

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

BETWEEN:

HSBC BANK CANADA

Applicant

-and-

ROYAL CANADIAN BEDROCK INC.

Respondent

SECOND REPORT OF THE COURT-APPOINTED RECEIVER

APRIL 23, 2019

APPENDICIES

APPENDIX	DESCRIPTION
A	Appointment Order dated December 6, 2018
B	First Report of the Receiver dated January 11, 2019
C	Endorsement of Justice Hainey dated January 16, 2019
D	Update of location and status of RCBI's equipment since the date of the First Report
E	Financial statements for the fiscal years ended April 30, 2016 and April 30, 2017
F	RCBI's unaudited balance sheet as at June 30, 2018
G	A/R subledger as at June 30, 2018 and estimate of A/R collections
H	CRA letter dated February 4, 2019
I	Listing of the equipment that relate to specific PPSA registrations and potentially subject to prior-ranking security to that of HSBC
J	Summary of amounts claimed by former vendors and customers of RCBI
K	Auction Agreement with Platinum dated April 1, 2019 [Redacted]
L	Fee affidavit of Hartley M. Bricks sworn April 17, 2019
M	Fee affidavit of Mario J. Forte sworn April 17, 2019

APPENDICES TO BE HELD UNDER COURT SEAL

N	Auction Agreement with Platinum dated April 1, 2019
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INTRODUCTION AND PURPOSE OF THE RECEIVER'S REPORT

1. Pursuant to the Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued December 6, 2018 (the “**Appointment Order**”), which was made on the application of HSBC Bank Canada (“**HSBC**” or the “**Applicant**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act, R.S.C. 1985 c. B-3*, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act, R.S.O. 1990, c. C.43*, as amended (the “**CJA**”), Deloitte Restructuring Inc. was appointed receiver (in such capacity, the “**Receiver**”), without security, of all of the assets, undertakings and properties of Royal Canadian Bedrock Inc. (“**RCBI**” or the “**Company**”) acquired for, or used in a business carried on by RCBI, including all proceeds thereof (the “**Property**”), save and except for:
 - a) certain equipment in respect of which Kooy Brothers Lawn Equipment Limited has a prior-ranking security interest (the “**Kooy Equipment**”), and which is subject to an existing receivership proceeding (Court File No. CV-18-00595177-00CL) (the “**Parallel Proceeding**”); and
 - b) certain equipment in respect of which TD Equipment Finance Canada, a division of The Toronto-Dominion Bank, has a prior-ranking security interest (the “**TD Equipment**”), subject to the Receiver obtaining an independent security opinion confirming the validity of such prior-ranking security interest to the Applicant.

A copy of the Appointment Order is attached hereto as **Appendix “A”**.

2. As a result of Anthony Guido's ("**Guido**"), the President and sole director and officer of RCBI, failure to comply with his duties to provide access and co-operation to the Receiver pursuant to paragraphs 4 through 6 of the Appointment Order, the Receiver filed its First Report of the Receiver dated January 11, 2019 (the "**First Report**") which detailed the activities of the Receiver to date and sought advice and direction from the Court. As detailed in the First Report, Guido is a former practicing Chartered Accountant. On January 16, 2019, Justice Hainey issued an Endorsement (the "**January 16 Endorsement**") cautioning Guido that he must comply with the Appointment Order or face a contempt hearing. A copy of the First Report (without appendices) and a copy of the January 16 Endorsement are attached hereto as **Appendices "B"** and **"C"**, respectively.

3. The Receiver files this Second Report of the Receiver (the "**Second Report**") to report to the Court on the following matters:
 - a) Guido's compliance with the Appointment Order;
 - b) the delivery of certain books and records and the identification of the location of certain of RCBI's equipment;
 - c) the financial position of RCBI;
 - d) the activities of the Receiver since January 11, 2019 with respect to its receivership administration;
 - e) the proposed method of sale for the Identified Equipment (as defined below) and seeking the Court's approval for the proposed method of sale;

- f) the Receiver's proposed future activities with respect to the remaining receivership administration;
- g) the Receiver's fees and those of its independent legal counsel and to seek approval of those fees; and
- h) the Receiver's recommendations to the Court.

TERMS OF REFERENCE AND DISCLAIMER

- 4. Unless otherwise provided, all other capitalized items not otherwise defined in this Second Report are as defined in the First Report. Unless otherwise stated, all amounts referred to in this Second Report are reported in Canadian Dollars.
- 5. The Receiver has prepared this Second Report in its capacity as a court-appointed officer solely for the purposes outlined herein. Parties using the Second Report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes.
- 6. In preparing this Second Report, the Receiver has relied on the Information, as well as the documentation provided, and discussions and correspondence with Guido since January 11, 2019 (the "**Additional Information**"). Deloitte has reviewed the Information and Additional Information for reasonableness, consistency and use in the context in which it was provided. However, Deloitte has not audited or otherwise attempted to verify the accuracy or completeness of the Information or Additional Information in a manner that

would wholly or partially comply with Canadian Accounting Standards (“CAS”) pursuant to the Chartered Professional Accountants Handbook. Accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information and Additional Information.

GUIDO’S COMPLIANCE WITH THE APPOINTMENT ORDER

7. As of the date of the First Report, Guido had failed to substantively comply with his duties under the Appointment Order to co-operate with the Receiver, to provide to the Receiver the books and records of the Company, and to advise the Receiver of the locations of various pieces of RCBI’s equipment and grant immediate and continued access to those assets.
8. Since the “In Chambers” appearance before Justice Hainey on January 16, 2019, Guido has significantly improved his level of cooperation. He has provided certain books and records as identified below, provided access to locations he controlled where RCBI’s equipment was being stored and delivered two missing control panels related to RCBI’s equipment. As a result, based on the information of which the Receiver is aware, the Receiver is of the view that Guido is currently in satisfactory compliance of the Appointment Order.

BOOKS AND RECORDS AND THE LOCATION OF RCBI'S ASSETS

9. Of the books and records outstanding as of the date of the First Report, the following information/documentation has since been provided to the Receiver by Guido:
 - a) certain accounting records including profit and loss statements and balance sheets;
 - b) certain employee-related documentation;
 - c) bank statements for the bank account held in the name of Royal Bedrock Inc. ("RBI"), a separate company controlled solely by Guido with a similar name to RCBI, at the Canadian Imperial Bank of Commerce ("CIBC");
 - d) copies of certain sales orders and invoices;
 - e) certain purchase receipts; and
 - f) certain production reports.

10. An update of the location and status of RCBI's equipment is attached hereto as **Appendix "D"**. Of particular concern to the Receiver as of the date of the First Report was the locations of assets numbered 1, 2, 3, 4, 6, and 7 in Appendix "D", which were financed directly by the Applicant. The Receiver has located these assets save and except for asset number 6, which has been removed from the listing as it was determined to be a duplicate of asset number 22.

11. The Receiver is currently in the process of negotiating an agreement with Guido to continue to store RCBI's equipment at various properties controlled by Guido in advance of the proposed sale process as discussed below.

FINANCIAL POSITION OF RCBI

For the fiscal years ended April 30, 2016 and April 30, 2017

12. The financial statements for the fiscal years ended April 30, 2016 and April 30, 2017 (the "**Historical Financial Statements**") are attached hereto as **Appendix "E"**. In summary, RCBI reported a surplus of total assets to total liabilities of approximately \$826,000 and \$1.6 million for the fiscal years ended April 30, 2016 and April 30, 2017, respectively.
13. The Receiver understands that RCBI engaged the Vaughan, Ontario office of KPMG LLP ("**KPMG**") to, among other things, undertake a review engagement of the Historical Financial Statements. Accordingly, the Receiver understands that the Historical Financial Statements are unaudited.

As at June 30, 2018

14. RCBI's unaudited balance sheet as of June 30, 2018, attached as **Appendix "F"**, reported a working capital surplus of approximately \$4.0 million and a surplus of total assets to total liabilities of \$2.9 million. The largest reported asset of the Company was the plant and equipment which was valued at \$5.8 million (net of accumulated depreciation). Guido did

not keep more current financial statements for RCBI. The following is a variance analysis between the balance sheet accounts as at April 30, 2017 and June 30, 2018.

Royal Canadian Bedrock Inc.			
Balance Sheet Variance Analysis			
as at (CAD 000's)	30-Apr-17	30-Jun-18	Variance
Current Assets	3,254	4,496	1,242
Net Plant and Equipment	6,012	5,767	(245)
Total Assets	9,266	10,263	997
Current Liabilities	1,112	490	(622)
Long Term Liabilities	6,604	6,923	319
Total Liabilities	7,716	7,413	(303)
Owner's Equity	1,550	2,850	1,300
Total Liabilities and Owner's Equity	9,266	10,263	997

15. The Receiver notes that the unaudited June 30, 2018 balance sheet indicates a negative balance of approximately \$784,000 in cash and cash equivalents. As detailed in the First Report, the Company's HSBC bank account was frozen in March 2018 after HSBC was served with a Requirement to Pay by CRA. The balance in the HSBC bank account at that time was a debit balance (overdrawn) of approximately \$808,000. After the HSBC account was frozen, Guido began transacting RCBI's business through a bank account held at CIBC in the name of RBI, the similarly named company controlled by Guido (the "**RBI Bank Account**"). The Receiver obtained copies of the bank statements for the RBI Bank Account from CIBC which indicated a debit balance (overdrawn) of \$79,823 on June 30, 2018.

16. Further, RCBI reported approximately \$1.9 million in trade A/R as of June 30, 2018, of which the Receiver estimates that \$146,000 was collected by the Company and deposited in the RBI Bank Account. A copy of the June 30, 2018 A/R subledger and the estimated collections of the outstanding amounts is attached hereto as **Appendix “G”**.
17. It is the Receiver’s opinion that the June 30, 2018 balance sheet is materially misstated. The Receiver continues to investigate this matter and will report back to the Court as it deems necessary.

Realizable assets as of the date of the Appointment Order

18. As of the date of the Appointment Order, RCBI had no funds in its bank accounts held with HSBC. The Receiver is not aware of any other bank accounts held in the Company’s name. The balances as of the date of the Appointment Order for each of its HSBC bank accounts are as follows;
 - g) A debit balance of \$809,955 in the Canadian Dollar account;
 - h) A balance of US \$18 in the US Dollar account; and
 - i) A nil balance in the Euro account.
19. As of the date of the Appointment Order, RCBI did not have any outstanding A/R. Guido advised that this was due to the seasonal closure of RCBI during the winter months. Guido further advised that there had not been any RCBI operations since September 2018.

20. The June 30, 2018 balance sheet reported inventory valued at \$3.5 million and Guido confirmed to the Receiver that the inventory on hand at the time of the Appointment Order is owned by RCBI. However, this inventory is located at the Amsen Quarry, which is part of the Parallel Proceeding. Guido could not provide the Receiver with evidence to substantiate that the inventory situated at the quarries was owned by RCBI. Furthermore, the Receiver's counsel has advised that in the absence of documentation evidencing RCBI's ownership over the inventory, any attempt by the Receiver to take possession of the inventory would likely be unsuccessful without further information being brought to light.
21. As a result, the only assets of value owned by RCBI as of the date of the Appointment Order are the machinery and equipment. The Receiver describes the value of the machinery and equipment in detail later in this Second Report.

RCBI's tax obligations

22. As detailed in the First Report, the CRA advised the Receiver that RCBI owes:
- i. \$48,811.41 for GST/HST for the years ending January 31, 2015 through 2017; and
 - ii. \$449,609.77 for source deductions for the period June 8, 2016 to December 12, 2018, \$169,000.92 of which CRA claims is subject to a deemed trust pursuant to subsection 227(4) of the *Income Tax Act*, subsection 23(3) of the Canada Pension Plan, subsection 57(2) of the *Unemployment Insurance Act* and subsection 86(2) of the *Employment Insurance Act*.

23. By letter dated February 4, 2019, a copy of which is attached hereto as **Appendix “H”**, CRA assessed RCBI for \$944,704.97 in GST/HST owing for the period February 1, 2017 to December 6, 2018. CRA advised that this amount was an estimate only as it was not in possession of sufficient documentation to determine the exact amount of GST/HST owing for that period.
24. An audit of the Respondent’s books and records at the Receiver’s premises to confirm the taxes owing, if any by RCBI took place on April 17, 2019 (the “**Trust Account Audit**”). The CRA remains in the process of assessing the taxes owing, if any by RCBI.

ACTIVITIES OF THE RECEIVER SINCE JANUARY 11, 2019

Machinery and equipment

25. The Receiver has been appointed to, among other things, locate, secure and realize upon various pieces of equipment subject to the Appointment Order. As described in greater detail in the First Report, the Receiver attended at the Wiarion Quarry and Amsen Quarry in December 2018. The Receiver observed that the RCBI equipment identified at both locations was generally in a poor state of repair, and that of the 58 pieces of equipment which the Receiver wished to account for, only 16 had been located. One piece of equipment remains unaccounted for as of the date of this Second Report (the “**Missing Equipment**”).

26. The Receiver identified the Missing Equipment based on a listing of equipment purported to be located at the Amsen Quarry by Fuller, and the recent appraisal provided to the Receiver by Platinum Asset Services Inc. Based on the description and potential realizable value of the Missing Equipment, the Receiver believes that it would not be economically beneficial to incur additional professional time to locate and realize on this asset, given that the Missing Equipment could not be located during two visits to the Amsen Quarry already.
27. An update of the location and status of RCBI's equipment is attached hereto as **Appendix "B"**. Of those 58 pieces of equipment reported in the First Report, the Receiver was able to determine the following:
- a) 17 pieces of equipment have been located, photographed and appraised and are not subject to the Parallel Proceeding (the "**Identified Equipment**");
 - b) 27 pieces of equipment are subject to the Parallel Proceeding, of which;
 - i. the Receiver is currently in discussions with Fuller regarding the ownership of four pieces of equipment, which have not been included in the Auction Agreement (defined below); and
 - ii. five pieces of equipment have been included the Auction Agreement in respect of which the Receiver has not been able to prove ownership to Fuller;
 - c) Five pieces of equipment are listed on the PPSA which rank in priority to the Applicant's interest in same;
 - d) Seven pieces of equipment were duplicates of other assets and removed from the asset listing;

- e) One piece of equipment remains unaccounted for at this time (the Missing Equipment, as defined above); and
 - f) One piece of equipment did not belong to RCBI and the Receiver has reviewed the supporting documentation to satisfy itself as such.
28. Based solely on the information available to the Receiver at this time, the Receiver has satisfied itself that of the 58 total pieces of RCBI equipment reported in the First Report, 26 pieces were subject to the Parallel Proceeding.
29. On January 21, 2019, the Receiver again attended at the Wiarnton Quarry and Amsen Quarry and was provided access by Guido.
30. On January 24, 2019, the Receiver attended at the quarry located at 1549 Blue Church Road, Augusta, Ontario (the “**Augusta Quarry**”) owned by 1549 Blue Church Inc., a company owned by Guido, and was provided access by both Guido and Matteo Caratozzolo.
31. Equipment located at the Augusta Quarry was either stored indoors in a storage shed or outdoors adjacent to the storage shed and the quarry floor. The equipment appeared to be in a good state of repair, with the exception being a large loader with a deflated tire which was propped up with a large stone. Equipment stored on the quarry floor did not appear to be adequately protected. Guido advised that the protective tarp appeared to have been removed by the wind.

32. Notwithstanding the provisions in paragraph 4 of the Appointment Order that require that the Receiver be provided with immediate and continued access to the assets, for the sake of cost effectiveness, the Receiver discussed with Guido an arrangement (the “**Proposed Storage Agreement**”) to, among other things:
- a) store the Identified Equipment located at the Wiarion Quarry and Augusta Quarry at their respective locations for the duration of the remarketing process without any fees, costs, or expenses being levied to the Receiver; and
 - b) grant the Receiver or its authorized representatives access to the Wiarion Quarry and Augusta Quarry at any time and from time to time to remove the Identified Equipment, provided that reasonable advance written notice of its intention to do so would be provided by the Receiver.
33. As of the date of this Second Report, the terms and conditions of the Proposed Storage Agreement have not been finalized between the Receiver and Guido.

Return of machinery and equipment to parties with prior-ranking security to the Applicant

34. Attached as **Appendix “I”** is a listing of the equipment that relate to specific PPSA registrations and potentially subject to prior-ranking security to that of HSBC (the “**Third-Party Equipment**”).
35. For identified Third-Party Equipment, the Receiver sought an opinion from its independent legal counsel to confirm the validity of the security holder’s security. In the case of leased equipment, the Receiver also compared the amount of funds required to buy out the lease

with the liquidation value provided in the Auction Agreement (defined below) to ensure there was no equity value which might accrue to the receivership from purchasing the equipment from the lessor and subsequently selling it as part of these receivership proceedings.

36. A potential priority dispute has been identified in respect of certain equipment with security in favour of Bodkin Financial Corporation (“**Bodkin**”). HSBC and its counsel are engaging directly with counsel for Bodkin to come to a timely and cost effective resolution on this matter. This may contemplate the inclusion of the equipment in the proposed auction, although that has not been determined at the time of the writing of the Second Report.

RBI Bank Account

37. At the request of the Receiver, CIBC provided copies of cancelled cheques for the RBI Bank Account for the period January 1, 2018 to December 31, 2018.
38. From January 1 to December 31, 2018, cheques deposited into the RBI Bank Account but made payable to “Royal Canadian Bedrock Inc.” totalled approximately \$280,000 while cheques made payable to “Royal Canadian Bedrock” totalled approximately \$220,000.

Third Party Matters – Vendors, Customers, and Employees

39. On its notice and statement of receiver dated December 21, 2018 (the “**Form 87**”), the Receiver identified unsecured creditors with amounts owed by the Company as of the date of the Receivership.

40. The Receiver has received correspondence from several of RCBI's former vendors not identified on the Form 87 regarding non-payment of issued invoices.
41. The Receiver has also received correspondence from former customers not identified on the Form 87 regarding claims for damages arising from arrangements agreed upon prior to the date of the Appointment Order, including incomplete order delivery and poor product quality.
42. The combined amount claimed by former vendors and customers not included on the Form 87 is approximately \$139,000, a summary of which is attached hereto as **Appendix "J"**.
43. Guido advised the Receiver that the Company did not have any employees after the Applicant froze its bank accounts in March 2018. Based on the books and records available to the Receiver, there does not appear to be any timesheets or other employee documentation after February 2018 before the freezing of the bank accounts.
44. Several individuals purporting to be or on behalf of former employees of the Company have contacted the Receiver regarding unpaid wages. The claims for unpaid wages did not pertain to wages earned in the six-month period immediately prior to the date of the Appointment Order, and as such, have been treated as unsecured claims.

PROPOSED REALIZATION PROCESS

Appraisal of the Machinery and Equipment

45. The Receiver has engaged Platinum Asset Services Inc. (“**Platinum**”) to, among other things, appraise the machinery and equipment of RCBI. Platinum was engaged by the Receiver on the basis that:
- a) Platinum had previously inspected certain of RCBI’s equipment included in the Parallel Proceeding and, as such, Platinum possesses a familiarity of the type of assets in these receivership proceedings; and
 - b) The Receiver and Applicant have worked with Platinum previously on other restructuring mandates. As such, the Receiver understood that, in addition to appraising the machinery and equipment of RCBI, Platinum had the capability to plan and conduct an auction of the equipment.
46. Platinum provided a confidential appraisal report to the Receiver on February 19, 2019, which indicated the low and high gross-realizable estimates of the Identified Equipment.
47. To determine the appraisal values, Platinum inspected the Identified Equipment located at the Wiarton Quarry and the Amsen Quarry, but did not inspect the Identified Equipment located at the Augusta Quarry. Platinum relied on information provided by the Receiver for the Identified Equipment located at the Augusta Quarry.

Auction of the Machinery and Equipment

48. Given that (i) RCBI's operations had effectively ceased as of September 2018, (ii) that there is a Parallel Proceeding impacting certain of RCBI's assets, and (iii) TD Equipment Finance Canada, a division of The Toronto-Dominion Bank, had made arrangements for their own enforcement proceedings in respect of the TD Equipment, a going concern sale of RCBI was not a viable option. As a result, the Receiver solicited and received on April 1, 2019 an auction proposal from Platinum (the "**Auction Agreement**").
49. Material elements of the auction process contemplated in the Auction Agreement are summarized as follows:
- a) The sale process is estimated to take between 60 to 90 days from the date that the Identified Equipment is operational;
 - b) Certain of the Identified Equipment will be cleaned, put under power, tested, and videoed in operation, and repairs will be made to cosmetic defects. Where identified, Platinum will undertake to make itself or coordinate repairs to certain of the Identified Equipment to enhance their respective realizable values;
 - c) Platinum intends to conduct the marketing of the Identified Equipment at their current and respective locations. As described in the Auction Agreement, Platinum estimates that additional costs in the range of \$50,000 to \$70,000 will be incurred if the Identified Equipment cannot be sold at their current locations and need to be removed;

- d) The sale will be advertised using industry trade journals, newspaper, and email marketing campaigns. Interested third parties will be allowed to inspect the equipment under the supervision of Platinum prior to the auction date; and
 - e) The auction will be held online.
50. The Receiver notes that the fees requested by Platinum, which are contingent on the successful sale of the Identified Equipment, are reasonable and comparable for mandates of this nature.
51. The success of the auction process is dependent on the Receiver and by extension, Platinum and prospective purchasers having satisfactory access to the Identified Equipment which in part is what the Proposed Storage Agreement is intended to address. The Appointment Order itself provides a mandatory direction to the Company, its officers, directors, employees and similar persons, as well as third parties having notice of the Appointment Order to not interfere with the Receiver's mandate as set forth in such order. The order now sought by the Receiver is intended to allow Platinum to conduct the sales process without incurring storage fees that may reduce the realizable value of the Identified Equipment, and without fear of liens or other additional charges being incurred by the Receiver in doing so. Further, the order now being sought has been agreed to by Guido.
52. A copy of the Auction Agreement is attached as **Appendix "K"**. Unless otherwise ordered by the Court, the Receiver will redact the key terms from the Auction Agreement, such as the net minimum guarantee, to avoid any negative impact that could result from the

dissemination of that information. The Receiver believes that the public disclosure of the net minimum guarantee will prejudice the auction process.

53. The Receiver will provide an un-redacted copy of the Auction Agreement to the Court in advance of the hearing for, among other things, the approval of the Auction Agreement.
54. The Receiver has discussed the Auction Agreement with the Applicant who approves the Receiver proceeding with the engagement of Platinum for the auction of the assets. The Receiver recommends that the Court approve the auction process contemplated in the Auction Agreement and that the Receiver do all such further acts and things and execute such further documents as may be reasonably requested to facilitate the auction process contemplated in the Auction Agreement.

FUTURE RECEIVERSHIP ACTIVITIES

55. The Receiver's future activities required in respect of administering these receivership proceedings include the following:
 - a) The Receiver will complete the filing of outstanding corporate and HST tax returns, and other statutory requirements pursuant to the *Bankruptcy and Insolvency Act*;
 - b) The Receiver will continue to facilitate the return of machinery and equipment to security holders ranking in priority to the Applicant, where applicable;

- c) The Receiver will, in collaboration with counsel and the Applicant, determine any next steps as appropriate regarding the potential recovery of funds from cheques deposited into the RBI Bank Account but made payable to RCBI; and
- d) If approved by the Court, the Receiver will do all such further acts and things and execute such further documents as may be reasonably requested to facilitate the auction process contemplated in the Auction Agreement.

FEES OF THE RECEIVER AND ITS LEGAL COUNSEL

- 56. The Receiver and its independent legal counsel, Goldman Sloan Nash & Haber LLP (“GSNH”), have maintained detailed records of their professional time and costs since the issuance of the Appointment Order.
- 57. The total fees of the Receiver during the period from December 3, 2018 to February 27, 2019 amount to \$95,055.50, together with disbursements of \$1,145.03 and harmonized sales tax (“HST”) in the amount of \$12,506.07, totalling \$108,706.60 (the “**Receiver Fees**”). The time spent by the Receiver is more particularly described in the Affidavit of Hartley Bricks sworn April 17, 2019 in support hereof and attached hereto as **Appendix “L”**.
- 58. The total legal fees incurred by the Receiver during the period November 27, 2018 to April 16, 2019 for services provided by GSNH as the Receiver’s independent legal counsel amount to \$23,770.50, together with disbursements in the amount of \$887.25 and HST in

the amount of \$3,143.11, totalling \$27,800.86. The time spent by GSNH personnel is more particularly described in the Affidavit of Mario Forte, counsel to GSNH, sworn on April 17, 2019 in support hereof and attached hereto as **Appendix “M”**.

59. The Receiver is seeking approval of its fees and those of its legal counsel.

RECEIVER’S RECOMMENDATIONS TO THE COURT

60. The Receiver recommends that the Court make an order:

- a) approving the Receiver’s activities from January 11, 2019 to the date of this Second Report;
- b) approving the Receiver’s execution of the Auction Agreement with Platinum and the sealing of the Auction Agreement with Platinum; and
- c) approving the fees and disbursements of the Receiver and those of its counsel.

All of which is respectfully submitted this 23rd day of April, 2019.

**Deloitte Restructuring Inc.,
solely in its capacity as Court-appointed Receiver
of Royal Canadian Bedrock Inc. and not in its personal capacity**

A handwritten signature in black ink, appearing to read "P. Casey", with a small flourish at the end.

Per:

Paul M Casey, CPA, CA, FCIRP, LIT
Senior Vice-President

Appendix “A”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE)
JUSTICE *HAINES*)

THURSDAY, THE 6TH
DAY OF DECEMBER, 2018

*IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended,
and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3,
as amended*

BETWEEN:



HSBC BANK CANADA

Applicant

- and -

ROYAL CANADIAN BEDROCK INC.

Respondent

ORDER
(appointing Receiver)

THIS MOTION made by HSBC Bank Canada (the "**Applicant**") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Deloitte Restructuring Inc. as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Royal Canadian Bedrock Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, save and except for the Kooy Equipment and the TD Equipment (as such terms are defined in paragraph 2 herein), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Andrew O'Coin sworn November 26, 2018 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and all such other counsel as

were present as appears from the Counsel Slip, no one appearing for any other party although duly served as appears from the affidavit of service of Roxana Manea sworn November 30, 2018 and on reading the consent of Deloitte Restructuring Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record herein is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Deloitte Restructuring Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**"), save and except for:

- (a) certain equipment set out in Schedule "A" hereto in respect of which Kooy Brothers Lawn Equipment Limited has a prior-ranking security interest (the "**Kooy Equipment**") and which is subject to the existing receivership proceeding detailed at paragraph 4 herein; and
- (b) certain equipment set out in Schedule "B" hereto in respect of which TD Equipment Finance Canada, a division of The Toronto-Dominion Bank has a prior-ranking security interest (the "**TD Equipment**"), subject to the Receiver obtaining an independent security opinion confirming the validity of such prior-ranking security interest to the Applicant.

RECEIVER'S POWERS

3. THIS COURT ORDERS that 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 (but not required) to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect 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 of the 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 Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such 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 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 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;
 - (j) 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;
 - (k) 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 \$250,000, 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 63(4) of the Ontario *Personal Property Security Act*, shall not be required;
- (l) to apply for any vesting order or other 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;
 - (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on 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, including but

not limited to the Limited Existing Receiver (as defined below) appointed over the Kooy Equipment, if the Receiver deems it appropriate or helpful to the carrying out of its mandate pursuant to this Order;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) 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;
- (p) 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;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (r) to release its interest in, and to release from its possession and control, any Property that the Receiver determines pursuant to an independent security opinion is subject to a prior-ranking security interest in favour of a party other than the Applicant upon notice being provided to each such party and a reasonable notice period having expired;
- (s) to file an assignment in bankruptcy on behalf of 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 (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, authorized signing officers, employees, agents, accountants, legal counsel (subject to solicitor and client privilege) and shareholders, and all other persons acting on its instructions or behalf, (iii) The Fuller Landau Group Inc., solely in its capacity as Court-appointed receiver (in such capacity, the "**Limited Existing Receiver**") of Amsen Quarry Limited (a related entity to the Debtor) and the Kooy Equipment (the "**Limited Existing Receivership**") subject to such terms as to confidentiality as the Limited Existing Receiver and the Receiver may deem advisable, and (iv) 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 to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that 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 5 or in paragraph 6 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 due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that 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.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (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

9. THIS COURT ORDERS that 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, save and except for the Limited Existing Receivership proceedings.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or 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 paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall 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, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, 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 or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that 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. THIS COURT ORDERS that 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*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, 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. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, 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*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that 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, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that 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 legal fees and disbursements, incurred at the standard 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. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow from the Applicant, 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 (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, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that 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. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "C" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that 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.

RETENTION OF LAWYERS

25. THIS COURT ORDERS that the Receiver may retain solicitors to represent and advise the Receiver in connection with the exercise of the Receiver's powers and duties, including without limitation, those conferred by this Order. Such solicitors may include the solicitors for the Applicant herein, in respect of any aspect where the Receiver is satisfied that there is no actual or potential conflict of interest.

SERVICE AND NOTICE

26. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: www.insolvencies.deloitte.ca/en-ca/RoyalCanadianBedrock

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the

Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

28. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

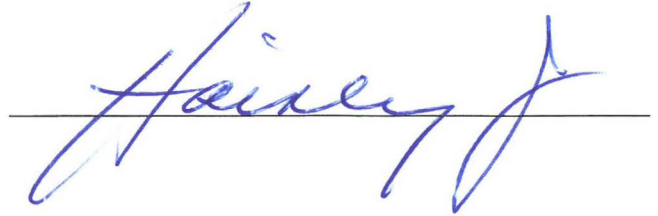
29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in 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 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 or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Receiver 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. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant'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. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice 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.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

DEC 06 2018

PER / PAR:



SCHEDULE "A"

KOOY EQUIPMENT

Year	Make	Model	Serial	Description
2003	Wilson	11-6	HD30-11630-03149	Overhead Gantry Saw
1997	CAT	980G	2KR01235	Wheel Loader
2013	Kubota	IKX057-4GA	21846	Excavator
2005	Volvo	L220E	EV3530	Wheel Loader
2014	Kubota	ISVL90-2HFC	13943	Skid Steer Loader
2008	JCB	436HT	JCB43600L7 1305303	Wheel Loader
2011	JCB	456HT	JCB45600H 01304170	Wheel Loader
2010	Park Industries	PYTHON II	138368	Diamond Saw
2013	Daewoo	LOLAR 3000-V	1305	Excavator C/W RTS SA
1998	Fiat Allis	FR220	DGM40659 MOEST010 M	Wheel Loader
2005	CAT	908	CAT00908L TAR00543	Wheel Loader
2000	OGDEN	8-40300	OG1058	Stone Splitter
2008	Park Industries	36-16-150	109542	Stone Splitter
2008	Park Industries	PCDC-30-120	109543	Conveyer with skid loader

SCHEDULE "B"

TD EQUIPMENT

Year	Make	Model	Serial	Description
2014	Caterpillar	950K	CAT0950KCRA02413	Wheel Loader
2014	Caterpillar	336ELH	CAT0336ETRZA00861	Hydraulic Excavator

SCHEDULE "C"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte Restructuring Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Royal Canadian Bedrock Inc. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 6th day of December, 2018 (the "**Order**"), save and except for the Kooy Equipment and the TD Equipment (as defined in the Order), made in an action having Court file number CV-18-609417-00CL, 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 \$ _____ 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 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, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, 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 Toronto, Ontario.

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 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 _____, 20__.

Deloitte Restructuring Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

HSBC BANK CANADA

- and -

ROYAL CANADIAN BEDROCK INC.

Applicant

Respondent

Court File No. CV-18-609417-00CL

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**ORDER
(appointing Receiver)**

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D.J. Miller (LSO# 34393P)
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Tel.: (416) 304-7979

Lawyers for the Applicant, HSBC Bank Canada

Appendix “B”

Court File No. CV-18-609417-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

BETWEEN:

HSBC BANK CANADA

Applicant

-and-

ROYAL CANADIAN BEDROCK INC.

Respondent

FIRST REPORT OF THE COURT-APPOINTED RECEIVER

JANUARY 11, 2019

APPENDICIES

APPENDIX	DESCRIPTION
A	Appointment Order dated December 6, 2018
B	First Information Request dated December 6, 2018 and Anthony Guido's email response dated December 7, 2018
C	Second Information Request (with attachments, excluding Appointment Order) dated December 7, 2018
D	Third Information Request (with attachments) dated December 7, 2018
E	Email from Debtor's Counsel dated December 10, 2018 (with attachments)
F	Fourth Information Request dated December 11, 2018
G	Anthony Guido's emails dated December 11, 2018
H	Anthony Guido's first email dated December 17, 2018 (with attachments)
I	Anthony Guido's second email dated December 17, 2018 (with attachments)
J	Listing of RCBI Plant and Equipment known to the Receiver as at January 4, 2019
K	Anthony Guido's email dated December 18, 2018
L	Listing of RCBI Equipment and Locations provided to Anthony Guido on December 20, 2018
M	Fifth Information Request dated December 21, 2018
N	Anthony Guido's email dated December 26, 2018
O	Letters from Canada Revenue Agency dated December 19, 2018

INTRODUCTION AND PURPOSE OF THE RECEIVER'S REPORT

1. Pursuant to the Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made December 6, 2018 (the “**Appointment Order**”), which was made on the application of HSBC Bank Canada (the “**HSBC**” or “**Applicant**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act, R.S.C. 1985 c. B-3*, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act, R.S.O. 1990, c. C.43*, as amended (the “**CJA**”), Deloitte Restructuring Inc. was appointed receiver (in such capacity, the “**Receiver**”), without security, of all of the assets, undertakings and properties of Royal Canadian Bedrock Inc. (“**RCBI**”) acquired for, or used in a business carried on by RCBI, including all proceeds thereof (the “**Property**”), save and except for:
 - i) certain equipment in respect of which Kooy Brothers Lawn Equipment Limited has a prior-ranking security interest (the “**Kooy Equipment**”), and which is subject to an existing receivership proceeding (Court File No. CV-18-00595177-00CL)(the “**Parallel Proceeding**”); and
 - ii) certain equipment in respect of which TD Equipment Finance Canada, a division of The Toronto-Dominion Bank has a prior-ranking security interest (the “**TD Equipment**”), subject to the Receiver obtaining an independent security opinion confirming the validity of such prior-ranking security interest to the Applicant.

A copy of the Appointment Order is attached hereto as **Appendix “A”**.

2. The purpose of the First Report of the Receiver (the “**First Report**”) is to advise the Court of the Receiver’s actions to date, and in particular, the lack of cooperation from Anthony Guido (“**Guido**”), the President and sole director and officer of RCBI, in complying with paragraphs 4 through 6 of the Appointment Order, that being providing the books and records of RCBI’s business to the Receiver and identifying the locations of RCBI’s Property.

TERMS OF REFERENCE

3. In preparing this First Report, the Receiver has been provided with limited information beyond that provided by the Applicant and has relied on discussions and correspondence with Guido (the “**Information**”). Deloitte has reviewed the Information for reasonableness, consistency and use in the context in which it was provided. However, Deloitte has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Accounting Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.

RECEIVER’S INFORMATION REQUESTS AND ATTEMPTS TO LOCATE RCBI’S PROPERTY

4. The Receiver has been appointed to, among other things, locate, secure and realize upon various pieces of equipment subject to the Appointment Order as well as to obtain a listing of creditors of RCBI and pertinent information related thereto. What follows is a

description of the Receiver's efforts and Guido's responses to these attempts by the Receiver to fulfill its mandate in a timely and responsible fashion. In short, of the 58 pieces of equipment which the Receiver wished to account for, only 16 have been located. Moreover, Guido has provided no books and records, including fixed asset listings and no supporting information as to RCBI's creditors.

5. On December 6, 2018, the date of the Appointment Order, the Receiver sent an email to Guido which requested that he contact the Receiver immediately to discuss arrangements for:
 - i) a site visit to 104 Quarry Road, Wiarton, Ontario (the "**Wiarthon Quarry**"), where the majority of RCBI's property was understood to be located; and
 - ii) the collection of the books and records of RCBI by the Receiver (collectively, the "**First Information Request**").
6. On December 7, 2018, Guido responded to the First Information Request advising he was available for a teleconference to discuss these matters at 2:00PM (ET) the same day. A copy of the First Information Request and Guido's response is attached hereto as **Appendix "B"**.
7. On the same day, the Receiver sent an additional email to Guido in advance of the scheduled teleconference, attaching the Appointment Order, a letter to Guido requesting the delivery of all books and records of RCBI, and a detailed listing of documents/information required by the Receiver with the most pertinent

documents/information highlighted for reference (collectively, the “**Second Information Request**”). A copy of the Second Information Request and related attachments is attached hereto as **Appendix “C”**.

8. The teleconference between the Receiver and Guido was also attended by counsel for both parties: Larry Ellis of Cassels Brock Blackwell LLP attended in his capacity as legal counsel to RCBI (“**Debtor’s Counsel**”), and Mario Forte of Goldman Sloan Nash & Haber LLP attended in his capacity as legal counsel to the Receiver (“**Receiver’s Counsel**”). On the teleconference, the parties discussed, among other items:
 - i) Guido’s duty to provide the Receiver with the location of RCBI’s Property and its books and records and access to same. Guido advised that the books and records were in electronic form and were not up to date and that he would require the weekend to update them and would then provide them to the Receiver;
 - ii) The Debtor Counsel’s insistence that the Receiver provide an indemnity to QMX8 Wiarion Inc. (“**QMX8**”), a company controlled by Guido and the registered owner of the Wiarion Quarry, prior to any visits to the Wiarion Quarry by the Receiver. Guido indicated that due to the winter weather, there were hazards at the Wiarion Quarry for which he required an indemnity prior to anybody accessing the site; and
 - iii) Confirmation of a site visit to the Wiarion Quarry on December 11, 2018, subject to coming to an agreement on the terms of an indemnity.

9. While the Receiver did not believe that providing QMX8 with an indemnity was necessary since the Appointment Order required that immediate and continued access be provided (and the fact that HSBC had been provided with a landlord waiver from QMX8 specifically in relation to the Wiarnton Quarry (the “**Landlord Wavier**”), a copy of which was also sent to Guido and Debtor’s Counsel), in the interest of time and the spirit of cooperation (the Receiver required the assistance of Guido or his associates to gain access to buildings on the premises and identify equipment), the Receiver felt it would be more expedient to negotiate an indemnity with QMX8.

10. Immediately following the December 7, 2018 teleconference, the Receiver sent Guido a further email attaching the Landlord Waiver as well as a listing of RCBI’s equipment that the Receiver had extracted from information provided by HSBC and The Fuller Landau Group Inc. (“**Fuller**”), in its capacity as Court-appointed Receiver of Amsen Quarry Limited (another company owned by Guido) and certain equipment leased by RCBI. The Receiver also requested that Guido confirm the locations of all of RCBI’s equipment, including those not known to the Receiver (the “**Third Information Request**”). A copy of the Third Information Request and related attachments is attached hereto as **Appendix “D”**.

11. On December 10, 2018, Debtor’s Counsel emailed the Receiver enclosing a schedule of RCBI’s equipment along with each piece’s purported location (the “**December 10 Email**”). A copy of this correspondence and equipment listing is attached hereto as **Appendix “E”**.

12. As a result of the delays in coming to terms on the form of indemnity that Guido requested and which the Receiver was prepared to execute, the proposed site visit to the Wiarnton Quarry on December 11, 2018 had to be postponed.
13. On December 11, 2018, the Receiver emailed Guido to, among other things, i) seek further clarification regarding the list of equipment provided by Guido in the December 10 Email, ii) have him provide documentation to substantiate repair and storage lien claims purportedly being advanced by QMX8 in the December 10 Email; and iii) emphasize the critical importance of the Receiver obtaining a listing of all RCBI's creditors as soon as possible in order to issue the Notice of Receiver as required under section 245 of the BIA (the "**S. 245 Notice**") (collectively, the "**Fourth Information Request**"). A copy of the Fourth Information Request is attached hereto as **Appendix "F"**.
14. On the same date, Guido responded with two separate emails providing partial clarification related to RCBI's assets and their locations, and an undertaking to provide a listing of RCBI's creditors on December 17, 2018. Copies of these emails are attached hereto as **Appendix "G"**.
15. As described later in this Report, it was not until December 19, 2018, thirteen days after the date of the Appointment Order, that Guido provided the Receiver with his list of creditors such that the Receiver was finally in a position to prepare and issue its S. 245 Notice.
16. On December 17, 2018, Guido phoned the Receiver to advise that he had additional equipment to be added to the listing Debtor's Counsel had previously provided with the

December 10 Email. The Receiver advised that this information was required as a matter of urgency considering the scheduled site visits at both the Wiarton Quarry and the Amsen Quarry (as defined below) the following day.

17. Also on December 17, 2018, Guido sent two further emails to the Receiver. The first email was Guido's responses to the Second Information Request, most of which were sparse or indicated that that a response would be provided in "early January 2019". A copy of this email and its attachment are attached hereto as **Appendix "H"**.
18. The second email from Guido included an updated list of RCBI's equipment and their respective locations. In the covering email, Guido advised the Receiver that the attached listing was "conjecture and locations may change". A copy of this email and its attachment are attached hereto as **Appendix "I"**.
19. Due to delays in negotiating a form of indemnity with QMX8 that would be acceptable to the Receiver, and lack of availability of Guido or any of his associates, the Receiver did not obtain access to the Wiarton Quarry until December 18, 2018. On that date, the Receiver attended at the site with Matteo Caratozzolo ("**Caratozzolo**"), an associate of Guido who was apparently familiar with the business and operations of RCBI and the location of assets.
20. For the sake of cost effectiveness, the Receiver had also arranged to attend a nearby quarry located at 136 The Bury Road, South Bruce Peninsula, Ontario (the "**Amsen Quarry**"), owned by Amsen Quarry Limited, a company owned by Guido and which is under the control of Fuller via the Parallel Proceeding discussed above. The Receiver sought to visit

the Amsen Quarry as Guido had advised that certain RCBI equipment not otherwise excluded from the Appointment Order was located there and Fuller had advised the Receiver that there was certain equipment located at Amsen Quarry that did not fall under its mandate in the Parallel Proceeding but which may be RCBI assets.

21. On December 18, 2018, the Receiver attended the Wiarnton Quarry and was provided access by Caratozzolo. Caratozzolo advised that the main structure on the Wiarnton Quarry was where RCBI's equipment was being stored. Upon arrival at the main structure of the Wiarnton Quarry, the Receiver noted the front door to the structure was chained and locked up, and large stone slabs were blocking all entries to the structure. Caratozzolo advised he did not have the keys to unlock the front door to the structure, and Guido had previously advised he was "unavailable by phone" for the entirety of the day. The Receiver observed visible signs of attempted break-ins at the front door, and the front-side roller door of the structure. The Receiver eventually obtained access to the structure via a back door which was unlocked, but blocked by a large stone slab. The Receiver was unable to locate several key pieces of equipment at the Wiarnton Quarry, contrary to what Guido had previously advised.
22. The Receiver also attended the Amsen Quarry on the same day. Overall, the Receiver observed that the RCBI equipment identified at both the Wiarnton Quarry and the Amsen Quarry were generally in a poor state of repair, and in particular, two key pieces of equipment located at the Amsen Quarry were missing their control panels which are required for operation. Attached hereto as **Appendix "J"** is a listing of RCBI's equipment which has been identified by the Receiver, its locations as advised by Guido and its

confirmed locations per the Receiver's site visits to the Wiarnton Quarry and Amsen Quarry, respectively.

23. Later on December 18, 2018, the Receiver emailed Guido again highlighting the critical urgency of the Receiver's obtaining a listing of RCBI creditors. Guido responded the same day that he was "tied up longer than expected" and would provide this information the following day. A copy of this email correspondence is attached to the First Report at **Appendix "K"**.
24. On December 19, 2018, Guido emailed the Receiver a listing of creditors with amounts owing and addresses. However, the amounts owing to several creditors, including related parties, were provided on a "to be determined" basis. Additionally, Guido had also provided an aged receivables listing and an employee listing, both of which did not list any receivables or employees.
25. On December 20, 2018, the Receiver met with Guido at the Receiver's offices to discuss the affairs of RCBI. At that meeting, Guido advised the following:
 - he articulated at KPMG in Mississauga, Ontario where he obtained his Chartered Accountant's designation;
 - prior to purchasing various assets and establishing the RCBI business, he worked as a consultant;
 - he started RCBI by purchasing certain assets out of an insolvency proceeding;

- RCBI employed various workers on a seasonal basis, but none had worked for RCBI in the previous six months;
- CRA assessed him for unpaid taxes (it was unclear to the Receiver if this was for income tax, source deductions or HST) in 2017 or 2018 and CRA refused to accept a payment plan that he proposed;
- upon HSBC freezing RCBI's bank account in March 2018 when it was served with a Requirement to Pay by CRA, he started channelling receipts and disbursements through an account in the name of Royal Bedrock Inc. ("RBI"), a company controlled by Guido which focused on international sales of stone;
- RCBI had failed to remit any source deductions since operations commenced in 2016 and he believed he owed CRA about \$500,000. RCBI had also failed to file any HST returns since its inception, but he was of the belief that RCBI would be in a net receivable HST position of an amount equal to the amount owed for source deductions. Guido acknowledged that he was aware that unpaid source deductions and HST represented a director liability;
- he either owned or controlled 6 or 7 other quarries in Ontario, but would not provide further details, including locations, to the Receiver; and
- he maintained the books and records for RCBI in electronic form, along with his other corporations and businesses, but as he was short staffed he only updated them infrequently when he had time. He advised that books and records for RCBI were

not up to date, notwithstanding that he had previously undertaken to provide them to the Receiver on December 9, 2018.

26. The Receiver then discussed the nature of RCBI's business and the interrelationship between RCBI and QMX8, much of which was vague. For example, it was unclear who owned the mined rock still at the quarries as Guido was unable to provide any financial information or documentation to substantiate ownership.
27. Also at that meeting, the Receiver restated to Guido his duties to provide all of the books and records of RCBI to the Receiver and to identify the locations of and provide access to all of RCBI's assets. The Receiver then provided Guido with a list of assets whose locations remained undetermined, a copy of which is attached hereto as **Appendix "L"**. The Receiver requested Guido provide the accurate locations of RCBI's equipment immediately. Guido appeared puzzled that the assets were not located at either the Amsen Quarry or the Wiarion Quarry. He suggested that they may be located at one of his other quarries and that he would have to drive around to them and check; however, he was heading out of the country on December 26, 2018 and would not be returning until January 7, 2019 and did not know if he would find the time to visit the quarries. The Receiver indicated that it was imperative that it be provided with the location of the assets and that it be able to take possession of them in order to place insurance on those assets, since without obtaining possession (with sufficient security protocols in place) the insurer would not provide coverage.
28. At the end of the meeting, Guido undertook to provide the Receiver with the following:

- i) the books and records of RCBI;
 - ii) documentation surrounding RCBI's receipts and disbursements that were transacted through RBI's bank account;
 - iii) updated locations for equipment owned by RCBI, including if this equipment is situated at other quarries owned, controlled or used by Guido; and
 - iv) assistance in providing documentation to complete tax filings for HST and source deductions.
29. On December 21, 2018, the Receiver sent Guido a follow-up email to confirm these undertakings and to request the delivery of RCBI's books and records and updated locations for RCBI's equipment by no later than December 24, 2018, and provide the Receiver with relevant information to complete RCBI's delinquent tax filings by no later than January 12, 2019 (the "**Fifth Information Request**"). A copy of the Fifth Information Request is attached hereto as **Appendix "M"**.
30. On December 26, 2018, Guido responded to the Fifth Information Request by email without providing any of the information requested. Guido advised he would be "on holidays returning to work January 7th, 2019", that he had "no management or assistant support to gather information" and that he would "follow up" with the Receiver when he returned from holidays. A copy of this correspondence is attached hereto as **Appendix "N"**.

31. As a result, as of the date of this First Report, the Receiver has not received any information subject to Guido's undertakings listing in paragraph 28 above.

RCBI'S ASSETS IDENTIFIED TO DATE

32. As of the date of this First Report, as discussed above, the Receiver has been unable to identify and locate several key pieces of RCBI's equipment which relate to specific PPSA registrations. Attached hereto as **Appendix "L"** is a listing of RCBI's equipment which is known to the Receiver at this time, including the first-ranking security holder accordingly to PPSA registrations only, the locations as advised by Guido and the locations as confirmed by the Receiver. Of particular concern to the Receiver is Guido's inability to provide accurate locations for assets numbered 1, 2, 3, 4, 6, and 7, which were financed directly by the Applicant.

RCBI'S TAX OBLIGATIONS

33. The Receiver contacted CRA who confirmed that no returns for HST or payroll taxes had been filed.
34. By letters dated December 19, 2018, attached hereto as **Appendix "O"**, CRA advised the Receiver that RCBI owes:
- i) \$48,811.41 for GST/HST for years ending January 31, 2015 through 2017; and
 - ii) \$449,609.77 for source deductions for the period June 8, 2016 to December 12, 2018, \$169,000.92 of which CRA claims is subject to a deemed trust pursuant to

subsection 227(4) of the *Income Tax Act*, subsection 23(3) of the Canada Pension Plan, subsection 57(2) of the *Unemployment Insurance Act* and subsection 86(2) of the *Employment Insurance Act*.

35. CRA has separately advised the Receiver that RCBI has failed to complete any tax filings or pay any amounts outstanding related to source deductions and GST/HST. The Receiver does not have any of the books and records of the Company to substantiate any of the amounts set out in CRA's letters.

OUTSTANDING INFORMATION REQUESTS OF THE RECEIVER

36. The receivership of RCBI is over one month old and the Receiver is still without significant and material information it requires to carry out its mandate and, with the exception of the assets of the Amsen Quarry for which the Receiver has made arrangements with Fuller for security and insurance coverage, is still not in possession of the equipment or in a position to insure it. While Guido has at times responded to the Receiver's requests, his answers are either non-responsive or wholly inadequate.

37. In summary, the Receiver still requires the following information/documentation:
- i) Accounting records including general ledgers, trial balances, profit and loss statements and balance sheets;
 - ii) Accurate locations for all equipment believed to be owned by RCBI, but unidentified at this time;

- iii) Access to related party controlled properties where RCBI equipment may be located;
- iv) Location and explanation of custody arrangements for the two missing control panels related to equipment at the Amsen Quarry;
- v) Details regarding inventory owned by RCBI and arrangements made with relevant landlords regarding ownership of the same;
- vi) Documentation related to RCBI's receipts and disbursements that have been transacted through RBI's bank account;
- vii) Documentation related to QMX8 and substantiating its relationship to RCBI;
- viii) Copies of documents related to leases and other financing arrangements; and
- ix) Completed delinquent tax filings or sufficient documentation to facilitate the completion of same by the Receiver.

CONCLUSION AND THE RECEIVER'S REQUEST

- 38. At the date of writing, Guido has failed to substantively comply with his duties under the Appointment Order to provide access and co-operation to the Receiver.
- 39. Based on Guido's assertions that hard copy records do not exist and that the only form of books and records kept by RCBI is an "accounting spreadsheet", it appears that RCBI may have failed to comply with section 20(2) and 20(2.1) of the *Canada Business Corporations Act* RSC 1985, c. C-44.

40. Guido's limited cooperation, delays, contradictory information and lack of records have severely impacted the Receiver's ability to exercise its duties as a Court-appointed officer and have resulted in increased the costs that would otherwise be incurred by the Receiver in carrying out its mandate. Guido's actions appear to be aimed at ensuring that limited or no recoveries will be available for RCBI's creditors.
41. Furthermore, Guido's inability to provide accurate locations for RCBI's equipment has resulted in the Receiver being unable to locate a substantial portion of the equipment of RCBI.
42. The Receiver intends to seek such relief from the Court as is necessary to ensure compliance and continued compliance with the terms of the Receivership Order as the Court considers appropriate in the circumstances.

All of which is respectfully submitted this 11th day of January, 2019.

**Deloitte Restructuring Inc.,
solely in its capacity as Court-appointed Receiver
of Royal Canadian Bedrock Inc. and not in its personal capacity**

Per:



Hartley M. Bricks, MBA, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “C”

9:30 A.M.

COUNSEL SLIP

H1

COURT FILE NO CV-18-609417-0001

DATE JAN 16, 2019.

NO ON LIST 4A

TITLE OF
PROCEEDING

H S B C BANK CANADA
v ROYAL CANADIAN BEDROCK I MC.

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January 16/19.

I have cautioned Mr
Guido that he must
comply with the
Order of December 6/18
or he will face a
contempt hearing
Asst J

Appendix “D”

**In the Matter of the Receivership of Royal Canadian Bedrock Inc.
Update of equipment location and status from the First Report**

#	Equipment Description	First ranking security in favour of	Location as confirmed by Deloitte as at Jan 4, 2019	Location as confirmed by Deloitte as at February 27, 2019	Status	Comments
1	One (1) brand new 2017 chain saw, model no. QS4000D, serial no. 2250417	HSBC (specific PPSA)	Unknown	Warton, Ontario	Located, photographed, and appraised	
2	One (1) brand new 2017 chain saw, model no. QS4000D, serial no. 2260517	HSBC (specific PPSA)	Unknown	Warton, Ontario	Located, photographed, and appraised	Serial no. 2260417
3	One (1) new Fravizel tracked drilling machine, Model no. MPLE4, serial no. 7597	HSBC (specific PPSA)	Unknown	Warton, Ontario	Located, photographed, and appraised	
4	One (1) diamond wire saw machine, model mini HV	HSBC (specific PPSA)	Unknown	Augusta, Ontario	Located, photographed, and appraised	BFC Machine
5	One (1) Jaguar Pro, serial no. 211862	HSBC (specific PPSA)	Warton, Ontario	Warton, Ontario	Located, photographed, and appraised	Serial no. 211861
6	One (1) Yukon II Deluxe Diamond saw, serial no. 211860	HSBC (specific PPSA)	Unknown		Duplicate, removed from listing	Item removed as a duplicate listing.
7	New 2016 stone splitter model P2000 S/N# SP463C	HSBC (specific PPSA)	Unknown	Warton, Ontario	Located and appraised	
8	2010 Atlas Copco XATS375-CVEL compressor, S/N # HOP070456	Equirex Vehicle Listing 2007 Inc. ("Bennington Financial")	Unknown	Warton, Ontario	Subject to security holder with prior ranking security.	Applicant's counsel in discussions with Bennington counsel.
9	2000 Park Industries 60-24-300 Hydrasplitter, S/N 4-00-220	Bodkin Capital Corporation ("Bennington Financial")	Unknown	Augusta, Ontario	Subject to security holder with prior ranking security.	Applicant's counsel in discussions with Bennington counsel.
10	Year: 2015 Make: Chevrolet Trucks Model: Silverado 1500 4WD VIN: 3GCUKREC0FG142470	GM Financial Canada Leasing Ltd	Unknown	Warton, Ontario - Receivers took possession of the vehicle and moved it to Mar, Ontario	Subject to security holder with prior ranking security.	Released to GM Financial Canada Leasing Ltd.
11	2013 Toromount CAT Excavator Model: 336ELH S/N#: RZA00861	TD Equipment Finance	Unknown	Unknown	Subject to security holder with prior ranking security.	Equipment location is known by TD Equipment Finance.
12	2014 Toromount CAT Loader Model: 950k S/N#: R4A02413	TD Equipment Finance	Unknown	Warton, Ontario	Subject to security holder with prior ranking security.	Equipment location is known by TD Equipment Finance.
13	2012 Toromount CAT Integrated Tool Carrier Model: ITI4G S/N#: KZN01093	Unknown - we believe this was an attachment to the TD Equipment	Unknown	Warton, Ontario - Receivers have not inspected this equipment	Located and appraised	Receiver to inspect equipment at Warton at a later date
14	2015 Dazzini Chainsaw	HSBC (GSA)	Unknown	Augusta, Ontario	Located and appraised	Stone chainsaw, 4 metre maximum cut length, S/N: 2040415
15	2015 MEC Splitter	HSBC (GSA)	Unknown	Two 2015 MEC splitter machines were identified at Warton.	Located, photographed, and appraised	24 Ton, automatic stone splitter with conveyor S/N: 01/MDLKUBO1020 42 Ton, automatic stone splitter with conveyor S/N: 03D10610
16	2015 Miltiquip Generator	HSBC (GSA)	Unknown	Warton, Ontario	Located, photographed, and appraised	Whisperwatt, ultra silent 150, diesel generator, 7,500 hours (estimate) S/N: 9990017
17	2005 Yukon Saw	HSBC (GSA)	Unknown		Duplicate, removed from listing	Item removed as a duplicate listing.
18	2010 Miltiquip Generator	HSBC (GSA)	Unknown	Warton, Ontario - Receivers have not inspected this equipment	Duplicate, removed from listing	Receiver to inspect equipment at Warton at a later date
19	2015 Jag Pro Saw	HSBC (GSA)	Unknown		Duplicate, removed from listing	Item removed as a duplicate listing.
20	2015 Yukon Saw II	HSBC (GSA)	Unknown		Duplicate, removed from listing	Item removed as a duplicate listing.
21	2016 Python Saw	HSBC (GSA)	Unknown	Warton, Ontario	Duplicate, removed from listing	2010 Park Industries Python IT S/N: 138368
22	One (1) Park Industries stone cutter with slate table, 12 feet long Model: Yukon 2 S/N#: 211859	HSBC (GSA)	Mar, Ontario	Mar, Ontario - control panels provided to the Receiver	Located, photographed, and appraised	Fuller Landau will release to Deloitte

Update of equipment location and status from the First Report

#	Equipment Description	First ranking security in favour of	Location as confirmed by Deloitte as at Jan 4, 2019	Location as confirmed by Deloitte as at February 27, 2019	Status	Comments
23	One (1) MEC Conveyor Model: TRS 4000x800 S/N#: 08TRS4080614	HSBC (GSA)	Mar, Ontario	Mar, Ontario	Currently in discussions with Fuller	w/ Entry conveyor 2000x800 S/N: 02TRDE2080614 w/ Exit Conveyor 2000x600 S/N: 03TRUS2080614 Fuller Landau requires further documentation to prove ownership of the entry and exit conveyors Deloitte has information from manufacturer to assist with proving ownership
24	One (1) 2014 MEC Stone Splitter Model: Impianto S/N#: 03D10723	HSBC (GSA)	Mar, Ontario	Mar, Ontario	Located, photographed, and appraised	Fuller Landau will release MEC Impianto to Deloitte w/ Lama 600 S/N: P02601600614 w/ Hydraulic Tank S/N: 02M160M20R1640614 w/ C400 Split Machine S/N: P014900614
25	One (1) 191 F.LLI Zambon Schio Italia Press Model: Pionnier S/N#: T46	HSBC (GSA)	Mar, Ontario	Mar, Ontario	Located, photographed, and appraised	Fuller Landau will release to Deloitte
26	One (1) Toyota Fork Lift Model: 7FGU25 S/N#: 71289	HSBC (GSA)	Mar, Ontario	Mar, Ontario	Located, photographed, and appraised	Fuller Landau will release to Deloitte
27	2005 Volvo L220E VIN: EV3530	Kooy Brothers	Unknown		Subject to the Fuller Receivership	
28	2013 Kubota KX057-4GA VIN: 21846	Kooy Brothers	Unknown		Subject to the Fuller Receivership	
29	2014 Kubota SVL90 – 2HFC VIN: 13943	Kooy Brothers	Wiarnton, Ontario	Wiarnton, Ontario	Subject to the Fuller Receivership	
30	2003 Wilson 11-6 HD30-11630-03149	Kooy Brothers	Unknown		Subject to the Fuller Receivership	
31	1997 CAT 980G 2KR01235	Kooy Brothers	Unknown		Subject to the Fuller Receivership	
32	2013 Kubota IKX057-4GA 21846 Skid steer	Kooy Brothers	Unknown		Subject to the Fuller Receivership	
33	2011 JCB 456HT JCB45600H01304170	Kooy Brothers	Unknown		Subject to the Fuller Receivership	
34	2010 Park Industries Python IT 138368	Kooy Brothers	Wiarnton, Ontario		Located, photographed, and appraised	See Item 21
35	2013 Daewoo Lolar 3000-V 1305	Kooy Brothers	Wiarnton, Ontario	Wiarnton, Ontario	Subject to the Fuller Receivership	
36	1998 Fiat Allis FR 220	Kooy Brothers	Unknown		Subject to the Fuller Receivership	
37	2005 CAT 908	Kooy Brothers	Unknown		Subject to the Fuller Receivership	
38	2000 Ogden 8	Kooy Brothers	Unknown		Subject to the Fuller Receivership	
39	2008 Park Industries 36-16-150-109542	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown		Subject to the Fuller Receivership	
40	2008 Park Industries PDC-30-120-109543	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown		Subject to the Fuller Receivership	
41	Park Industries Yukon Stone cutter with slate table, 12 feet long S/N: 3-02-986	HSBC (GSA) (RCBI ownership may need to be proved)	Mar, Ontario	Mar, Ontario	Currently in discussions with Fuller	Fuller Landau requires further documentation to prove ownership. Included in the Appraisal Proposal

Update of equipment location and status from the First Report

#	Equipment Description	First ranking security in favour of	Location as confirmed by Deloitte as at Jan 4, 2019	Location as confirmed by Deloitte as at February 27, 2019	Status	Comments
42	2002 Barsanti Testa Stone Cutter, with Conveyor FRESAFB4 S/N: 2205301	HSBC (GSA) (RCBI ownership may need to be proved)	Mar, Ontario	Mar, Ontario	Subject to the Fuller Receivership	Fuller Landau requires further documentation to prove ownership. Included in the Appraisal Proposal
43	Husky VT631502AJ Air Compressor S/N: L6-17-2004-01694	HSBC (GSA) (RCBI ownership may need to be proved)	Mar, Ontario	Mar, Ontario	Subject to the Fuller Receivership	Fuller Landau requires further documentation to prove ownership. Included in the Appraisal Proposal
44	1995 Rexon RDM-170F 16-1/2" Drill Press S/N: 37914	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown	Mar, Ontario	Subject to the Fuller Receivership	Fuller Landau requires further documentation to prove ownership. Included in the Appraisal Proposal
45	EMACO Model 1 Hydraulic Power Unit S/N: 305042	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown	Mar, Ontario	Subject to the Fuller Receivership	Fuller Landau requires further documentation to prove ownership. Included in the Appraisal Proposal
46	Fork Attachment for Loader	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown	Mar, Ontario	Subject to the Fuller Receivership	
47	584818E+13 Bucket Loader S/N: 9068134	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown	Mar, Ontario	Subject to the Fuller Receivership	
48	Clean Power 40 Power Washer	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown	Mar, Ontario	Subject to the Fuller Receivership	
49	Entry Conveyor 2000x800 S/N: 02TRDE2080614	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown		Currently in discussions with Fuller	See Item 23
50	Split Machine C550 Lama 600 S/N: P02601600614	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown		Located, photographed, and appraised	See Item 24
51	Hydraulic Tank S/N: 02M160M20R1640614	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown		Unaccounted for at this time	See Item 24
52	Exit Conveyor 2000x600S/N: 03TRUS2080614	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown		Currently in discussions with Fuller	See Item 23
53	Blade Length 400 C400 - 90 ton	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown		Duplicate, removed from listing	Item removed as a duplicate listing.
54	Split Machine S/N: P014900614	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown		Located, photographed, and appraised	See Item 24
55	Canadian VLP 10550 Electronic Floor Scale	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown		Subject to the Fuller Receivership	Fuller Landau requires further documentation to prove ownership. Included in the Appraisal Proposal Western M2000 Slim Line Indicator
56	Western M2000 Slim Line Indicator	HSBC (GSA) (RCBI ownership may need to be proved)	Unknown		Subject to the Fuller Receivership	See Item 55
57	2014 Kooy Bros Model: KB10SPS VIN: KB10S-7004-10	Kooy Brothers	Unknown	Unknown	Subject to the Fuller Receivership	
58	CAT 330L Excavator Serial Number:8FK0012 (year unknown)	Unknown	Warton, Ontario		Removed from the asset listing.	Guido has provided sufficient documentation to the Receiver to show that this equipment does not belong to RCBI.

Deloitte Restructuring Inc., in its capacity as Court-appointed receiver (the "Receiver") of Royal Canadian Bedrock Inc., reserves the right to further review and amend this equipment listing in its sole discretion.

Appendix “E”

Financial Statements of

**ROYAL CANADIAN
BEDROCK INC.**

Year ended April 30, 2016
(Unaudited)



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

REVIEW ENGAGEMENT REPORT

To the Shareholder of Royal Canadian Bedrock Inc.

We have reviewed the balance sheet of Royal Canadian Bedrock Inc. (the "Company") as at April 30, 2016 and the statements of earnings and retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line.

Chartered Professional Accountants, Licensed Public Accountants

December 9, 2016

Vaughan, Canada

ROYAL CANADIAN BEDROCK INC.

Balance Sheet

April 30, 2016, with comparative information for 2015
(Unaudited)

	2016	2015
Assets		
Current assets:		
Cash	\$ 165,020	\$ 52,382
Accounts receivable (note 2)	186,450	125,372
Inventory	1,535,778	720,445
	<u>1,887,248</u>	<u>898,199</u>
Plant and equipment (note 3)	5,282,387	5,109,330
	<u>\$ 7,169,635</u>	<u>\$ 6,007,529</u>
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable	\$ 218,736	\$ 189,813
Current portion of long term debt (note 4)	543,796	420,215
	<u>762,532</u>	<u>610,028</u>
Long term debt (note 4)	821,538	1,260,040
Future income taxes	116,200	74,100
Advances from shareholder (note 5)	4,642,963	3,822,019
	<u>5,580,701</u>	<u>5,156,159</u>
Shareholder's equity:		
Share capital (note 6)	100	100
Retained earnings	826,302	241,242
	<u>826,402</u>	<u>241,342</u>
	<u>\$ 7,169,635</u>	<u>\$ 6,007,529</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

ROYAL CANADIAN BEDROCK INC.

Statement of Earnings and Retained Earnings

Year ended April 30, 2016, with comparative information for 2015
(Unaudited)

	2016	2015
Revenue	\$ 2,250,367	\$ 1,810,434
Cost of sales	630,332	675,044
Gross profit	1,620,035	1,135,390
Expenses:		
Salaries	300,150	254,350
Operating expenses	234,375	180,081
Amorization	228,453	211,547
Interest and bank charges	109,224	134,169
Insurance	85,223	29,789
Marketing expenses	35,450	10,112
	992,875	820,048
Earnings before income taxes	627,160	315,342
Future income taxes	42,100	74,100
Net earnings	585,060	241,242
Retained earnings, beginning of year	241,242	-
Retained earnings, end of year	\$ 826,302	\$ 241,242

See accompanying notes to financial statements.

ROYAL CANADIAN BEDROCK INC.

Statement of Cash Flows

Year ended April 30, 2016, with comparative information for 2015
(Unaudited)

	2016	2015
Cash provided by (used in):		
Operations:		
Net earnings (loss)	\$ 585,060	\$ 241,242
Items not involving cash:		
Amortization	228,453	211,547
Future income taxes	42,100	74,100
Increase in accounts receivable	(61,078)	(125,372)
Increase in inventory	(815,333)	(720,445)
Increase in accounts payable	28,923	189,813
	8,125	(129,115)
Financing:		
Advances from shareholder	820,944	3,822,019
Repayment of long term debt, net	(314,921)	-
Proceeds of long-term debt, net	-	1,680,255
Issuance of share capital	-	100
	506,023	5,502,374
Investing:		
Purchase of plant and equipment	(401,510)	(5,320,877)
Increase in cash	112,638	52,382
Cash, beginning of year	52,382	-
Cash, end of year	\$ 165,020	\$ 52,382

See accompanying notes to financial statements.

ROYAL CANADIAN BEDROCK INC.

Notes to Financial Statements

Year ended April 30, 2016
(Unaudited)

Nature of operations:

Royal Canadian Bedrock Inc. (the "Company") was incorporated under the Ontario Business Corporation Act on February 7, 2014. Its main business activity is extraction, processing and distribution of natural stone products.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The Company's significant accounting policies are as follows:

(a) Revenue recognition:

The Company recognizes revenue when products are shipped or services are rendered, the customer takes ownership and assumes risk of loss, collection of the related receivable is probable, persuasive evidence of an arrangement exists and the sale price is fixed or determinable. Amounts received for future services are deferred until the service is provided.

(b) Inventory:

Inventories are measured at the lower of cost and net realizable value. Cost includes purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. The costs are assigned using a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(c) Plant and equipment:

Plant and equipment are stated at cost less accumulated amortization. Amortization is provided using the following methods and annual rates (prorated by months since purchase):

Asset	Rate
Plant and equipment	4%

The carrying amount of an item of property, plant and equipment is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

ROYAL CANADIAN BEDROCK INC.

Notes to Financial Statements (continued)

Year ended April 30, 2016
(Unaudited)

1. Significant accounting policies (continued):

(d) Intangible assets:

The carrying amount of an intangible asset, whose life is determined to be indefinite, is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may exceed its fair value. An impairment loss is recognized when the asset's carrying amount exceeds its fair value. Impairment losses are not subsequently reversed.

(e) Income taxes:

The Company uses the future income taxes method of accounting for income taxes. Under the future income taxes method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment. Refundable taxes that will be recovered on the payment of qualifying dividends are recognized as a future income tax asset.

A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. Income tax expense or benefit is the sum of the Company's provision for the current income taxes and the difference between the opening and ending balances of the future income tax assets and liabilities.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

ROYAL CANADIAN BEDROCK INC.

Notes to Financial Statements (continued)

Year ended April 30, 2016
(Unaudited)

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Foreign currency translation:

Monetary items denominated in a foreign currency and non-monetary items carried at market are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. Exchange gains and losses are included in the determination of net income for the period.

(h) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of inventories, accounts receivable and future income taxes. Actual results could differ from those estimates.

2. Accounts receivable:

Accounts receivable are net of an allowance for doubtful accounts of nil (2015 - nil).

ROYAL CANADIAN BEDROCK INC.

Notes to Financial Statements (continued)

Year ended April 30, 2016
(Unaudited)

3. Plant and equipment:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Plant and equipment	\$ 5,722,387	\$ 440,000	\$ 5,282,387	\$ 5,109,330

4. Long-term debt:

The loan represents capital leases with varying interest rates ranging from 5% to 14%. These are repayable by blended monthly installments including interest and maturing by the end of 2019. These are secured by registered security charges on assets purchased under these capital leases.

	2016	2015
Long-term debt	\$ 1,365,334	\$ 1,680,255
Less current portion	543,796	420,215
	\$ 821,538	\$ 1,260,040

Principal repayments are due as follows:

2017	\$ 543,796
2018	384,063
2019	357,488
2020	79,987
	\$ 1,365,334

5. Advances from shareholder:

Advances from shareholder are unsecured, non interest bearing, with no specified repayment terms.

ROYAL CANADIAN BEDROCK INC.

Notes to Financial Statements (continued)

Year ended April 30, 2016
(Unaudited)

6. Share capital:

	2016	2015
Authorized:		
Unlimited common shares		
Unlimited Class A special shares		
Unlimited Class B special shares		
Unlimited Class C special shares		
Issued:		
100 common shares	\$ 100	\$ 100

7. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Company deals with creditworthy counterparties to mitigate the risk of financial loss from defaults.

(b) Interest rate risk:

The Company's long-term debt has fixed interest rates. As a result, the Company is exposed to interest rate price risk due to fluctuations in market rates.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements.

Financial Statements of

**ROYAL CANADIAN
BEDROCK INC.**

Year ended April 30, 2017
(Unaudited)



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

REVIEW ENGAGEMENT REPORT

To the Shareholder of Royal Canadian Bedrock Inc.

We have reviewed the balance sheet of Royal Canadian Bedrock Inc. (the "Company") as at April 30, 2017 and the statements of earnings and retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

October 18, 2017

Vaughan, Canada

ROYAL CANADIAN BEDROCK INC.

Balance Sheet

April 30, 2017, with comparative information for 2016
(Unaudited)

	2017	2016
Assets		
Current assets:		
Cash	\$ -	\$ 165,020
Accounts receivable (note 2)	1,133,733	186,450
<u>Inventory</u>	<u>2,120,444</u>	<u>1,535,778</u>
	3,254,177	1,887,248
Plant and equipment (note 3)	6,011,829	5,282,387
	<u>\$ 9,266,006</u>	<u>\$ 7,169,635</u>

Liabilities and Shareholder's Equity

Current liabilities:		
Bank indebtedness (note 4)	\$ 558,260	\$ -
Accounts payable and accrued liabilities	78,524	218,736
<u>Current portion of long term debt (note 5)</u>	<u>475,250</u>	<u>543,796</u>
	1,112,034	762,532
Long term debt (note 5)	880,358	821,538
Future income taxes	371,700	116,200
<u>Advances from shareholder (note 6)</u>	<u>5,351,607</u>	<u>4,642,963</u>
	6,603,665	5,580,701
Shareholder's equity:		
Share capital (note 7)	100	100
<u>Retained earnings</u>	<u>1,550,207</u>	<u>826,302</u>
	1,550,307	826,402
	<u>\$ 9,266,006</u>	<u>\$ 7,169,635</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

ROYAL CANADIAN BEDROCK INC.

Statement of Earnings and Retained Earnings

Year ended April 30, 2017, with comparative information for 2016
(Unaudited)

	2017	2016
Revenue	\$ 3,983,579	\$ 2,250,367
Cost of sales	1,233,072	630,332
Gross profit	2,750,507	1,620,035
Expenses:		
Salaries	597,354	300,150
Operating expenses	508,678	234,375
Amortization	287,159	228,453
Interest and bank charges	218,453	109,224
Insurance	96,231	85,223
Marketing expenses	63,227	35,450
	1,771,102	992,875
Earnings before income taxes	979,405	627,160
Future income taxes	255,500	42,100
Net earnings	723,905	585,060
Retained earnings, beginning of year	826,302	241,242
Retained earnings, end of year	\$ 1,550,207	\$ 826,302

See accompanying notes to financial statements.

ROYAL CANADIAN BEDROCK INC.

Statement of Cash Flows

Year ended April 30, 2017, with comparative information for 2016
(Unaudited)

	2017	2016
Cash provided by (used in):		
Operations:		
Net earnings	\$ 723,905	\$ 585,060
Items not involving cash:		
Amortization	287,159	228,453
Future income taxes	255,500	42,100
Accounts receivable	(947,283)	(61,078)
Inventory	(584,666)	(815,333)
Accounts payable and accrued liabilities	(140,212)	28,923
	<u>(405,597)</u>	<u>8,125</u>
Financing:		
Advances from shareholder	708,644	820,944
Repayment of long term debt, net	(9,726)	(314,921)
Funding from bank indebtedness	558,260	-
	<u>1,257,178</u>	<u>506,023</u>
Investing:		
Additions to plant and equipment	<u>(1,016,601)</u>	<u>(401,510)</u>
(Decrease) increase in cash	(165,020)	112,638
Cash, beginning of year	165,020	52,382
Cash, end of year	<u>\$ -</u>	<u>\$ 165,020</u>

See accompanying notes to financial statements.

ROYAL CANADIAN BEDROCK INC.

Notes to Financial Statements

Year ended April 30, 2017
(Unaudited)

Nature of operations:

Royal Canadian Bedrock Inc. (the "Company") was incorporated under the Ontario Business Corporation Act on February 7, 2014. Its main business activity is extraction, processing and distribution of natural stone products.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The Company's significant accounting policies are as follows:

(a) Revenue recognition:

The Company recognizes revenue when products are shipped or services are rendered, the customer takes ownership and assumes risk of loss, collection of the related receivable is probable, persuasive evidence of an arrangement exists and the sale price is fixed or determinable. Amounts received for future services are deferred until the service is provided.

(b) Inventory:

Inventories are measured at the lower of cost and net realizable value. Cost includes purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. The costs are assigned using a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(c) Plant and equipment:

Plant and equipment are stated at cost less accumulated amortization. Amortization is provided using the following methods and annual rates (prorated by months since purchase):

Asset	Rate
Plant and equipment	4%

The carrying amount of an item of property, plant and equipment is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

ROYAL CANADIAN BEDROCK INC.

Notes to Financial Statements (continued)

Year ended April 30, 2017
(Unaudited)

1. Significant accounting policies (continued):

(d) Intangible assets:

The carrying amount of an intangible asset, whose life is determined to be indefinite, is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may exceed its fair value. An impairment loss is recognized when the asset's carrying amount exceeds its fair value. Impairment losses are not subsequently reversed.

(e) Income taxes:

The Company uses the future income taxes method of accounting for income taxes. Under the future income taxes method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment. Refundable taxes that will be recovered on the payment of qualifying dividends are recognized as a future income tax asset.

A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. Income tax expense or benefit is the sum of the Company's provision for the current income taxes and the difference between the opening and ending balances of the future income tax assets and liabilities.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

ROYAL CANADIAN BEDROCK INC.

Notes to Financial Statements (continued)

Year ended April 30, 2017
(Unaudited)

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Foreign currency translation:

Monetary items denominated in a foreign currency and non-monetary items carried at market are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. Exchange gains and losses are included in the determination of net income for the period.

(h) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of inventories, accounts receivable and future income taxes. Actual results could differ from those estimates.

2. Accounts receivable:

Accounts receivable are net of an allowance for doubtful accounts of nil (2016 - nil).

ROYAL CANADIAN BEDROCK INC.

Notes to Financial Statements (continued)

Year ended April 30, 2017
(Unaudited)

3. Plant and equipment:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Plant and equipment	\$ 6,738,988	\$ 727,159	\$ 6,011,829	\$ 5,282,387

4. Bank indebtedness:

On October 31, 2016, the Company entered into a credit facility agreement with HSBC Bank (the "Bank") that includes an operating line of credit to a maximum of \$1,000,000 subject to a borrowing limit based on certain items specified in the agreement, and certain financial covenants. The operating line of credit is due on demand and bears interest at the Company's bank prime lending rate plus 1% per annum.

The facility also includes capital loans for equipment as described in note 5.

The facility is secured by a general security agreement, a floating charge over the Company's equipment except for certain excavators and loaders, assignment of all risk insurance, assignment and postponement of any shareholder advances, and an unlimited guarantee provided by the shareholder.

5. Long-term debt:

The long-term debt is comprised of capital leases with varying fixed interest rates ranging from 4% to 14%. These are repayable in blended monthly instalments including interest, and are secured as described in note 4.

	2017	2016
Long-term debt	\$ 1,355,608	\$ 1,365,334
Less current portion	475,250	543,796
	\$ 880,358	\$ 821,538

ROYAL CANADIAN BEDROCK INC.

Notes to Financial Statements (continued)

Year ended April 30, 2017
(Unaudited)

5. Long-term debt (continued):

Principal repayments are due as follows:

2018	\$	475,250
2019		381,484
2020		188,088
2021		162,768
2022		148,018
	\$	1,355,608

6. Advances from shareholder:

Advances from shareholder are unsecured, non-interest bearing, with no specified repayment terms.

7. Share capital:

	2017	2016
Authorized:		
Unlimited common shares		
Unlimited Class A special shares		
Unlimited Class B special shares		
Unlimited Class C special shares		
Issued:		
100 common shares	\$ 100	\$ 100

8. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Company deals with creditworthy counterparties to mitigate the risk of financial loss from defaults.

ROYAL CANADIAN BEDROCK INC.

Notes to Financial Statements (continued)

Year ended April 30, 2017
(Unaudited)

8. Financial risks and concentration of risk (continued):

(b) Interest rate risk:

The Company's bank indebtedness has a variable interest rate, while its long-term debt has fixed interest rates. As a result, the Company is exposed to interest rate cash flow risk for the variable portion, and price risk due to fluctuations in market rates for the fixed portion.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements.

Appendix “F”

ROYAL CANADIAN BEDROCK INC.**Balance Sheet**

As at June 30th, 2018

	Jun 30
Assets	2018
Current Assets	
Cash and Cash Equivalents	784 -
Accounts Receivable	1,828
Inventory	<u>3,452</u>
Total Current Assets	4,496
Fixed Assets	
Plant and Equipment	6,850
(Less Accumulated Depreciation)	<u>1,083 -</u>
Total Fixed Assets	5,767
Total Assets	<u><u>10,263</u></u>
Liabilities and Owner's Equity	
Current Liabilities	
Accounts Payable	100
Current Portion of Long Term Debt	<u>390</u>
Total Current Liabilities	490
Long Term Liabilities	
Long Term Debt	1,200
Future Income Taxes	372
Advances From Shareholder	<u>5,351</u>
Total Long Term Liabilities	6,923
Owner's Equity	
Share capital	-
Retained Earnings	<u>2,850</u>
Total Owner's Equity	2,850
Total Liabilities and Owner's Equity	<u><u>10,263</u></u>

Appendix “G”

A/R subledger as at June 30, 2018						
Customer	< 30 days	31 - 60 days	61 - 90 days	91 + days	Total	Collected*
4 All Seasons		25.0		86.0	111.0	16.0
Arnts The Landscape Supplier			6.0		6.0	
AST Stone	18.0				18.0	
Bart		8.0			8.0	
Bondfield				33.0	33.0	15.0
Canam Stone	20.0				20.0	9.1
CJ Graphics	10.0				10.0	
Colonial Brick & Stone			11.7		11.7	
D. Panagoulia			27.3		27.3	
Encompass	24.0	45.0			69.0	
Fernando DiBatista			15.0		15.0	
Gott	10.0				10.0	
Izart		70.0			70.0	35.0
Jasjeet Singh			8.0		8.0	
Jim Kim Architect	50.0				50.0	
Joe Barannca	31.0				31.0	
Lab Flooring		71.1	14.4		85.5	71.1
Mansouri Group	75.0	50.0			125.0	
Marmi Zola			15.0		15.0	
Matt's Landscaping	25.0				25.0	
Modern Exteriors				65.0	65.0	
Montanger Residence			65.0		65.0	
Moruzzi	72.0	87.7	72.0		231.7	
Muskoka Stone Masonry			27.0		27.0	
Nikolaus Bagnara			18.0		18.0	
Ontario Stone Veneer			29.8		29.8	
Peluso Marmi				84.0	84.0	
PLL Stone	127.0	115.0	90.0		332.0	
Rigney Building Supply			9.7		9.7	
Robert Carnal	2.0				2.0	
Ryan Collina		14.0			14.0	
Stoneval			36.0		36.0	
Table Rock Stone Company	22.0	30.0	20.0		72.0	
TFS	62.5	50.0			112.5	
UCC Group			25.5		25.5	
Total	548.5	565.8	490.4	268.0	1,872.7	146.1

Notes

*The Receiver estimated the amounts collected for the A/R outstanding as at June 30, 2018 by reviewing the cheques deposited into the RBI Bank Account but made payable to the Debtor.

Appendix “H”



Sudbury ON P3A 5C1

ROYAL CANADIAN BEDROCK INC.
 C/O DELOITTE RESTRUCTURING INC
 8 ADELAIDE ST W
 TORONTO ON M5H 0A9

Date	February 4, 2019
Business Number	82708 4575 RT0001
Period Covered	2017-02-01 to 2018-12-06

0002216

**NOTICE OF (RE)ASSESSMENT
 GOODS AND SERVICES TAX/HARMONIZED SALES TAX (GST/HST)**

RESULTS

You have not responded to our requests to file goods and services tax/harmonized sales tax return(s) as required under the "Excise Tax Act." As a result, under subsection 299(1), we have estimated the tax you owe.

Result of this (Re)Assessment	\$	895,515.01
Prior Balance	\$	49,189.96
		=====
Total Balance	\$	944,704.97

Please note that interest will accrue daily on the total balance owing. This assessment is not a substitute for the unfiled return(s) and does not relieve you of your obligation to file the return(s) and pay all amounts owing. Please file the overdue return(s) and pay any taxes owing immediately. Failure to do so may result in legal action being taken without further notice.

If your net tax for the previous fiscal year was \$3,000 or more and your net tax for the current fiscal year will be \$3,000 or more, you will need to make quarterly instalment payments during the current year.

Please keep this Notice of (Re)Assessment for your records.

For more information, phone or write to:

Toronto Centre Tax Services
 1 Front Street West
 Toronto ON M5J 2X6
 Toll free number 1-800-959-5525 (Canada and United States)

Bob Hamilton
 Commissioner of Revenue



ROYAL CANADIAN BEDROCK INC.

Date	February 4, 2019
Business Number	82708 4575 RT0001
Period Covered	2017-02-01 to 2018-12-06

**NOTICE OF (RE)ASSESSMENT
GOODS AND SERVICES TAX/HARMONIZED SALES TAX (GST/HST)**

SUMMARY OF (RE) ASSESSMENT

RE: Unfiled GST/HST Return(s)
 Reporting Period From: 2017/02/01 To: 2018/01/31
 Reference Number: 19030000162360527

Net Tax	\$	517,865.27
Interest and Penalty		
Instalment Interest	\$	497.45
Arrears Interest	\$	25,146.16
Failure to File Penalty	\$	15,535.95
		=====
Result of (Re)Assessment	\$	559,044.83

EXPLANATION

This assessment is not a substitute for the unfiled return. You still have to file the return and pay all amounts owing.

We have calculated a penalty for failing to file your return on time.

We have charged instalment interest because one or more of your instalment payments were late or insufficient. You had to make 04 payments of \$4,394.96 based on the reporting period ending January 31, 2017.

We have charged you arrears interest because you did not pay the amount owing by the due date.

For your information we have attached a statement explaining how we have calculated interest.



ROYAL CANADIAN BEDROCK INC.

Date	February 4, 2019
Business Number	82708 4575 RT0001
Period Covered	2017-02-01 to 2018-12-06

0002217

**NOTICE OF (RE)ASSESSMENT
GOODS AND SERVICES TAX/HARMONIZED SALES TAX (GST/HST)**

SUMMARY OF (RE)ASSESSMENT

RE: Unfiled GST/HST Return(s)

Reporting Period From: 2018/02/01 To: 2018/09/12

Reference Number: 19030000162360528

Net Tax	\$	317,813.21
Interest and Penalty		
Instalment Interest	\$	3,780.08
Arrears Interest	\$	6,242.89
Failure to File Penalty	\$	5,561.72
		=====
Result of (Re)Assessment	\$	333,397.90

EXPLANATION

This assessment is not a substitute for the unfiled return. You still have to file the return and pay all amounts owing.

We have calculated a penalty for failing to file your return on time.

We have charged instalment interest because one or more of your instalment payments were late or insufficient. You had to make 02 payments of \$129,466.31 based on the reporting period ending January 31, 2018.

We have charged you arrears interest because you did not pay the amount owing by the due date.

For your information we have attached a statement explaining how we have calculated interest.





ROYAL CANADIAN BEDROCK INC.

Date	February 4, 2019
Business Number	82708 4575 RT0001
Period Covered	2017-02-01 to 2018-12-06

**NOTICE OF (RE)ASSESSMENT
GOODS AND SERVICES TAX/HARMONIZED SALES TAX (GST/HST)**

SUMMARY OF (RE)ASSESSMENT

RE: Unfiled GST/HST Return(s)
Reporting Period From: 2018/09/13 To: 2018/12/06
Reference Number: 19030000162360529

Net Tax	\$	3,027.40
Interest and Penalty		
Arrears Interest	\$	14.61
Failure to File Penalty	\$	30.27
		=====
Result of (Re)Assessment	\$	3,072.28

EXPLANATION

This assessment is not a substitute for the unfiled return. You still have to file the return and pay all amounts owing.

We have calculated a penalty for failing to file your return on time.

We have charged you arrears interest because you did not pay the amount owing by the due date.

GENERAL INFORMATION

For more information on Notices of (Re)Assessment, and your objection and appeal rights, see Guide RC4022, General Information for GST/HST Registrants, or visit canada.ca/revenue-agency. To prevent unnecessary delays when you correspond with us, please provide your Business Number.



ROYAL CANADIAN BEDROCK INC.

Date	February 4, 2019
Business Number	82708 4575 RT0001
Period Covered	2017-02-01 to 2018-12-06

0002218

**NOTICE OF (RE)ASSESSMENT
GOODS AND SERVICES TAX/HARMONIZED SALES TAX (GST/HST)**

FILING YOUR TAX RETURNS

1. Complete the returns previously sent to you for any overdue periods. If you did not receive these returns or they were misplaced, contact your tax services office for additional copies.
2. You are required to file a return for each reporting period. If there were no taxable sales, input tax credits, or rebates applicable to a reporting period, complete and submit a "NIL" return for that period by entering zeros on the appropriate lines.
3. Mail your return(s) to the address below:

CANADA REVENUE AGENCY
SUDBURY TAX CENTRE
PO BOX 20004 STN A
SUDBURY ON P3A 6B4





ROYAL CANADIAN BEDROCK INC.

Date	February 4, 2019
Business Number	82708 4575 RT0001
Period Covered	2017-02-01 to 2018-12-06

**NOTICE OF (RE)ASSESSMENT
GOODS AND SERVICES TAX/HARMONIZED SALES TAX (GST/HST)**



ROYAL CANADIAN BEDROCK INC.

Date	February 4, 2019
Business Number	82708 4575 RT0001
Period Covered	2017-02-01 to 2018-12-06

0002219

**NOTICE OF (RE)ASSESSMENT
GOODS AND SERVICES TAX/HARMONIZED SALES TAX (GST/HST)**

HOW DO YOU PAY?

You can pay:

- online or by phone using a Canadian financial institution's services
- online at canada.ca/cra-my-payment
- online by setting up a pre-authorized debit agreement at canada.ca/my-cra-business-account
- in person with your remittance voucher at your Canadian financial institution or, for a fee, at a Canada Post retail outlet (cash or debit only)

For more information on how to make a payment, go to canada.ca/payments.

Note: There is a QR code printed on your remittance voucher that contains all the information required to make your payment with cash or debit at a Canada Post retail outlet.

**Please use the attached voucher to pay the indicated amount owing.
See the reverse for further instructions.**

Amount paid



**Goods and Services Tax/Harmonized Sales Tax
Amount Owing Remittance Voucher**
Pay online or at your financial institution

Business Name
ROYAL CANADIAN BEDROCK INC.

Business Number
82708 4575 RT 0001

20

7



Privacy Act,
Personal Information Bank number CRA PPU 047

Amount owing (\$)
944,704.97

Amount paid

Amount paid

RC159 E (18)X

2020020020000700827084575RT00010000000000944704972020022



ROYAL CANADIAN BEDROCK INC.

Date	February 4, 2019
Business Number	82708 4575 RT0001
Period Covered	2017-02-01 to 2018-12-06

**NOTICE OF (RE)ASSESSMENT
GOODS AND SERVICES TAX/HARMONIZED SALES TAX (GST/HST)**

Teller's Stamp

.....

We will charge a fee for any dishonoured payment.
DO NOT staple, paper clip, tape or fold this voucher
and do not use photocopied remittance vouchers.
DO NOT mail cash.
If an envelope accompanied this voucher, please ensure the
address below appears in the window of the envelope provided.

Teller's Stamp

CANADA REVENUE AGENCY
SUDBURY TAX CENTRE
PO BOX 20004 STN A
SUDBURY ON P3A 6B4



Sudbury ON P3A 5C1

Statement details

Business number	82708 4575 RT0001
Period covered	Feb 1, 2018 - Sep 12, 2018
Date issued	Feb 4, 2019
Filing date	Jan 30, 2019
Balance due date	Oct 12, 2018

ROYAL CANADIAN BEDROCK INC.
C/O DELOITTE RESTRUCTURING INC
8 ADELAIDE ST W
TORONTO ON M5H 0A9

Statement of interest

We are providing this statement to explain how we calculated interest for the goods and services/harmonized sales tax (GST/HST). For more information on how interest is calculated, go to canada.ca/revenue-agency.

Summary of interest

Description	\$ Amount CR
Instalment interest	3,780.08
Arrears interest	6,242.89
Total	10,022.97

Instalment base amounts

Reporting period	Effective date	\$ Net tax CR	\$ Instalment CR base
Feb 1, 2018 - Sep 12, 2018	Feb 1, 2018	517,865.28	517,865.28
Feb 1, 2017 - Jan 31, 2018	Feb 1, 2017	517,865.27	517,865.27

We calculated the instalment payments you had to make. Based on the reporting period ending January 31, 2018, you had to make 002 payments of \$129,466.31.

Instalment interest calculation

Date	Description	Number of days	Interest rate	\$ Interest CR	\$ Amount CR	\$ Balance CR
May 31, 2018	Payment due	0000	0.00	0.00	129,466.31	129,466.31
Jun 30, 2018	Interest	0030	6.00	639.99		130,106.30
Aug 31, 2018	Payment due	0062	6.00	1,332.69	129,466.31	260,905.30
Sep 30, 2018	Interest	0030	6.00	1,289.73		262,195.03
Oct 12, 2018	Balance due date	0012	6.00	517.67		262,712.70
	Total instalment interest			3,780.08		

Statement details

ROYAL CANADIAN BEDROCK INC.

Business number	82708 4575 RT0001
Date issued	Feb 4, 2019

Failure to file penalty calculation

A penalty will apply to any return you file late, if you have an amount payable.

We will calculate the penalty as follows:

- A. 1% of the amount payable; plus
- B. 25% of the amount calculated in A multiplied by the number of months that the return is overdue (to a maximum of 12 months).

Your penalty calculation is:

Description	\$ Amount CR
A. 1.00% x 317,813.21	3,178.13
B. (0.25% x 317,813.21) x 03 month(s)	2,383.59
Total failure to file penalty	5,561.72

Arrears/refund interest calculation

Date	Description	Number of days	Interest rate	\$ Interest CR	\$ Amount CR	\$ Balance CR
Oct 12, 2018	Net tax	0000	0.00	0.00	317,813.21	317,813.21
Oct 12, 2018	Instalment interest	0000	0.00	0.00	3,780.08	321,593.29
Oct 12, 2018	Failure to file penalty	0000	0.00	0.00	5,561.72	327,155.01
Dec 31, 2018	Interest	0080	6.00	4,330.37		331,485.38
Feb 4, 2019	Last interest date	0035	6.00	1,912.52		333,397.90
	Total arrears interest			6,242.89		
	Total balance for the period					333,397.90

To view your up-to-date account information, go to canada.ca/my-cra-business-account.

For more information, contact us:

By mail:

Sudbury TC
1050 Notre Dame Ave
Sudbury ON P3A 5C1

By phone:

From Canada or the United States: **1-800-959-5525**

From outside Canada and the United States: **613-940-8497**

We accept collect calls by automated response. You may hear a beep, and there may be a connection delay.



Sudbury ON P3A 5C1

Statement details

Business number	82708 4575 RT0001
Period covered	Feb 1, 2017 - Jan 31, 2018
Date issued	Feb 4, 2019
Filing date	Jan 30, 2019
Balance due date	Apr 30, 2018

ROYAL CANADIAN BEDROCK INC.
C/O DELOITTE RESTRUCTURING INC
8 ADELAIDE ST W
TORONTO ON M5H 0A9

Statement of interest

We are providing this statement to explain how we calculated interest for the goods and services/harmonized sales tax (GST/HST). For more information on how interest is calculated, go to canada.ca/revenue-agency.

Summary of interest

Description	\$ Amount CR
Instalment interest	497.45
Arrears interest	25,146.16
Total	25,643.61

Instalment base amounts

Reporting period	Effective date	\$ Net tax CR	\$ Instalment CR base
Feb 1, 2017 - Jan 31, 2018	Feb 1, 2017	517,865.27	517,865.27
Feb 1, 2016 - Jan 31, 2017	Feb 1, 2016	17,579.84	17,579.84

We calculated the instalment payments you had to make. Based on the reporting period ending January 31, 2017, you had to make 004 payments of \$4,394.96.

Instalment interest calculation

Date	Description	Number of days	Interest rate	\$ Interest CR	\$ Amount CR	\$ Balance CR
May 31, 2017	Payment due	0000	0.00	0.00	4,394.96	4,394.96
Jun 30, 2017	Interest	0030	5.00	18.10		4,413.06
Aug 31, 2017	Payment due	0062	5.00	37.64	4,394.96	8,845.66
Sep 30, 2017	Interest	0030	5.00	36.42		8,882.08
Nov 30, 2017	Payment due	0061	5.00	74.53	4,394.96	13,351.57
Dec 31, 2017	Interest	0031	5.00	56.82		13,408.39
Feb 28, 2018	Payment due	0059	5.00	108.80	4,394.96	17,912.15

Statement details

ROYAL CANADIAN BEDROCK INC.

Business number	82708 4575 RT0001
Date issued	Feb 4, 2019

Date	Description	Number of days	Interest rate	\$ Interest CR	\$ Amount CR	\$ Balance CR
Mar 31, 2018	Interest	0031	5.00	76.22		17,988.37
Apr 30, 2018	Balance due date	0030	6.00	88.92		18,077.29
	Total instalment interest			497.45		

Failure to file penalty calculation

A penalty will apply to any return you file late, if you have an amount payable.

We will calculate the penalty as follows:

- A. 1% of the amount payable; plus
- B. 25% of the amount calculated in A multiplied by the number of months that the return is overdue (to a maximum of 12 months).

Your penalty calculation is:

Description	\$ Amount CR
A. 1.00% x 517,865.27	5,178.65
B. (0.25% x 517,865.27) x 08 month(s)	10,357.30
Total failure to file penalty	15,535.95

Arrears/refund interest calculation

Date	Description	Number of days	Interest rate	\$ Interest CR	\$ Amount CR	\$ Balance CR
Apr 30, 2018	Net tax	0000	0.00	0.00	517,865.27	517,865.27
Apr 30, 2018	Instalment interest	0000	0.00	0.00	497.45	518,362.72
Apr 30, 2018	Failure to file penalty	0000	0.00	0.00	15,535.95	533,898.67
Jun 30, 2018	Interest	0061	6.00	5,380.10		539,278.77
Sep 30, 2018	Interest	0092	6.00	8,216.97		547,495.74
Dec 31, 2018	Interest	0092	6.00	8,342.17		555,837.91
Feb 4, 2019	Last interest date	0035	6.00	3,206.92		559,044.83
	Total arrears interest			25,146.16		
	Total balance for the period					559,044.83

To view your up-to-date account information, go to canada.ca/my-cra-business-account.

Statement details

ROYAL CANADIAN BEDROCK INC.

Business number	82708 4575 RT0001
Date issued	Feb 4, 2019

For more information, contact us:

By mail:

Sudbury TC
1050 Notre Dame Ave
Sudbury ON P3A 5C1

By phone:

From Canada or the United States: **1-800-959-5525**

From outside Canada and the United States: **613-940-8497**

We accept collect calls by automated response. You may hear a beep, and there may be a connection delay.



Sudbury ON P3A 5C1

ROYAL CANADIAN BEDROCK INC.
C/O DELOITTE RESTRUCTURING INC
8 ADELAIDE ST W
TORONTO ON M5H 0A9



Appendix “I”

**In the Matter of the Receivership of Royal Canadian Bedrock Inc.
Listing of Third-Party Equipment**

#	Equipment Description	First ranking security in favour of	Location	Status
8	2010 Atlas Copco XATS375-CVEL compressor, S/N # HOP070456	Equirex Vehicle Listing 2007 Inc. ("Bennington Financial")	Warton, Ontario	The Applicant and its counsel have directly engaged with counsel for Bennington.
9	2000 Park Industries 60-24-300 Hydrasplitter, S/N 4-00-220	Bodkin Capital Corporation ("Bennington Financial")	Augusta, Ontario	The Applicant and its counsel have directly engaged with counsel for Bennington.
10	Year: 2015 Make: Chevrolet Trucks Model: Silverado 1500 4WD VIN: 3GCUKRECOFG142470	GM Financial Canada Leasing Ltd.	Warton, Ontario - Receivers took possession of the vehicle and moved it to Mar, Ontario	Released to GM Financial Canada Leasing Ltd.
41	2005 Volvo 330E Loader S/N: L330EV62219	Add Capital Corp.		Released to Add Capital Corp
42	Bateman BN21376 Fork Rack, HD Rock Grapple, c/w Forks	Add Capital Corp.	Unknown	Released to Add Capital Corp

Notes:

- 1 - Deloitte Restructuring Inc., in its capacity as Court-appointed receiver (the "**Receiver**") of Royal Canadian Bedrock Inc., reserves the right to further review and amend this equipment listing in its sole discretion.
- 2 - The Receiver has not completed a security review in respect of the validity and perfection of PPSA registrations against Royal Canadian Bedrock Inc.
- 3 - The Receiver has not attempted to locate and identify assets financed by Kooy Brothers Lawn Equipment Limited nor TD Equipment Finance, as these assets are not part of the Receiver's mandate, but for the sake of completeness, are listed below:

43	2013 Toromount CAT Excavator Model: 336ELH S/N#: RZA00861	TD Equipment Finance	Unknown	Equipment location is known by TD Equipment Finance.
44	2014 Toromount CAT Loader Model: 950k S/N#: R4A02413	TD Equipment Finance	Warton, Ontario	Equipment location is known by TD Equipment Finance.
45	2005 Volvo L220E VIN: EV3530	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
46	2013 Kubota KX057-4GA VIN: 21846	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
47	2014 Kubota SVL90 - 2HFC VIN: 13943	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
48	2003 Wilson 11-6 HD30-11630-03149	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
49	1997 CAT 980G 2KR01235	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
50	2013 Kubota !KX057-4GA 21846 Skid steer	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
51	2011 JCB 456HT JCB45600H01304170	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
53	2013 Daewoo Lolar 3000-V 1305	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
54	1998 Fiat Allis FR 220	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
55	2005 CAT 908	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
56	2000 Ogden 8	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
57	2008 Park Industries 36-16-150-109542	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
58	2008 Park Industries PDC-30-120-109543	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership
59	2014 Kooy Bros Model: KB10SPS VIN: KB10S-7004-10	Kooy Brothers Lawn Equipment Limited	N/A	Subject to the Fuller Landau Receivership

Appendix “J”

Amounts claimed by former vendors and customers of RCBI		
Former Vendor / Customer	Amount Claimed (\$CAD)	Notes
Former Vendor		
MacEWEN Petroleum Inc.	17,067	
KPMG	16,950	
Fravizel Engineering	7,128	<i>1</i>
ITS Logistics	6,329	
Middlebro' & Stevens LLP	4,324	
Landstar Transportation Logistics Inc.	43,686	
Total Former Vendor	95,485	
Former Customer		
Izart Architectural Design Inc.	43,786	
Total Former Customer	43,786	
Total	139,271	

Notes

(1) - Amount denominated in Euros converted to Canadian Dollars based on the exchange rate as at the date of the Receivership

Appendix “K”



PLATINUM

**Personalized Service...
Financial Strength**

www.platinumassets.com

Phone: 416.366.2326 Fax: 416.366.2325

Email: info@platinumassets.com



Auctioneers



Appraisers



Financiers



PLATINUM
Asset Services

Auction Proposal

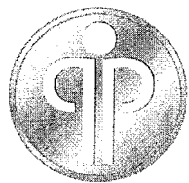
ROYAL CANADIAN BEDROCK INC.

Client:

Deloitte Restructuring Inc.

Proposal Date:

April 1, 2019



PLATINUM
Asset Services

Auctioneers • Appraisers • Financiers

April 1, 2019

Andrew Whittingham
Deloitte Restructuring Inc. ("Receiver")
8 Adelaide St. West
Toronto, ON, M5H 0A9

Attention: Mr. Andrew Whittingham

Re: Auction Proposal for the Assets of Royal Canadian Bedrock Inc.

The Process

- (1) Upon signing of this auction agreement, Platinum Asset Services Inc. ("Platinum") will list the equipment available for sale on its website.
- (2) Platinum will arrange to have the machinery put under power and tested.
- (3) Major pieces of equipment will be prepared for brochure photographs. The brochure will then be added to our website, and distributed to buyers within the appropriate industry.
- (4) Assets will then be organized, lotted and catalogued for auction.
- (5) The sale will be advertised using some or all of the following media: industry trade journals, newspaper and e-mail marketing campaigns.
- (6) An inspection day will be held prior to the auction and by appointment. Platinum will supervise said inspection(s).
- (7) The auction will be held online.

www.platinumassets.com

80 Midwest Road, Unit 1, Scarborough, Ontario, M1P 4R2 Phone: 416.366.2326 Fax: 416.366.2325



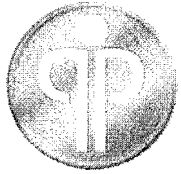
PLATINUM
Asset Services

115



Machinery Repairs, Testing and Moving

- To maximize sale realizations, the Assets will need to be cleaned, put under power, tested and videoed in operation.
- Any minor operational issue(s) or cosmetic default(s) that will result in higher asset realizations should be repaired prior to remarketing the assets.
- The sale process will take between 60 to 90 days from the date the machines are operational. Remarketing of the assets from their existing locations is preferable.
- If the Assets cannot be sold onsite and need to be removed, they should be cleaned, photographed and videoed under power. The loading, crating,



PLATINUM Asset Services

transportation, and offloading of the HSBC assets located Mar, Ontario and Warton, Ontario is estimated to cost between \$50,000 and \$70,000.

- The Park Industries Yukon saws, Items 12 and 16, on the attached Schedule A, are missing controllers. Per the Company, the machines have not been run in over 2 years. The controls will need to be reinstalled. The machines will then need to be tested and evaluated. Platinum is currently in possession of the controls that were provided by the Company.
- The MEC stone splitter, Item 13, on the attached Schedule A, is missing its hydraulic power tank which is required for the machine to operate. The power tank needs to be located or a new unit will need to be purchased.
- Power and air will be required to test the machines. The Multiquip generator, Item 14 and the Atlas Copco air compressor, Item 7, on Platinum's appraisal can be used to do so. It will cost between \$8,000 and \$12,000 to power up and test all of the units including the purchase of all the necessary power cables, air hose and adaptors required. If Items 7 and 14 are not functioning or unavailable, a generator and air compressor will need to be rented.
- Machinery testing, repairs and/or moving expenses will be at the Receiver's expense.

Timeline

- The remarketing process will take up to 90 days to complete.
- It will take 2 to 3 weeks to get the machines cleaned, tested and photographed.
- If the machines are to be removed and remarketed offsite, an additional 14 days may be added to the sale timeline.
- Platinum suggests starting machinery testing the week of May 6, 2019.

Terms and Conditions:

1. The Receiver represents and warrants that it has good and valid title to the Assets and that they shall be conveyed to Platinum free and clear of all liens and encumbrances in compliance with all the legal requirements.



PLATINUM
Asset Services

2. The said assets are to be sold by Public Auction and/or Private Treaty on an "as is", "where is" basis.
3. The Receiver, at its expense, will be responsible for providing unencumbered access to both the Amsen Quarry and Royal Canadian Bedrock facilities for the purpose of cleaning, testing, selling and removing the Assets.
4. The net-minimum guarantee provided assumes that all of the Assets will be in good working order prior to sale and that the machines will be sold at their existing locations. Any machinery repairs required will be at the Receiver's expense. To the degree that any repairs are recommended and paid for by the Receiver, Platinum will obtain the Receiver's consent prior to undertaking such repairs.
5. To the degree that assets are removed from the auction, or repairs are not completed, the net minimum guarantee will be adjusted down on a pro rata basis using the average F.L.V. amount on the attached Schedule A.
6. It is understood that the Receiver must obtain court approval for the sale of the Assets. In the event that court approval is not obtained, or if any assets are removed by a court order, the Receiver will reimburse Platinum its out of pocket expenses incurred.
7. The Receiver will be responsible for maintaining fire, theft and other perils insurance, in respect of the assets until the completion of the auction sale.
8. For the purposes of conducting an auction, we would like to use the name "Royal Canadian Bedrock Inc." for advertising purposes only.
9. Platinum shall have the right to supplement the sale.
10. Platinum shall retain the buyers' premium.
11. Platinum shall be responsible for collecting and remitting all applicable taxes.
12. An auction accounting report will be provided within 30 days from the date of the auction sale.



PLATINUM
Asset Services

13. Both parties agree that fax/e-mail copies of this agreement shall serve as originals.

PLATINUM ASSET SERVICES INC.

Adam Moskowitz
President

Agreed to and accepted of this _____ day of April, 2019

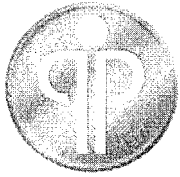
I have the authority to bind the corporation.

Signature: _____

Name: _____

Title: _____

Deloitte Restructuring Inc.
Solely in its capacity as Court-Appointed
Receiver of Royal Canadian Bedrock Inc. and
not in its personal capacity

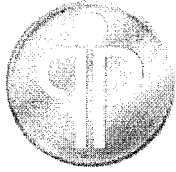


PLATINUM
Asset Services



Schedule A

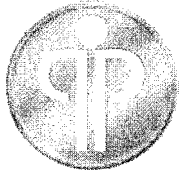




SCHEDULE A

LOC LEGEND: W = WIARTON, A = AUGUSTA, M = MAR

I#	SECURED PARTY	QTY	LOC	DESCRIPTION	MODEL	S/N	F.L.V. LOW	F.L.V. HIGH
1	HSBC	1	W	DAZZINI STONE CHAINSAW, 4 METRE MAXIMUM CUT LENGTH, 42MM CUTTING WIDTH, 651 HOURS, 2017	QS4000D	2250417		
2	HSBC	1	W	DAZZINI STONE CHAINSAW, 4 METRE MAXIMUM CUT LENGTH, 857 HOURS, 2017	QS4000D	2260417		
3	HSBC	1	W	FRAVIZEL , FOUR HAMMER, TRACKED DRILLING MACHINE, 2017	MPL4	7597		
4	HSBC	1	A	BFC MACCHINE DIAMOND WIRE SAW MACHINE, 2016 (NOT INSPECTED) (MACHINE APPEARS TO MISSING PARTS. THE RAILS THAT THE MACHINE TRAVELS ON APPEAR TO BE MISSING)	MINI 50 HV	N/A		
5	HSBC	1	W	PARK INDUSTRIES BRIDGE SAW, 44" BLADE, 16" CUTTING DEPTH, 42 HP, 2016	JAGUAR PRO	211861		
6	HSBC	1	W	AGA , 200 TON, AUTOMATIC STONE SPLITTER, 2016 (NOT INSPECTED)	P200	SP463C		
7	HSBC	1	W	CATERPILLAR , INTEGRATED TOOL CARRIER, 5,000 HOURS (ESTIMATE), 2012 (NOT INSPECTED)	IT14G	KZN01093		
8	HSBC	1	A	DAZZINI STONE CHAINSAW, 4 METRE MAXIMUM CUT LENGTH, 2015, (NOT INSPECTED)	QS4000D	2040415		
9	HSBC	1	W	MEC , 24 TON, AUTOMATIC STONE SPLITTER WITH CONVEYOR, 2015	IMPIANTO- KUBO 200X100	01/MDLKUBO1020		
10	HSBC	1	W	MEC , 42 TON, AUTOMATIC STONE SPLITTER WITH CONVEYOR, 2015	IMPIANTO - KUBO 400X200	01-03D10610		
11	HSBC	1	W	MULTIQUIP , WHISPERWATT, ULTRA SILENT 150, DIESEL GENERATOR, 2015, 7,500 HOURS (ESTIMATE)	DCA-150USJ3CAN	9990017		
12	HSBC	1	M	PARK INDUSTRIES STONE CUTTER, 12' TABLE, 2015 (CONTROL PANEL IS NOT INSTALLED ON THE MACHINE. PLATINUM IS IN POSSESSION OF THE CONTROL PANEL BUT IT HAS NOT YET BEEN TESTED ON THE MACHINE)	YUKON II	211859		
13	HSBC	1	M	MEC , C550, 160 TON, STONE SPLITTER, 2014 (MISSING HYDRAULIC TANK) WITH MEC, TRS 4000MM X 800 MM, STEEL SLAT CONVEYOR, 2014	IMPIANTO - TRITTICO	O3D10723		
14	HSBC	1	M	ZAMBON BRIDGE POLISHING MACHINE, 1991	PIONIER	T46		



PLATINUM
Asset Services

SCHEDULE A

LOC LEGEND: W = WIARTON, A = AUGUSTA, M = MAR

I#	SECURED PARTY	QTY	LOC	DESCRIPTION	MODEL	S/N	F.L.V. LOW	F.L.V. HIGH
15	HSBC	1	M	TOYOTA , 3,800 LBS, 3 STAGE, LPG FORKLIFT, PNEUMATIC TIRES, SIDE SHIFT, 189" MAXIMUM LIFT, 6,955 HOURS, 2003	7FGU25	71289		
16	HSBC	1	M	PARK INDUSTRIES STONE CUTTER , 2002 (CONTROL PANEL IS NOT INSTALLED ON THE MACHINE. PLATINUM IS IN POSESSION OF THE CONTROL PANEL BUT IT HAS NOT YET BEEN TESTED ON THE MACHINE)	YUKON	3-02-986		
17	HSBC	1	M	BARSANTI BLOCK CUTTER WITH CONVEYOR, 2002	TESTA FRESA FB4	2205301		
18	HSBC	1	M	HUSKY AIR COMPRESSOR	VT631502AJ	L6-17-2004-01694		
19	HSBC	1	M	REXON , 16 1/2", 12 SPEED, DRILL PRESS, 1995	RDM-170F	37914		
20	HSBC	1	M	EMACO , 1 HP, HYDRAULIC POWER UNIT (NOT INSPECTED)	N/A	305042		
21	HSBC	1	M	CANADIAN , 10,000 LBS, 60" X 60", ELECTRONIC FLOOR SCALE WITH WESTERN, SCALE INDICATOR (INDICATOR WAS NOT FOUND)	VLP 1055	N/A		
22	HSBC	1	M	PARK INDUSTRIES TRAVELLING BRIDGE DIAMOND SAW, 100" BLADE, 42" CUTTING DEPTH, 50 HP, 2010	PYTHON II	138368		

*"Personalized Service...
Financial Strength"*



Phone: **416.366.2326** • Fax: 416.366.2325

www.platinumassets.com

Appendix “L”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

ROYAL CANADIAN BEDROCK INC.

Respondent

**AFFIDAVIT OF HARTLEY M. BRICKS
(Sworn April 17, 2019)**

I, Hartley M. Bricks of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**


1. I am a Senior Vice-President of Deloitte Restructuring Inc., the court appointed receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Royal Canadian Bedrock Inc. (“**RCBI**”), save and except for certain equipment in respect of which there is a prior-ranking security interest pursuant to paragraph 2 of the Appointment Order. As such, I have personal knowledge of the matters to which I hereinafter refer.
2. Attached hereto as **Exhibit “A”** is a summary of the accounts issued by the Receiver of RCBI for services rendered during the period December 3, 2018 to February 27, 2019 (the “**Period**”).

3. Attached hereto as **Exhibit "B"** are true copies of the accounts of the Receiver with respect to RCBI for the Period, including a detailed description of the activities, number of hours worked, applicable hourly rates, and totals. The Receiver's average hourly rate charged over the Period is approximately \$428. I confirm that these accounts accurately reflect the services provided by the Receiver in this proceeding for the Period.

4. Based on my review of the accounts referred to herein and my personal knowledge of this matter, the accounts referred to herein represent a fair and accurate description of the services provided and the amounts charged by the Receiver.

5. I swear this affidavit in support of the Receiver's Motion for, among other things, approval of its fees and disbursements and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, on April 17, 2019



Commissioner for Taking Affidavits

)
)
)
)



HARTLEY M. BRICKS

Exhibit "A"

THIS IS EXHIBIT " A " TO THE AFFIDAVIT
OF HARVEY A. BRICKS SWORN
BEFORE ME THIS 17 DAY OF
APRIL 2015
[Signature]
Commissioner, etc.

Exhibit "A"

Summary of Invoices Issued by the Receiver for
Royal Canadian Bedrock Inc.

<u>Invoice Date</u>	<u>Invoice Period</u>	<u>Amount of Invoice (including HST)</u>
2-Feb-19	December 3, 2018 to January 11, 2019	63,148.75
3-Apr-19	January 12, 2019 to February 27, 2019	45,557.85
		<u>\$ 108,706.60</u>

Exhibit "B"

THIS IS EXHIBIT " 3 " TO THE AFFIDAVIT
OF HAROLD N. BAIRD SWORN
BEFORE ME THIS 19 DAY OF
APRIL, 2015
[Signature]
Commissioner, etc.



Invoice 8000396635

Deloitte Restructuring Inc.

Bay Adelaide Centre
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9

Royal Canadian Bedrock Inc.
c/o Deloitte Restructuring Inc.
Court-Appointed Receiver
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Date: February 02, 2019
Client No.: 1136634
WBS#: HON00116
Engagement Partner: Paul Casey

HST Registration: 122893605RT0001

For professional services rendered

Fees

For services rendered by Deloitte Restructuring Inc. as the proposed-Receiver and Court-Appointed Receiver of Royal Canadian Bedrock Inc. ("RCBI" or the "Company") for the period December 3, 2018 to January 11, 2019.

(Billing summary attached)

HST applicable 55,388.00

Expense

Out-of-pocket expenses

HST applicable 495.85

Sales Tax

HST at 13.00% 7,264.90

Total Amount Due (CAD) 63,148.75

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty(30) days after the invoice date to the date on which the entire account is paid.



Appendix #1

Summary of Fees				
Professional	Position	Hours	Rate	Amount
Casey, Paul	Partner	1.2	\$650.00	\$ 780.00
Bricks, Hartley	Director	30.7	\$550.00	16,885.00
Koroneos, Anna	Senior Manager	3.9	\$470.00	1,833.00
Whittingham, Andrew	Manager	55.3	\$425.00	23,502.50
Chu, Jonathan	Senior	31.7	\$375.00	11,887.50
Brown, Rose	Trust Administrator	4.0	\$125.00	500.00
Total hours and professional fees		126.8		55,388.00
<u>Out of Pocket Expenses</u>				
			Meals	67.76
			Transportation	236.08
			Other	192.01
			Subtotal	55,883.85
			HST @13%	7,264.90
Amount Payable (CAD)				\$ 63,148.75



Date	Name	Description	Hours
12/3/2018	Bricks, Hartley	Review of application materials; review of correspondence regarding insurance and respond.	2.8
12/3/2018	Koroneos, Anna	Searches and summaries LT and PPSA, with A. Whittingham; Bedrock searches and summaries; meeting with A. Whittingham	3.7
12/3/2018	Whittingham, Andrew	Prepare receivership checklist and consider various specific issues including insurance, asset location, books and records and CRA Requirement to Pay; attendance at meeting with J. Chu to discuss checklist; disc. with A. Koroneos re searches.	1.2
12/3/2018	Whittingham, Andrew	Draft letter to Equipment Financiers notifying them about the receivership appointment.	0.4
12/3/2018	Whittingham, Andrew	Discussion with Andrew O'Coin re status and plan for Receivership Order.	0.2
12/4/2018	Bricks, Hartley	Various disc. and corresp. with TGF and HSBC re status of disc. with the Borrower; review and provide comments on info request list; review of security opinion prepared by GSNH; disc. with A. Erlich and J. Samson re status of receivership proceedings.	3.2
12/4/2018	Chu, Jonathan	Attendance on call with TGF re next steps for the proposed-Receiver.	0.5
12/4/2018	Chu, Jonathan	Create task list for A Guido to assist the proposed-Receiver.	0.7
12/4/2018	Chu, Jonathan	Prepare initial info request list.	0.8
12/4/2018	Whittingham, Andrew	Discuss status with H. Bricks; attendance on call with TGF and HSBC to discuss status of discussions with Borrower's counsel.	0.7
12/4/2018	Whittingham, Andrew	Review initial information request prepared by J. Chu and amend as required; send to H. Bricks for comment; deliver information request to TGF and HSBC with accompanying cover email.	0.2
12/4/2018	Whittingham, Andrew	Attendance on call with Fuller Landau, discuss with H Bricks; prepare and send update re same to HSBC.	1.0
12/4/2018	Whittingham, Andrew	Attendance on call with FCA Insurance to discuss coverage during receivership appointment.	0.4
12/4/2018	Whittingham, Andrew	Read, consider and respond to various email correspondence with TGF and HSBC regarding discussions with Borrower's counsel.	0.6
12/5/2018	Bricks, Hartley	Review of various materials in preparation for receivership; various disc. with TGF and HSBC re status of discussions with the Borrower.	1.5
12/5/2018	Whittingham, Andrew	Read and consider TGF's various advice to pursue Forbearance Agreement throughout the day; respond accordingly.	0.4
12/5/2018	Whittingham, Andrew	Read and consider correspondence between TGF and Cassells Brock; discuss same with H. Bricks.	0.2
12/5/2018	Whittingham, Andrew	Review draft Forbearance Agreement and discuss same with H. Bricks.	0.6
12/5/2018	Whittingham, Andrew	Review certificate of currency; discuss with H. Bricks and return email to TGF/HSBC highlighting no HSBC assets are insured.	0.4

Date	Name	Description	Hours
12/6/2018	Bricks, Hartley	Attendance in court for receivership application; review of receivership order; disc. with A. Whittingham re site visit timing and information request.	2.0
12/6/2018	Chu, Jonathan	Review mailing addresses and contact information of A/R Listing.	0.3
12/6/2018	Chu, Jonathan	Draft notice letter to banks re Receivership Order; discussion with A. Whittingham on comments.	0.7
12/6/2018	Chu, Jonathan	Compile supporting documents package for mail redirection for Amos and King Street West addresses; finish draft of website description and forward public documents to R Brown.	1.0
12/6/2018	Chu, Jonathan	Call with CRA re RC59 and authorization for Deloitte; draft letter to CRA; draft template letter for books and records request.	1.0
12/6/2018	Whittingham, Andrew	Attendance at court; read and consider letter from Debtor's counsel; various discussions with HSBC and TGF.	2.0
12/6/2018	Whittingham, Andrew	Review and amend books and records notices, lessor letters, A/R letters and banking letters; discuss same with J. Chu.	1.0
12/6/2018	Whittingham, Andrew	Discussion with Puya Fesharaki of TGF re court issuance of appointment order.	0.2
12/6/2018	Whittingham, Andrew	Call with Matteo Caratozzolo (GM of Debtor) to discuss site visit to main quarry and equipment located at the site; provide HSBC and Deloitte team with update of call; subsequent call to the Debtor's GM to confirm instruction for Monday.	0.5
12/6/2018	Whittingham, Andrew	Call with Platinum Assets to arrange for appraisal of assets and to discuss site access.	0.3
12/7/2018	Bricks, Hartley	Review and revise letter to company director re books and records; conference call with A. Guido, L. Ellis and M. Forte to discuss information requests and access to assets; prepare corresp. to A. Guido with asset list.	2.4
12/7/2018	Brown, Rose	Set up website page and add documents and text; prepare re-direction of mail correspondence and cheque and take to Canada Post.	2.0
12/7/2018	Chu, Jonathan	Attendance on call with Company, H. Bricks, and respective counsel.	1.0
12/7/2018	Chu, Jonathan	Draft equipment listing to send to A. Guido.	1.0
12/7/2018	Chu, Jonathan	Complete drafting of mailing packages to lessors; compile documents and send for mail-out.	1.5
12/7/2018	Chu, Jonathan	Separate application record for mail out; email to R. Brown re website updates.	0.4
12/7/2018	Whittingham, Andrew	Email Platinum Assets with instructions for site visit on Monday Dec 10.	0.1
12/7/2018	Whittingham, Andrew	Finalize and send books and records notice to KPMG; finalize and sign off on letter to CIBC; finalize and sign off on letters to equipment financiers; discuss letters to equipment financiers with J. Chu.	1.2
12/7/2018	Whittingham, Andrew	Various discussions with H. Bricks and P. Casey re status of receivership and location of assets.	0.5
12/10/2018	Bricks, Hartley	Review of draft indemnity and provide comments to M. Forte; various corresp. with Fuller Landau re site access; corresp. with A. Moskowitz re timing for site visit; email to A. Guido re status of info requested	1.3

Date	Name	Description	Hours
12/10/2018	Brown, Rose	Update website page.	0.4
12/10/2018	Chu, Jonathan	Review additional HSBC leases and equipment listing; update format of Receiver's asset listing; comments re same.	0.8
12/10/2018	Chu, Jonathan	Cross-reference Receiver's asset listing to Fuller Landau's asset listing; add RCB assets to Receiver's listing.	0.6
12/10/2018	Whittingham, Andrew	Review of email correspondence from H. Bricks, HSBC and J. Chu; read and consider associated asset listings and lease documents; discuss status of site visit on 12/11 with H. Bricks.	0.5
12/11/2018	Bricks, Hartley	Review and respond to corresp. from A. Guido; corresp. concerning indemnity; disc. with J. Chu re s. 245 Notice; disc. with HSBC re status of receivership.	1.5
12/11/2018	Chu, Jonathan	Review asset / equipment listing from A Guido; update location on Deloitte asset / equipment listing.	0.8
12/12/2018	Bricks, Hartley	Disc. with M. Forte re latest form of indemnity and provide instructions regarding same; update HSBC; review and respond to corresp. from TGF; disc. with L. Ellis re timing; disc. with J. Samson re site visit conflicts; further disc. with A. Guido re site.	1.8
12/12/2018	Brown, Rose	Mail re-direction at the Post office	0.5
12/12/2018	Chu, Jonathan	Draft template of s. 245 Notice; send to A. Whittingham for review.	0.5
12/12/2018	Chu, Jonathan	Insurance matters; complete insolvency insurance form; call with insurance company re definition of asset possession and required documentation.	0.7
12/12/2018	Whittingham, Andrew	Discussions with J. Chu and H. Bricks re status and proposed site visit 12/13.	0.4
12/13/2018	Bricks, Hartley	Prepare update for HSBC; respond to inquiries from TGF.	0.2
12/14/2018	Whittingham, Andrew	Telephone call with Claudine of CRA to discuss outstanding HST returns; discuss the same with H. Bricks.	0.3
12/17/2018	Bricks, Hartley	Disc. with A. Whittingham re preparation for site visit.	0.2
12/17/2018	Whittingham, Andrew	Arrange for site access with Fuller Landau; arrange for liquidator to travel to Wiaraton; email A. Guido to confirm site visit; call with A. Guido to discuss request listing; call with Matteo to confirm arrangements for site visit; review info provided by A. Guido.	1.4
12/18/2018	Bricks, Hartley	Review of email from A. Guido and respond to same; disc. with A. Whittingham re status of site visit.	0.2
12/18/2018	Chu, Jonathan	Attendance onsite at Amsen and Wiaraton quarries to review assets.	10.0
12/18/2018	Whittingham, Andrew	Attendance at both Wiaraton and Amsen quarries to inspect and catalogue assets; discussions with Matteo (RCBI), Adam Moskowitz (Platinum Assets) and Thomas (Fairmont Security) at each site re asset locations and background to RCBI.	10.0
12/19/2018	Bricks, Hartley	Disc. with A. Whittingham re status; review and respond to corresp. from TGF.	0.5
12/19/2018	Casey, Paul	Update with A. Whittingham.	0.1

Date	Name	Description	Hours
12/19/2018	Chu, Jonathan	Draft reporting email to HSBC re quarry visit, condition of quarry and equipment, discussion with Matteo and Fairmont Securities, and next steps.	0.9
12/19/2018	Chu, Jonathan	Reconciliation of A. Guido additional equipment listing to existing Deloitte listing.	0.4
12/19/2018	Whittingham, Andrew	Discuss HSBC update email with H. Bricks and J. Chu; update asset listing per site visit yesterday; review and amend J. Chu update email for HSBC; discuss same with H Bricks; finalize email and asset listing and provide to HSBC.	1.5
12/20/2018	Bricks, Hartley	Meeting with A. Guido to discuss the status of Receiver's information request and location of assets; follow up call with TGF re status of receivership.	4.0
12/20/2018	Chu, Jonathan	Complete Notice and Statement of the Receiver with accompanying appendices; discussion with A Whittingham re creditor listing.	1.2
12/20/2018	Chu, Jonathan	Complete and PDF letters to CIBC.	0.3
12/20/2018	Whittingham, Andrew	Prepare for and attend meeting with A. Guido to discuss the receivership in general including; RCBI's business, plant and equipment, books and records, CRA liabilities, employees, asset locations, and legal proceedings.	3.0
12/20/2018	Whittingham, Andrew	Discussions with H. Bricks following meeting with A. Guido; attendance on call with TGF to provide update on status and meeting with A. Guido.	1.0
12/20/2018	Whittingham, Andrew	Attendance on call with CRA to discuss outstanding lodgments and enforcement actions (including CRA Requirement to Pay).	0.5
12/20/2018	Whittingham, Andrew	Review and update receivership checklist; discuss same with J. Chu; updating letter to CRA and discussing the same with J. Chu.	1.0
12/21/2018	Bricks, Hartley	Conf. call with TGF and HSBC to provide an update on the status of the receivership.	0.8
12/21/2018	Brown, Rose	Website update.	0.2
12/21/2018	Chu, Jonathan	Attendance on call with HSBC and counsel.	0.5
12/21/2018	Chu, Jonathan	Preparation of mailouts, including Notice and Statement of the Receiver and letters to CIBC; instruction to R. Brown re website updates.	2.0
12/21/2018	Chu, Jonathan	Prepare fax to OSB to inform of receivership and Notice and Statement of Receiver; call with OSB; prepare creditor listing with amounts and addresses in Excel for estate records.	1.2
12/21/2018	Chu, Jonathan	Correspondence with lessors re: Notice and Statement of the Receiver.	0.1
12/21/2018	Whittingham, Andrew	Call with Adam Erlich of Fuller Landau to discuss status of quarry visits; follow up call with Adam Erlich and Josh Samson of Fuller Landau to discuss in further detail including insurance and storage issues.	0.8
12/21/2018	Whittingham, Andrew	Prepare for and attend call with HSBC and TGF to provide update on meeting with A. Guido and other Receiver efforts including CRA, books and records and asset identification.	1.1
12/21/2018	Whittingham, Andrew	Review and approve several notices including; s245 notice, letter to CIBC, and letter to CRA.	0.8

Date	Name	Description	Hours
12/21/2018	Whittingham, Andrew	Record notes from meeting with A. Guido yesterday, prepare and send email confirming A. Guido undertakings and discussions from meeting.	0.8
12/27/2018	Whittingham, Andrew	Read and consider email from A. Guido; email to H. Bricks re same; email to TGF and GSNH re court date week of Jan 7 and status.	0.5
12/27/2018	Whittingham, Andrew	Review email correspondence and prepare chronology of information and other Receiver's requests and responses received to date from A. Guido.	1.5
12/28/2018	Whittingham, Andrew	Begin preparations for First Court Report, including setting up document formatting and reviewing emails for exhibit documentation.	1.5
12/31/2018	Bricks, Hartley	Review of corresp. from A. Guido and corresp. with A. Whittingham re same.	0.2
12/31/2018	Brown, Rose	Set up estate on Ascend and input creditors; prepare template affidavit.	0.8
1/2/2019	Bricks, Hartley	Disc. with A. Whittingham re report to court.	0.1
1/2/2019	Chu, Jonathan	Compile supporting documentation for mailing affidavit; send affidavit for signature to A. Koroneos.	0.5
1/2/2019	Whittingham, Andrew	Draft First Court Report of the Receiver: sections related to background, purpose of report and terms of reference.	1.6
1/3/2019	Chu, Jonathan	Update asset listing for the Receiver's Report.	0.2
1/3/2019	Chu, Jonathan	Update Receiver's information request listing to A. Guido; inventory documents received to date.	0.5
1/3/2019	Whittingham, Andrew	Draft First Court Report of the Receiver: sections related to Receiver's information requests to A. Guido and activities undertaken to identify the assets; consult emails as needed throughout.	5.2
1/4/2019	Whittingham, Andrew	Draft First Court Report of the Receiver: sections related to RCBI's identified assets, taxation obligations, remaining outstanding information requests and conclusions.	3.4
1/4/2019	Whittingham, Andrew	Save down emails and convert to PDF format for exhibits to First Court Report.	1.0
1/5/2019	Chu, Jonathan	Documentation of mailings received from mail redirection.	0.3
1/7/2019	Bricks, Hartley	Review and provide comments on First Report to Court.	2.5
1/7/2019	Chu, Jonathan	Update mailing affidavit and send to A Koroneos.	0.4
1/8/2019	Bricks, Hartley	Further revisions to Court Report; conf. call with TGF and GSNH to discuss next steps; revise report and forward to A. Whittingham and J. Chu.	4.0
1/8/2019	Brown, Rose	Estate Administration - scan and save Affidavit of mailing on Q Drive.	0.1
1/8/2019	Chu, Jonathan	Mailing affidavit signature with A. Koroneos.	0.2
1/8/2019	Chu, Jonathan	Read and review Court Report for consistency of definitions.	0.4
1/8/2019	Koroneos, Anna	Review of affidavit of mailing and with Chu to commission.	0.2

Date	Name	Description	Hours
1/8/2019	Whittingham, Andrew	Review H. Bricks comments to First Court Report and consider the same; prepare updates to report as per discussions with H. Bricks and J. Chu; collate and finalize appendices for the report; email report to GSNH for review.	2.2
1/9/2019	Bricks, Hartley	Review of comments on report from counsel; disc. with A. Whittingham re changes to report.	0.2
1/9/2019	Casey, Paul	Review Court Report and comments to team.	1.1
1/9/2019	Whittingham, Andrew	Finalizing Draft First Report and send to QA reviewer, Lead Partner and HSBC Counsel.	0.6
1/10/2019	Bricks, Hartley	Review of comments on report; disc. with M. Forte re relief being sought.	0.8
1/10/2019	Chu, Jonathan	Call with creditor (ITS Logistics); review invoices from ITS; instructions to R. Brown re Creditor Listing.	0.3
1/10/2019	Whittingham, Andrew	Call with Receiver's counsel to discuss First Report and motion for appearance with Hailey J.	0.5
1/10/2019	Whittingham, Andrew	Finalizing First Report to incorporate amendments by QA reviewer, HSBC's counsel, Lead Partner and Receiver's Counsel.	1.4
1/11/2019	Bricks, Hartley	Review of corresp. and prepare email to TGF status.	0.5
1/11/2019	Whittingham, Andrew	Arrange for execution version of First Report; discuss re same with P. Casey; get internal QA form completed and signed.	0.7
Total			126.8



Invoice 8000501706

Deloitte Restructuring Inc.

Bay Adelaide Centre
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9

Royal Canadian Bedrock Inc.
c/o Deloitte Restructuring Inc.
Court-Appointed Receiver
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9
Canada

Tel: (416) 601-6150
Fax: (416) 601-6151
www.deloitte.ca

Date: April 03, 2019
Client No.: 1136634
WBS#: HON00116
Engagement Partner: Paul Casey
HST Registration: 122893605RT0001

For professional services rendered

Fees

By Deloitte Restructuring Inc. as the proposed- Receiver and Court-Appointed Receiver of Royal Canadian Bedrock Inc. ("RCBI" or the "Company") for the period January 12, 2019 to February 27, 2019.

Please see the attached appendices for details.

HST applicable 39,667.50

Expense

Out of pocket expenses

HST applicable 649.18

Sales Tax

HST at 13.00% 5,241.17

Total Amount Due (CAD) 45,557.85

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty(30) days after the invoice date to the date on which the entire account is paid.



Appendix #1

Summary of Fees

Name	Level	Hours	Rate	Amount
Bricks, Hartley	Director	7.6	550.00	4,180.00
Whittingham, Andrew	Manager	55.0	425.00	23,375.00
Chu, Jonathan	Senior	32.2	375.00	12,075.00
Brown, Rose	Trust Administrator	0.3	125.00	37.50
Total Hours and Professional Fees		95.1		39,667.50
Out of Pocket Expenses				
Meals				42.54
Transportation				606.64
Total Out of Pocket Expenses				649.18



Appendix #2

Date	Name	Description	Hours
1/14/2019	Chu, Jonathan	Correspondence with creditor re supporting documentation; review Writs.	0.4
1/14/2019	Whittingham, Andrew	Call with Dan Resaon (TD counsel) to discuss status and location of equipment; review of Middlebro and Stevens letter, forward to GSNH with covering email.	0.6
1/15/2019	Bricks, Hartley	Review of motion record and correspondence from Cassels Brock.	0.2
1/15/2019	Brown, Rose	Update website page.	0.2
1/15/2019	Chu, Jonathan	Correspondence with creditors (MS Law and Landstar Transportation); review invoices from Landstar Transportation; instructions to R. Brown re creditor listing; instructions for website upload to R. Brown re motion records.	0.9
1/16/2019	Bricks, Hartley	Discussion with A. Whittingham re court appearance; review and provide comments on correspondence to A. Guido.	0.5
1/16/2019	Whittingham, Andrew	Prepare for and attend 9:30 am Court appearance in chambers of Justice Hainey; call with G. Weedon to discuss judgement debt against RCBI; email to TGF re the same.	3.0
1/17/2019	Bricks, Hartley	Prepare for and attend a meeting at Cassels Brock office with L. Ellis (and two other CB lawyers) and A. Guido to review information requested and establish time for site visits.	3.0
1/17/2019	Brown, Rose	Prepare claim register and send to A. Whittingham.	0.1
1/17/2019	Chu, Jonathan	Data room management re hard copy documents received from A. Guido.	0.5
1/17/2019	Whittingham, Andrew	Prepare for and attend meeting at Debtor's Counsel offices to discuss outstanding information requests and receive books and records; calls with appraiser to arrange site visit on January 21; email to Fuller Landau requesting access to Amsen; email to A. Guido to confirm arrangements for site visit to Warton on January 21.	4.4
1/18/2019	Bricks, Hartley	Review and provide changes to minutes from meeting with A. Guido and Cassels Brock and disc. same with A. Whittingham; conference call with Fuller Landau to discuss location of assets and access to Mar quarry.	1.3
1/18/2019	Chu, Jonathan	Review inventory hard copy documents received by A. Guido; send list to A. Whittingham; calls and discussion with WSIB, Hydro One, GM Financial, and CIBC Highway 27 and Langstaff branch.	1.7
1/18/2019	Whittingham, Andrew	Prepare for and attend call with Fuller Landau to discuss Amsen quarry; additional calls with Fuller Landau to arrange for access to Amsen; review and mark-up minutes of meeting with Cassels Brock and Anthony Guido; discuss same with H Bricks; update equipment listing and information request listing per meeting on January 17; send updated listings to A Guido.	3.1
1/21/2019	Bricks, Hartley	Review various correspondence from A. Guido; respond to status enquiry from DJ. Miller.	0.2
1/21/2019	Whittingham, Andrew	Travel to Warton and Mar quarries for site visits to identify assets; site attendance and discussions with Anthony Guido and appraiser.	8.0
1/22/2019	Bricks, Hartley	Discussion with A. Whittingham re site visit.	0.2
1/22/2019	Chu, Jonathan	Create inventory of documents received from A. Guido; update A. Guido information request listing.	0.4

Date	Name	Description	Hours
1/22/2019	Whittingham, Andrew	Review minutes of meeting provided by Cassels Brock and respond via email; email summary update to TGF and GSNH; provide updates on status to H. Bricks and J. Chu; update equipment listing and information request listing; send updated listings to A Guido with detailed cover email and instruction.	3.8
1/23/2019	Bricks, Hartley	Conference call with A. Guido and L. Ellis re status of info requests; review and comment on email drafted by M. Forte.	1.4
1/23/2019	Chu, Jonathan	Correspondence with counsel of creditors, including Tara Construction and Pristine Pool Construction; meeting with A. Whittingham re status of equipment.	1.2
1/23/2019	Whittingham, Andrew	Call with counsel to discuss letter to Justice Hainey; discuss same with H. Bricks; prepare comments for counsel to include in letter; review proposed letter and discuss with H. Bricks; subsequent calls and emails with GSNH and TGF to discuss; call with L. Ellis of Cassels Brock to discuss site visit to Augusta; meeting with J. Chu to discuss status of individual assets identified.	4.0
1/24/2019	Chu, Jonathan	Attendance at Augusta quarry to review assets on site.	7.0
1/24/2019	Whittingham, Andrew	Travel to and attendance at Augusta quarry to verify assets on site.	7.0
1/25/2019	Chu, Jonathan	Review of hard copy books and records; coordinate shipping and storage of records with mailroom and records teams; correspondence with M. Forte re leases; download and photos from quarry visit; send to A. Whittingham.	1.2
1/25/2019	Whittingham, Andrew	Review hard-copy books and records received from A. Guido and Cassels Brock; emails to A O'Coin at HSBC, prepare for and attendance on update call with HSBC; discuss GSNH letter to Commercial List on January 24 with L. Ellis; update asset listings following Augusta site visit; prepare listing with additional details for appraisal purposes; email instructions to Platimun Assets re appraisals.	7.5
1/28/2019	Bricks, Hartley	Discussion with A Whittingham re status.	0.1
1/28/2019	Chu, Jonathan	Correspondence with Tara Construction; send documents to Counsel.	0.3
1/28/2019	Whittingham, Andrew	Prepare list of action items and discuss with J. Chu; email to HSBC requesting further info related to refinancing of Python II saw; email to TGF re Tara Construction claim; discussion with H. Bricks re status.	1.2
1/29/2019	Bricks, Hartley	Discussion with A. Whittingham re conference call with A. Guido and Cassels.	0.1
1/29/2019	Chu, Jonathan	Calls and correspondence with KPMG; Ford; FCA Insurance; and Chevrolet; attendance on call with counsel re lease agreements and service list update; meeting with A. Whittingham.	1.8
1/29/2019	Whittingham, Andrew	Update internal equipment listings; prepare for and attend call with Cassels Brock and A Guido to discuss status of outstanding requests and next steps; follow-up email to A. Guido; meeting with J. Chu to discuss leases and next steps.	2.0
1/30/2019	Chu, Jonathan	Catalogue documents received in banker boxes; arrange off-site storage re same.	1.0
1/31/2019	Chu, Jonathan	Call with Bennington re payout of leases; compile pictures for assets of Add Capital Corp.	0.3
1/31/2019	Whittingham, Andrew	Call with legal counsel to discuss leases; call with L. Ellis to discuss storage agreement, email to Mario Forte regarding the same; call with Mike F. from Add Capital Corp to discuss lease and equipment; follow-up email regarding the same.	1.7
2/3/2019	Chu, Jonathan	Create asset listing by location; update notes on asset listing.	0.5

Date	Name	Description	Hours
2/4/2019	Chu, Jonathan	Finalize equipment listing for Mario; review corporate search reports for quarry property owners.	0.8
2/5/2019	Chu, Jonathan	Update internal equipment listing; meeting with A. Whittingham re status of equipment and review of equipment listing.	0.7
2/5/2019	Whittingham, Andrew	Call with Fuller Landau to discuss outstanding matters; draft and send follow-up email detailing outstanding matters; review status of Add Capital Corp security opinion; email Anthony regarding Receiver's release of equipment; email Add Capital Corp to advise of release of equipment; meeting with J. Chu to discuss status of equipment and to do listing.	2.0
2/6/2019	Chu, Jonathan	Calls and correspondence with Chevrolet and Ford; correspondence with Fravizel; instructions to R. Brown re same; review storage agreement drafted by M. Forte.	1.3
2/6/2019	Whittingham, Andrew	Call with Ministry of Labour re employee T. Smith.	0.2
2/7/2019	Chu, Jonathan	Review documents for additional information on Saws, including Maynard's appraisal list; amsen list; kooy list; kooy brothers pay-out statement; Fuller Landau listing; attendance on call with M. Forte and A. Whittingham.	1.4
2/7/2019	Whittingham, Andrew	Call with M. Forte and J. Chu to discuss status.	0.5
2/8/2019	Chu, Jonathan	Finalize and compile appendices for Receiver's storage agreement with quarry owners; send to M. Forte for final review and distribution; correspondence with Platinum assets re duplicated assets; review duplicated asset listing; review hard-copy documents for identified saws; identify next steps in dealing with the assets; send summary to A. Whittingham for meeting with A. Guido.	2.7
2/8/2019	Whittingham, Andrew	Prepare for and attend call with A. Guido and Cassels Brock to discuss status of information requests.	1.2
2/11/2019	Bricks, Hartley	Discussion with A. Whittingham re status; review and provide comments on Storage Agreement.	0.4
2/11/2019	Chu, Jonathan	Review additional detail on item duplication from Platinum Assets; update Deloitte internal equipment listing re same; correspondence to Platinum re Chevrolet Silverado; review storage agreement per GSNH's edits; updates re same; review payroll records for CRA request.	1.7
2/11/2019	Whittingham, Andrew	Collate information requested by A. Guido and deliver with covering email; Read and consider draft storage agreement; amend agreement with markups, discuss with J. Chu and H. Bricks.	1.2
2/12/2019	Bricks, Hartley	Discussion with A. O'Coin re status of receivership; disc. with J. Chu re document.	0.2
2/12/2019	Chu, Jonathan	Finalize storage agreement; discussion with H. Bricks re appendices; draft email and send to M. Forte for distribution; Draft covering letter document to Service Canada re: employee payroll records; mail documents.	0.9
2/13/2019	Chu, Jonathan	Call with CRA; confirm GST/HST owings.	0.3
2/15/2019	Chu, Jonathan	Discussion with A. Whittingham to discuss status.	0.5
2/15/2019	Whittingham, Andrew	Meeting with J. Chu to discuss status and tasks at hand.	0.5
2/19/2019	Whittingham, Andrew	Review file of GM lease and email A. Guido re assignment.	0.2
2/20/2019	Whittingham, Andrew	Review and consider RCBI appraisal; discuss same with J. Chu and H. Bricks.	1.0
2/21/2019	Chu, Jonathan	Complete insurance form for Chevy Truck; send to A. Whittingham for review.	0.5

Date	Name	Description	Hours
2/21/2019	Chu, Jonathan	Calls with Platinum Assets re duplicate saws, with FCA insurance re Chevy insurance, with CIBC re frozen account, and with Ontario Provincial Court re amounts owing; Correspondence to KPMG re records, to counsel re sec opinion, and CIBC re frozen account; meeting with A. Whittingham re upcoming tasks.	1.7
2/21/2019	Whittingham, Andrew	Discuss CRA priority issues and deemed trust with P. Fesharaki at TGF; print, review, sign and send insurance forms to FC&A; call with A. Moskowitz to discuss appraisal and next steps; various follow-up emails with Platinum Assets; meeting with J. Chu to discuss status and next steps.	1.5
2/26/2019	Chu, Jonathan	Phone call and correspondence with CIBC re frozen account; correspondence to Platinum re Yukon II saw.	0.3
2/27/2019	Chu, Jonathan	Receiver's equipment listing; update for descriptions from appraisal report; duplicate and consolidated items; Receiver's comments; update meeting with A. Whittingham; calls and correspondence with FCA insurance and Platinum assets.	2.2
2/27/2019	Whittingham, Andrew	Meeting with J. Chu to discuss status.	0.4
Total			95.1

Appendix “M”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

HSBC BANK CANADA

Applicant

- and -

ROYAL CANADIAN BEDROCK INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

**AFFIDAVIT OF MARIO FORTE
(sworn April 17, 2019)**

I, Mario Forte, of the City of Toronto, hereby MAKE OATH AND SAY:

1. I am a barrister and solicitor qualified to practice in the Province of Ontario and am counsel to the law firm of Goldman Sloan Nash & Haber LLP (“**GSNH**”) and therefore have knowledge of the matters in this affidavit. Where this affidavit is based on information and belief, I have stated the source of that information and believe it to be true.
2. GSNH are lawyers of record for Deloitte Restructuring Inc., in its capacity as Court-appointed receiver (the “**Receiver**”), without security, of all the assets, undertakings and properties used in connection (collectively, the “**Property**”) of Royal Canadian Bedrock Inc. (the “**Debtor**”).
3. Attached as **Exhibit “A”** to this affidavit are copies of the invoices rendered by GSNH to the Receiver for fees and disbursements incurred by GSNH in this proceeding for the period from November 27, 2018 to April 16, 2019.
4. Attached as **Exhibit “B”** to this Affidavit is a schedule summarizing each entry in Exhibit “A”, the total billable hours charged and the total fees charged.

5. The accounts attached at Exhibit "A" are comprised of hours docketed by the following timekeepers at GSNH with the corresponding hourly rates:

Mario Forte	\$585.00
Katie Parent	\$250.00

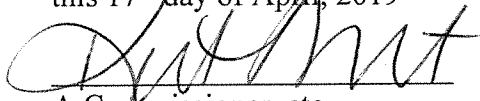
6. The average hourly rate charged for the invoice set out in Exhibit "A" is \$417.50.

7. To the best of my knowledge the rates charged by GSNH throughout the course of this proceeding are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services.

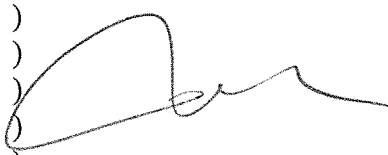
8. The hourly billing rates outlined above are comparable to the hourly rates charged by GSNH for services rendered in relation to similar proceedings.

9. I make this affidavit in support of a motion by the Receiver for, among other things, approval of the fees and disbursements of GSNH as counsel to the Receiver for the period from November 27, 2018 to April 16, 2019.

SWORN before me at the City of Toronto,
in the Province of Ontario
this 17th day of April, 2019


A Commissioner, etc.

Katie Marie Parent,
a Commissioner, etc., Province of Ontario
for Guernsey Sloan Nash & Hebert LLP,
Directors and Solicitors.
Expires June 6, 2019.

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MARIO FORTE
)
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Exhibit "A"



This is Exhibit A referred to in the
 affidavit of Mario Forte
 sworn before me at Toronto
 this 17 day of April 2019
[Signature]
 A Commissioner for taking Affidavits in Ontario

Katie Marie Parent,
 a Commissioner, etc., Province of Ontario,
 for Goldman Sloan Nash & Haber LLP
 Barristers and Solicitors.
 Expires June 6, 2021.

Suite 1600
 480 University Avenue
 Toronto, Ontario
 M5G1V2
 Telephone: (416) 597-9922
 Facsimile: (416) 597-3370

Deloitte Restructuring Inc.
 Bay Adelaide Centre
 22 Adelaide St. West, Suite 200
 Toronto, ON M5H 0A9
 Canada

Billing Lawyer Mario Forte
 Invoice No. 171946
 HST # 12233 6290 RT0001
 Invoice Date January 11, 2019

Attention: Hartley Bricks
 Client ID: 010004 Matter ID: 0008
 RE: Royal Canadian Bedrock Inc.

FOR PROFESSIONAL SERVICES RENDERED for the period November 27, 2018 to December 27, 2018

Date	Professional	Narrative	Hours	Rate	Amount
11/27/18	KP	Preparing copies of application record; briefly reviewing security documents received;	0.60	250.00	150.00
11/27/18	MJF	Discussions concerning receivership application; discussions with Fuller concerning AG issues etc.;	0.60	585.00	351.00
11/28/18	KP	Reviewing security documents; preparing draft of security opinion;	2.20	250.00	550.00
11/28/18	MJF	Discussions and advice re: opinion matters and applications issues;	0.40	585.00	234.00
11/29/18	KP	Continued review of loan and security documents; drafting and revising draft security opinion including schedule of PPSA registrations; discussion with M. Forte regarding lease agreement; preparing memo summarizing same;	8.50	250.00	2,125.00
12/02/18	MJF	Review of Security opinions and revisions thereto	0.30	585.00	175.50
		;			
12/03/18	MJF	Discussions re: aspects of security opinion; discussions with counsel re: receivership issues;	0.30	585.00	175.50



ACCOUNTS ARE DUE WHEN RENDERED
 Pursuant to the Solicitor's Act interest at a rate of 3.00% per annum will be charged on amounts due, calculated commencing one month after the date of delivery of this account. Any disbursements recorded after preparation of this account will be billed at a later date.

Date	Professional	Narrative	Hours	Rate	Amount
12/04/18	KP	Finalizing security opinion and circulating to H. Bricks and A. Whittingham;	0.20	250.00	50.00
12/04/18	MJF	Discussions re: logistic matters and applications issues;	0.10	585.00	58.50
12/05/18	MJF	Discussions with counsel re: aspects of receivership order etc.;	0.20	585.00	117.00
12/06/18	MJF	Discussions re: receivership matters;	0.20	585.00	117.00
12/06/18	MJF	Discussions and update re: receivership hearing and related matters;	0.40	585.00	234.00
12/07/18	MJF	Discussions among receiver and AG counsel, advising on various aspects of access etc.;	2.30	585.00	1,345.50
12/08/18	MJF	Discussions with counsel to deal with logistics of access etc.;	0.70	585.00	409.50
12/10/18	MJF	Dealing with counsel on access indemnity etc., addressing and discussing receivership process with counsel; addressing TD security issues;	3.10	585.00	1,813.50
12/11/18	MJF	Dealing with settlement of indemnity access etc.;	1.40	585.00	819.00
12/12/18	MJF	Dealing with settlement of indemnity and other access issues;	1.30	585.00	760.50
12/13/18	MJF	Discussions re: access; discussions concerning indemnity matters etc.;	0.80	585.00	468.00
12/18/18	KP	Reviewing leasing agreement; preparing security opinion regarding same; discussion with M. Forte regarding master leasing agreement; revising security opinion and forwarding same to M. Forte;	2.10	250.00	525.00
12/18/18	MJF	Discussions re: receivership previous matters; dealing with TD counsel re: security document and inter request;	0.30	585.00	175.50
12/19/18	MJF	Discussions with TD counsel re: security review etc.; discussions re: process for dealing with deficient response to enquiries;	0.40	585.00	234.00
12/21/18	KP	Reviewing master lease agreement; revising draft opinion; reporting to M. Forte;	0.50	250.00	125.00
12/27/18	MJF	Revise and finalize TD opinion and related matters; dealing with receivership process and compliance matters.	1.10	585.00	643.50
Sub-Total Fees:					11,656.50
HST on Fees:					1,515.35

SUMMARY OF PROFESSIONAL SERVICES

PROFESSIONAL	HOURS	HOURLY RATE	AMOUNT
Katie Parent	14.10	250.00	3,525.00
Mario Forte	13.90	585.00	8,131.50
	<u>28.00</u>		<u>11,656.50</u>

DISBURSEMENTS

Laser Copies 273.00


Sub-Total Disbursements: 273.00
Disbursements marked with * indicate exempt

HST on Disbursements: 35.49

TOTAL LEGAL FEES AND DISBURSEMENTS (includes \$1,550.84 HST): \$ 13,480.34

THIS IS OUR ACCOUNT HEREIN

GOLDMAN SLOAN NASH & HABER LLP


Per: Mario Forte

E. & O. E.



For Trust Only

Please include \$15.00 extra for wiring fees.

For payment by wire, please send funds to:

Canadian Imperial Bank of Commerce

Address: 460 University Avenue @ Dundas, Toronto, Ontario, M5G 1V1
Transit No.: 04702
Bank No.: 010
Swift Code: CIBCCATT
Account Name: Goldman Sloan Nash & Haber LLP - Trust Account
Account No.: 66-40117
Reference: Mario Forte – Deloitte Restructuring/Royal Canadian Bedrock Inc.
File No: 010004.0008



Suite 1600
480 University Avenue
Toronto, Ontario
M5G1V2

Telephone: (416) 597-9922
Facsimile: (416) 597-3370

Deloitte Restructuring Inc.
Bay Adelaide Centre
22 Adelaide St. West, Suite 200
Toronto, ON M5H 0A9
Canada

Billing Lawyer Mario Forte
Invoice No. 173788
HST # 12233 6290 RT0001
Invoice Date April 17, 2019

Attention: Paul Casey

Client ID: 010004 Matter ID: 0008

RE: Royal Canadian Bedrock Inc.

FOR PROFESSIONAL SERVICES RENDERED for the period January 8, 2019 to April 16, 2019

Date	Professional	Narrative	Hours	Rate	Amount
01/08/19	MJF	Discussions re: file update etc.;	0.30	585.00	175.50
01/08/19	KP	Revising and finalizing security opinion; forwarding same to H. Bricks and A. Whittingham;	0.40	250.00	100.00
01/09/19	MJF	Review 1st Report and comment thereon; discussions re: process to comply in order etc.;	0.90	585.00	526.50
01/10/19	MJF	Dealing with and addressing various process issues and advice thereon;	0.50	585.00	292.50
01/11/19	MJF	Addressing cooperation and other matters re: compliance;	0.30	585.00	175.50
01/14/19	MJF	Continuing to address compliance issues and discussions with counsel therein;	0.40	585.00	234.00
01/15/19	KP	Preparing request form for 9:30 a.m. attendance on January 16; circulating to L. Ellis and other counsel; submitting same to Court; review of First Report; drafting and revising Notice of Motion seeking advice and direction; discussion with M. Forte; finalizing motion record, including First Report; serving same on service list; preparing and swearing affidavit of	4.00	250.00	1,000.00



ACCOUNTS ARE DUE WHEN RENDERED

Pursuant to the Solicitor's Act interest at a rate of 3.00% per annum will be charged on amounts due, calculated commencing one month after the date of delivery of this account. Any disbursements recorded after preparation of this account will be billed at a later date.

Date	Professional	Narrative	Hours	Rate	Amount
		service; attendance at Court to file motion record; reporting to M. Forte;			
01/15/19	MJF	Discussions with counsel concerning compliance and motion thereon;	0.50	585.00	292.50
01/16/19	KP	Circulating endorsement to service list;	0.10	250.00	25.00
01/16/19	MJF	Attendance to address compliance matters and follow up;	1.20	585.00	702.00
01/17/19	MJF	Discussions to address follow-up issues;	0.20	585.00	117.00
01/22/19	MJF	Review compliance progress;	0.10	585.00	58.50
01/24/19	KP	Preparing letter to Justice Hainey; circulating same to parties; delivering same to Commercial List Court;	0.70	250.00	175.00
01/24/19	MJF	Revise letter to Hainey J re: compliance etc. reporting;	0.30	585.00	175.50
01/28/19	MJF	Review of the issues and related documentation;	0.20	585.00	117.00
01/29/19	MJF	Discussions and update and advice on process matters; commence process of security review issues;	0.80	585.00	468.00
01/31/19	KP	Reviewing PPSA summary for Add Capital registration; forwarding same, along with lease agreement to M. Forte; correspondence with M. Forte regarding same;	0.20	250.00	50.00
01/31/19	MJF	Review and advise on PPSA diligence issues;	0.10	585.00	58.50
02/04/19	MJF	Commence review of various PPSA lease/security documents;	0.80	585.00	468.00
02/06/19	MJF	Prepare draft storage agreement re: addressing access issues and discussions thereon;	1.00	585.00	585.00
02/07/19	MJF	Discussions with engagement lessor concerning completeness of documentation and related issues of disclosure;	0.20	585.00	117.00
02/12/19	MJF	Revise storage agreement etc. and provide to counsel;	0.20	585.00	117.00
02/13/19	MJF	Commence preparation of opinions on security etc.;	0.80	585.00	468.00
02/20/19	MJF	Following up on storage issues;	0.10	585.00	58.50
02/24/19	MJF	Complete analysis of security/lease issues and revise and prepare drafts of opinions to address each specific circumstance;	6.90	585.00	4,036.50
02/25/19	MJF	Discussions regarding outstanding opinion matters;	0.20	585.00	117.00
03/04/19	MJF	Contacting lessors re: further information to advance	0.10	585.00	58.50

Date	Professional	Narrative	Hours	Rate	Amount
		opinion;			
03/04/19	MJF	Discussions regarding storage arrangements;	0.10	585.00	58.50
03/25/19	MJF	Addressing opinion issues and attempting to obtain further information from lessors, reviewing lessor info;	0.70	585.00	409.50
04/04/19	MJF	Advising counsel of process to clarify terms of priority dispute between board and lessor;	0.40	585.00	234.00
04/09/19	MJF	Advising and recommending process for expediting priority matters; review draft storage agreement;	0.40	585.00	234.00
04/10/19	MJF	Advising on response to storage arrangements;	0.20	585.00	117.00
04/12/19	MJF	Revising storage arrangements and adjusting for sale/auction process;	0.30	585.00	175.50
04/16/19	MJF	Revise form of order (approval etc).	0.20	585.00	117.00
Sub-Total Fees:					12,114.00
HST on Fees:					1,574.82

SUMMARY OF PROFESSIONAL SERVICES

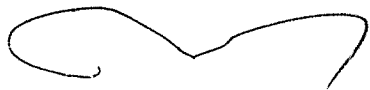
PROFESSIONAL	HOURS	HOURLY RATE	AMOUNT
Katie Parent	5.40	250.00	1,350.00
Mario Forte	18.40	585.00	10,764.00
	<u>23.80</u>		<u>12,114.00</u>

DISBURSEMENTS

	Laser Copies	134.25
01/15/2019	Minister of Finance - Filing Motion Record *	160.00
04/16/2019	Minister of Finance - Filing Fee *	320.00
Sub-Total Disbursements:		614.25
Disbursements marked with * indicate exempt		
HST on Disbursements:		17.45
TOTAL LEGAL FEES AND DISBURSEMENTS (includes \$1,592.27 HST):		\$ 14,320.52

THIS IS OUR ACCOUNT HEREIN

GOLDMAN SLOAN NASH & HABER LLP

A handwritten signature in black ink, appearing to be 'Mario Forte', written in a cursive style.

Per: Mario Forte

E. & O. E.



Suite 1600
480 University Avenue
Toronto, Ontario
M5G1V2

Telephone: (416) 597-9922
Facsimile: (416) 597-3370

Remittance Advice

Deloitte Restructuring Inc.
Bay Adelaide Centre
22 Adelaide St. West, Suite 200
Toronto, ON M5H 0A9
Canada

Attention: Paul Casey

Invoice No. 173788
Invoice Date: April 17, 2019

Client ID: 010004
Matter ID: 0008
Billing Attorney: MJF

Current Billing:	14,320.52
Previous Balance:	13,480.34
Total Amount:	27,800.86
Amount Remitted:	\$ _____

Exhibit "B"

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

HSBC BANK CANADA

Applicant

- and -

ROYAL CANADIAN BEDROCK INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

**Billing Summary of Goldman Sloan Nash & Haber LLP
(From November 27, 2018 to April 16, 2019)**

Invoice No.	Date	Period Ending	Hours	Fees	Disbursements	HST	Total
171946	January 11, 2019	December 27, 2018	28.00	11,656.50	273.00	1,550.84	13,480.34
173788	April 17, 2019	April 16, 2019	23.80	12,114.00	614.25	1,592.27	14,320.52
TOTAL			51.8	\$23,770.50	\$887.25	\$3,143.11	\$27,800.86

Timekeeper	Title	Hours	Amount
Mario Forte	Counsel	32.30	18,895.50
Katie Parent	Law Clerk	19.50	4,875.00
TOTAL		51.80	23,770.50

This is Exhibit "B" referred to in the affidavit of Mario Forte sworn before me at Toronto this 17 day of April 2019.
[Signature]
A Commissioner for taking Affidavits for Ontario

Katie Marie Parent,
a Commissioner, etc., Province of Ontario,
for Goldman Sloan Nash & Haber LLP,
Barristers and Solicitors.
Expires June 6, 2021.

Blended Hourly Rate (\$/hour) \$417.50

HSBC BANK CANADA and
Applicant

ROYAL CANADIAN BEDROCK INC.
Respondent

Court File No.: CV-18-609417-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

AFFIDAVIT OF MARIO FORTE
sworn April 17, 2019

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto, Ontario M5G 1V2
Fax: 416-597-6477

Mario Forte (LSUC#: 27293F)
Tel: 416.597.6477
Email: forte@gsnh.com

Lawyers for the Receiver, Deloitte Restructuring Inc.

Confidential Appendix “N”