

**Clerk's Stamp**

Court File Number 24-2101043

Court COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY & INSOLVENCY

Judicial Centre EDMONTON

IN THE MATTER OF PARAGRAPH 65.13(4)(c) OF THE  
BANKRUPTCY AND INSOLVENCY ACT

AND IN THE MATTER OF THE PROPOSAL OF  
GRAHAM BROTHERS CONSTRUCTION GROUP LTD.

Document TRUSTEE'S REPORT TO COURT

Address for Service  
And Contact Information  
of Party Filing this Document

**Deloitte Restructuring Inc.**  
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## PROPOSAL TRUSTEE'S SECOND REPORT

### INTRODUCTION

1. On March 18, 2016 (the "**NOI Filing Date**"), Graham Brothers Construction Group Ltd. ("**GBCG**" or the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to Part III, Division I, section 50.4 of the *Bankruptcy and Insolvency Act* ("**BIA**").
2. Deloitte Restructuring Inc. ("**Deloitte**") is named as the trustee under the proposal in the NOI (the "**Proposal Trustee**").
3. This is an update to the Proposal Trustee's First Report dated March 29, 2016.
4. On April 1, 2016 the Court of Queen's Bench of Alberta granted an Order extending the Stay of Proceedings for GBCG to file a Proposal under the Bankruptcy and Insolvency Act until May 16, 2016.
5. Court approval is being sought to permit the Company to enter into a short term lease for a significant portion of its equipment wherein the primary secured creditor is the Royal Bank of Canada. In addition the Company is making an application under subsection 65.13(1) for an Order allowing the Company to sell or otherwise dispose of assets outside of the ordinary course of business.
6. Post March 18, 2016 the Company has been actively liquidating many of its assets for the benefit of the general body of creditors, wherein the Proposal Trustee continues to monitor these actions. To date the Proposal Trustee has no concerns regarding the actions of the Company.
7. Attached as Appendix 1 is a draft rental agreement between the Company and Mortenson Canada Corporation wherein rental proceeds are to be paid to Deloitte Restructuring Inc. – In Trust. The Proposal Trustee is supportive of the rental of this equipment as it will generate cash flow for the Company while the Company explores alternative manners in which to eventually dispose of this equipment.
8. On April 1, 2016 the Company was granted a Court Order to sell selected pieces of equipment prior to filing its Proposal to its creditors. Since that date the Company has sold additional equipment, or has contracted to sell additional equipment as follows wherein proceeds net of specific creditor claims have been and will be paid to the Proposal Trustee in trust:

unit no.	make	model	year	serial no.	est. proceeds
BH-146	Caterpillar	305E Mini Excavator	2014	CAT0305EEXFA02931	56,200
HT-131	Mack	GU713 Tilt Deck	2012	1M2AX07C8CM011854	103,000
HT-132	Kenworth	T800 Tractor With Sleeper Wet Kit Installed	2012	1XKDD40XCJ951010	102,000
HT-136	Kenworth	T800 Tractor Day Cab Wet Kit Installed	2011	1NKDLB0X7BJ946464	91,000
SS-104	Caterpillar	299DXHP CAT Tracked Skid Steer	2014	CAT0299DHJST00396	65,000
BH-142	Hyundai	220LC-9A Excavator	2014	HZ610JD0000044	123,250
CT-149	Caterpillar	D8T Dozer with winch	2007	CAT00D8TVKPB01647	110,500
LT-328	Ford	F-250	2015	1FT7W2B64FEA55041	28,500
LT-330	Ford	F-250	2015	1FT7W2B67FEA55034	28,500
LT-331	Ford	F-250	2015	1FT7W2B61FEA54803	29,000
LT-336	Ford	F-150	2014	1FTFW1ET6EKF65236	25,000
LT-337	Ford	F-150	2014	1FTFW1EF2EKF58360	26,000
LT-338	Ford	F-150	2014	1FTFW1EF0EFC45784	26,000
				<b>TOTAL</b>	<b>\$813,950</b>

Given that the Company normally would sell this quantum of equipment throughout normal business operations, it is questionable as to whether Court approval is required for these sales pursuant to the BIA. Regardless, the Proposal Trustee is of the view that Court approval would be desirable regarding these sales. As the eventual plan of the Company is to liquidate all assets for the benefit of the creditors, the Proposal Trustee recommends that Court approval now be obtained permitting the Company to also sell other assets of up to \$500,000 total without specific Court approval, providing the Proposal Trustee approves these sales in advance and providing the net sale proceeds are remitted to the Proposal Trustee trust account.

9. The Company continues to incur staff salaries, building rental costs, costs for moving equipment to sale sites, costs in securing its assets, professional fees and other such costs. Although the Company does have some funds on hand that are being monitored by the Proposal Trustee, it is anticipated that the Company will require additional operating funds prior to the First Meeting of Creditors. Rather than seek

Interim Financing, the Company's preference is that some of the trust funds retained by the Proposal Trustee from the sale and rental of equipment be provided to the Company. The Trustee is supportive of this request conditional upon approval of the Trustee and the Royal Bank of Canada. Attached hereto and marked as Appendix 2 for information purposes, is the Company's cash flow projection up to June 10, 2016 wherein it is anticipated that the Company may require \$750,000 of funds from the Proposal Trustee's operating account prior to the First Meeting of Creditors.

10. The Proposal Trustee believes that the Company has acted, and is acting, in good faith and with due diligence in undertaking and recommending a proposed rental and sales process which will see maximum recoveries for the benefit of its creditors.
11. The Proposal Trustee is not aware of any creditor that would be materially prejudiced if the rental and sale of assets Court Order being applied for were granted by the Court.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS <sup>th</sup>15 DAY OF APRIL, 2016 BY:**

**DELOITTE RESTRUCTURING INC.**

Trustee under the Proposal of

GRAHAM BROTHERS CONSTRUCTION GROUP LTD.

Per:



Name: Gordon G. Smith, CPA, CA, LIT, CBV, CFE

Title: Senior Vice-President

# Appendix 1

**Graham Brothers Construction Group Ltd.**

**Equipment Rental Agreement**

This Rental Agreement is effective as of the 8<sup>th</sup> day of April, 2016 between Graham Brothers Construction Group Ltd. (hereinafter referred to as "GB", "We", "Us" or "Owner")

Address:

9004 Yellowhead Trail  
Edmonton, Alberta  
T5B 1G2

And Mortenson Canada Corporation (hereinafter referred to as "Mortenson", "You" or "Renter")

Address:

Box 10, Group 30, RR1  
Dugald, Manitoba  
ROE OKO

or

199 Bay Street, Suite 4000  
Toronto, Ontario, M5L 1A9

Relating to equipment located at the Keewatinohk Converter Station near Gillam, Manitoba (the "Equipment Location").

**1. RENTAL OF EQUIPMENT:**

GB agrees to rent to Mortenson and Mortenson agrees to rent from GB the machinery, equipment, and other property described in Attachment A hereto: Graham Brothers-Equipment Rental Rate Schedule (the

"Equipment") (the "Schedule"). Mortenson cannot cancel or terminate this Agreement, other than in accordance with the terms outlined herein.

Mortenson acknowledges that it has received the Equipment in good working order and is in possession of the Equipment effective April 8, 2016 (the "Commencement Date").

Mortenson acknowledges that it is renting all of the Equipment and, except with the prior written consent of GB, it has no right or ability to terminate this Rental Agreement as it relates to any individual piece of Equipment.

## **2. TERM AND RENTALS:**

The parties agree that the rents payable by Mortenson to GB shall be calculated based on a 28 day rental period (the "Rental Period").

The parties agree that the first Rental Period under this Agreement commenced on the Commencement Date.

The term of this Agreement shall be for an initial period of two (2) Rental Periods (the "Initial Term") and thereafter from Rental Period to Rental Period at the option of Mortenson by providing at least 30 days written notice to GB prior to the end of the Agreement to rent the Equipment for additional 28 day Rental Periods.

Mortenson shall pay to GB the GB 28 day period rental rate as listed in Attachment A to this Agreement (the "Base Rent") at the beginning of each Rental Period.

In addition to payment of the Base Rent, if in any Rental Period any individual piece of Equipment listed in Attachment A is worked for a period in excess of 200 hours, then Mortenson shall pay to GB additional rent equal to the number of hours in excess of 200 hours in any individual Rental Period times the GB hourly rental rate for that piece of Equipment as listed in Attachment A hereto (the "Additional Rent").

The Additional Rent will be calculated based on information to be provided by Mortenson to GB within five (5) days of the end of each Rental Period during the term.

GB shall prepare an invoice for any Additional Rent and deliver it to Mortenson and Mortenson shall pay the said invoice within ten (10) days of delivery.

GB may at any time inspect the Equipment or any portion thereof for the purposes of, *inter alia*, confirming the hours on the Equipment and to further invoice Mortenson for any additional hours in excess of 200 hours per Rental Period as may be determined by GB.

All amounts payable pursuant to the terms of this Agreement including but not limited to Base Rent and Additional Rent shall be paid by Mortenson to Deloitte Restructuring Inc., in trust, by either electronic transfer of funds or wire payments as follows:

By Electronic Funds Transfer:

The Bank of Nova Scotia  
Business Service Centre, 20 Queen Street West, 4<sup>th</sup> Floor, Toronto, ON M5H 3R3  
Transit-Institution # 47696-002  
Account # 1590218

By Wire Payment Information:

The Bank of Nova Scotia  
Business Service Centre, 20 Queen Street West, 4<sup>th</sup> Floor, Toronto, ON M5H 3R3  
Account # 476961590219  
Swift Code: NOSCCATT

Any amounts that are not paid by Mortenson when due in accordance with this Agreement shall accrue interest at the rate of 18% per annum, calculated and compounded monthly until paid.

Mortenson agrees to pay all applicable taxes on amounts payable pursuant to this Agreement including but not limited to Goods and Services Tax ("GST"), Provincial Sales Tax ("PST") or Harmonized Sales Tax ("HST").

All payments due by Mortenson to GB pursuant to the terms of this Agreement including, but not limited to, base rent and Additional Rent, shall be paid by Mortenson without deduction or set-off whatsoever.

### **3. NO WARRANTIES:**

GB is neither the Equipment supplier nor the Equipment manufacturer and GB is renting the equipment to Mortenson "AS IS". All warranties of the manufacturer or supplier in respect of the Equipment, if any, are transferred to Mortenson, to the extent transferable. In the event the Equipment is returned by Mortenson or repossessed by GB, all such warranties shall be deemed to have been returned back to GB. Mortenson agrees to claim only against such manufacturer/vendor or supplier (and not GB) under such warranties. No representation or warranty, express or implied, legal, statutory, customary, or otherwise,



is given or made in respect of the Equipment, including but without limitation the merchantability, condition, design, operation, or fitness for purchase or use thereof or its freedom from liens and encumbrances.

Notwithstanding the above, if the Equipment is not properly installed, does not operate as intended by Mortenson, or as represented by the manufacturer or vendor, fall short of anticipated productivity or reliability, totally fails to function or perform so as to give rise to fundamental breach or alleged fundamental breach with respect to the Equipment, or is unacceptable for any reason whatsoever, Mortenson shall claim only against the vendor/supplier or manufacturer (and not GB) under such warranties as available to Mortenson and shall nevertheless unconditionally pay GB all rents and other amounts payable hereunder.

#### **4. OWNERSHIP:**

The Equipment is and remains the sole property of GB at all times, and Mortenson has no right or title in the Equipment other than the right to use the same as permitted by this Agreement. Mortenson must keep the Equipment free and clear of all liens, charges, and claims of any other person.

Mortenson shall not attach the Equipment to land or to another chattel without the written consent of GB. As well, before attaching the Equipment, Mortenson must provide full details to GB of what it is to be attached to. Mortenson shall ensure that the Equipment remains removable without harm to the Equipment or to the land or other chattel.

Mortenson will indemnify GB against any claim that may be made against GB with respect to the seizure or removal of the Equipment.

Upon default under this Agreement, GB will be entitled to possession of the Equipment and of the land or other chattel that the Equipment is attached to.

Mortenson understands and agrees that GB may, in the ordinary course of its business, obtain financing and grant security over or assign its interest in this Agreement and/or the Equipment to a bank, finance company or other assignee (an "Assignee"). Notwithstanding any other agreement between Mortenson and GB, Mortenson's rights to the Equipment shall at all times be subject and subordinate to the rights of the Assignee as the holder or beneficiary of a security interest in the Equipment.

**5. MAINTENANCE AND USE; RISK OF LOSS:**

Mortenson agrees to use the Equipment for business purposes only. Mortenson agrees to keep the Equipment in good repair, condition and working order and furnish all parts and servicing required, and Mortenson shall cause the Equipment to be operated carefully and in full compliance with the manufacturer's recommendations and applicable laws and regulations, by competent and qualified personnel.

Mortenson shall provide GB with written information confirming its servicing, repairs and parts in full compliance with any and all warranty requirements, manufacturer recommended service intervals of all of the Equipment.

Mortenson may not make any alterations to the Equipment without the written consent of GB, and all alterations shall immediately belong to GB.

Mortenson agrees to bear the entire risk of loss, damage, destruction, theft or governmental taking of the Equipment. If the Equipment is damaged, Mortenson must promptly notify GB, and must continue to pay rent and pay for the cost of repairs. If the Equipment is destroyed or damaged beyond repair, lost, stolen, or taken from Mortenson, Mortenson shall immediately pay to GB on account of the Equipment an amount equal to the insured value of the Equipment as listed in Attachment A.

The Equipment shall remain at the Equipment Location during this Agreement.

GB may at any time inspect the Equipment and the Mortenson maintenance records/inspections and insurance.

**6. NET COSTS:**

All costs related to the Equipment's use, maintenance or possession shall be borne by Mortenson, including all taxes and all charges arising in connection with the use of Equipment. The rentals and other amounts payable shall be absolutely net to GB, free of all expenses.

If Mortenson fails to perform any obligations hereunder, GB may, as Mortenson's lawful attorney or otherwise, do so on your behalf and Mortenson must reimburse GB on demand for our costs of doing so.

Mortenson must pay, when due, all taxes (other than GB income taxes) and other charges imposed by any taxation authority with respect to the ownership, possession, use, maintenance or operation of the Equipment. Mortenson acknowledges that the amount of taxes payable in respect of rental payments are stipulated by the applicable taxing authorities and, as such, may vary from time to time from the amounts shown in this Agreement (including GST and PST).

**7. INSURANCE:**

Mortenson agrees, during the term of this Agreement, to provide and maintain at the expense of Mortenson: (a) Comprehensive all risks, full replacement value insurance on the Equipment, naming GB as first loss insured; and (b) General public liability and property damage insurance, naming GB as additional insured and providing coverage of Two Million Dollars (\$2,000,000) per Incident.

All Insurance policies must be with a company acceptable to GB and must provide that the insurer gives GB at least thirty (30) days written notice before altering or terminating the coverage. Mortenson agrees, at the request of GB, to provide GB with certificates or other evidence of insurance satisfactory to us. If Mortenson does not provide this evidence of insurance, Mortenson agrees that GB has the right but not the obligation to obtain such insurance, in which event Mortenson agree to pay GB for all costs thereof.

**8. NO LIABILITY OR INDEMNITY:**

**GB SHALL HAVE NO LIABILITY WHATSOEVER FOR ANY DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY PERSONAL INJURY, PROPERTY DAMAGE, LOSS OF BUSINESS, PROJECT DELAY, OR INCIDENTAL OR CONSEQUENTIAL DAMAGES CAUSED BY OR RELATED TO THE EQUIPMENT, ITS MANUFACTURE, INSTALLATION, FUNCTIONING OR OPERATION.**

Mortenson agrees to indemnify GB against, and shall protect GB from, all loss, costs (including all legal costs on a solicitor client full indemnity basis), liabilities, claims, legal proceedings and expenses arising in connection with this Agreement; the Equipment; the manufacture, selection, purchase, ownership, delivery, installation, possession, use, maintenance, loss or return of the Equipment; taxes; the Equipment's infringement of any patent, industrial or intellectual property right; and default; or the exercise by GB of our rights hereunder.

**9. DEFAULT AND TERMINATION**

Mortenson shall be in default of this Agreement if: (i) Mortenson fails to pay any rental, taxes or other amounts due under this Agreement within 10 days of its due date; (ii) Mortenson fails to perform any of the other terms, obligation, or conditions of this Agreement; (iii) Mortenson becomes insolvent, bankrupt, or makes an assignment for the benefit of creditors or a receiver, trustee, conservator, or liquidator is appointed, with or without the consent of Mortenson; (iv) Mortenson disposes of or encumbers the Equipment or this Agreement or attempts to do so; (v) Mortenson makes a representation in this Agreement or otherwise to GB that is materially incorrect; (vi) Mortenson is a corporation and control or beneficial ownership of Mortenson or its business changes from that which existed at the Commencement Date; (vii) a writ, execution, attachment or similar process is issued or levied against the Equipment; or (viii) Mortenson ceases or threatens to cease or carry on business or make or propose to make any sale

of the whole or any substantial part of its assets in bulk or otherwise outside of the normal course of business.

If Mortenson is in default, in addition to the other rights of GB under this Agreement, or otherwise at law: (a) Mortenson must pay GB Liquidated Damages, and not as a penalty, the total of: (i) all amounts then due and unpaid pursuant to the terms of this Agreement; and (ii) the present value (calculated using a discount rate of six percent (6%) per annum, compounded monthly) of the amounts due under this Agreement for the balance of the Term; (b) upon the demand of GB, Mortenson must return the Equipment to GB; (c) GB may immediately and without notice to Mortenson or legal action, take possession of the Equipment; (d) all of Mortenson's rights with respect of the Equipment shall cease and terminate absolutely; and (e) GB may, by notice in writing, terminate this Agreement.

All GB rights, either under this Agreement or at Law or Equity, are cumulative and not alternative. Mortenson shall pay on demand all costs and expenses (including costs due to collection, legal fees on a full solicitor and its own client indemnity basis, repossession, Equipment repair, rights enforcement, Equipment disposition, and other realization costs) GB incurs due to Mortenson's default. All amounts payable under this section shall bear interest at the rate of 18% per annum, calculated and compounded monthly until paid.

Upon default by Mortenson of the terms of this Agreement, GB may take possession of any or all of the Equipment without Court Order or other legal process and shall have the right to deal with the Equipment as it sees fit.

Any repossession of all or any portion of the Equipment by GB shall not constitute a termination of this Agreement unless GB expressly provides notification to Mortenson in writing of the termination of this Agreement.

If GB is in breach of any term of this Agreement, Mortenson shall provide notice thereof to GB.

If GB fails to rectify such breach within five (5) days of receiving written notice from Mortenson, Mortenson shall have the right to terminate this Agreement.

If Mortenson terminates this Agreement in accordance with the terms hereof, Mortenson shall pay all amounts due pursuant to the terms of the Agreement to and including amounts due for the Rental Period during which this Agreement is terminated.

Upon termination of this Agreement by Mortenson, Mortenson shall cease to have any rights to the Equipment, shall cease use thereof, and shall deliver possession thereof to GB.

#### **10. END OF TERM; DEMOBILIZATION AND TRUCKING-**

Mortenson shall, as reasonably required by GB and at the expense and responsibility of Mortenson, disassemble, re-rig and load all GB equipment on site for transport, on the direction of GB; and with trucking at the cost of GB.

At the end of the Term of this Agreement, Mortenson shall return the Equipment to GB in good repair, condition and in working order, and in the same condition as at the Commencement Date, subject only to ordinary wear and tear.

If Mortenson fails to return the Equipment as required under this Agreement, GB may take such steps as is necessary to repair and recondition the Equipment to the condition it was in at the Commencement Date, less only wear and tear and invoice Mortenson the cost thereof.

Mortenson shall pay the said invoice within ten (10) days of delivery thereof to Mortenson.

If Mortenson fails to pay the invoice provided for herein, the amount of the invoice shall bear interest commencing ten (10) days after delivery at the rate of 18% calculated and compounded monthly until paid.

#### **11. TRANSFER OF AGREEMENT:**

Mortenson may not sell, transfer or assign this Agreement, or pledge, hypothecate or otherwise encumber or part with possession or control of the Equipment, or any interest in this Agreement, without first obtaining the written consent of GB.

GB may sell, assign, or transfer this Agreement, after first obtaining the written consent of Mortenson. If GB sells, assigns, or transfers this Agreement, the Assignee (whether or not the Assignee is related to GB) will have the same rights and benefits that GB has now, and will have to perform the obligations of GB. The Assignee will be entitled to enforce its rights in its own name. Mortenson agrees that the rights of the Assignee will be subject to any claims, defences, or setoffs that Mortenson may have assigned against GB under this Agreement. In the event of assignment or transfer, Mortenson agrees to remain responsible for its obligations under this Agreement. If GB defaults to an Assignee and the Assignee exercises any right it has following such default to step into GB's position under this Agreement in place of GB: (i) the Assignee shall have the benefit of all indemnities and covenants in this Agreement expressed to be made by Mortenson for the benefit of GB; (ii) any rights Mortenson may otherwise have to extend the rental of the Equipment shall continue; and (iii) the Assignee shall have the same obligations, duties, or liabilities with respect to the Equipment.

#### **12. ADMINISTRATION:**

Mortenson agrees to do all things required by GB to give effect to or to better evidence this Agreement.

Any notice required to be given pursuant to the terms of this Agreement must be in writing and shall be given by delivery, mail, or facsimile to the applicable address first noted above (or to such other address as Mortenson or GB may specify). Demand receipt or notices shall occur on the business day first following the date it is delivered or sent by facsimile transaction or, if sent by mail, provided there is no interruption in postal services, on the fifth business day after mailing.

Mortenson acknowledges receipt of a copy of this Agreement and waives, to the extent permitted by law, Mortenson's right to receive copies of financing statements, notices or filings GB makes in connection with this Agreement

### **13. ENTIRE AGREEMENT:**

This Agreement contains the entire arrangement between Mortenson and GB, and no modifications of this Agreement shall be effective unless in writing and signed by all the parties. The Agreement shall be interpreted according to the laws of the Province of Alberta.

GB waiver of any default is not a waiver of any other default.

Time is of the essence in this Agreement.

All Mortenson unperformed obligations which, by their nature, are not released by the termination of this Agreement and GB's rights hereunder shall survive the termination of this Agreement.

This Agreement shall enure to the benefit of and be binding upon the parties, their successors and permitted assigns.

This Agreement contains all of the agreements between the parties with respect to the Equipment and supercedes and replaces any previous agreements between the parties which granted to Mortenson any rights in the Equipment.

### **14. INFORMATION**

Mortenson consents to GB making: (a) disclosure of credit and financial information connected with this Agreement to creditors or lenders that request credit references; (b) the disclosure to (and use by) our affiliates and Deloitte Restructuring Inc. of the above information for the purpose of administering, servicing, and collecting rent on this Agreement and your account; managing and administering our business; meeting legal, regulatory, security and processing requirements; and otherwise as permitted or required by law.

**15. COURT APPROVAL**

Mortenson acknowledges that GB has filed a Notice of Intention to make a proposal pursuant to the Canada Bankruptcy and Insolvency Act. This agreement is subject to GB obtaining approval in the Court of Queen's Bench of Alberta enabling GB to enter into this contract.

**16. OTHER**

**Entire Agreement:** This Equipment Rental Agreement constitutes the entire agreement between GB and Mortenson regarding the Equipment rental described herein.

YOU HAVE READ, UNDERSTOOD, AND ACCEPT THE ABOVE TERMS AND CONDITIONS WHICH FORM PART OF THE EQUIPMENT RENTAL AGREEMENT BETWEEN GRAHAM BROTHERS CONSTRUCTION GROUP LTD. AND MORTENSON CANADA CORPORATION

Intending to be legally bound, the parties hereto have executed this Equipment Rental Agreement effective the day and year first above written.

**Accepted and Agreed:**

\_\_\_\_\_  
**Chris Norcross**  
**Vice President**  
**Mortenson Canada Corporation**  
**April \_\_, 2016**

\_\_\_\_\_  
**T. W. ("Bill") Graham**  
**President and Chief Executive Officer**  
**Graham Brothers Construction Group Ltd**  
**April \_\_, 2016**

Graham Brothers - Equipment Rental Rate Schedule "Attachment A"

Asset Unit#	Manufacturer	Model	Year	Equipment Description	Estimated Start Hours	Vin#/Serial#	GB Hourly Rental Rate	68-28 Day Period Rental Rate	Insured Value
AT-158	APE	APE HD80 Helical Pile Driver with 13.375" Clamp	2015	Piling Head		20150101	NA	\$ 1,600.00	\$ 3,000.00
AT-159	John Deere	Pallet Forks For HL760K Loader	2015	Forks		N/A	NA	\$ 640.00	\$ 1,800.00
AT-160	APE	APE HD200 Helical Pile Driver with 18" Clamp	2015	Piling Head		20150902	NA	\$ 24,000.00	\$ 505,000.00
AT-162	APE	APE HD80 Helical Pile Driver with 13.375" Clamp	2015	Piling Head		20150802	NA	\$ 16,000.00	\$ 300,000.00
AT-164	Brandt	Pipe Grapple For HL760K PN:WM10180-PG120-72	2015	Pipe Grapple		510047	NA	\$ 800.00	\$ 30,000.00
AT-166	EH	Pipe Grapple For HL760K Loader PV:WL405	2015	Pipe Grapple		W405GR0979-120	NA	\$ 800.00	\$ 30,000.00
BH-150	Caterpillar	324E Hydraulic Excavator	2014	Excavator		CA10324ETPNW01394	\$ 52.00	\$ 10,400.00	\$ 235,000.00
BH-154	Caterpillar	349EL Hydraulic Excavator	2012	Excavator		CA10349ELMPZ00396	\$ 120.00	\$ 24,000.00	\$ 310,000.00
BH-157	Caterpillar	374DL Hydraulic Excavator For Piling Head	2013	Excavator		PAP00192	\$ 160.00	\$ 32,000.00	\$ 605,000.00
UT-237	Ford	F-150	2013	Pick-Up Truck		1FTW11E180KES3820	\$ 2.69	\$ 526.91	\$ 16,000.00
UT-272	Ford	F-250	2014	Pick-Up Truck		1FTW2B86QEEA44634	\$ 3.09	\$ 605.47	\$ 29,000.00
UT-273	Ford	F-250	2014	Pick-Up Truck		1FTW2B86ZEEA44635	\$ 3.09	\$ 605.47	\$ 30,000.00
UT-274	Ford	F-250	2014	Pick-Up Truck		1FTW2B86QEEA18664	\$ 3.03	\$ 605.47	\$ 30,000.00
UT-329	Ford	F-250	2015	Pick-Up Truck		1FTW2B86EFA91506	\$ 3.16	\$ 632.00	\$ 31,000.00
UT-332	Ford	F-250	2015	Pick-Up Truck		1FTW2B86EFA91506	\$ 3.16	\$ 632.00	\$ 31,000.00
SE-220	Florens	20ft SeaCan Jobsnack Mounted on 30ft Skid	2015	Sea Can		FSCU566208	NA	\$ 1,200.00	\$ 4,500.00
SE-239	Lincoln	Ranger 305G Gas Engine Welder	2015	Welder		K17265	\$ 3.80	\$ 760.00	\$ 6,000.00
TR-263	Double A	Heat & Light Trailer For Foundations se:108	2014	Heater Trailer		2DNECSZ74ETD15623 with SE-193	\$ 14.00	\$ 2,800.00	\$ 13,000.00
TR-267	Double A	Heat & Light Trailer For Foundations se:193	2014	Heater Trailer		2DAHCG27ETD15618 with SE-108	\$ 14.00	\$ 2,800.00	\$ 13,000.00
WL-160	Hyundai	HL760-9A Wheel Loader with ISO Quick Attach Coupler	2014	Wheel Loader		HUU04E00000124	\$ 48.00	\$ 9,600.00	\$ 160,000.00
WL-163	Hyundai	HL760-9A Wheel Loader with ISO Quick Attach Coupler	2014	Wheel Loader		HUU04E00000245	\$ 48.00	\$ 9,600.00	\$ 160,000.00
PE-001	APE	11.75" Polar Penetrator Bit	2015	Polar Penetrator Bit		DTHA039	NA	\$ 1,120.00	\$ 10,000.00
PE-002	APE	11.75" Polar Penetrator Bit	2015	Polar Penetrator Bit		DTHA040	NA	\$ 1,120.00	\$ 10,000.00
PE-007	APE	7"x20" - 120MM/F Drill Extension	2015	Drill Extension		DTHEK028	NA	\$ 1,280.00	\$ 14,000.00
PE-008	APE	7"x20" - 120MM/F Drill Extension	2015	Drill Extension		DTHEK029	NA	\$ 1,280.00	\$ 14,000.00
PE-009	APE	7"x20" - 120MM/F Drill Extension	2015	Drill Extension		DTHEK030	NA	\$ 1,280.00	\$ 14,000.00
PE-010	APE	7"x20" - 120MM/F Drill Extension	2015	Drill Extension		DTHEK031	NA	\$ 1,280.00	\$ 14,000.00
PE-011	APE	7"x20" - 120MM/F Drill Extension	2015	Drill Extension		DTHEK032	NA	\$ 1,280.00	\$ 14,000.00
PE-012	APE	7"x20" - 120MM/F Drill Extension	2015	Drill Extension		DTHEK033	NA	\$ 1,280.00	\$ 14,000.00
PE-013	APE	7"x20" - 120MM/F Drill Extension	2015	Drill Extension		DTHEK034	NA	\$ 1,280.00	\$ 14,000.00
PE-014	APE	7"x20" - 120MM/F Drill Extension	2015	Drill Extension		DTHEK035	NA	\$ 1,280.00	\$ 14,000.00
PE-015	APE	9.625" Pre-Drill Adapter	2015	Hybrid Dry Head Adapter		DTHEK036	NA	\$ 1,120.00	\$ 10,000.00
PE-017	APE	9.625" Pre-Drill Adapter	2015	Hybrid Dry Head Adapter		HDA010	NA	\$ 1,120.00	\$ 10,000.00
PE-018	APE	9.625" Pre-Drill Adapter	2015	Hybrid Dry Head Adapter		HDA011	NA	\$ 1,120.00	\$ 10,000.00
PE-019	FOURPOINT	2.5" Manifold for Air compressor	2015	Manifold		HDA012	NA	\$ 200.00	\$ 2,500.00
PE-020	FOURPOINT	2.5" Manifold for Air compressor	2015	Manifold		na	NA	\$ 200.00	\$ 2,500.00
PE-021	FOURPOINT	2.5" Manifold for Air compressor	2015	Manifold		na	NA	\$ 200.00	\$ 2,500.00

Rental rates DO NOT include GST, PST or any other applicable taxes or fees.  
Monthly rental rates are based on 28 day period.

Maximum usage is 200 hours per 28 day period, hours in excess are billed in addition at the stated hourly rates.  
Items without hourly rates have no restrictions on maximum hours used in a 28 day period.  
All items with prefix "PE" must be rented together as a lot.



## Appendix 2

Graham Brothers Construction Ltd.  
Cash Flow Projection  
Reviewed by Proposal Trustee (Deloitte Restructuring Inc.)  
April 15, 2016

	Week Ended 15-Apr-16 Projected	Week Ended 22-Apr-16 Projected	Week Ended 29-Apr-16 Projected	Week Ended 6-May-16 Projected	Week Ended 13-May-16 Projected	Week Ended 20-May-16 Projected	Week Ended 27-May-16 Projected	Week Ended 3-Jun-16 Projected	Week Ended 10-Jun-16 Projected
<b>Cash Receipts</b>									
GST Refund	-	-	-	-	-	-	33,350	-	-
Equipment Rental Revenue	-	-	-	-	-	-	20,000	-	-
Draw on Deloitte Trust Funds	-	170,000	90,000	70,000	70,000	220,000	30,000	50,000	50,000
	-	170,000	90,000	70,000	70,000	220,000	83,350	50,000	50,000
<b>Cash Disbursements</b>									
Payroll (net of statutory deductions)	28,187	-	22,680	-	22,680	-	22,680	-	12,640
Source deductions	13,264	-	10,740	-	10,740	-	10,740	-	7,660
Benefits	-	-	-	2,376	-	-	-	2,376	-
Rent	5,000	-	-	5,000	-	-	-	5,000	-
Consulting Fees	13,500	-	-	-	7,500	-	-	-	10,000
Fuel	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Equipment Lease Payments	20,820	188,254	15,470	16,370	9,295	203,050	15,683	-	-
Appraisal fees	5,145	-	10,000	-	-	-	-	-	-
Trustee fees	-	100,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Legal fees	-	25,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Utilities	-	2,855	-	-	-	-	2855	-	-
IT Services	-	-	850	-	-	-	850	-	-
Cellphone Services	-	-	8,000	-	-	-	8,000	-	-
CAFO, Insurance Payments	-	-	-	-	-	-	-	24,323	-
Key Man Insurance (Manulife)	-	-	-	24,323	-	-	-	-	-
Copier Lease	-	-	-	905	-	-	-	-	905
To Deloitte in Trust for Creditors	-	551	-	-	-	551	-	-	-
	227,184	-	-	-	-	-	-	-	-
<b>Total Cash Disbursements</b>	314,100	317,660	88,740	69,974	71,215	224,601	81,808	53,604	51,300
Net cash inflow (outflow)	(314,100)	(147,660)	1,260	26	(1,215)	(4,601)	1,542	(3,604)	(1,300)
Bank, opening	487,756	173,656	25,996	27,256	27,282	26,068	21,466	23,009	19,405
Bank, ending	173,656	25,996	27,256	27,282	26,068	21,466	23,009	19,405	18,105
<b>Deloitte Trust Account, end of period</b>									
Bank, opening	-	227,184	57,184	143,184	249,184	179,184	946,404	916,404	866,404
Sale Proceeds	227,184	-	-	-	-	-	-	-	-
Auction Proceeds	-	-	-	-	-	987,220	-	-	1,144,950
Mortenson Equipment Rental Revenue	-	-	176,000	176,000	-	-	-	-	-
Transfer to Graham Brothers	-	(170,000)	(90,000)	(70,000)	(70,000)	(220,000)	(30,000)	(50,000)	(50,000)
Estimated Bank, ending (Note 2)	227,184	57,184	143,184	249,184	179,184	946,404	916,404	866,404	1,961,354

Note 1: This Cash-Flow Projection was prepared based on management's estimates and assumptions regarding future events. Actual results may vary from the information presented even if said assumptions occur and the variations may be material. Accordingly, the Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of the information presented herein, or relied upon by the Proposal Trustee in preparing this Cash-Flow Projection.

Note 2: In accordance with Court Order(s), most of these funds will be distributed to creditor(s) holding priority security.