order).

3. The Application was scheduled to be heard by the Court on July 23, 2019, however, an adjournment was requested as the parties to the APA sought to make amendments to the same. The parties to the APA have since agreed an Amended and Restated Asset Purchase and Sale Agreement (the “**Amended APA**”), which is attached hereto as **Appendix “A”**).
4. KPMG understands that an application is now scheduled to be made to the Court by Nations on August 6, 2019, seeking the following in respect of Bearstone:
 - a) A Receivership Order (substantially unchanged from the Receivership Order described above); and
 - b) An Approval and Vesting Order, (substantially unchanged from the Approval and Vesting Order described above), authorizing the Proposed Receiver to adopt and close the Amended Proposed Transaction (as defined and discussed below).
5. Further background and information regarding the Company and the receivership proceedings can be found in the First Report, and will be made available on the Proposed Receiver’s website, if the Receivership Order is granted, at <http://home.kpmg/ca/bearstone>.

TERMS OF REFERENCE

6. In preparing this report (the “**Second Report**” or the “**Report**”) and making the comments herein, KPMG has been provided with, and has relied upon certain unaudited, draft and/or internal financial information, Company records, Company prepared financial information and projections, discussions with management (the “**Management**”) and employees, and information from other third party sources (collectively, the “**Information**”).
 - a) The Proposed Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Proposed Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the *Chartered Professional Accountants Handbook*, and accordingly the Proposed Receiver expresses no opinion or other form of assurance in respect of the Information; and

- b) Some of the information referred to in this Report consists of financial forecast and projections. An examination or review of the financial forecast and projects, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.
- 7. Certain information referred to in this Report is based on Management's estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence no assurance can be provided regarding the forecasted or projected results. Indeed, the reader is cautioned that the actual results will likely vary from the forecasts or projections, even if the assumptions materialize, and the variations could be significant.
- 8. The Proposed Receiver has prepared this Report in connection with the Application to be heard on August 6, 2019. This Report should not be relied on for other purposes.
- 9. Information and advice described in this Report that has been provided to the Proposed Receiver by its legal counsel, Cassels Brock & Blackwell LLP ("**Cassels Brock**", or the "**Proposed Receiver's Counsel**"), was provided to assist the Proposed Receiver in considering its course of action, and is not intended as legal or other advice to, and may not be relied upon by, any other person.
- 10. Capitalized terms not otherwise defined herein are as defined in the First Report, the Company's application materials, including the Affidavit of Mark Skura sworn June 12, 2019 (the "**Skura Affidavit**") filed in support of this Application, the Kerkhoff Affidavit, the APA, and the Amended APA. This Report should be read in conjunction with the First Report, and the Skura Affidavit, as certain information has not been included herein to avoid unnecessary duplication.
- 11. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

2. AMENDED PROPOSED TRANSACTION

12. In the event that the Proposed Receiver is appointed by the Court, Bearstone, Nations, Silverpoint, and New West will be seeking Court approval to adopt and close the Amended APA. This transaction (the “**Amended Proposed Transaction**”), if approved by the Court, will result in Silverpoint (a new company, operated by primarily the same management group currently operating Bearstone), acquiring certain assets of Bearstone (the “**Purchased Assets**”), which assets consist of the Medicine Hat Assets.
13. The primary goals of the Amended Proposed Transaction are as follows:
 - a) Transfer the Purchased Assets from Bearstone to Silverpoint;
 - b) As consideration for this transfer, Silverpoint will assume certain debt (the “**Assumed Debt**”) currently owing from Bearstone to Nations in an amount significantly in excess of the value of the Purchased Assets;
 - c) Nations will consent to the assignment of the Assumed Debt by Silverpoint; and
 - d) The business and approximately 33 jobs associated with the business and the Purchased Assets will, by virtue of the Amended Proposed Transaction, be preserved.
14. The terms of the Amended Proposed Transaction are substantially the same as those of the Proposed Transaction, as described in detail in the First Report, with the following exceptions:
 - a) The Closing Date for the Amended Proposed Transaction is August 15, 2019, or such other business day as the parties may agree in writing; and
 - b) The purchase price (the “**Purchase Price**”) for the Purchased Assets is \$1,700,000 and the same shall at closing be deemed to be paid by Silverpoint through a set off of the secured debt of Nations in such amount.

3. ANALYSIS OF THE PROPOSED TRANSACTION

Estimated Net Realization

15. The Confidential Supplemental to this Report (the “**Second Confidential Supplemental Report**”) discusses in detail the Proposed Receiver’s estimated realizations in two scenarios: either the Amended Proposed Transaction is approved (the “**Amended Transaction Scenario**”), or the Amended Proposed Transaction is not approved (the “**Receivership Only Scenario**”).
16. As the terms of the Amended APA are substantially the same to that of the APA, with the exceptions of the Closing Date and the Purchase Price as discussed above, the Proposed Receiver’s analysis of the Proposed Transaction as outlined in the First Report remains substantially unchanged as it relates to the Amended Proposed Transaction, namely:
 - a) The consideration for the Purchased Assets under the Amended APA exceeds the forced liquidation value of the Purchased Assets by a substantial margin;
 - b) The benefits of the Amended Proposed Transaction include a reduction in employee claims (both priority and unsecured), the reduction of potential auction costs and risks of realizations below the appraised value and a reduction in operating and professional fees;
 - c) The Amended Proposed Transaction will allow Silverpoint to assist with the collection of the accounts receivable thus increasing the likelihood of realization on these assets;
 - d) Nations’ position remains significantly under-secured and it is unlikely any other transaction will materially reduce or eliminate a shortfall to Nations;
 - e) Priority creditors will not be prejudiced as sufficient assets remain in Bearstone after the Amended Proposed Transaction to ensure these amounts will be paid in full; and
 - f) Based on the Proposed Receiver’s analysis, the Amended Proposed Transaction and the concomitant receivership realization of the remaining assets of Bearstone will generate a significantly higher realization than a receivership without the Amended Proposed Transaction.

SEALING OF THE CONFIDENTIAL SUPPLEMENT TO THIS REPORT

17. It is the intention of the Proposed Receiver to bring an application to seal the Second Confidential Supplemental Report in the event that the Proposed Receiver is appointed as receiver in these proceedings.
18. Given the potential prejudice to a future sales process in the event that the Amended Proposed Transaction is not approved by the Honorable Court or does not close, the Proposed Receiver respectfully requests that this Honorable Court seal the Second Confidential Supplemental Report until the filing of a Receiver's Certificate substantially in the form attached to the Sale Approval and Vesting Order being sought as part of the Application.

4. CONCLUSION

19. Based on the foregoing, it is the view of the Proposed Receiver that the Amended Proposed Transaction will likely result in enhanced realizations on the assets of Bearstone as compared to likely realizations that would be recovered if the Amended Proposed Transaction did not occur.

This Report is respectfully submitted this 29th day of July, 2019

KPMG Inc.

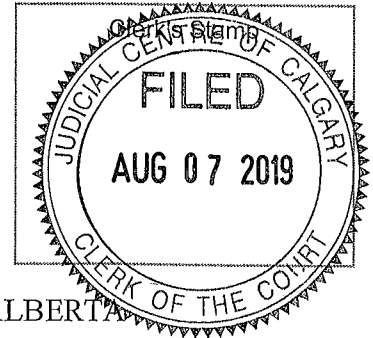
**In its capacity as Proposed Receiver of
Bearstone Environmental Solutions Inc.
and not in its personal or corporate capacity**

A handwritten signature in blue ink, appearing to read 'Neil Honess', is written over a faint, circular, light blue watermark or stamp.

Per: Neil Honess
Senior Vice President

APPENDIX “C”
Receivership Order

I hereby certify this to be a true copy of
the original ORDER
dated this 7 day of Aug 20 19
[Signature]
for Clerk of the Court



COURT FILE NUMBER 1901 - 08251
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONS FUND I, LLC
DEFENDANT BEARSTONE ENVIRONMENTAL SOLUTIONS INC.
DOCUMENT **RECEIVERSHIP ORDER**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT **BENNETT JONES LLP**
Barristers and Solicitors
4500 Bankers Hall East
855-2nd Street SW
Calgary, Alberta T2P 4K7

Attention: Ken Lenz, Q.C.
Telephone No.: 403-298-4485
Fax No.: 403-265-7219
Client File No.: 70924.7

DATE ON WHICH ORDER WAS PRONOUNCED: August 6, 2019
NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Madam Justice B. Romaine
LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION of Nations Fund 1, LLC ("**Nations**"); AND UPON reading the Application, the Affidavit of Mark Skura and the pleadings and proceedings filed in this Action; AND UPON noting the consent of KPMG Ltd. to act as Receiver and Manager of Bearstone Environmental Solutions Inc. ("**Bearstone**"); AND UPON hearing counsel for Nations, Bearstone, KPMG Ltd. and any other interested parties that may be present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order (the "**Order**") is hereby abridged and service thereof is deemed good and sufficient and this application is properly returnable today.

APPOINTMENT

2. Pursuant to section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ("**BIA**"), section 13(2) of the *Judicature Act*, RSA 2000, c J-2, section 99(a) of the *Business Corporations Act*, RSA 2000, c. B-9 and section 65(7) of the *Personal Property Security Act*, RSA 2000, c. P-7, KPMG Ltd. is hereby appointed Receiver and Manager (the "**Receiver**"), without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties, including without limitation those conferred by this Order;
 - (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$200,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, RSA 2000, c P-7 or any similar legislation in any other province or territory shall not be required.
- (m) to apply for any vesting order or other orders (including without limitation, confidentiality or sealing orders) necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the

receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding Section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture, or other rights which the Debtor may have;
- (s) upon the application of the Receiver to this Court upon notice to all interested parties, and where the Court is of the opinion on the making of such an application that it is proper and in the best interests of the estate, to assign the Debtor into bankruptcy or obtain a bankruptcy order against the Debtor; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtor, and without interference from any other Person (as defined below).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

- 4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court, tribunal or regulatory body (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "**Regulatory Body**" means a person or body that has powers, duties or

functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OR REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtor or the Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided, however, that this stay and suspension does not apply in respect of any “eligible financial contract” (as defined in the BIA), and further provided that nothing in this Order shall:
 - (a) empower the Debtor to carry on any business that the Debtor is not lawfully entitled to carry on;
 - (b) prevent the filing of any registration to preserve or perfect a security interest;
 - (c) prevent the registration of a claim for lien; or
 - (d) exempt the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment.
10. Nothing in this Order shall prevent any party from taking an action against the Applicant where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, except with the written consent of the Debtor and the Receiver, or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract (as defined in the BIA) from closing out and terminating such contract, in accordance with its terms.

CONTINUATION OF SERVICES

12. All persons having:
 - (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Debtor, including without limitation all computer software, communication and other data services,

centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Debtor

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtor or exercising any other remedy provided under such agreements or arrangements. The Debtor shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtor in accordance with the payment practices of the Debtor, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtor and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, SC 2005, c 47 ("**WEPPA**").
15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, SC 2000, c 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such

information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
 - A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
 - (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or

- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by section 14.06 of the BIA, any other applicable legislation, or the common law.

LIMITATION ON RECEIVER'S LIABILITY

- 17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

- 18. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, incurred both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA and subject to paragraph 33 of this Order.
- 19. The Receiver and its legal counsel shall pass their accounts from time to time.
- 20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

- 21. The Receiver is at liberty and is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens,

charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

22. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
23. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
24. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.
25. The Receiver shall be allowed to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

26. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

27. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
28. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
29. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
30. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant

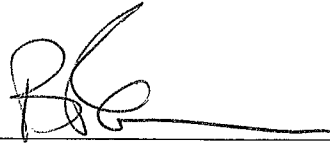
representative status to the Receiver in any foreign proceedings or to assist the Receiver and its agents in carrying out the terms of this Order.

31. The Receiver shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
32. The Plaintiff shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
33. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice (or such other time as the Court in its discretion may allow) to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

34. The Receiver shall establish and maintain a website in respect of these proceedings at <http://home.kpmg/ca/bearstone> (the "**Receiver's Website**") and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
35. Service of this Order shall be deemed good and sufficient by:
 - (a) serving the same on:
 - (i) the persons listed on the service list created in these proceedings or otherwise served with notice of these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order; and
 - (b) posting a copy of this Order on the Receiver's Website;and service on any other person is hereby dispensed with.

36. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

A handwritten signature in black ink, consisting of stylized initials and a long horizontal stroke, positioned above a solid horizontal line.

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KPMG Inc., the Receiver and Manager (the "**Receiver**") of all of the assets, undertakings and properties of Bearstone Environmental Solutions Inc. (the "**Debtor**") appointed by Order of the Court of Queen's Bench of Alberta (the "**Court**") dated the 6th day of August, 2019 (the "**Order**") made in action number 1901-08251 has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$250,000.00 which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of the Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 2019.

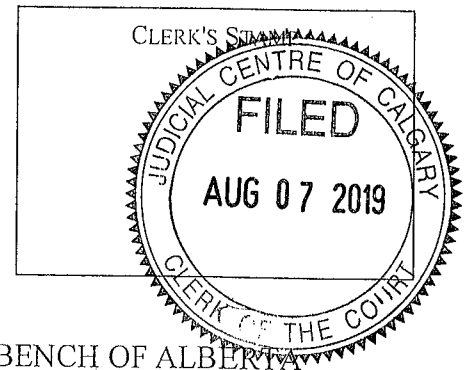
KPMG Inc., solely in its capacity as Receiver and Manager of Bearstone Environmental Solutions Inc. (as defined in the Order), and not in its personal capacity

Per: _____
Name:
Title:

APPENDIX “D”

Sale Approval and Vesting Order

I hereby certify this to be a true copy of
the original ORDER
dated this 7 day of Aug 2019
[Signature]
for Clerk of the Court



COURT FILE NUMBER 1901 - 08251
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONS FUND I, LLC
DEFENDANT BEARSTONE ENVIRONMENTAL SOLUTIONS INC.
DOCUMENT SALE APPROVAL AND VESTING ORDER
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
BENNETT JONES LLP
4500 Bankers Hall East
855-2nd Street SW
Calgary, Alberta T2P 4K7
Attention: Ken Lenz, Q.C.
Telephone No.: 403-298-3317
Fax No.: 403-265-7219
Client File No.: 70924.7

DATE ON WHICH ORDER WAS PRONOUNCED: **August 6, 2019**

LOCATION WHERE ORDER WAS PRONOUNCED: **Calgary, Alberta**

NAME OF JUDGE WHO MADE THIS ORDER: **The Honourable Madam Justice B. Romaine**

UPON the Application of Nations Fund 1, LLC ("**Nations**"), for an Order approving the sale transaction (the "**Transaction**") contemplated by the Amended and Restated Asset Purchase and Sale Agreement dated July 23, 2019 (the "**APA**"), initially between Bearstone Environmental Solutions Inc. ("**Bearstone**") as vendor and Silverpoint Energy Services Inc. ("**Silverpoint**") as purchaser, but adopted by the Receiver as vendor (the "**Vendor**") and Silverpoint as purchaser (the "**Purchaser**"), a copy of which is attached as **Exhibit "1"** to the Second Report of the Proposed Receiver; **AND UPON** having read the Receivership Order dated August 6, 2019 (the "**Receivership Order**"), the Second Report of the Receiver, to be filed, the

Affidavit of Gerry Kerkhoff sworn July 10, 2019 and the pleadings and proceedings filed herein;
AND UPON hearing the submissions of counsel for Bearstone and the Purchaser, and counsel
 for Nations and counsel for the Receiver and other interested parties appearing at the application;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

CAPITALIZED TERMS

2. Capitalized terms not otherwise defined herein shall have the respective meanings ascribed to them in the APA.

ADOPTION BY THE RECEIVER

3. The adoption of the APA by the Receiver and of the position of Bearstone under the APA is hereby approved and ratified.

APPROVAL OF THE TRANSACTION

4. The Transaction is commercially reasonable and in the best interests of the Bearstone and its stakeholders. The Transaction is hereby approved. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets to the Purchaser.

VESTING OF PROPERTY

5. Upon the delivery of a Receiver's Certificate to the Purchaser (or its nominee), substantially in the form set out in **Schedule "A"** hereto (the "**Receiver's Certificate**"), all of the Debtors' right, title and interest in and to the Purchased Assets described in the APA shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all security interests (whether contractual, statutory, registered or otherwise), hypothecs, caveats, interests, mortgages, trusts or deemed trusts (whether

contractual, statutory, registered or otherwise), liens, executions, levies, charges, or other financial or monetary claims, assignments, actions, taxes, judgments, writs of execution, options, agreements, disputes, debts, debentures, easements, covenants, encumbrances or other rights, limitations or restrictions of any nature whatsoever including, without limitation, any rights or interests of any creditors of the Debtors, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, registered or otherwise and whether by payment, set-off or otherwise, whether liquidated, unliquidated or contingent (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Consent Receivership Order; and
- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;

and, for greater certainty, this Court orders that all of the encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

6. From and after the closing of the Transaction (including the payment of the Purchase Price by the Purchaser), the Receiver is authorized to discharge from the Personal Property Registry any claim registered against any of the Personal Property being purchased by the Purchaser (or its nominee), to the extent the security interest is registered against the interests of Bearstone.
7. The Receiver is hereby authorized and directed to take all necessary steps and execute any and all documents to effect any and all discharges and the Registrars and all other persons in control of or otherwise supervising such offices of registration or recording shall forthwith remove and discharge all such registrations.
8. No further authorization or approval or any other action by any authority or regulatory body exercising jurisdiction over the Purchased Assets shall be required for the closing and post-closing implementation of the Transaction contemplated in the APA.

9. Notwithstanding anything else in this Order, the following alleged lien Claims under the Garage Keepers' Lien Act R.S.A. 2000, c. G-2 (the "GKLA") shall be unaffected by this Order and shall continue to attach to the Purchased Asset against which such alleged lien is claimed, the Purchaser (or its nominee) shall take title to such Purchased Asset subject to such alleged lien claim, and the lien claimant and the Purchaser (or its nominee) shall continue to have all rights and remedies available to it under the GKLA, including the right to enforce or contest the validity of such lien:

a. The garage keepers' lien claims of Dunlop Truck Centre against a 2011 Western Star with VIN 5KKPALDR9BPAZ1545 and registered in the Alberta Personal Property Registry on (i) April 3, 2019 in the amount of \$2,333.82 as registration number 19040337772 and (ii) on June 27, 2019 in the amount of \$8,870.68 as registration number 19062734228; and

b. The garage keepers' lien claims of Kal Tire A Corporate Partnership against:

i. A 2011 Kenworth with VIN 1NKDXBEX3BJ946734 and registered in the Alberta Personal Property Registry on February 21, 2019 in the amount of \$559.90 as registration number 19022132158;

ii. A 2013 Western Star with VIN 5KKPALDR7DPBS7588 and registered in the Alberta Personal Property Registry on May 21, 2019 in the amount of \$1,890.15 as registration number 19052126636;

iii. A 2012 Peterbilt with VIN 1NPTX4TX9CD153460 and registered in the Alberta Personal Property Registry on June 3, 2019 in the amount of \$989.11 as registration number 19060316767; and

iv. A 2013 Freightliner with VIN 1FVPGNDR5DDBY8178 and registered in the Alberta Personal Property Registry on April 30, 2019 in the amount of \$1,239.51 as registration number 19043023346.

10. The Purchase Price shall be paid by the discharge of secured indebtedness of Nations as provided in the APA. For certainty, notwithstanding any provision of this Order, Silverpoint, as Purchaser, shall assume the indebtedness owing by Bearstone to Nations as contemplated by the APA.
11. Except as provided for in the APA, the Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against Bearstone or any affiliate of Bearstone and the Purchaser (or its nominee) shall not be deemed a successor of Bearstone or any of its affiliates for any Claims of any kind or nature whatsoever against Bearstone or any of its affiliates or against the Purchased Assets.
12. Bearstone and all persons who claim by, through or under Bearstone in respect of the Purchased Assets, shall stand absolutely barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental and equity of redemption in respect of or to the Purchased Assets and, to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any certificates, instruments or other indicia of title representing or evidencing any right, title, estate or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
13. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by Bearstone, or any person claiming by or through or against Bearstone.
14. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).
15. Notwithstanding:
 - (a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of Bearstone and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of Bearstone

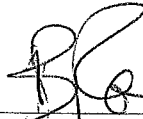
the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Bearstone and shall not be void or voidable by creditors of Bearstone, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

16. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

MISCELLANEOUS MATTERS

17. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
18. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

19. Service of this Order on any party not attending this application is hereby dispensed with.



Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"

FORM OF RECEIVER'S CERTIFICATE PURSUANT TO PARAGRAPH 5 OF THIS APPROVAL AND VESTING ORDER

COURT FILE NUMBER	1901 - 08251
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	NATIONS FUND I, LLC
DEFENDANTS	BEARSTONE ENVIRONMENTAL SOLUTIONS INC.
DOCUMENT	<u>RECEIVER'S CERTIFICATE</u>

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500 Bankers Hall East
855 – 2nd Street SW
Calgary, Alberta T2P 4K7
Attention: Ken Lenz, Q.C.
Telephone No.: 403.298.3317
Fax No.: 403.265.7219
Client File No.: 70924.7

RECITALS:

- A. Pursuant to an Order of the Honourable Madam Justice B. Romaine of the Court of Queen's Bench of Alberta (the "**Court**") dated August 6, 2019, KPMG Inc. was appointed as the receiver and manager (the "**Receiver**") of the assets, undertakings, and properties of Bearstone Environmental Solutions Inc. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated August 6, 2019, the Amended and Restated Asset Purchase and Sale Agreement (the "**APA**") made between the Receiver and Silverpoint Energy Services Inc. (the "**Purchaser**") dated July 23, 2019, and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Purchased Assets as defined in the APA, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the APA have been satisfied or waived by the Receiver

and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

- C. Unless otherwise indicated herein, capitalized terms not otherwise defined have the meanings attributed to them in the APA.

THE RECEIVER CERTIFIES THE FOLLOWING:

1. The Purchaser has paid the Purchase Price for the Purchased Assets, payable at the Closing pursuant to the APA;
2. Any conditions to Closing as set out in the APA have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.

This Certificate was delivered by the Receiver at Calgary, Alberta on _____, 2019.

KPMG Inc., in its capacity as Court-appointed receiver and manager of the assets, undertakings, and properties of Bearstone Environmental Solutions Inc. and not in its personal capacity.

Per: _____

APPENDIX “E”

BIA Section 245 and 246 Notice (Form 87)

BANKRUPTCY AND INSOLVENCY ACT

Form 87

Notice and Statement of the Receiver (Subsections 245(1) and 246(1) of the Act)

IN THE MATTER OF THE RECEIVERSHIP OF THE PROPERTY OF BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

The Receiver gives notice and declares that:

1. On the 6th day of August, 2019, the undersigned, KPMG Inc., became the receiver and manager (the "Receiver") in respect of the assets, undertakings and properties of Bearstone Environmental Solutions Inc. (the "Company"). The property of the Company can be summarized as follows¹:

	Estimated Amount (CAD \$)
Property, plant and equipment (including capital leases)	6,412,362.36
Accounts receivable	1,101,624.68
Computer hardware and software	201,227.51
Total	7,715,214.55

2. The undersigned became a Receiver in respect of the assets, undertakings and properties described above by virtue of being appointed by the Court of Queen's Bench of Alberta File No. 1901-08251, Calgary Judicial Centre, dated August 6, 2019. A copy of the appointing order can be found on the receiver's website at: <https://home.kpmg/ca/en/home/services/advisory/deal-advisory/creditorlinks/bearstone-environmental-solutions-inc.html>
3. The undersigned took possession or control of the property described above on the 6th day of August, 2019.
4. The following information relates to the Receivership:
 - (a) Address of insolvent persons: #500-435-4 Ave SW
Calgary, AB T2P 2V6
 - (b) Principal line of business: Oil and gas field services
 - (c) Locations of business: #500-435-4 Ave SW
Calgary, AB T2P 2V6

9502 42 Avenue
Grande Prairie, AB T8W 5A8

1463 32 St SW
Medicine Hat, AB T1B 4A6

¹ The above summary of estimated assets has been prepared based the book value of the Company's internal unaudited financial statements dated June 30, 2019.

Notice and Statement of the Receiver (Subsections 245(1) and 246 (1))

- (d) Estimated amount owed by the Company to each creditor who holds security on the property described above²:

	Estimated Amount (CAD \$)
Nations Fund I, LLC	5,132,649.90
Hopf Mechanical	15,177.64
Dunlop Truck Centres (Medicine Hat)	11,204.50
Kal Tire Ltd.	4,678.67
Bradvin Trailer Sales Ltd.	1,055.25
Total	5,164,765.96

- (e) The list of other creditors of the insolvent persons and the amount owed to each creditor (to the extent that it is known) and the total amount due by the insolvent persons is attached to this notice as Appendix "A".
- (f) On August 6, 2019, the Court issued a sale approval and vesting order (the "Vesting Order") approving the sale transaction between the Company and Silverpoint Energy Services Inc. ("Silverpoint") as purchaser, but adopted by the Receiver as vendor and Silverpoint as the purchaser. The adoption of the sale transaction was approved and ratified. A copy of the Vesting Order can be found on the receiver's website. This sale transaction transfers substantially all of the Company's assets located at the Medicine Hat site to Silverpoint.

The intended plan of action of the Receiver during the receivership, to the extent that such a plan has been determined, is as follows:

- To safeguard and preserve the property and equipment of the Company (mainly, equipment located at the Grand Prairie site), and eventually realize on that property, likely through auction or *en bloc* purchase;
- To collect outstanding receivables; and
- To realize on other assets, as appropriate.

- (g) Contact Person for Receiver:

Cameron Browning
KPMG Inc.
Suite 3100, 205-5th Avenue SW
Calgary, AB, T2P 4B9
Telephone: (403) 691-8413
Facsimile: (403) 691-8008
Email: cbrowning@kpmg.ca

George Bourikas
KPMG Inc.
Suite 4600, 333 Bay Street
Toronto, ON, M5S 2H5
Telephone: (416) 777-8887
Facsimile: (416) 777-3364
Email: gbourikas@kpmg.ca

² Amount owing to Nations Fund I, LLC is based on the Affidavit of Mark Skura dated June 12, 2019.

Notice and Statement of the Receiver (Subsections 245(1) and 246 (1))

Dated at Calgary, Alberta, this 16th day of August, 2019.

KPMG Inc., in its capacity as receiver and manager of
Bearstone Environmental Solutions Inc.
and not in its personal or corporate capacity

A handwritten signature in black ink, appearing to read 'Neil Honess', is written over the printed name.

Per: Neil Honess
Senior Vice President

Appendix A
Unsecured Creditor List
In the matter of the receivership of
BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

Creditor Name	Amount Owing
1698747 Alberta Ltd.	6,057.92
1975689 Alberta Ltd.	11,598.93
1989099 Alberta Ltd.	6,554.52
2008631 Alberta Ltd	1,137.68
2081508 Alberta Ltd	2,086.03
2095068 Alberta Ltd.	1,029.85
745466 Alberta Ltd.	UNKNOWN
A&B Steel	1,056.46
AccuChem	786.66
Action Auto Parts Plus	2,008.81
AGAT Laboratories	105,126.47
Air Liquide Canada Inc.	2,940.56
Albo Farms Ltd	472.50
Alliance Disposal 2010 Ltd.	1,701.00
Alpine Water Store Ltd.	2,279.03
ALS Laboratory Group	33,537.03
Alsco Canada Corporation	628.24
Anarchy Mechanical Ltd	236.25
Anhorn, Gerald	10,935.00
Apparel Solutions International	4,670.16
Applied Industrial Technologies	279.23
Assure Lock	545.23
B.C. Ministry of Finance	20,579.11
Bank of Montreal	UNKNOWN
Bartee Holdings	UNKNOWN
Beaut Oilfield Services	6,271.78
Bell	193.59
Bernard Vac Ltd.	35,683.99
Big Rock Water Hauling Service	64,688.89
Black Target Sales & Rentals Ltd.	210.00
Boulerice, Jeff	2,000.00
Boulerice, Shane	4,000.00
Boylan Imaging	2,625.00
Bradvin Trailer Sales Ltd.	52,359.50
Bremner Creek Famrs Ltd o/a Deken Oilfield Transport	405,428.88
Brogan Safety Supply Ltd.	480.42
Brothers Transport Inc.	10,755.78
Brovac (a Division of 654963 Alberta Ltd.)	3,139.50
Bulacan Transportation	117.33
Bulldog Energy Group Ltd.	49,267.50
C Pete Consulting Inc.	3,067.84
Caledon Environmental Services Ltd.	4,168.13
Campbell, Ken	4,000.00
Canada Revenue Agency	UNKNOWN
Canadian Western Bank	UNKNOWN

Catalyst Software Inc	23,093.13
Caylee Trucks Inc.	2,600.00
Centre West Enviro Wash & Lube Ltd	58.36
Certified Laboratories	523.64
CFR Chemicals Inc.	9,430.36
Chewy's Water Hauling Ltd.	105,414.75
Chinook Oilfield Services Inc	3,234.00
City of Medicine Hat	UNKNOWN
Cloud Bay Consulting Ltd	7,937.65
Collabria	10,167.14
Connections Career & Safety Services Ltd.	300.00
Cordy Environmental Inc.	75,033.00
Crouse's Cleaners	699.89
Cullen Contracting Ltd	1,606.50
Culligan	25.43
Culligan Bottled Water	655.05
Cypress Communications Ltd.	771.75
Davidson Brothers Farms	UNKNOWN
DC Derrick Oilfield Services	36,434.43
Derryn Farms Ltd	2,100.00
Desjardins Card Services (Staples)	597.26
Direct Energy Regulated Services	3,711.99
Diversified Chain & Rigging Inc.	2,071.86
Dunlop Truck Centres (Medicine Hat)	37,171.95
ECS Safety Services Ltd.	1,516.23
Edmonton Kenworth Ltd	405.00
Element Materials Technology Canada Inc.	5,335.62
Enterprise Rent A Car Canada Company	5,278.59
Excel Fire & Safety	3,326.93
Exova Canada Inc	15,942.41
Ezra Industrial Corp.	1,312.50
F&S Safety Buzz Ltd.	131.25
Farm Land Supply Centre Inc	325.35
Fleet Brake Parts & Service Ltd	2,095.43
Formula Powell L.P.	8,972.05
Fort Garry Industries	1,975.72
Fountain Tire Ltd.	72,816.37
Free Eagle Trucking	2,047.60
Fresh Coast Investments	UNKNOWN
G.U.N.N. Oilfield Services Ltd.	46,806.81
Gallagher Energy Risk Services	UNKNOWN
Gallup Agitator Systems Inc	2,114.95
Gamble, Barbara	UNKNOWN
Getz, Neil	525.00
Gibson Energy Infrastructure Partnership	UNKNOWN
Glacier Mobile Glass	UNKNOWN
Goal FX Signs & Graphics	1,128.75
Good To Go Trucking	4,158.00
Greenery Office Interiors Ltd	1,476.92
Greschner, Tony	17,920.00
Hancock Petroleum Inc.	2,529.47
Heartland Truck Rentals Ltd.	92,274.39

Helgason Acres Ltd	1,155.00
High Gear Contracting Ltd.	13,187.05
Higson Enterprises Ltd	5,284.63
Hi-Volt Safety	558.75
Home Inn Express	540.30
Horse, Norman	UNKNOWN
HT Motorhome RV Rentals	2,374.05
Hydraco Industries	2,634.52
Infinity Dynamics	348.01
J. Martinson Consulting Inc.	2,007.34
Jenn Oilfield Consulting	1,050.00
Jenner Sales & Service	3,984.79
Jones, Harry	7,000.00
K & E Paulgaard Farms	5,500.00
Kal Tire - Dawson Creek	1,239.51
Kal Tire - Grande Prairie	1,549.01
Kal Tire - Leduc	263.51
Kal Tire - North Battleford	374.63
Kal Tire - Provost	1,012.52
Kal Tire -Stettler	1,890.15
Kalmic Ventures Inc.	4,521.48
Kazak Machining Ltd.	84.00
Kel-Can Mechanical Ltd	23,112.14
Keogan Mountain Trucking Ltd	14,421.09
KI & D Ventures	UNKNOWN
King Vac & Tank Services Inc.	13,777.28
Kirk's Mid-Way Tire Ltd	4,906.66
Kost Fire Equipment Ltd	107.89
Kyle Farming Co. Ltd.	6,500.00
Ledarco Construction & Trucking Ltd.	4,233.08
Lewis, Brian	1,500.00
Lil Fella Trucking Ltd.	7,560.00
Lipan Environmental Consulting Ltd.	UNKNOWN
LMT Enterprises Ltd	296.55
LSM Service Division LTD	858.00
Lyons, Tim	150.00
Malinsky, Lynn	10,350.00
Manitoulin Transport	214.58
Maverick Farms Ltd	35,195.00
Max Fuel Distributors	62.92
McDonald, David	2,200.00
McMillan Environmental Consulting	343.88
Medicine Hat Sign Works	997.50
Midpoint Mechanical Ltd.	2,949.45
Mikula Farms Ltd	UNKNOWN
MNP LLP	20,840.50
Mobster Mechanical Inc.	UNKNOWN
Morgan Farms	4,500.00
Movac Mobile Vacuum Serv Ltd	15,880.07
Napa Auto Parts Grande Prairie	276.02
New Horizon Co-Operative Ltd.	18,552.95
New West Freightliner Inc.	3,813.71

New West Leasing #153	2,023.64
New West Leasing #154	2,367.96
New West Leasing #155	4,742.29
Northern Commercial Inspections	514.08
Northern Metallic	43,695.34
Northern Star Cattle Company	UNKNOWN
Ocean Fluids and Filtrations	1,415.40
Olson, Brent	582.75
Olson, Chris	500.00
Overhead Door	200.04
Overhead Door Co. of Grande Prairie (1979) Ltd.	469.88
Paramount Parts Inc.	49.01
Parson, Mitch	500.00
Pat's Auto Supply	7.31
Peaceland Oilfield Services Ltd.	86,597.98
Pitneyworks	95.13
Pitneyworks / Pitney Bowes	233.67
Priority Fluid Power Ltd.	1,039.93
PumpGuy Water Services	651.00
Pure North Water Ltd.	UNKNOWN
Purolator Courier Ltd	163.33
Querin, Tammy	20,000.00
RB Curry Auto Transport Ltd.	5,318.25
Reactive Group of Companies Inc.	186.64
Rebel Metal Fabricators Ltd	5,313.11
Red L Distributors Ltd.	UNKNOWN
Resch, Linda	1,273.69
Resch, Trent	154.21
RHM Transportation Inc	49,692.64
Ricoh Canada Inc	5,829.41
Rob Rasi Ventures Ltd.	24,294.37
Rodeo Express Delivery Ltd	2.31
Rondo Roads Ventures Ltd.	763.09
RT Rentals Inc.	10,500.00
Sanctuary Flats Ltd	3,000.00
Sask Valley Oilfield Maintenance Inc.	976.80
SCREO 1 Calgary Office LP	UNKNOWN
Sever, John	2,000.00
SH Hauling Inc.	UNKNOWN
Shamrock Vue Trucking Inc	3,957.37
Shaw Cable	78.75
SOS Graphics	327.31
South Point Hose & Fitting	15,120.07
Spider Rentals Ltd.	UNKNOWN
Stahl Peterbilt Inc	444.09
Standoff Colony Farming Co.	UNKNOWN
Staples Advantage (ED c/o C25043C	2,577.93
Stericycle Communication Solution ULC	410.49
Strategic Industrial Cleaning Solutions	8,350.12
Summit Motors Ltd.	784.33
SureHire Inc.	938.80
Telus Mobility	3,282.00

Tervita Corporation	2,611.77
The Bolt Supply House Ltd	55.78
The Gear Centre	9,175.26
The Glass Shop Inc.	1,330.88
The Print Shop	4,972.80
The Printing House Ltd	1,237.57
Timber Pro Logging Ltd.	599.16
Titan Supply	5,174.40
TKRP Contracting	2,130.62
T'N'T Tank & Trailer Repair Grande Prairie LP	340.74
TNT Tank and Trailer Repair	15,851.43
Torque Industrial Ltd.	UNKNOWN
Torys LLP	12,590.32
Tower Oilfield Services Ltd.	20,790.00
Town of Spirit River	260.49
Tri-Co Machining Ltd	2,046.21
Trim FX Sign and Design	5,919.90
UFA	36,503.00
United Farmers of Alberta	38,265.04
Vector Communications	2,336.78
Warkentin Land & Cattle	2,000.00
Warkentin, Hudson	5,170.00
Waste Connections of Canada Inc.	110.18
Water Blast Manufacturing	3,225.43
Western Backhoe Service	242.00
Western Canada Welding Products Ltd.	96.60
Western Star and Freightliner Trucks of GP	UNKNOWN
Williams Environmental Consulting Ltd	15,638.75
Willsie, Gerald	5,000.00
Wilmar Oilfield Pressures Ltd.	32,980.33
Work Safe BC	UNKNOWN
Wurth Canada Limited	1,238.00
X-Calibre Industries	5,261.36
Yaniuk, Glen	UNKNOWN
Ziebart	438.90
KERKHOFF, Gerry	UNKNOWN
JENKINS, Barbara	UNKNOWN
SMITH, Wade	UNKNOWN
DEVITT, James	UNKNOWN
PARR-ANSTEY, Lois	UNKNOWN
HAYDEN, Erin	UNKNOWN
GUEST, Deborah	UNKNOWN
KERKHOFF, Galin	UNKNOWN
HADDOCK, Ang	UNKNOWN
HAMM, Dwight	UNKNOWN
AMERO, Mitchell	UNKNOWN
ANAKA, Adam	UNKNOWN
ANDERSON, Bryce	UNKNOWN
BARRETT, Robert (Bob)	UNKNOWN
BELER, Brian	UNKNOWN
CHAISSON, Joe	UNKNOWN
CLAYTON, Jordan	UNKNOWN

DARR, Terry	UNKNOWN
DAUTREMONT, Clinton	UNKNOWN
DAVIS, Wilfred (Arnie)	UNKNOWN
DRAKE, Jason	UNKNOWN
DUMONT, Norm	UNKNOWN
GALLUP, Jay	UNKNOWN
GORNISIEWICZ, Lukasz	UNKNOWN
HOUSE, Keith	UNKNOWN
KOUBRIAK, Valetin	UNKNOWN
MCDONALD, Mike	UNKNOWN
NEWSTEAD, Joshua	UNKNOWN
NOVISKI, Marie	UNKNOWN
PELLAND, Brook	UNKNOWN
ROCHOW, Brad	UNKNOWN
TIMMINS, William (Scott)	UNKNOWN
WELLWOOD, Ivan	UNKNOWN
WICK, Barry	UNKNOWN
WATSON, Mark	UNKNOWN
HADDOCK, Jamie	UNKNOWN
CHRISTIE, Shawn	UNKNOWN
BURSTON, Robert	UNKNOWN
BURSTON, Ashley	UNKNOWN
CHRISTENSEN, Christina	UNKNOWN
MARTENS, Jacob	UNKNOWN
SMITH, Anthony	UNKNOWN
Workers' Compensation Board	UNKNOWN

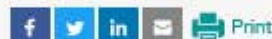
APPENDIX “F”

Request for Proposal Advertisement Tear Sheets

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**FOLLOW THE JOURNEY OF DATA
FROM ACQUISITION TO APPLICATION**
ORDER TODAY
PRESENTED BY
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TECHNOLOGY
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CANADA**
[Asset Sales and Acquisitions](#)

Request For Proposals To Purchase The Assets Of Bearstone Environmental Solutions Inc.

Monday, August 26, 2019, 6:45 AM MDT



REQUEST FOR PROPOSALS

TO PURCHASE THE ASSETS OF BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

Pursuant to an order of the Court of Queen's Bench of Alberta (the "Court") made August 6, 2019, KPMG Inc. in its capacity as Court-appointed receiver (the "Receiver") of Bearstone Environmental Solutions Inc. ("Bearstone" or the "Company"), is soliciting written proposals for the acquisition of the Company's assets, either *en bloc* or parts thereof.

The Company provided environmental oilfield services to the oil and gas industry throughout western Canada. Primary service offerings included environmental consulting services, vacuum and water trucks as well as fluid transportation. The majority of the assets are located in Grande Prairie, Alberta. Primary assets offered for sale include the following:

- Light commercial vehicles;
- Heavy commercial vehicles; and
- Commercial trailers.

The assets are being sold on an "as is-where is" basis and the Receiver provides no representations or warranties, express or implied, with respect to title, condition or fitness for use.

Interested parties must submit an executed confidentiality agreement to the Receiver in order to participate in the process and are required to submit initial bids by no later than 4:00 p.m. (MST) on Friday September 20, 2019.

To obtain further details about Bearstone's assets, or the process in general, please contact George Bourikas at +1 (416) 777-8887 or gbourikas@kpmg.ca or Cameron Browning at +1 (403) 691-8413 or cbrowning@kpmg.ca and/or visit the Receiver's website (home.kpmg.ca/bearstone).

KPMG INC., in its capacity as Court-appointed Receiver of
 Bearstone Environmental Solutions Inc.
 3100 - 205 5th Avenue SW
 Calgary, Alberta T2P 4B9


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FROM ACQUISITION TO APPLICATION

ORDER TODAY

PRESENTED BY
PETROLEUM
TECHNOLOGY
ALLIANCE
CANADA

Asset Sales and Acquisitions

Request For Proposals To Purchase The Assets Of Bearstone Environmental Solutions Inc.

Tuesday, August 27, 2019, 7 AM MDT



REQUEST FOR PROPOSALS

TO PURCHASE THE ASSETS OF BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

Pursuant to an order of the Court of Queen's Bench of Alberta (the "Court") made August 6, 2019, KPMG Inc. in its capacity as Court-appointed receiver (the "Receiver") of Bearstone Environmental Solutions Inc. ("Bearstone" or the "Company"), is soliciting written proposals for the acquisition of the Company's assets, either *en bloc* or parts thereof.

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- Commercial trailers.

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KPMG INC., in its capacity as Court-appointed Receiver of
Bearstone Environmental Solutions Inc.
3100 - 205 5th Avenue SW
Calgary, Alberta T2P 4B9



Previous

View Issue

Next



APPENDIX “G”

Ritchie Bros. Auctioneers Inc. Auctioneer Agreement (Redacted)

AUCTION AGREEMENT

This Auction Agreement, dated as of October 2, 2019 (together with any schedules, exhibits and attachments hereto, collectively, the “**Agreement**”), is made by and between Ritchie Bros. Auctioneers (Canada) Ltd., a British Columbia corporation with a principal place of business at 9500 Glenlyon Parkway, Burnaby, British Columbia, Canada V5J 0C6 (the “**Auctioneer**”), and KPMG Inc., in its capacity as receiver of the assets, undertakings and properties (in such capacity, the “**Receiver**”) of Bearstone Environmental Solutions Inc., (the “**Company**”), and not in its personal or corporate capacity, with a principal place of business at Suite 3100, 205 - 5th Avenue SW, Calgary, Alberta, Canada T2P 4B9.

WHEREAS, pursuant to an Order of the Honourable Madam Justice B. Romaine of the Alberta Court of Queen’s Bench (the “**Court**”) pronounced on August 6, 2019 (the “**Receivership Order**”), KPMG Inc. was appointed as Receiver of the assets, undertakings and properties of the Company

WHEREAS, the Company is the owner of the Assets (as defined below);

WHEREAS, pursuant to the Receivership Order, the Receiver is authorized to, among other things, “engage, consultants, appraisers, agents, experts, auditors, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties” and to “to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business” with the approval of the Court in respect of any transaction exceeding \$200,000;

WHEREAS, the Receiver is storing the Assets on lands in Grande Prairie municipally described as 9502 42nd Avenue Grande Prairie, Alberta (the “**Facility**”).

WHEREAS, the Receiver desires to retain Auctioneer to provide auction services with respect to the disposition of the Assets; and

WHEREAS, Auctioneer is willing to serve as the Receiver’s Auctioneer, for the purpose of providing such auction services, upon the terms and conditions and in the manner set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

For the purposes of this Agreement, the terms listed below shall have the respective meanings indicated:

1.1 “**Approval Order**” shall mean one or more orders of the Court in form acceptable to Auctioneer, acting reasonably, authorizing the Receiver to (a) retain Auctioneer on the terms set forth herein, (b) pay Auctioneer its compensation on the terms set forth herein without further order of the Court, (c) enter into and consummate the transactions set forth herein, and (d) transfer title to the Assets to any purchasers free and clear of liens, claims and encumbrances.

1.2 “**Assets**” shall mean the Company’s inventory, equipment and/or machinery, as specifically listed on Exhibit “A” hereto.

1.3 “**Auction**” shall mean an auction of the Assets at the Grande Prairie Facility, which auction will occur no later than November 19, 2019, unless otherwise agreed to in writing by Auctioneer and Receiver.

1.4 “**Auction Date**” shall mean November 19, 2019, or such other date agreed to in writing by Auctioneer and Receiver.

1.5 “**Business Day**” shall mean a day other than a Saturday, Sunday or statutory holiday in the province of Alberta.

1.6 “**Expenses**” shall mean all direct and indirect costs and expenses incurred by Auctioneer in connection with the exercise of its rights and obligations under this agreement, the performance of the Services and the Sale of the Asset, including without limitation all costs and expenses relating to transportation of the Assets to the Grande Prairie Facility, marketing the Assets and refurbishment and cleaning of the Assets to the extent determined by Auctioneer.

1.7 “**Grande Prairie Facility**” shall mean Auctioneer’s facility located in Grande Prairie, Alberta.

1.8 “**Overage**” shall mean all Sales Proceeds in excess of [REDACTED].

1.9 “**Material Damage**” means any damage to, or destruction of, a portion of the Assets that exceeds \$100,000 to repair or replace.

1.10 “**Net Minimum Guarantee**” shall have the meaning ascribed to in Section 3.1.

1.11 “**Removal Date**” shall be a date no later than thirty (30) days from the date that the Approval Order is pronounced, unless otherwise extended by mutual written agreement between Auctioneer and Receiver.

1.12 “**Sale**” shall mean the sale of the Assets to be conducted by Auctioneer on behalf of the Receiver, which may include any combination of a private or public sale of the Assets prior to the Auction, and/or the Auction of the Assets at the Grande Prairie Facility or on the internet.

1.13 “**Sale Commencement Date**” shall mean the first business day after the satisfaction of the conditions precedent set forth in Section 12 hereof, including the entry of the Approval Order.

1.14 “**Sale Proceeds**” shall have the meaning ascribed to it in Section 4.1.

1.15 “**Sale Term**” shall mean the period of time beginning with the Sale Commencement Date and ending at midnight on the Auction Date.

1.16 “**Services**” shall mean the services to be performed by Auctioneer pursuant to Section 2.2 of this Agreement.

1.17 “**Supervisors**” shall mean the individual(s) that will provide Services in relation to the Sale and/or the Auction, whether at the Grand Prairie Facility or otherwise as set forth in Sections 2.2 and 2.3 of this Agreement.

1.18 “**Termination Event**” shall have the meaning ascribed to it in Section 14.1.

2. RETENTION

2.1 The Receiver hereby retains Auctioneer, and Auctioneer hereby agrees to serve, as an independent Auctioneer in connection with the conduct of the Sale as set forth herein. With respect to the Sale, Auctioneer shall serve as the Receiver’s sole and exclusive Auctioneer relative thereto throughout the Sale Term.

2.2 On the terms and conditions set forth herein, commencing after execution of this Agreement and satisfaction of the conditions precedent hereunder, Auctioneer shall provide the Receiver with the following service (the “**Services**”) with respect to the conduct of the Sale:

- (a) worldwide marketing of the Assets during the Sale Term, which marketing shall commence upon execution of this Agreement and shall include, without limitation:
 - (i) immediately uploading details of the Assets to the Auctioneer’s website (rbauction.com) along with any photos;
 - (ii) arranging for a crew to clean, organize and prepare the Assets for sale, capturing detailed equipment information and taking additional high-resolution photos of each Asset;

- (iii) advertising the Assets in local and industry-specific print and online publications and using search engine optimization to reach the widest audience of potential buyers; and
 - (iv) conducting direct mail and email campaigns to target select individuals from Auctioneer's database;
- (b) transport the Assets from the Facility to the Grande Prairie Facility or such other location where the Sale of the Assets will occur;
- (c) oversee the liquidation and disposal of the Assets as further described below, including carrying out and managing all aspects of the on-site preparation and organization of the Assets for auction and mobilizing a team of personnel to carry out the foregoing tasks;
- (d) catalogue and photograph the Assets for posting on Auctioneer's website and other marketing channels;
- (e) organize and manage site visits and inspections of the Assets by potential bidders;
- (f) enable on-site and real-time online bidding on the day of the Auction;
- (g) provide and supervise fully qualified and experienced personnel, including without limitation all managerial, labour, accounting and Auction day personnel, who will prepare for and sell the Assets in accordance with the terms of this Agreement;
- (h) if applicable, provide all on-site and auction day customer amenities including catering (as applicable), restroom facilities, first aid attendants and convenient buyer services;
- (i) sell the Assets for cash or other immediately available funds to the highest bidder(s) on an "AS IS," "WHERE IS" and "all sales are final" basis and in accordance with the terms of this Agreement;
- (j) charge and collect from all purchasers any purchase price together with all applicable taxes in connection therewith;
- (k) invoice and collect auction proceeds in accordance with Auctioneer's standard auction terms;
- (l) provide the Receiver with reporting and reconciliation of accounting information and detailed post-Auction settlement reporting in Auctioneer's standard form; and
- (m) provide such other related service deemed necessary or prudent by Receiver and Auctioneer under the circumstances presented.

2.3 In connection with the Sale, Auctioneer shall directly retain and engage one or more Supervisors. The Supervisors may be an employee of Auctioneer or an independent contractor engaged as an agent of Auctioneer, and are not and shall not be deemed to be an employee of the Receiver or Company in any manner whatsoever.

2.4 All sales of Assets shall be made by Auctioneer as agent in fact for the Receiver. Title to the Assets shall remain with the Company throughout the Sale Term.

2.5 Subject to this Agreement, Auctioneer shall be the sole party authorized to sell the Assets. The Assets will be sold in such lots as Auctioneer may determine.

2.6 Auctioneer is authorized to accept any reasonable means as payment for the Assets sold provided it is in immediately available funds.

2.7 Auctioneer shall sell the Assets on an “as is, where is” basis, without any representations of any kind or nature whatsoever, including as to merchantability or fitness, and without warranty or agreement as to the condition of such Assets. The Receiver acknowledges that Auctioneer is acting solely in the capacity of Auctioneer for the Receiver and has no knowledge with respect to the fitness or usability of any of the Assets.

3. PAYMENT OF NET MINIMUM GUARANTEE

3.1 Subject only to Sections 6.1 and 14.3, Auctioneer shall pay to Receiver by certified cheque, bank draft or wire transfer, a non-refundable net minimum guarantee in the amount of [REDACTED] (the “**Net Minimum Guarantee**”), which amount shall be exclusive of all provincial and federal sales taxes, for the right to sell the Assets. The Net Minimum Guarantee shall be payable as follows:

- (a) Auctioneer shall pay to Receiver [REDACTED] of the Net Minimum Guarantee upon the pronouncement by the Court of the Approval Order; and
- (b) Auctioneer shall pay to Receiver the remainder of the Net Minimum Guarantee, being [REDACTED] of the Net Minimum Guarantee within twenty-one (21) days of the Auction.

3.2 For greater certainty, if the transactions contemplated under this Agreement are not completed for any reason other than a termination under Section 14.1(a) or (c), the Net Minimum Guarantee shall be payable to Receiver without prejudice to any rights or remedies Receiver may have in law or under this Agreement in connection with any default of Auctioneer.

4. DISTRIBUTION OF SALE PROCEEDS

4.1 Auctioneer shall track and manage all proceeds of the Sale (the “**Sale Proceeds**”).

4.2 After sufficient Sale Proceeds have been collected from the Sale of the Assets to first pay the Net Minimum Guarantee (or to reimburse Auctioneer for the payment of the Net Minimum Guarantee), Auctioneer shall be entitled to be paid the next available Sale Proceeds in an amount not to exceed [REDACTED].

4.3 Any additional Sale Proceeds above the Overage shall be allocated and paid out as follows:

[REDACTED] to Receiver (the “**Receiver’s Overages**”)
[REDACTED] to Auctioneer

4.4 Auctioneer shall pay to Receiver the Receiver’s Overages, within twenty-one (21) days of the Auction.

4.5 Subject only to Section 5.1, Auctioneer shall be responsible for all costs and expenses related to the Sale, Services and the Auction, including without limitation the Expenses.

5. BUYER’S PREMIUM

5.1 Auctioneer shall be entitled to charge and retain for its own account a reasonable and customary buyer’s premium (the “**Buyer’s Premium**”) on all purchased Assets, which Buyer’s Premium shall not exceed:

- (a) [REDACTED];
- (b) [REDACTED]; or
- (c) [REDACTED].

Any such Buyer's Premium collected shall not be considered Sale Proceeds and shall not be subject to the terms of Sections 4.1 above.

5.2 The Assets shall not be sold as part of any lot(s) with other assets (the "**Other Assets**") unless:

- (a) Receiver agrees in writing to the sale of some or all of the Assets as part of a lot with Other Assets; and
- (b) Receiver and Auctioneer agree in writing as to:
 - (i) the split of the Buyer's Premium as between the Assets and Other Assets; and
 - (ii) how the proceeds of sale will be distributed between the Assets and the Other Assets.

Nothing in this section 5.2 shall limit the ability of the Auctioneer to action the Assets with Other Assets so long as the Assets and Other Assets do not form part of the same lot.

6. ADJUSTMENTS TO NET MINIMUM GUARANTEE

6.1 The Net Minimum Guarantee shall be subject to adjustment only if:

- (a) the Assets are not in a condition equivalent to or better than when inspected by Auctioneer on September 4th, 2019 when the Assets arrive at the Auctioneer's auction yard and Auctioneer provides written notice of same within three days of such arrival;
- (b) Receiver is unable to legally sell the Assets at the Auction; or
- (c) the Auction is not held at the Grande Prairie Facility for reasons that are outside of the control of Auctioneer and the Assets must be moved to a mutually agreeable alternate site.

6.2 Any adjustment to the Net Minimum Guarantee must be mutually agreed to in writing by Auctioneer and Receiver.

7. RISK OF LOSS, INSURANCE

7.1 Receiver shall be responsible for loss or damage to the Assets, other than loss or damage arising as a result of the negligence of Auctioneer, its agents or employees, until the earliest of (the "**Transfer Date**"):

- (a) the removal of the Assets from the Grande Prairie Facility by the purchaser; or
- (b) receipt by Receiver of the Sales Proceeds.

7.2 In the event of Material Damage to, or destruction of, the Assets or any part thereof, prior to the Transfer Date, Auctioneer may, at its option:

- (a) terminate this Agreement on written notice to Receiver; or
- (b) reduce the Net Minimum Guarantee, by notice to Receiver, by an amount equal to the cost of repair, or, if the Assets are destroyed or damaged beyond repair, by an amount equal to the replacement cost of the assets forming part of the Assets that have been damaged or destroyed, and complete the transaction contemplated under this Agreement, provided that Receiver must agree to the amount of any reduction to the Net Minimum Guarantee.

7.3 In the event of damage to the Assets that is not Material Damage, Auctioneer will complete the transaction contemplated under this Agreement, in which event any insurance

proceeds or other compensation proceeds paid or payable with respect to the Assets will be assigned or paid by Receiver to Auctioneer, and the Net Minimum Guarantee will be reduced by the cost of repair or replacement to the extent that any such insurance or other proceeds do not compensate for the repair or replacement costs of the damaged or destroyed Assets, provided that Receiver must agree in writing to the amount of any reduction to the Net Minimum Guarantee.

8. REPRESENTATIONS AND WARRANTIES OF AUCTIONEER

8.1 Auctioneer hereby represents, warrants and covenants in favour of Receiver as follows:

- (a) Auctioneer has taken all necessary action required to authorize the execution, performance and delivery of this Agreement, and to consummate the transactions contemplated hereby;
- (b) this Agreement is a valid binding obligation of Auctioneer enforceable in accordance with its terms;
- (c) to the best of Auctioneer's knowledge, no action or proceeding has been instituted or threatened affecting the consummation of this Agreement or the transactions contemplated herein; and
- (d) Auctioneer is solvent and has not made, nor is it aware of, any assignment proposal or other proceeding for the benefit of its creditors.

9. REPRESENTATIONS AND WARRANTIES OF RECEIVER

9.1 Receiver hereby represents, warrants and covenants in favour of Auctioneer that, upon the issuance of the Approval Order and provided that such Approval Order is not stayed, modified or waived:

- (a) Receiver has taken all necessary action required to authorize the execution, performance and delivery of this Agreement, and has taken all steps necessary and has good and valid authority to consummate the transactions contemplated hereby, including the conduct of the Sale;
- (b) the Approval Order shall grant to Auctioneer the legal authority to sell the Assets to the general public free and clear of any liens, claims or encumbrances; and
- (c) this Agreement is a valid and binding obligation of the Receiver enforceable in accordance with its terms.

10. AFFIRMATIVE DUTIES OF AUCTIONEER

10.1 Auctioneer shall prepare any reporting forms, certificates, reports and other documentation required in connection with the payment of applicable sales taxes to the appropriate taxing authorities and Auctioneer shall process all of the foregoing on behalf of the Receiver.

10.2 Auctioneer shall be responsible for obtaining, in the name of and with the assistance of Receiver, any permits or licenses necessary to conduct the Sale.

10.3 Auctioneer shall provide sufficient labour and Supervisors for the set up and conduct of the Auction, including auctioneers, accounting support, and personnel to register bidders.

10.4 Auctioneer shall provide the Receiver with an accounting of the Auction within twenty-one (21) days after its completion. With such accounting, Auctioneer shall also deliver any funds due and payable to the Receiver under the terms of this Agreement.

10.5 Auctioneer shall remove the Assets from the Facility within thirty (30) days of the Approval Order.

10.6 Auctioneer shall perform the all duties and Services listed in Section 2.2 in relation to the Assets.

10.7 Auctioneer shall use commercially reasonable efforts to complete the Auction by November 19, 2019.

11. AFFIRMATIVE DUTIES OF RECEIVER

11.1 Receiver shall authorize Auctioneer to use the name “Bearstone Environmental Solutions Inc.” in its advertising of the sale of the Assets and in its promotional materials.

11.2 Receiver shall be responsible for obtaining or replacing vehicle registrations, keys or any actions required related to the Alberta Assigned Vehicle Identification Number program, as applicable, at its own cost and expense. Upon request from the Receiver, Auctioneer shall obtain or replace the vehicle registrations or keys for any of the Assets for cost plus a ten percent (10%) management fee.

12. CONDITIONS PRECEDENT

12.1 The willingness of Auctioneer and the Receiver to enter into the transactions contemplated under this Agreement, and specifically any obligation of Auctioneer to fund the Net Minimum Guarantee pursuant to Sections 3.1 and 4.1 hereof, are directly conditioned upon the satisfaction of the following conditions at the time or during the time periods indicated, unless specifically waived in writing by the applicable party:

- (a) all representations and warranties hereunder shall be true and correct in all material respects, and no Termination Event (as defined below) shall have occurred as of the date hereof and as of the Sale Commencement Date; and
- (b) The Court will have issued the Approval Order on or before October 28, 2019, or such later date as agreed to in writing by Auction and Receiver, and such order shall not have been stayed or vacated.

13. INDEMNITIES

13.1 Auctioneer shall and hereby agrees to defend, indemnify, and hold harmless Receiver and its officers, directors, agents, employees and principals from and against any and all known or unknown losses, damages, liabilities, claims, actions, judgments, penalties, fines, court costs and legal or other expenses which Receiver may incur as a direct or indirect consequence of: (i) grossly negligent or intentional acts or omissions of Auctioneer or its agents, employees, representatives and principals in connection with the Sale or the removal of the Assets from the Facility; and/or (ii) the material breach by Auctioneer of any of its representations, warranties or other obligations under this Agreement and/or any claims asserted by Auctioneer’s Supervisors, employees or agents, including Auctioneer’s employees’ or agents’ payroll claims (wage claims, claims for taxes required to be withheld from wages, social security, etc.), or unemployment compensation claims.

13.2 Receiver shall and hereby agrees to defend, indemnify, and hold harmless Auctioneer and its officers, directors, agents, employees and principals from and against any and all known or unknown losses, damages, liabilities, claims, actions, judgments, penalties, fines, court costs and legal or other expenses which Auctioneer may incur as a direct or indirect consequence of: (i) grossly negligent or intentional acts or omissions of Receiver or its agents, employees, representatives and principals in connection with the Sale or its obligations under this Agreement, any breach of the representations, warranties or covenants set out herein; (ii) failure by Receiver to comply with any laws relating to Receiver’s right to sell the Assets; and (iv) deficiencies in the provision of documents required for the purpose of titling or registering any part of the Assets by any purchaser thereof.

13.3 Auctioneer shall:

- (a) be solely liable, shall assess and shall remit to the to the appropriate governmental authority all applicable sales taxes which are payable under the *Excise Tax Act* (Canada) or any other relevant federal or provincial

legislation (collectively, the “**Acts**”) in connection with the transfer of the Assets, all in accordance with the Acts, and will properly file such returns by the date required by the applicable legislation; and

- (b) on its own behalf and on behalf of all other beneficially interested parties, indemnify and save harmless the Receiver from and against any and all sales tax, penalties, costs and/or interest (including but not limited to legal fees on a solicitor and his own client basis) which may become payable by or assessed against the Receiver under the Acts in connection with the purchase and sale of the Assets pursuant to this Agreement.

14. TERMINATION

14.1 This Agreement may only be terminated (each a “**Termination Event**”):

- (a) by the mutual written consent of Receiver and Auctioneer;
- (b) by Receiver by written notice to Auctioneer:
 - (i) if there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Auctioneer under this Agreement, which breach, inaccuracy in or failure to perform shall continue uncured seven (7) days after receipt of written notice thereof to the defaulting party; or
 - (ii) if any representation or warranty made by Auctioneer proves untrue in any material respect as of the date made and throughout the Sale Term;
- (c) by Auctioneer by written notice to Receiver:
 - (i) in accordance with Section 7.2;
 - (ii) if there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Receiver under this Agreement, which breach, inaccuracy in or failure to perform shall continue uncured seven (7) days after receipt of written notice thereof to the defaulting party; or
 - (iii) if any representation or warranty made by Receiver proves untrue in any material respect as of the date made and throughout the Sale Term.

14.2 In the event of termination of this Agreement in accordance with Section 14.1(b), this Agreement shall forthwith become of no further force or effect, and there shall be no liability on the part of any party hereto except:

- (a) as set for in Article 3, Section 4.5 and Article 14; and
- (b) that nothing herein shall relieve any party hereto from liability for any intentional breach of any provision hereof.

14.3 In the event of termination of this Agreement in accordance with Section 14.1(a) or (c), this Agreement shall forthwith become of no further force or effect, and there shall be no liability on the part of any party hereto except:

- (a) as set forth in this Article 14; and
- (b) that nothing herein shall relieve any party hereto from liability for any intentional breach of any provision hereof.

15. MISCELLANEOUS

15.1 Any notice or other communication under this Agreement shall be in writing and may be delivered personally, sent by facsimile or by prepaid registered or certified mail, or by electronic mail, addressed as follows:

(i) in the case of Auctioneer:

Ritchie Bros. Auctioneers (Canada) Ltd.,
9500 Glenlyon Parkway,
Burnaby, British Columbia, Canada V5J 0C6
Attn: Devin Norris
Email: dnorris@ritchiebros.com

(ii) in the case of Receiver:

KPMG LLP
Suite 3100, 205 - 5th Avenue SW
Calgary, Alberta T2P 4B9
Attn: Neil Honess
Email: nhoness@kpmg.ca

with a copy to:

Cassels Brock & Blackwell LLP
Suite 3180 Bankers Hall West
888 3rd Street SW
Calgary, Alberta, T2P 5C5
Attn: Jeffrey Oliver
Email: joliver@casselsbrock.com

15.2 This Agreement shall be governed by and interpreted in accordance with the internal laws of the Province of Alberta, without reference to any conflict of laws provisions.

15.3 Auctioneer's services involve the orchestration of a sales and marketing effort of the Assets on behalf of Company. Subject to Sections 3.1 and 4.1, Auctioneer is not guaranteeing any result from the Sale and nothing contained in this Agreement shall be construed as a warranty on the part of Auctioneer that any result will be achieved as part of the Sale, unless explicitly stated otherwise, herein.

15.4 Receiver shall not bid, directly or indirectly, nor allow any other person to bid on Receiver's behalf or for Receiver's benefit, by agency or otherwise, on the Assets or any part thereof at the auction.

15.5 All monetary amounts describe in this Agreement shall be in Canadian dollars.

15.6 Auctioneer does not guarantee any buyer's performance of its obligations or payment of its purchase price.

15.7 In the event any term or provision contained within this Agreement shall be deemed illegal or unenforceable, then such offending term or provision shall be considered deleted from this Agreement and the remaining terms shall continue to be in full force and effect.

15.8 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations and understandings, and can only be modified by a writing signed by Receiver and Auctioneer.

15.9 Neither the Receiver nor Auctioneer shall assign this Agreement without the express written consent of the other. This Agreement shall inure to the benefit of, and be binding upon, the parties and their respective successors and permitted assigns.

15.10 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts, together, shall constitute one

and the same instrument. Delivery by facsimile of this Agreement or an executed counterpart hereof shall be deemed a good and valid execution and delivery hereof or thereof.

15.11 Nothing contained hereof shall be deemed to create any relationship between Auctioneer and the Receiver other than an agency relationship. It is stipulated that the parties are not partners or joint venturers.

[INTENTIONALLY LEFT BLANK]

EXECUTED by each of the parties hereto on the date first above mentioned.

RITCHIE BROS. AUCTIONEERS (CANADA) LTD.

By: 
Its: STRATEGIC ACCOUNTS MANAGER

KPMG INC., in its capacity as Receiver of the assets, undertakings and properties of Bearstone Environmental Solutions Inc., and not in its personal or corporate capacity

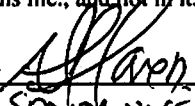
By: _____
Its: _____

EXECUTED by each of the parties hereto on the date first above mentioned.

RITCHIE BROS. AUCTIONEERS (CANADA) LTD.

By: _____
Its: _____

**KPMG INC., in its capacity as Receiver of the assets,
undertakings and properties of Bearstone Environmental
Solutions Inc., and not in its personal or corporate capacity**

By: 
Its: SENIOR VICE PRESIDENT

**EXHIBIT “A”
LIST OF ASSETS**

OWNER ID	DESCRIPTION	SERIAL NUMBER
257	2013 CHEVROLET 2500HD SILVERADO CREW CAB 4X4 PICKUP	3GCPKSE78DG223074
250	2011 CHEVROLET 2500HD SILVERADO CREW CAB 4X4 PICKUP	1GC1KXCG7BF259634
246	2012 CHEVROLET 1500 SILVERADO CREW CAB 4X4 PICKUP	3GCPKSE77CG108108
242	2010 CHEVROLET 1500 SILVERADO LTZ CREW CAB 4X4 PICKUP	3GCXKTE21AG103350
256	2010 CHEVROLET 1500 SILVERADO CREW CAB 4X4 PICKUP	3GCRKREAXAG101292
243	2008 DODGE RAM 1500 4X4 PICKUP	1D7HU16268J240803
253	2015 CHEVROLET 3500HD SILVERADO CREW CAB 4X4 FLATBED TRUCK	1GB4KYC88FF511929
244	2015 CHEVROLET 3500HD SILVERADO CREW CAB 4X4 FLATBED TRUCK	1GB4KYC85FF501181
307	2011 KENWORTH W900 T/A SLEEPER TRUCK TRACTOR (T/A)	1XKWD40X7BJ948495
308	2004 KENWORTH W900 T/A SLEEPER TRUCK TRACTOR (T/A)	1XKWDB9XX4R973712
304	2012 KENWORTH T800 TRI DRIVE SLEEPER HEAVY HAUL TRUCK	1XKDP4EX0CR955556
317	2013 KENWORTH T800 TRI DRIVE SLEEPER HEAVY HAUL TRUCK	1XKDP4EX2DJ962508
305	2012 KENWORTH T800 TRI DRIVE SLEEPER HEAVY HAUL TRUCK	1XKDP4EXDCCR955557
313	2011 KENWORTH T800 TRI DRIVE SLEEPER HEAVY HAUL TRUCK	1XKDP4EX8BJ948657
314	2011 KENWORTH T800 TRI DRIVE SLEEPER HEAVY HAUL TRUCK	1XKDP4EX4BJ948655
312	2009 KENWORTH T800 TRI DRIVE SLEEPER HEAVY HAUL TRUCK	1XKDP40X29R941240
252	2008 FORD F350 CREW CAB 4X4 UTILITY TRUCK	1FTWW31598EB06174
202	2011 KENWORTH T800 17294 LITRE TRIDRIVE SLEEPER HYDRO VAC TRUCK	1NKDXBEX5BJ946735
203	2014 WESTERN STAR 4900SA 14800 LITRE TRI DRIVE SLEEPER HYDRO VAC TRUCK	5KKPALD14EPFZ0317
CTT103	2014 WESTERN STAR 4900SA 14800 LITRE TRI DRIVE SLEEPER COMBO VAC	5KKPALD14EPFZ0316
127	2009 WESTERN STAR 4900SA TRI DRIVE SLEEPER VACUUM TRUCK	5KJRALCK59PAJ2030
120	2008 KENWORTH T800B 22379 LITRE TRI DRIVE SLEEPER TANK TRUCK	1NKDX4EX08R935390
116	2013 PETERBILT 367 22379 LITRE TRI DRIVE SLEEPER TANK TRUCK	1NPTX4TXXDD184315
117	2012 PETERBILT 367 22379 LITRE TRI DRIVE SLEEPER TANK TRUCK	1NPTX4TXXCD171224
W2017	2003 WESTLAKE TRIDEM PORTABLE FIELD OFFICE	SQ1030TRA37010549
412	2016 CROSS COUNTRY 31 FT TRIDEM END DUMP TRAILER	2C9VBT3W4GM183587
430	2014 DRAGON 46000 LITRE TRIDEM TANK TRAILER	1UNST453XES128878
435	2015 DURA-HAUL 44516 LITRE TRIDEM TANK TRAILER	3P9KT4436F1033934
416	2012 STEPHENS 46000 LITRE TRIDEM TANK TRAILER	1S9AB15C3CH474447
414	2012 STEPHENS 46000 LITRE TRIDEM TANK TRAILER	1S9AB15C8CH474444
417	2011 STEPHENS 46800 LITRE TRIDEM TANK TRAILER	1S9AB15C6BH474165
423	2011 STEPHENS 46000 LITRE TRIDEM TANK TRAILER	1S9AB15C6BH474120
422	2011 STEPHENS 46800 LITRE TRIDEM TANK TRAILER	1S9AB15C2BH474163
424	2008 STEPHENS 50000 LITRE TRIDEM TANK TRAILER	1S9AB15C68H474045
421	2009 HEIL 49967 LITRE TRIDEM TANK TRAILER	5HTDL493595J23298
TR427	2007 HEIL 46182 LITRE TRIDEM TANK TRAILER	5HTDL493375J21868
425	2007 HEIL 41639 LITRE TRIDEM TANK TRAILER	5HTDL493375J21807
428	2007 HEIL 46182 LITRE TRIDEM TANK TRAILER	5HTDL483X75J21903
419	2005 HEIL 37854 LITRE TRIDEM TANK TRAILER	5HTDL433055J21123
420	2006 HEIL 46182 LITRE TRIDEM TANK TRAILER	5HTDL493765J21287
429	2007 BRENNER 46182 LITRE TRIDEM TANK TRAILER	1CBFAB3307F0B8056
426	2006 BRENNER 37850 LITRE TRIDEM TANK TRAILER	10BFAB3UX6F0B6855
QT104	2012 TREMCAR 32000 LITRE QUAD/A TANK TRAILER	2TLZL4543CB004502
QT105	2008 LAZER INOX 32000 LITRE QUAD/A TANK TRAILER	2L9TC44289D79580
QT106	2008 HEIL 31800 LITRE QUAD/A TANK TRAILER	5HTDL364885G22539
418	2011 HEIL 46182 LITRE TRIDEM TANK TRAILER	5HTDL4939BSL23784
110	2013 BRENNER QUAD/A PARTS/STATIONARY CONSTRUCTION-OTHER	10BFB742XDF06C709

OWNER ID	DESCRIPTION	SERIAL NUMBER
	2011 KENWORTH T800 TRI DRIVE SLEEPER PARTS/STATIONARY TRUCKS - OTHER	1XKDP4EX5BR948665
121	2012 PETERBILT 367 TRI/A SLEEPER PARTS/STATIONARY TRUCKS - OTHER	1NPTX4TX4CD154807

APPENDIX “H”

Interim Statement of Receipts and Disbursements

**IN THE MATTER OF THE RECEIVERSHIP OF
BEARSTONE ENVIRONMENTAL SOLUTIONS INC.
RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD
AUGUST 6, 2019 TO SEPTEMBER 25, 2019**

RECEIPTS	AMOUNT (CAD\$)
Accounts receivable collections	791,502.70
GST collections	39,575.14
Transfer from pre-receivership bank account	17,056.43
Petty cash	129.28
Interest	111.21
TOTAL RECEIPTS	\$ 848,374.76
DISBURSEMENTS	
Payroll, wages and contractors	(82,173.03)
Receiver's Counsel fees	(56,412.62)
Rent	(29,920.30)
Repairs and maintenance	(19,356.36)
Credit card payment	(11,091.37)
Appraisal fees	(7,000.00)
GST paid	(6,316.98)
Advertising	(2,158.85)
Insurance	(1,725.00)
Mail forwarding	(494.45)
Computer services	(482.00)
Bank fees	(62.00)
TOTAL DISBURSEMENTS	\$ (217,192.96)
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 631,181.80