

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

B E T W E E N:

HSBC BANK CANADA

Applicant

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.

Respondents

MOTION RECORD OF DELOITTE RESTRUCTURING INC.
(Returnable Friday, January 24, 2020)

January 15, 2020

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TO:

THE SERVICE LIST

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.

Respondents

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

Respondents

**MOTION RECORD OF DELOITTE RESTRUCTURING INC.
(Returnable Friday, January 24, 2020)**

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Tab 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

B E T W E E N:

HSBC BANK CANADA

Applicant

-and-

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

Respondents

**NOTICE OF MOTION
(Returnable Friday, January 24, 2020)**

DELOITTE RESTRUCTURING INC. ("**Deloitte**") in its capacity as the court-appointed receiver (the "**Receiver**") of the assets, undertakings and properties (the "**Property**") of Innovative Steam Technologies Inc. ("**IST**") and IST Boiler Components Inc. ("**IST Boiler**") (together the "**Company**"), will make a motion to a judge presiding over the Commercial List, on Friday, January 24, 2020, at 10:00 a.m. or as soon after that time as the motion can be heard, at the Court House at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: This motion is to be heard orally.

THIS MOTION IS FOR AN ORDER:

- (a) approving the activities of the Receiver since November 21, 2018, as set out in the Fourth Report of the Receiver dated January 14, 2020 ("**Fourth Report**");
- (b) approving the Receiver's Final Statement of Receipts and Disbursements from

the period from November 17, 2018 to January 13, 2020;

- (c) approving the fees and disbursements of the Receiver and its legal counsel, Baker & McKenzie LLP as detailed in the Fourth Report, and the estimated fees to complete the administration of the receivership; and
- (d) such other relief as this Honourable Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

1. On the application of HSBC Bank Canada (the "**Lender**"), this Honourable Court granted the Receivership Order (the "**Receivership Order**"), dated May 1, 2018, appointing Deloitte as the Receiver over the Property of the Company.
2. IST is an Ontario corporation which, prior to the receivership, was the main operating company, holding 100% of the shares, of IST Boiler, a company incorporated in Alberta that operated in Delta, British Columbia. IST was a supplier of heat recovery steam generators for medium size steam generators. IST Boiler was a supplier and installer of emergency boiler parts used in steam boiler applications.
3. On December 3, 2018, the Court granted a Distribution and Discharge Order authorizing and directing the Receiver to make distributions as described in the Third Report of the Receiver and discharging Deloitte as Receiver upon filing a Certificate with the Court confirming the administration of the receivership has been completed.
4. Following the Distribution and Discharge Order, the Receiver assumed from Aecon Construction Group and later settled litigation commenced by the predecessor-in-interest to IST in respect of damages alleged to be caused by a subcontractor, ST2 LLC o/a Sound Technologies.
5. As a result of the professional time required to successfully resolve the litigation as well as attending to other unanticipated issues detailed in the Fourth Report, the Receiver and its

counsel incurred additional costs over the accrued and future amounts estimated to complete the administration as described in the Third Report.

6. The Receiver's fees and disbursements including the fees of its legal counsel are detailed in the affidavits filed in support of this motion.
7. The Receiver's fees including the fees of its counsel are fair and reasonable.
8. Rules 1.04, 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, and sections 243, 249-250 of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3.
9. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) Fourth Report of the Receiver and the appendices thereto; and
- (b) such further and other material as counsel may advise and this Honourable Court may permit.

January 15, 2020

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

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HSBC BANK CANADA
Applicant

-and-

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**
Respondents

Court File No: CV-18-596878-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto, Ontario

NOTICE OF MOTION
(Returnable Friday, January 24, 2020)

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Tab 2

Court File No. CV-18-596878-00CL

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

HSBC BANK CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

Respondents

**FOURTH REPORT OF THE RECEIVER
DATED JANUARY 14, 2020**

INTRODUCTION

1. By Order of Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated May 1, 2018 (the “**Appointment Order**”), Deloitte Restructuring Inc. (“**Deloitte**”) was appointed receiver (the “**Receiver**”) of all the assets, undertakings and properties (“**Property**”) of Innovative Steam Technologies Inc. (“**IST**”) and IST Boiler Components Inc. (“**IST Boiler**”, and together with IST, the “**Company**”). A copy of the Appointment Order is attached as **Appendix "A"**
2. On June 12, 2018, the Receiver brought a motion to, among other things, approve the transaction detailed in the Asset Purchase Agreement dated June 6, 2018 (the “**IST Boiler APA**”) between the Receiver and Canerector Inc. in trust for its assignee 8882703

Canada Inc. (“**Canerector**”) in respect of the Property of IST Boiler and vesting IST Boiler’s right title and interest in the Purchased Assets (as defined in the IST Boiler APA), to Canerector upon the closing of the transaction. In support of that motion, the Receiver filed the First Report to the Court dated June 7, 2018 (the “**First Report**”).

3. Based on the First Report and the submissions made to the Court by counsel to the Receiver and the Lender, on June 12, 2018, Mr. Justice Dunphy of the Court granted an Approval and Vesting Order approving the IST Boiler APA and vesting all of IST Boiler’s right, title, and interest in the Purchased Assets to Canerector.
4. On June 27, 2018, the Receiver brought a motion to, among other things, approve the transaction detailed in the Asset Purchase Agreement (the “**IST APA**”) between the Receiver and Propak Systems Ltd. (“**Propak**”) in respect of the Property of IST and vesting IST’s right, title, and interest in the Purchased Assets (as defined in the IST APA), to Propak upon the closing of the transaction. In support of that motion, the Receiver filed the Second Report to the Court dated June 15, 2018 (the “**Second Report**”).
5. Based on the Second Report and the submissions made to the Court by counsel to the Receiver, the Lender and Propak, on June 27, 2018 Mr. Justice Hainey of the Court granted an Approval and Vesting Order approving the IST APA and vesting all of IST’s right, title, and interest in the Purchased Assets to Propak.
6. On December 3, 2018, the Receiver brought a motion to, among other things, approve the proposed distribution of funds as described in the Third Report of the Receiver (the

“**Third Report**”) and approve the discharge and release of Deloitte as the Receiver upon filing a Certificate with the Court confirming the administration of the receivership has been completed. A copy of the Third Report without appendices is attached as **Appendix "B"**.

7. Based on the Third Report and the submissions made to the Court by counsel to the Receiver and the Lender, on December 3, 2018 Madam Justice Chiappetta of the Court granted a Distribution and Discharge Order (the “**Distribution and Discharge Order**”), attached hereto as **Appendix “C”**, authorizing and directing the Receiver to make distributions as described in the Third Report and discharging Deloitte as Receiver upon filing a Certificate with the Court confirming the administration of the receivership has been completed. Paragraph 4 of the Distribution and Discharge Order provides that “after payment of the fees and disbursements herein approved, the Receiver shall pay the monies remaining in its hands to HSBC up to a maximum of CAD\$13,122,309.32 from available surplus funds”. As at the date of this Fourth Report of the Receiver (the “**Fourth Report**”), the Receiver has distributed \$5,200,000.00 to HSBC.
8. The Appointment Order, together with other Orders of this Court, Court materials, the Notice to Creditors, previous reports to the Court and this Fourth Report have been posted to the Receiver’s website at www.insolvencies.deloitte.ca/en-ca/ist.
9. The purpose of this Fourth Report is to:
 - (a) provide the Court with an update on the Receiver’s activities since November 21, 2018;

- (b) recommend that the Court make an order or orders;
 - (i) approving the activities of the Receiver since November 21, 2018 as outlined in this Fourth Report;
 - (ii) approving the Receiver’s Statement of Receipts and Disbursements for the period from November 17, 2018 to January 13, 2020; and
 - (iii) approving the accounts of the Receiver and the Receiver’s independent legal counsel, Baker & McKenzie LLP (“**Baker McKenzie**”) as detailed out in the fee affidavits filed in connection with this Motion Record.

TERMS OF REFERENCE

10. In preparing this Fourth Report, the Receiver has been provided with, and has relied upon unaudited, draft and/or internal financial information, the Company’s books and records, discussions with former management of the Company, and information from third-party sources (collectively, the “**Information**”). The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver 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 Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information. The Receiver has prepared this Fourth Report in its capacity as a Court-appointed officer to

support the Court's approval of the relief being sought. Parties using the Fourth Report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes.

11. Unless as otherwise stated, all dollar amounts contained in this Fourth Report are expressed in Canadian dollars.
12. Unless as otherwise stated, all capitalized terms not otherwise defined in this Fourth Report are as defined in the Appointment Order, the First Report, the Second Report or the Third Report.

C. RECEIVER'S ACTIVITIES SINCE NOVEMBER 21, 2018

14. Following the delivering of the Third Report, the Receiver attended to several issues including:
 - (a) distribution of \$5,200,000.00 to HSBC as discussed in the Third Report and in accordance with the Distribution and Discharge Order;
 - (b) corresponding with a Japanese creditor, IHI Corporation, to respond and resolve their questions about the status of the receivership proceedings;
 - (c) corresponding with the counsel for First Insurance Funding of Canada Inc. ("**FIRST**") whereby FIRST retained refunded insurance premiums for an insurance policy canceled by the Receiver which were applied by FIRST pursuant to its agreement with IST;

- 6 -

- (d) discussions with the counsel to Aecon Construction Group (“**Aecon**”) which are discussed in detail below;
 - (e) disclaiming its interest in steel baffles stored by Cambridge Rigging on September 6, 2019; and
 - (f) corresponding with former employees and completing the WEPP administration.
15. As set out in Paragraph 21f) of the Third Report, the Receiver’s ongoing discussions with counsel to Aecon regarding its assertion that it was entitled to continue litigation (the “**Litigation**”) that was commenced by the predecessor-in-interest to IST in respect of damages alleged to be caused by a subcontractor, ST2 LLC o/a Sound Technologies, engaged by the IST predecessor, at a time when the IST predecessor was owned by Aecon.
16. Following the Third Report, there were extensive discussions between the Receiver and Aecon culminating in a Quitclaim Agreement on July 8, 2019, whereby the parties agreed that Aecon quitclaim to the Receiver absolutely any right, title and interest in and to the Litigation.
17. After the Receiver assumed carriage of the Litigation, Baker Mckenzie attended a mediation in connection with the Litigation and negotiated a settlement of the matter. The Receiver received net settlement proceeds of \$952,102 on or around July 30, 2019, which

is the gross settlement amount of US\$761,777 converted to Canadian dollars less \$38,208 in fees and expenses incurred in the Litigation.

18. As a result of the professional time incurred to successfully resolve the Litigation and the other issues detailed above, the Receiver and Baker McKenzie incurred additional costs over and above the accrued and future amounts estimated to complete the administration as described in paragraph 24 of the Third Report.

FEES AND DISBURSEMENTS OF THE RECEIVER AND LEGAL COUNSEL

19. Professional fees and disbursements charged by the Receiver and legal counsel in relation to the administration of the receivership total approximately \$67,879.44 (exclusive of HST) during the period from November 1, 2018 to December 31, 2019. The Receiver's account includes an accrual of \$13,000.00 for further fees and expenses to complete the administration, which includes the preparation and filing of corporate tax and HST returns to reflect post-receivership transactions and other statutory reporting. Copies of the Receiver's account are included in the Affidavit of Warren L. Leung sworn January 14, 2020, which is attached hereto as **Appendix "D"**. Copies of Baker McKenzie's accounts are included in the Affidavit of John Pirie sworn January 10, 2020, which is attached hereto as **Appendix "E"**. Baker McKenzie estimate that their further fees and expenses to complete the administration will be no more than \$15,000 and this estimate is not included in Baker McKenzie's accounts.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

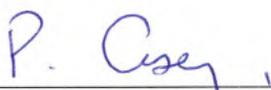
20. The receipts and disbursements of the Receiver from the period May 1, 2018 to November 16, 2018 and November 17, 2018 to January 13, 2020 are summarized in the Receiver's Statement of Receipts and Disbursements as shown in **Appendix "F"** including the proceeds from the Litigation and the other transactions since November 17, 2018, there is a calculated surplus of receipts over disbursements of \$1,054,116.00 available for a further and final distribution to HSBC pursuant to the Distribution and Discharge Order. The final distribution amount to HSBC may vary from this estimate once final tax returns have been filed and assessed.
21. Subject to Court approval of the Receiver's fees and costs since the Third Report, filing of final estate tax returns and statutory reports, and payment of the final distribution to HSBC, the Receiver will file its Certificate with the Court confirming that the administration of the receivership has been completed.

RECEIVER'S REQUEST TO THE COURT

21. Accordingly, the Receiver is seeking an order:
- i. approving this Fourth Report and the actions and activities of the Receiver for the period up to January 14, 2020 as described herein;
 - ii. approving the accounts of the Receiver and Baker McKenzie; and
 - iii. approving the Receiver's Statement of Receipts and Disbursements from the period November 17, 2018 to January 13, 2020.

All of which is respectfully submitted at Toronto, Ontario this 14th day of January, 2020.

Deloitte Restructuring Inc.,
solely in its capacity as the
Court-appointed receiver of
Innovative Steam Technologies Inc. and
IST Boiler Components Inc., and not in its
corporate or its personal capacity

Per: 

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

Appendix A

Court File No. CV-18-596878-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.)
JUSTICE H. J. WILTON-SIBER)

TUESDAY, THE 1ST)
DAY OF MAY, 2018)

B E T W E E N :

HSBC BANK CANADA

Applicant

- and -

INNOVATIVE STEAM TECHNOLOGIES and
IST BOILER COMPONENTS INC.

Respondents



ORDER
(appointing Receiver)

THIS APPLICATION 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. (“Deloitte”) as receiver and manager (in such capacities, the “Receiver”) without security, of all of the assets, undertakings and properties of Innovation Steam Technologies Inc. and IST Boiler Components Inc. (together, the “Debtors”) acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of John Borch, sworn April 27, 2018 and the Exhibits thereto, and the Notice of Application, issued April 30, 2018, and on hearing the submissions of counsel for the Applicant, no other party appearing, and on reading the Consent of Deloitte to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application 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 is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "**Property**").

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 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 Debtors, 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 Debtors;

- (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 Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (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 Debtors, 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 Debtors, 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 \$1,000,000; 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*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.
- (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;
- (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 Debtors;

- (p) to negotiate the termination of any interests encumbering the Property and undertake such actions necessary to maximize the value of the Debtors' assets;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property 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 Debtors, 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 DEBTORS OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors 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 Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the Debtors, 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 Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors 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 Debtors, 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 Debtors 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 Debtors 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 Debtors' 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 Debtors 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 Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' 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 Debtors, 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*, the *Ontario Occupational Health and Safety Act*, the *British Columbia Fisheries Act*, the *British Columbia Environmental Management Act*, or the *British Columbia Fish Protection 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 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 \$300,000 (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 “A” 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.

SERVICE AND NOTICE

25. **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 [●]~~ *with the following URL [●]*

26. **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 Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors 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.

RETENTION OF COUNSEL

27. **THIS COURT ORDERS** that the Receiver may retain counsel 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 counsel may include Dentons Canada LLP, lawyers for the Applicant herein, in respect of any matter where there is no conflict of interest. The Receiver shall, however, retain independent counsel in respect of any legal advice or services where a conflict exists, or may arise.

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 Debtors.

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 application, 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 Debtors' 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.

W. Han - Mr J.

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

MAY 01 2018

PER / PAR:

MJ

SCHEDULE "A"

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 Innovative Steam Technologies Inc. and IST Boiler Components Inc. (together, the "Debtor") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of April 2018 (the "Order") made in an action having Court file number __-CL-_____, 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 _____.

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 or corporate capacity

Per: _____
Name:
Title:

HSBC BANK CANADA

- and -

INNOVATIVE STEAM TECHNOLOGIES and
IST BOILER COMPONENTS INC.

Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

ORDER
(appointing Receiver)

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Lawyers for HSBC Bank Canada

Appendix B

Court File No. CV-18-596878-00CL

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

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

Respondents

**THIRD REPORT OF THE RECEIVER
DATED NOVEMBER 21, 2018**

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APPENDICES

- Appendix “A”: Appointment Order dated May 1, 2018
- Appendix “B”: Approval and Vesting Order of Mr. Justice Dunphy dated June 12, 2018
- Appendix “C”: Approval and Order of Mr. Justice Hainey dated June 27, 2018
- Appendix “D”: Order of Mr. Justice Hainey dated June 27, 2018
- Appendix “E”: Receipts and Disbursements of the Receiver from the period May 1, 2018 to November 16, 2018
- Appendix “F”: Fee Affidavit of the Receiver
- Appendix “G”: Fee Affidavit of Dentons
- Appendix “H”: Fee Affidavit of Baker
- Appendix “I”: Security Opinion

INTRODUCTION

1. By Order of Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated May 1, 2018 (the “**Appointment Order**”), Deloitte Restructuring Inc. was appointed receiver and manager (the “**Receiver**”) of all the assets, undertakings and properties (“**Property**”) of Innovative Steam Technologies Inc. (“**IST**”) and IST Boiler Components Inc. (“**IST Boiler**”, and together with IST, the “**Company**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.
2. IST is an Ontario corporation and was the main operating company. IST holds 100% of the shares of IST Boiler, a company incorporated in Alberta which operated in Delta, British Columbia. IST was a supplier of heat recovery steam generators for medium size steam generators and IST Boiler was a supplier and installer of emergency boiler parts used in steam boiler applications. The predecessor corporation of the IST business was founded in 1991.
3. Fulcrum Capital Partners (Collector) V, LP (“**Fulcrum**”) is the majority shareholder of IST, which in turn wholly owns the subsidiary, IST Boiler. Fulcrum is the subordinated secured creditor to the Applicant, HSBC Bank Canada (the “**Lender**”).
4. The ordinary course operations of the Company ceased as of the opening of business on May 1, 2018, and the employment of all of the employees of the Company was terminated by the Receiver on the Company’s behalf as provided for under the Appointment Order. This was due to financial losses of approximately \$1.7 million incurred by the Company for the three-months ended March 31, 2018 (which in

aggregate were approximately \$19 million under the current ownership structure), erosion of the customer sales pipeline, ongoing projected cash flow losses, deteriorating customer relationships and contract defaults. There was insufficient funds to sustain the Company's operations.

5. The Company did not own any real property and operated out of three leased locations:
 - i. 549 Conestoga Boulevard, Cambridge, Ontario;
 - ii. 1 Natura Way, Suite 100, Cambridge, Ontario; and
 - iii. Suite 100, 6425 River Road, Delta, British Columbia.

6. Prior to the Appointment Order, IST engaged approximately 68 non-unionized employees and IST Boiler engaged 8 employees, including 5 employees pursuant to a Collective Agreement with the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers Lodge 359.

7. The Appointment Order authorized the Receiver to, among other things, take possession of, and exercise control over the Property and any and all proceeds, receipts and disbursements, arising out of, or from, the Property. In addition, the Receiver was authorized to sell, convey, transfer, lease or assign the Property or any part thereof out of the ordinary course of business:
 - i. without the approval of the Court in respect of any transaction not exceeding \$250,000 provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and

- ii. with the approval of the 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.

8. On June 12, 2018, the Receiver brought a motion to, among other things, approve the transaction detailed in the Asset Purchase Agreement dated June 6, 2018 (the “**IST Boiler APA**”) between the Receiver and Canerector Inc. in trust for its assignee 8882703 Canada Inc. (“**Canerector**”) in respect of the Property of IST Boiler and vesting IST Boiler’s right title and interest in the Purchased Assets (as defined in the IST Boiler APA), to Canerector upon the closing of the transaction (the “**IST Boiler Transaction**”). In support of that motion, the Receiver filed the First Report to the Court dated June 7, 2018 (the “**First Report**”).

9. Based on the First Report and the submissions made to the Court by counsel to the Receiver and the Lender, on June 12, 2018, Mr. Justice Dunphy of the Court granted an Approval and Vesting Order (the “**Canerector Vesting Order**”) approving the IST Boiler APA and vesting the right, title, and interest in the Purchased Assets to Canerector. A copy of this Canerector Vesting Order is attached hereto as **Appendix “B”**.

10. On June 27, 2018, the Receiver brought a motion to, among other things, approve the transaction detailed in the Asset Purchase Agreement (the “**IST APA**”) between the Receiver and Propak Systems Ltd. (“**Propak**”) in respect of the Property of IST and vesting IST’s right, title, and interest in the Purchased Assets (as defined in the IST

APA), to Propak upon the closing of the transaction (the “**IST Propak Transaction**”). In support of that motion, the Receiver filed the Second Report to the Court dated June 15, 2018 (the “**Second Report**”).

11. Based on the Second Report and the submissions made to the Court by counsel to the Receiver, the Lender and Propak, on June 27, 2018, Mr. Justice Hainey of the Court granted an Approval and Vesting Order (the “**Propak Vesting Order**”) approving the IST APA and vesting the right, title, and interest in the Purchased Assets to Propak. A copy of this Propak Vesting Order is attached hereto as **Appendix “C”**.
12. Also on June 27, 2018, Mr. Justice Hainey granted an Order approving the Receiver’s Statement of Receipts and Disbursements for the period May 1 to June 12, 2018, and approving the First and Second Reports and the Receiver’s actions and activities as outlined therein. A copy of the Order is attached hereto as **Appendix “D”**.
13. The Appointment Order, together with other Orders of this Court, Court materials, the Notice to Creditors, previous reports to the Court and this Third Report have been posted to the Receiver’s website at www.insolvencies.deloitte.ca/en-ca/ist.
14. The purpose of this Third Report of the Receiver (the “**Third Report**”) is to:
 - i. provide the Court with an update on the Receiver’s activities since June 12, 2018;
 - ii. provide the Court with the Receiver’s review of the validity and enforceability of the security held by the Lender and the opinion thereon

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of the Receiver's independent legal counsel, Baker McKenzie LLP (**"Baker"**);

- iii. recommend that the Court make an order or orders:
 - a. approving the Receiver's Statement of Receipts and Disbursements for the period from June 13, 2018 to November 16, 2018;
 - b. approving the activities of the Receiver since June 13, 2018 as outlined in this Third Report;
 - c. approving the accounts of the Receiver, Dentons Canada LLP (**"Dentons"**) and Baker, inclusive of an accrual for the fees and disbursements in connection with the completion of these proceedings, including the costs of this motion as detailed out in the fee affidavits filed in connection with this Motion Record;
 - d. approving the distribution of all funds held by the Receiver, and any further amounts that may be collected by the Receiver, to the Lender up to the value of its indebtedness, subject to such reserves as the Receiver deems necessary, acting reasonably; and
 - e. granting the Receiver its discharge conditional on the completion of its administration.

TERMS OF REFERENCE

- 15. In preparing this Third Report, the Receiver has been provided with, and has relied upon unaudited, draft and/or internal financial information, the Company's books and records,

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discussions with former management of the Company, and information from third-party sources (collectively, the “**Information**”). The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver 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 Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information. The Receiver has prepared this Third Report in its capacity as a Court-appointed officer to support the Court’s approval of the relief being sought. Parties using the Third Report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes.

16. Unless otherwise stated, all dollar amounts contained in this Third Report are expressed in Canadian dollars.
17. Unless as otherwise stated, all capitalized terms not otherwise defined in this Third Report are as defined in the Appointment Order, the First Report or the Second Report.
18. During the course of the receivership administration, the Receiver has sought the advice of Dentons, counsel to the Lender, for general legal matters that have arisen in respect of the receivership to avoid additional legal expense. Where the Receiver has required independent legal advice, the Receiver has sought the counsel of Baker.

RECEIVER'S ACTIVITIES SINCE JUNE 13, 2018

19. On June 15, 2018, the Receiver closed the IST Boiler Sale Transaction.
20. On June 29, 2018, the Receiver closed the IST Sale Transaction.
21. Other activities and duties performed by the Receiver since June 13, 2018 include the following:
 - a) administrative matters related to the closings of the IST Boiler Sale Transaction and IST Sale Transaction such as facilitating access to the premises in Delta, British Columbia and Cambridge, Ontario, providing the books and records and other assets to Propak and Canerector, facilitating IT access, finalizing the statement of adjustment related to the IST Sale Transaction, finalizing the billings for utilities and other services incurred during the receivership;
 - b) reporting to and responding to inquiries from creditors and other stakeholders;
 - c) providing updates and attending discussions with the Lender, Dentons and Baker regarding the receivership proceeding;
 - d) contacting the Company's insurer through its broker, Hub International, in order to cancel coverages and follow up with collection of prepaid insurance premiums paid by the Company pre-receivership;
 - e) completion of HST and corporate tax returns;

- f) discussions with counsel to Aecon Construction Group (“**Aecon**”) regarding its assertion that it is contractually entitled to continue litigation that was commenced by the predecessor-in-interest to IST in respect of damages alleged to be caused by a subcontractor engaged by the IST predecessor, at a time when the IST predecessor was owned by Aecon; and
 - g) Wage Earner Protection Program (“**WEPP**”) administration and other employee matters.
22. With the exception of a few ancillary items which include the completion of the final HST returns, payment of the accounts of the Receiver and legal counsel and distribution of all funds held by the Receiver, the Receiver has completed the administration of the receivership and, other than is detailed herein, is not aware of any other actions that need to be completed. In the circumstances, the Receiver is of the view that it is appropriate to be discharged from its mandate, subject to completing the tasks associated with the Aecon litigation, collection of the insurance refund, and completing the WEPP administration.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

23. The receipts and disbursements of the Receiver from the period May 1, 2018 to November 16, 2018 are summarized in the Receiver’s Statement of Receipts and Disbursements as shown in **Appendix “E”**. As reflected therein, as at November 16, 2018, \$5,471,292.00 is being held in trust by the Receiver, before estimated unpaid amounts owing for certain receivership liabilities and professional fees and costs, which

- 11 -

indicates that there are available funds on hand for a distribution to the Lender of \$5,200,000.00.

FEES AND DISBURSEMENTS OF THE RECEIVER AND LEGAL COUNSEL

24. Professional fees and disbursements charged by the Receiver and legal counsel in relation to the administration of the receivership total approximately \$668,900 (exclusive of HST), including the estimated remaining billings to completion of \$95,000. Copies of the Receiver's account are included in the Affidavit of Warren L. Leung sworn November 20, 2018 which is attached hereto as **Appendix "F"**. Copies of Dentons' accounts are included in the Affidavit of Dennis R. Wiebe sworn November 21, 2018 which is attached hereto as **Appendix "G"**. Copies of Baker McKenzie's accounts are included in the Affidavit of John Pirie sworn November 21, 2018 which is attached hereto as **Appendix "H"**.

DISTRIBUTION OF FUNDS HELD BY THE RECEIVER

25. As set out in Exhibit "G" to the Affidavit of John Borch sworn April 27, 2018 in support of the application for the appointment of the Receiver, as of April 27, 2018, the Lender had secured indebtedness of CA\$13,122,309.32 and US\$2,998,840.00. The Receiver was advised that in early June 2018 that the Lender obtained an insurance recovery of approximately US\$3.0 million from an EDC Performance Security Guarantee relating to the liquidated damages claims against IST on an unsuccessful contract with its customer, Petrofac International Ltd. of United Arab Emirates. As a result, the Lender's secured indebtedness continues to be in excess of CA\$13 million.

- 12 -

26. As the Receiver currently holds approximately \$5.5 million in its trust account with no further anticipated material recoveries from the Company's assets, the Lender will be experiencing a significant shortfall such that there are no projected recoveries for any other subordinate stakeholders of the Company.
27. The Receiver has obtained an independent, written legal opinion from Baker with respect to the validity and enforceability of the Lender's security (the "**Security Opinion**"). According to the Security Opinion, it is Baker's view that, subject to the customary qualifications and limitations included therein, the Lender's security is valid and enforceable against all of the Property of the Company. A copy of the Security Opinion is attached hereto as **Appendix "I"**.
28. The Receiver made payments of \$38,990 to CRA in relation to the deemed trust for payroll source deduction and HST arrears and \$77,308 to ESDC in relation to employee claim for unpaid wages pursuant to WEPP, both of which rank in priority to the Lender's claims.

RECEIVER'S REQUEST TO THE COURT

29. At this time, the Receiver is seeking Court approval of its discharge, payment of its fees and estimated future costs, and approval to distribute the net proceeds of the receivership to the Lender as they become available up to a maximum of \$13,122,309.32 without further order of this Court.
30. Accordingly, the Receiver is respectively seeking an order:

- 13 -

- i. approving this Third Report and the actions and activities of the Receiver for the period up to November 21, 2018 as described herein;
- ii. approving the accounts of the Receiver, Dentons and Baker, inclusive of an accrual for the fees and disbursements in connection with the completion of these proceedings, including the costs of this application;
- iii. approving the Receiver's Statement of Receipts and Disbursements from the period June 13, 2018 to November 16, 2018;
- iv. approving the payment of estimated unpaid amounts owing for certain receivership liabilities and the distribution of available funds to the Lender; and
- v. conditionally discharging the Receiver upon it filing a certificate with the Court confirming that the administration of the receivership has been completed.

All of which is respectfully submitted at Toronto, Ontario this 21st day of November, 2018.

Deloitte Restructuring Inc.,
solely in its capacity as the
Court-appointed receiver of
Innovative Steam Technologies Inc. and
IST Boiler Components Inc., and not in its
corporate or its personal capacity



Per:
Rob Biehler, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix C

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

THE HONOURABLE MADAM)
JUSTICE CHIAPPETTA)

MONDAY, THE 3RD
DAY OF DECEMBER, 2018



BETWEEN:

HSBC BANK OF CANADA

Applicant

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and IST
BOILER COMPONENTS INC.

Respondents

DISTRIBUTION & DISCHARGE ORDER

THIS MOTION, made by Deloitte Restructuring Inc. ("**Deloitte**") in its capacity as the court-appointed receiver (the "**Receiver**") of the assets, undertakings and properties of Innovative Steam Technologies Inc. and IST Boiler Components Inc. (together the "**Debtors**"), for an order:

- (a) approving the activities of the Receiver as set out in the third report of the Receiver dated November 21, 2018 (the "**Third Report**");
- (b) approving the fees and disbursements of the Receiver and its counsel as described in the Third Report and accompanying affidavits;
- (c) authorizing and directing the Receiver to make distributions as described in the Third Report;

- (d) discharging Deloitte as Receiver of the assets, undertakings and properties of the Debtors upon filing a Certificate with the Court confirming the administration of the receivership has been completed; and
- (e) releasing the Receiver from any and all liability, as set out in paragraph 6 of this Order,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report, the affidavits of the Receiver and its counsel as to their fees (the "**Fee Affidavits**"), and on hearing the submissions of counsel for the Receiver and the Applicant, HSBC Bank Canada ("**HSBC**"), no one else appearing although served as evidenced by the Affidavit of Anastasia Markaroff sworn November 22, 2018, filed;

1. **THIS COURT ORDERS** that the actions and activities of the Receiver as set out in the Third Report be and hereby is approved, provided, however, that only the Receiver, in its personal or corporate capacity and only with respect to its own personal or corporate liability, shall be entitled to rely upon or utilize in any way such approvals.

2. **THIS COURT ORDERS** that the Receiver's Statement of Receipts and Disbursements as set out in the Third Report be and hereby is approved.

3. **THIS COURT ORDERS** that the fees and disbursements of the Receiver from April 30, 2018 to October 31, 2018, its counsel Baker & McKenzie LLP from May 17, 2018 to October 31, 2018, and its counsel Dentons LLP from May 1, 2018 to October 31, 2018 as set out in the Third Report and the Fee Affidavits, are hereby approved.

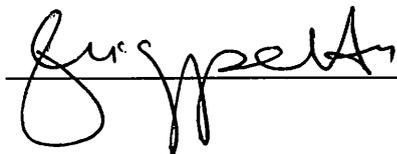
4. **THIS COURT ORDERS** that, after payment of the fees and disbursements herein approved, the Receiver shall pay the monies remaining in its hands to HSBC up to a maximum of CAD\$13,122,309.32 from available surplus funds.

5. **THIS COURT ORDERS** that upon payment of the amounts set out in paragraph 4 hereof, and upon the Receiver filing a certificate in the form attached as Appendix "A" certifying that it has completed the other activities described in the Third Report and all other ancillary matters, the Receiver shall be discharged as Receiver of the assets, undertakings and properties of the Debtors, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of Deloitte in its capacity as Receiver.

6. **THIS COURT ORDERS AND DECLARES** that Deloitte is hereby released and discharged from any and all liability that Deloitte now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Deloitte while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, Deloitte is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

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

DEC 03 2018



PER / PAR: 

Appendix "A"

Court File No. CV-18-596878-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

HSBC BANK OF CANADA

Applicant

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and IST
BOILER COMPONENTS INC.

Respondents

RECEIVER'S DISCHARGE CERTIFICATE

RECITALS

- (A) Pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 1, 2018, Deloitte Restructuring Inc. was appointed the receiver (the "**Receiver**") of all of the assets, undertakings and properties of Innovative Steam Technologies Inc. and IST Boiler Components Inc. (together the "**Debtors**").
- (B) Pursuant to an Order of the Court dated _____, 2018 (the "**Discharge Order**"), amongst other things Deloitte was discharged as Receiver of the Debtors, with such discharge to be, effective upon the filing by the Receiver of a Certificate with this Court certifying that all matters to be attended to in connection with the receivership as set out in the Third Report of the Receiver, dated November 21, 2018 (the "**Third Report**") have been completed to the satisfaction of the Receiver.

THE RECEIVER HEREBY CERTIFIES that all matters to be attended to in connection with the receivership as set out in the Third Report have been completed to the satisfaction of the Receiver.

DATED AT TORONTO, THIS _____ DAY OF _____, 2018.

DELOITTE RESTRUCTURING INC., solely in its capacity as the Receiver, with no personal or corporate liability

Per: _____
Name:
Title:

HSBC BANK CANADA

-and-

**INNOVATIVE STEAM TECHNOLOGIES INC. and IST
BOILER COMPONENTS INC.**

Applicant

Respondents

Court File No. CV-18-596878-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

PROCEEDING COMMENCED AT TORONTO

RECEIVER'S DISCHARGE CERTIFICATE

BAKER & MCKENZIE LLP

Barristers and Solicitors
181 Bay Street, Suite 2100
Toronto, ON M5J 2T3

John Pirie (LSO #40993K)

e: john.pirie@bakermckenzie.com

t: 416.865.2325 / f: 416.863.6275

Michael Nowina (LSO #496330)

e: michael.nowina@bakermckenzie.com

t: 416.865.2312 / f: 416.863.6275

Lawyers for the Receiver, Deloitte Restructuring Inc.

HSBC BANK CANADA

-and-

INNOVATIVE STEAM TECHNOLOGIES INC. and IST
BOILER COMPONENTS INC.

Applicant

Respondents

CV-18-596878-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

PROCEEDING COMMENCED AT TORONTO

DISTRIBUTION & DISCHARGE ORDER

BAKER & MCKENZIE LLP

Barristers and Solicitors

181 Bay Street, Suite 2100

Toronto, ON M5J 2T3

John Pirie (LSO #40993K)

e: john.pirie@bakermckenzie.com

t: 416.865.2325 / f: 416.863.6275

Michael Nowina (LSO #496330)

e: michael.nowina@bakermckenzie.com

t: 416.865.2312 / f: 416.863.6275

Lawyers for the Receiver, Deloitte Restructuring Inc.

Appendix D

Court File No. CV-18-596878-00CL

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

HSBC BANK CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

Respondents

**AFFIDAVIT OF WARREN L. LEUNG
(Sworn January 14, 2020)**

I, WARREN L. LEUNG, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a Vice-President of Deloitte Restructuring Inc. ("**Deloitte**"), the Court appointed Receiver in these proceedings (the "**Receiver**"). As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe it to be true.
2. Deloitte was appointed as Receiver pursuant to the Order granted by the Honourable Mr. Justice Wilton-Siegel dated May 1, 2018 (the "**Appointment Order**").
3. Attached hereto and marked as **Exhibit "A"** is a copy of the final invoice rendered by the Receiver in respect of the periods from November 2, 2018 to December 31, 2019. The invoice contains the fees (including details of the billing rates and total hours of each of the members of Deloitte who acted on behalf of the Receiver in these proceedings), disbursements and HST charged by Deloitte in these proceedings.

4. Attached hereto and marked as **Exhibit "B"** is a schedule summarizing the invoice in **Exhibit "A"**, the total billable hours charged, the total fees charged and the average hourly rate charged. The Receiver expended a total of 46.0 hours in connection with this matter during the period from November 2, 2018 to December 31, 2019, giving rise to fees and disbursements totalling \$23,543.55, including HST. The invoice includes an accrual of \$14,690.00, including HST to complete the administration of the receivership.

5. To the best of my knowledge, Deloitte's rates and disbursements are consistent with those in the market for these types of matters and the hourly billing rates charged by Deloitte are comparable to the rates charged by Deloitte for services rendered in similar proceedings.

SWORN before me in the City of Toronto,
in the Province of Ontario, on this 14th day
of January, 2020.



A Commissioner for taking affidavits
Name:

M. Nowisa



WARREN L. LEUNG

This is Exhibit "A" referred to in the
affidavit of Warren L. Leung
sworn before me, this 14th
day of January, 2020.

A handwritten signature in blue ink, appearing to be 'M. D.', written over a horizontal line.

A Commissioner for Taking Affidavits


Invoice 8000950119

Deloitte Restructuring Inc.
 Bay Adelaide Centre
 8 Adelaide Street West, Suite 200
 Toronto ON M5H 0A9

Innovative Steam Technologies Inc. and IST Boiler Components
 Inc. c/o Deloitte Restructuring
 8 Adelaide Street West, Suite 200
 Toronto ON M5H 0A9
 Canada

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

Date: January 08, 2020
 Client No.: 1136634
 WBS#: HON00034
 Engagement Partner: Paul Casey

HST Registration: 122893605RT0001

For professional services rendered
Fees

Final bill for services by Deloitte Restructuring Inc. as Court appointed Receiver of Innovative Steam Technologies Inc. and IST Boiler Components Inc. ("IST" or the "Company") for the period from November 2, 2018 to December 31, 2019.

Please see the attached appendices for details.

Sales Tax

HST applicable 33,835.00

HST at 13.00% 4,398.55

Total Amount Due (CAD) 38,233.55

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.

Use the following payment methods and ensure your payment contains the details provided in the example.

Client Name	Client#	Invoice#	Amount (CAD)	Comments
Innovative Steam Technologies Inc. and IST Boiler Components Inc. c/o Deloitte Restructuring	1136634	8000950119	38,233.55	Payment for invoice 8000950119

Contact:

Please send payment confirmation by email to: receivablesdebiturs@deloitte.ca, and reference the invoice number(s) paid

Payment Options

1. EFT Payments(remittance email mandatory) :

Preferred Method

Bank of Nova Scotia: 44 King Street West, Toronto, Ontario M5H 1H1

CAD Payment

Transit – Institution : 47696-002
Account Number : 1590219

USD Payment

Transit – Institution : 47696-002
Account Number : 1363514

2. Wire Payment :

Bank of Nova Scotia: 44 King Street West, Toronto, Ontario M5H 1H1

CAD Payment

Account Number : 476961590219
Swift Code : NOSCCATT

USD Payment, Beneficiary Bank (Bank of Nova Scotia) :

Account Number : 476961363514
Swift Code : NOSCCATT
Clearing Code : CC000247696

Address: P.O. Box 4234 STN A, Toronto ON M4W 5P6

USD Payment, Intermediary Bank (Bank of America NA) :

Address: 222 Broadway, New York, NY 10038
Account Number : 476961363514
Swift Code : BOFAUS3N
ABA Routing Number : 026009593

Note: Intermediary Bank information may not be required for payments coming from outside the US

3. Online Payment :

Select either Deloitte LLP or Deloitte S.E.N.C.R.L./s.r.l. through your financial institution and quote the seven digits of the Client No. shown above.

Please note we do not accept Interac e-Transfers.

4. Cheque payments, please mail to :

For CAD Dollar (\$) Payments, pay :
 DELOITTE MANAGEMENT SERVICES LP
 c/o T04567C
 PO Box 4567, Stn A
 Toronto ON M5W 0J1

For USD Dollar (\$) Payments, pay :
 DELOITTE MANAGEMENT SERVICES LP
 c/o T04567U
 PO Box 4567, Stn A
 Toronto ON M5W 0J1



**Appendix #1
Summary of Fees**

Name	Level	Hours	Rate	Amount
Biehler, Robert	Partner	12.5	\$ 650.00	\$ 8,125.00
Bricks, Hartley	Director	1.3	\$ 550.00	\$ 715.00
Leung, Warren	Senior Manager	10.0	\$ 500.00	\$ 5,000.00
Koroneos, Anna	Senior Manager	4.7	\$ 500.00	\$ 2,350.00
Whittingham, Andrew	Senior Manager	2.6	\$ 500.00	\$ 1,300.00
Li, Xiaofei	Senior	1.3	\$ 325.00	\$ 422.50
Youn, Soo Won	Senior	3.5	\$ 325.00	\$ 1,137.50
Keene, Ashley	Analyst	0.8	\$ 250.00	\$ 200.00
Koo, Ada	Analyst	1.9	\$ 250.00	\$ 475.00
Brown, Rose	Administrator	7.4	\$ 150.00	\$ 1,110.00
Total Professional Hours and Fees		46.0		\$ 20,835.00
Accrual of fees for January 2020 motion and completion of administration				\$ 13,000.00
Total Fees and Expenses				\$ 33,835.00

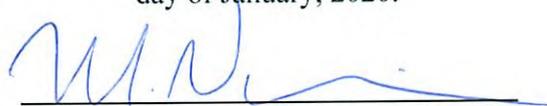

Appendix #2
Work performed from November 2, 2018 to December 31, 2019

Date	Name	Narrative	Hours
11/2/2018	Youn, Soo Won	October HST returns.	0.5
11/2/2018	Koroneos, Anna	Emails with Scott Spencer re: WEPP and telephone discussion on his claim.	0.3
11/5/2018	Brown, Rose	Trust Banking Administration - Deposit.	0.2
11/5/2018	Youn, Soo Won	TYCO invoice dispute.	1.0
11/5/2018	Koroneos, Anna	Emails and telephone discussion with Scott Spencer regarding the administration and his WEPP claim.	0.3
11/6/2018	Brown, Rose	Trust Banking Administration - Disbursements.	0.2
11/7/2018	Koroneos, Anna	Re-enter two employee Trustee information forms; with Candice of Service Canada on same.	0.5
11/9/2018	Biehler, Robert	Following up o/s issues.	0.5
11/9/2018	Brown, Rose	Prepare updated mailing address labels, stuff envelopes and prepare mail voucher for mail room.	0.8
11/9/2018	Koroneos, Anna	Discussion with RB on WEPP; respond to emails.	0.2
11/13/2018	Leung, Warren	Call with Dentons re Third Report of the Receiver, discussion with R. Biehler re sarthe.	0.5
11/13/2018	Biehler, Robert	Discussions re: file administration completion; draft report updating.	2.0
11/15/2018	Leung, Warren	Review of R. Biehler's comments on the Third Report of the Receiver.	0.5
11/15/2018	Biehler, Robert	Updating draft report; email correspondence re: file completion.	1.5
11/16/2018	Leung, Warren	Review SRD and provide to R. Biehler.	0.5
11/16/2018	Youn, Soo Won	Interim SRD update as of Nov 16th and vouching figures from the Third Report of the Receiver.	0.5
11/19/2018	Bricks, Hartley	QA of Third Report to Court.	1.2
11/19/2018	Leung, Warren	Prepare fee affidavit, review Third Report of the Receiver.	1.0
11/20/2018	Leung, Warren	Revise Third Report of the Receiver, calls with Dentons and Baker.	1.0
11/21/2018	Biehler, Robert	Calls and team discussions re: status and plan to complete; reviewing and finalizing court reports.	2.0
11/21/2018	Leung, Warren	Revise SRD and finalize Third Report of the Receiver.	0.5
11/27/2018	Bricks, Hartley	Review and execute disbursements.	0.1
12/3/2018	Brown, Rose	Update Website.	0.3
12/3/2018	Leung, Warren	Prepare for and attend Court re distribution/discharge.	2.0
12/3/2018	Biehler, Robert	Reviewing court report and materials and attendance in court for distribution and discharge hearing.	1.5
12/4/2018	Brown, Rose	Trust Banking Administration - Deposit.	0.3

Date	Name	Narrative	Hours
12/4/2018	Koo, Ada	Bank reconciliations for the month of October - 3 accounts.	0.5
12/12/2018	Brown, Rose	Trust Banking Administration - Close US\$ account; Update Ascend with transfer of US\$ to CDN account; Prepare disbursement cheque.	0.8
12/12/2018	Biehler, Robert	Reviewing GLs, email correspondence to John Borch re: distribution; providing instructions for distribution and providing supporting documents.	0.5
12/12/2018	Leung, Warren	Coordinating distribution to the Bank.	0.5
12/13/2018	Biehler, Robert	Confirmation of distribution; email correspondence re: outstanding matters.	0.5
1/2/2019	Youn, Soo Won	Employee WEPPA review and submission; review of HST refund received for November.	1.0
1/2/2019	Brown, Rose	Trust Banking Administration - Deposit.	0.2
1/7/2019	Koroneos, Anna	Review of new WEPP payments received, update register and forward to R.Brown.	0.4
1/8/2019	Koroneos, Anna	TC with Scott Spencer a former employee, and update his claim in SC.	0.3
1/8/2019	Koo, Ada	November bank reconciliations for 3 accounts.	0.6
1/10/2019	Koroneos, Anna	Update schedule for amended payment letter from SC.	0.5
1/10/2019	Brown, Rose	Estate Administration - Update Employee creditors on Ascend for 2nd Wepp payment; Scan and save Service Canada letters on Q Drive.	0.5
1/16/2019	Brown, Rose	Trust Banking Administration - confirm cheque received with Accounting Dept.	0.1
1/16/2019	Koroneos, Anna	Enter WEPP top up and provide to RB for updates to claims.	0.2
1/18/2019	Koroneos, Anna	Update payments from SC top up.	0.3
1/24/2019	Koroneos, Anna	Enter SC top up payments; with R. Brown on same.	0.4
1/24/2019	Brown, Rose	Update POC with 2nd Wepp payment.	0.5
1/25/2019	Brown, Rose	Saving Service Canada Letter to Q Drive.	0.3
1/29/2019	Koroneos, Anna	Enter top up from SC; TC with SC on Jason Grunland and eligible severance with 2017 start date; email to team and review of records.	0.6
1/30/2019	Koroneos, Anna	SC top up letters; forward to R. Brown.	0.3
2/4/2019	Koroneos, Anna	Enter top up payments from SC; with SC on J. Grunland severance.	0.4
2/6/2019	Brown, Rose	Trust Banking Administration - Deposit.	0.3
2/8/2019	Koo, Ada	December 2018 bank reconciliations for 3 trust accounts.	0.3
2/14/2019	Brown, Rose	Trust Banking Administration - Deposit.	0.3
3/7/2019	Biehler, Robert	Follow up on outstanding matters; creditor inquiry.	0.5
3/29/2019	Koo, Ada	Feb. bank reconciliation for 2 bank accounts.	0.1
4/29/2019	Biehler, Robert	Reviewing file; Update discussions w/ W Leung and insurance broker; email correspondence.	1.0

Date	Name	Narrative	Hours
4/30/2019	Biehler, Robert	Email correspondence re: broker and financier.	0.5
4/30/2019	Brown, Rose	Trust Bank Administration - Disbursement cheque.	0.2
5/9/2019	Koo, Ada	March bank reconciliation.	0.1
5/30/2019	Brown, Rose	Trust Banking Admin - Disbursement cheque and e-file remittance to OSB.	0.2
6/20/2019	Biehler, Robert	Finalize and send s. 246 interim report.	0.5
6/25/2019	Biehler, Robert	Update disc. w/ M Nowina re: litigation and invoicing; fee approval request.	0.1
7/2/2019	Koo, Ada	May bank reconciliation for 2 accounts.	0.1
7/8/2019	Youn, Soo Won	Siemen's payment investigation.	0.5
7/8/2019	Biehler, Robert	Calls w/ counsel and review detailed documents in preparation for Mediation; email correspondence.	0.8
7/8/2019	Biehler, Robert	Calls re: cash received; investigate AR; sign agreement.	0.1
7/9/2019	Biehler, Robert	Attending to correspondence re: Mediation and settlement.	0.5
7/16/2019	Koo, Ada	Bank reconciliation.	0.1
7/19/2019	Brown, Rose	Input Wepp service Canada letter.	0.3
7/22/2019	Brown, Rose	Scan Service Canada letter and save on Q Drive.	0.1
7/25/2019	Leung, Warren	Review Aecon quitclaim and mediation results; call with counsel and insurance counsel re mediation and baffles; instructions to A. Whittingham.	2.0
7/25/2019	Whittingham, Andrew	Review documents related to IST steel baffles. Discuss with W. Leung, attend call with counsel and discuss same with Cambridge Rigging.	1.0
7/30/2019	Keene, Ashley	Deposit cheque.	0.8
8/8/2019	Leung, Warren	Discussions with A. Whittingham re steel baffles.	0.5
8/26/2019	Whittingham, Andrew	Calling around to local scrapper in Cambridge; Discussions with W Leung; Prepare and send email offer to Cambridge Rigging for removal of steel baffles in storage.	0.6
9/6/2019	Whittingham, Andrew	Prepare file note re Cambridge Rigging; Prepare and send letter to Cambridge Rigging terminating storage agreement.	1.0
9/6/2019	Leung, Warren	Emails with A. Whittingham re baffles and review of analysis.	1.0
9/24/2019	Koo, Ada	Prepare August bank reconciliation.	0.1
10/7/2019	Brown, Rose	Trust Banking Administration - Deposit.	0.3
10/11/2019	Brown, Rose	Trust Banking Administration - Deposit and scan and saving Receipts and disbursement on Q drive form 2018 to Sept 2019.	1.5
10/21/2019	Li, Xiaofei	Re-drafted dissolution document and emailed to Warren Leung and prepared for the draft invoice.	1.0
10/22/2019	Li, Xiaofei	Tax admin.	0.2
10/24/2019	Li, Xiaofei	Tax admin.	0.1
Total			46.0

This is Exhibit "B" referred to in the
affidavit of Warren L. Leung
sworn before me, this 14th
day of January, 2020.

A handwritten signature in blue ink, appearing to be 'M. N.', written over a horizontal line.

A Commissioner for Taking Affidavit

EXHIBIT “B”

Calculation of Average Hourly Billing Rates of
Deloitte Restructuring Inc.
for the period November 2, 2018 to December 31, 2019

Invoice No.	Fees	Accrual	HST	Hours	Average Rate	Total
8000950119 (November 2, 2018 to December 31, 2019)	\$20,835.00	\$13,000.00	\$4,398.55	46.0	\$452.93	\$38,233.55

Appendix E

Court File No. CV-18-596878-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

Respondents

**AFFIDAVIT OF JOHN PIRIE
(sworn Friday, January 10, 2020)**

I, **JOHN PIRIE**, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY:

1. I am a partner at the law firm of Baker & McKenzie LLP ("**Baker McKenzie**"),
counsel for Deloitte Restructuring ("**Deloitte**") in its capacity as court-appointed receiver and
manager (the "**Receiver**") of Innovative Steam Technologies Inc. ("**IST**") and IST Boiler
Components Inc. ("**IST Boiler**"), and as such have knowledge of the matters deposed herein,
save and except where such knowledge is stated to be based on information from others, in
which case the source of the information is specified and in which case I do verily believe the
information to be true.

2. By an Order of the Honourable Justice Wilton-Siegel, dated May 1, 2018, Deloitte was appointed as receiver and manager over the properties, assets and undertakings of IST and IST Boiler.

3. Baker McKenzie was retained as counsel for the Receiver on or about May 17, 2018.

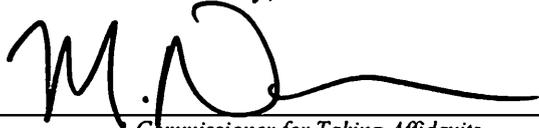
4. For the period of November 16, 2018 to December 31, 2019 Baker McKenzie has incurred fees in the amount of \$33,849.00 and disbursements in the amount of \$195.44, plus applicable HST in the amount of \$4,404.98, for a total of \$38,449.42. The fees and disbursements are detailed in Invoice Nos. 9155047901, 9155052634, and 9155055234, true copies of which are attached hereto and marked as **Exhibit "A"**.

5. I estimate that Baker McKenzie's fees and disbursements to the conclusion of this matter will not exceed \$15,000, excluding applicable taxes.

6. A statement of experience for the lawyers and staff is attached hereto and marked as **Exhibit "B"**.

7. This affidavit is sworn in support of the Receiver's motion for, among other things, approval of its fees and disbursements and those of its legal representatives, and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario this 10th of January, 2020.



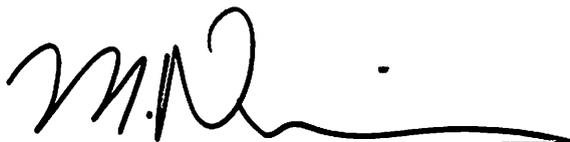
Commissioner for Taking Affidavits
(or as may be)

M. Nowicka

}


JOHN PIRIE

This is **Exhibit "A"** referred to in the Affidavit of John Pirie,
sworn this 10th day of January, 2020.

A handwritten signature in black ink, appearing to be 'M. A. Q.' with a long horizontal flourish extending to the right.

Commissioner for Taking Affidavits (or as may be)

Baker & McKenzie LLP
181 Bay Street
Brookfield Place, Suite 2100
Toronto ON M5J 2T3
Canada

TAX #: 11940 7625 RT
Tel: +1 416 863 1221
Fax: 1 416 863 6275

www.bakermckenzie.com

April 30, 2019

Attention: Rob Biehler
Deloitte Restructuring Inc.
1005 Skyview Drive, Suite 200
Burlington ON L7P 5B1
Canada

Client: 10077357
Payer: 10077357
Matter Number: 50479178
Invoice Number: 9155047901
Invoice Due Date: Payable in 30 days

Professional services and disbursements incurred for the period ending: February 28, 2019

RE: Innovative Steam Technologies Inc. and IST Boiler Components Inc. - Insolvency

Summary

Taxable Fees.....	14,762.50 CAD
Taxable Disbursements.....	35.44 CAD
	<hr/>
Taxable Amount.....	14,797.94 CAD
HST 13.000%.....	1,923.73 CAD
Non-Taxable Disbursements.....	160.00 CAD
	<hr/>
Total Amount Due.....	16,881.67 CAD



Wire Transfer:| HSBC Bank Canada| 70 York Street| Toronto, Ontario M5J 1S9| Bank#: 016;| Transit#: 10002;| Swift: HKBCCATT|
Canadian General Account#: 002-427753-001

Cheque:| Brookfield Place| 181 Bay Street, Suite 2100| P.O. Box 874| Toronto, Ontario M5J 2T3| Attn: Accounts Receivable
Please quote the Invoice number: 9155047901

Baker & McKenzie LLP is a member of Baker & McKenzie International, a Swiss Verein.

April 30, 2019

 RE: Innovative Steam Technologies Inc. and IST Boiler Components Inc. - Insolvency

Time Details

<u>Date</u>	<u>Name</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
11/16/2018	Ben Sakamoto	Office consultation with M. Nowina to receive instructions; review email correspondence.	0.30	275.00	82.50
11/17/2018	Ben Sakamoto	Review and consider precedent motion materials and order; draft Notice of Motion and Discharge Order outlines.	0.50	275.00	137.50
11/19/2018	Ben Sakamoto	Review and consider precedent discharge order and notice of motion; analyze report of the receiver; analyze secondary sources relating to discharge orders; draft discharge order and notice of motion.	1.30	275.00	357.50
11/20/2018	Ben Sakamoto	Email correspondence with M. Nowina; review and consider third report of the receiver; review and finalize draft notice of motion; review and finalize draft order to discharge.	1.50	275.00	412.50
11/20/2018	Michael Nowina	Review and revise draft third report; review and revise Notice of Motion.	1.90	650.00	1,235.00
11/21/2018	Michael Nowina	Revisions to Third Report; revisions to draft order and Notice of Motions; emails to W. Leung and J. Salmas regarding finalizing court materials.	3.00	650.00	1,950.00
11/22/2018	Michael Nowina	Emails with R. Biehler regarding third report; final review and revisions to motion record.	1.00	650.00	650.00
12/03/2018	Michael Nowina	Prepare for and attend at Commercial List Court for motion to discharge receiver; call with J. Salmas	4.80	650.00	3,120.00

Matter Number: 50479178
Invoice Number: 9155047901
Invoice Due Date: Payable in 30 days

April 30, 2019

<u>Date</u>	<u>Name</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
12/04/2018	Ben Sakamoto	to discuss potential dispute with Aecon regarding rights to litigation; consider status of the subrogated claim. Receive instructions from M. Nowina regarding subrogation clause in share purchase agreement; review share purchase agreement and subrogation clause; analyze secondary sources relating to subrogation; analyze secondary sources relating to insolvency; analyze case law relating to subrogated claims and insolvency; office consultation with M. Nowina; draft email memorandum.	3.60	275.00	990.00
12/04/2018	Michael Nowina	Provide instructions to B. Sakamoto; discuss subrogation of cause of action.	0.50	650.00	325.00
12/05/2018	Ben Sakamoto	Draft email memorandum regarding subrogation rights on insolvency and ability to continue proceedings following corporate dissolution; office consultation with M. Nowina; analyze case law relating to subrogation rights.	0.80	275.00	220.00
12/05/2018	Michael Nowina	Review email from B. Sakamoto regarding subrogation issues; review and consider case law; prepare analysis of subrogation issues; provide instructions to B. Sakamoto regarding further legal issues to consider relating to effects of full indemnification.	2.40	650.00	1,560.00

April 30, 2019

<u>Date</u>	<u>Name</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
12/06/2018	Ben Sakamoto	Review and consider Share Purchase Agreement; analyze case law relating to subrogation and indemnity; draft email memorandum regarding subrogation and indemnity; office consultation with M. Nowina; email correspondence with M. Nowina.	1.90	275.00	522.50
12/06/2018	Michael Nowina	Review email from B. Sakamoto regarding indemnification principles in subrogated claims; email to J. Salmas regarding same.	0.70	650.00	455.00
12/10/2018	Ben Sakamoto	Review and consider email correspondence from J. Salmas.	0.10	275.00	27.50
12/10/2018	Michael Nowina	Review email from J. Salmas with additional information regarding subrogated litigation claim.	0.60	650.00	390.00
01/18/2019	Ben Sakamoto	Receive instructions from M. Nowina regarding contractual dispute and rectification; review and consider email correspondence regarding contractual dispute.	0.40	275.00	110.00
01/18/2019	Michael Nowina	Review legal issues relating to Aecon subrogation claim; conference call with counsel for Aecon and HSBC to discuss issues; provide instructions to B. Sakamoto.	1.40	650.00	910.00
01/26/2019	Ben Sakamoto	Analyze secondary sources relating to contractual interpretation and rectification; analyze case law relating to rectification; draft email memorandum regarding rectification.	2.60	275.00	715.00

Matter Number: 50479178
Invoice Number: 9155047901
Invoice Due Date: Payable in 30 days

April 30, 2019

<u>Date</u>	<u>Name</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
01/27/2019	Ben Sakamoto	Draft memo regarding rectification.	0.20	275.00	55.00
01/28/2019	Ben Sakamoto	Review and finalize email memo regarding rectification; email correspondence with M. Nowina.	0.20	275.00	55.00
01/31/2019	Ben Sakamoto	Email correspondence with M. Nowina.	0.10	275.00	27.50
01/31/2019	Michael Nowina	Email report to R. Biehler on legal issues relating to Aecon and subrogation claim against Sound Technologies Inc.	0.70	650.00	455.00
Total Hours: 30.50			Total:	14,762.50	CAD

Matter Number: 50479178
Invoice Number: 9155047901
Invoice Due Date: Payable in 30 days

April 30, 2019

Time Summary

Toronto

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Michael Nowina	17.00	650.00	11,050.00
Ben Sakamoto	13.50	275.00	3,712.50
		Total:	14,762.50
Total Hours 30.50		Total Fees	14,762.50 CAD

Matter Number: 50479178
Invoice Number: 9155047901
Invoice Due Date: Payable in 30 days

April 30, 2019

Disbursement Summary

<u>Cost Details</u>	<u>Amount</u>
Toronto	
McRoberts Legal Services Inv#153184 Re: HSBC v Innovative Steam Technologies-filed Motion Record and Aff of Service (MN);McRoberts Legal Services Inv#153184 Re: HSBC v Innovative Steam Technologies-filed Motion Record and Aff of Service (MN);	195.00
Photocopy by Ana Markaroff on 11/23/18Photocopy by Ana Markaroff on 11/22/18	0.44
Sub total	195.44
Total Disbursements	195.44 CAD

Baker & McKenzie LLP
181 Bay Street
Brookfield Place, Suite 2100
Toronto ON M5J 2T3
Canada

TAX #: 11940 7625 RT
Tel: +1 416 863 1221
Fax: 1 416 863 6275

www.bakermckenzie.com

Remittance

April 30, 2019

Attention: Rob Biehler
Deloitte Restructuring Inc.
1005 Skyview Drive, Suite 200
Burlington ON L7P 5B1
Canada

Client: 10077357
Payer: 10077357
Matter Number: 50479178
Invoice Number: 9155047901
Invoice Due Date: Payable in 30 days

Invoice Statement Summary

Professional services and disbursements incurred for the period ending: February 28, 2019

RE: Innovative Steam Technologies Inc. and IST Boiler Components Inc. - Insolvency

Taxable Fees.....	14,762.50 CAD
Taxable Disbursements.....	35.44 CAD
	<hr/>
Taxable Amount.....	14,797.94 CAD
HST 13.000%.....	1,923.73 CAD
Non-Taxable Disbursements.....	160.00 CAD
	<hr/>
Total Amount Due.....	16,881.67 CAD
	<hr/>

Wire Transfer:| HSBC Bank Canada| 70 York Street| Toronto, Ontario M5J 1S9| Bank#: 016;| Transit#: 10002;| Swift: HKBCCATT|
Canadian General Account#: 002-427753-001

Cheque:| Brookfield Place| 181 Bay Street, Suite 2100| P.O. Box 874| Toronto, Ontario M5J 2T3| Attn: Accounts Receivable
Please quote the Invoice number: 9155047901

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Canada

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Tel: +1 416 863 1221
Fax: 1 416 863 6275

www.bakermckenzie.com

October 07, 2019

Attention: Rob Biehler
Deloitte Restructuring Inc.
1005 Skyview Drive, Suite 200
Burlington ON L7P 5B1
Canada

Client: 10077357
Payer: 10077357
Matter Number: 50479178
Invoice Number: 9155052634
Invoice Due Date: Payable in 30 days

Professional services and disbursements incurred for the period ending: September 30, 2019

RE: Innovative Steam Technologies Inc. and IST Boiler Components Inc. - Insolvency

Summary

Taxable Fees.....	17,031.50 CAD
Taxable Amount.....	17,031.50 CAD
HST 13.000%.....	2,214.10 CAD
Total Amount Due.....	19,245.60 CAD

Wire Transfer:| HSBC Bank Canada| 70 York Street| Toronto, Ontario M5J 1S9| Bank#: 016;| Transit#: 10002;| Swift: HKBCCATT|
Canadian General Account#: 002-427753-001

Cheque:| Brookfield Place| 181 Bay Street, Suite 2100| P.O. Box 874| Toronto, Ontario M5J 2T3| Attn: Accounts Receivable
Please quote the Invoice number: 9155052634
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October 07, 2019

 RE: Innovative Steam Technologies Inc. and IST Boiler Components Inc. - Insolvency

Time Details

<u>Date</u>	<u>Name</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
03/07/2019	Michael Nowina	Call with J. Salmas to discuss status of settlement discussions with Aecon.	0.20	650.00	130.00
05/14/2019	Michael Nowina	Review and consider legal issues relating to entitlement to insurance premium refund and email to R. Biehler regarding same; provide instructions to B. Sakamoto to review insurance issues.	0.90	650.00	585.00
05/15/2019	Ben Sakamoto	Review and consider email correspondence and letters regarding treatment of returned insurance premiums on insolvency.	0.50	275.00	137.50
05/16/2019	Ben Sakamoto	Review and consider email correspondence and letters regarding treatment of returned insurance premiums on insolvency; analyze case law regarding treatment of returned insurance premiums on insolvency; draft email memorandum regarding treatment of returned insurance premiums.	1.20	275.00	330.00
06/25/2019	Michael Nowina	Call with L. Rogers to discuss Aecon/STI litigation; call with R. Biehler to discuss litigation; email to L. Rogers regarding litigation.	0.70	650.00	455.00
06/26/2019	Michael Nowina	Emails with L. Rogers regarding IST litigation claim; review pleadings in action and provide instructions regarding drafting confidentiality agreement.	0.90	650.00	585.00
07/03/2019	Michael Nowina	Review emails from L. Rogers and reply regarding information required by	0.70	685.00	479.50

October 07, 2019

<u>Date</u>	<u>Name</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
		Receiver to evaluate IST litigation claim; provide instructions for drafting confidentiality agreement.			
07/04/2019	Brittany Shales	Consulting with Michael Nowina on drafting an undertaking	0.50	250.00	125.00
07/05/2019	Brittany Shales	Drafting an common interest agreement for Michael Nowina	0.70	250.00	175.00
07/05/2019	Michael Nowina	Review and revise draft confidentiality agreement and email to L. Rogers; emails with L. Rogers regarding IST litigation claim.	1.00	685.00	685.00
07/06/2019	Michael Nowina	Emails to & from L. Rogers regarding quitclaim of IST litigation claim.	0.60	685.00	411.00
07/08/2019	Ben Sakamoto	Review and consider email correspondence and claim documents; draft quitclaim agreement; email correspondence with M. Nowina.	0.90	290.00	261.00
07/08/2019	Michael Nowina	Emails with L. Rogers regarding confidentiality undertaking; review mediation briefs and case documents; call with R. Biehler to discuss merits; call with J. Salmas to discuss merits of litigation; call with J. Borch and J. Salmas to discuss merits; prepare for mediation; review and revise quitclaim agreement and email to L. Rogers.	7.90	685.00	5,411.50
07/09/2019	Michael Nowina	Email to L. Rogers regard quitclaim; attend at mediation; reporting on outcome of mediation; email to L. Rogers regarding quitclaim; review emails	8.40	685.00	5,754.00

Matter Number: 50479178
Invoice Number: 9155052634
Invoice Due Date: Payable in 30 days

October 07, 2019

<u>Date</u>	<u>Name</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
07/15/2019	Michael Nowina	regarding settlement proceeds and reply. Emails with L. Rogers regarding quitclaim agreement; call with J. Salmas to discuss motion for directions.	0.90	685.00	616.50
07/19/2019	Michael Nowina	Call regarding distribution of settlement funds; email to P. Casey regarding payment of settlement funds.	0.20	685.00	137.00
07/24/2019	Michael Nowina	Emails to & from W. Leung regarding sale of steel baffles and final court approval motion; email to D. Murphy regarding steel baffles and final issues.	0.30	685.00	205.50
07/25/2019	Michael Nowina	Emails and telephone conference regarding disposal or sale of steel baffles.	0.30	685.00	205.50
07/31/2019	Michael Nowina	Review email from D. Murphy and call with W. Leung to discuss removal of baffles.	0.20	685.00	137.00
09/12/2019	Michael Nowina	Emails to W. Leung regarding status of matter.	0.30	685.00	205.50
Total Hours: 27.30			Total:	17,031.50	CAD

Matter Number: 50479178
Invoice Number: 9155052634
Invoice Due Date: Payable in 30 days

October 07, 2019

Time Summary**Toronto**

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Michael Nowina	23.50	680.98	16,003.00
Ben Sakamoto	2.60	280.19	728.50
Brittany Shales	1.20	250.00	300.00
		Total:	17,031.50
Total Hours	27.30	Total Fees	17,031.50 CAD

Baker & McKenzie LLP
181 Bay Street
Brookfield Place, Suite 2100
Toronto ON M5J 2T3
Canada

TAX #: 11940 7625 RT
Tel: +1 416 863 1221
Fax: 1 416 863 6275

www.bakermckenzie.com

Remittance

October 07, 2019

Attention: Rob Biehler
Deloitte Restructuring Inc.
1005 Skyview Drive, Suite 200
Burlington ON L7P 5B1
Canada

Client: 10077357
Payer: 10077357
Matter Number: 50479178
Invoice Number: 9155052634
Invoice Due Date: Payable in 30 days

Invoice Statement Summary

Professional services and disbursements incurred for the period ending: September 30, 2019

RE: Innovative Steam Technologies Inc. and IST Boiler Components Inc. - Insolvency

Taxable Fees.....	17,031.50 CAD
Taxable Amount.....	17,031.50 CAD
HST 13.000%.....	2,214.10 CAD
Total Amount Due.....	19,245.60 CAD

Wire Transfer:| HSBC Bank Canada| 70 York Street| Toronto, Ontario M5J 1S9| Bank#: 016;| Transit#: 10002;| Swift: HKBCCATT|
Canadian General Account#: 002-427753-001

Cheque:| Brookfield Place| 181 Bay Street, Suite 2100| P.O. Box 874| Toronto, Ontario M5J 2T3| Attn: Accounts Receivable
Please quote the Invoice number: 9155052634
Baker & McKenzie LLP is a member of Baker & McKenzie International, a Swiss Verein.

**Baker
McKenzie.**

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January 10, 2020

Attention: Rob Biehler
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Client: 10077357
Payer: 10077357
Matter Number: 50479178
Invoice Number: 9155055234
Invoice Due Date: Payable in 30 days

Professional services and disbursements incurred for the period ending: December 31, 2019

RE: Innovative Steam Technologies Inc. and IST Boiler Components Inc. - Insolvency

Summary

Taxable Fees.....	2,055.00 CAD
Taxable Amount.....	2,055.00 CAD
HST 13.000%.....	267.15 CAD
Total Amount Due.....	2,322.15 CAD



Wire Transfer:| HSBC Bank Canada| 70 York Street| Toronto, Ontario M5J 1S9| Bank#: 016;| Transit#: 10002;| Swift: HKBCCATT|
Canadian General Account#: 002-427753-001

Cheque:| Brookfield Place| 181 Bay Street, Suite 2100| P.O. Box 874| Toronto, Ontario M5J 2T3| Attn: Accounts Receivable
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**Baker
McKenzie.**

Matter Number: 50479178
Invoice Number: 9155055234
Invoice Due Date: Payable in 30 days

January 10, 2020

RE: Innovative Steam Technologies Inc. and IST Boiler Components Inc. - Insolvency

Time Details

<u>Date</u>	<u>Name</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
12/17/2019	Michael Nowina	Emails with J. Salmas regarding discharge motion; call with W. Leung to discuss receiver's final report.	0.20	685.00	137.00
12/31/2019	Michael Nowina	Review last motion record and distribution order; review and reply emails to J. Salmas.	2.80	685.00	1,918.00
Total Hours: 3.00			Total:	2,055.00	CAD

**Baker
McKenzie.**

Matter Number: 50479178
Invoice Number: 9155055234
Invoice Due Date: Payable in 30 days

January 10, 2020

Time Summary

Toronto

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Michael Nowina	3.00	685.00	2,055.00
		Total:	2,055.00
Total Hours	3.00	Total Fees	2,055.00 CAD



Baker & McKenzie LLP
181 Bay Street
Brookfield Place, Suite 2100
Toronto ON M5J 2T3
Canada

TAX #: 11940 7625 RT
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January 10, 2020

Attention: Rob Biehler
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Matter Number: 50479178
Invoice Number: 9155055234
Invoice Due Date: Payable in 30 days

Invoice Statement Summary

Professional services and disbursements incurred for the period ending: December 31, 2019

RE: Innovative Steam Technologies Inc. and IST Boiler Components Inc. - Insolvency

Taxable Fees.....	2,055.00 CAD
Taxable Amount.....	2,055.00 CAD
HST 13.000%.....	267.15 CAD
Total Amount Due.....	2,322.15 CAD

Wire Transfer: HSBC Bank Canada| 70 York Street| Toronto, Ontario M5J 1S9| Bank#: 016| Transit#: 10002| Swift: HKBCCATT| Canadian General Account#: 002-427753-001

Cheque: Brookfield Place| 181 Bay Street, Suite 2100| P.O. Box 874| Toronto, Ontario M5J 2T3| Attn: Accounts Receivable
Please quote the Invoice number: 9155055234
Baker & McKenzie LLP is a member of Baker & McKenzie International, a Swiss Verein.

This is **Exhibit "B"** referred to in the Affidavit of John Pirie,
sworn this 10th day of January, 2020.

A handwritten signature in black ink, appearing to be the initials 'M. O.' with a large, stylized 'O'.

Commissioner for Taking Affidavits (or as may be)

STATEMENT OF EXPERIENCE

Timekeeper's Name	Timekeeper's Title	Year of Call
Michael Nowina	Partner	2004
Ben Sakamoto	Associate	2018
Brittany Shales	Student at Law	N/A

HSBC BANK CANADA
Applicant

INNOVATIVE STEAM TECHNOLOGIES INC. et al.
Respondents

-and-

Court File No. CV-18-596878-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF JOHN PIRIE
(sworn Friday, January 10, 2020)

BAKER & MCKENZIE LLP
Barristers and Solicitors
181 Bay Street, Suite 2100
Toronto, ON M5J 2T3

John Pirie (LSO #40993K)
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Lawyers for the Receiver, Deloitte Restructuring Inc.



Appendix F

**In the Matter of the Receivership of
Innovative Steam Technologies Inc. and IST Boiler Components Inc.
Final Statement of Receipts and Disbursements
For the period from May 1, 2018 to January 13, 2020**

<u>Description in SCAD, unaudited</u>	<u>May 1, 2018 to Nov 16, 2018</u>	<u>Nov 17, 2018 to Jan 13, 2020</u>	<u>May 1, 2018 to Jan 13, 2020</u>	<u>Note</u>
Receipts				
Cash on hand - CAD\$	\$ 94,626	-	\$ 94,626	
Cash on hand - USD\$	156,946	923	157,869	1
Accounts receivable - CAD\$	448,228	-	448,228	
Accounts receivable - USD\$	214,696	1,263	215,959	1
Sale of Inventory	741,711	-	741,711	2
Sale of Assets En Bloc	4,850,808	-	4,850,808	
Litigation Settlement	-	952,102	952,102	3
GST/HST collected post-receivership	13,893	-	13,893	
Other - CAD\$	57,019	17,449	74,468	
Other - USD\$	2,737	617	3,354	1
Total receipts	<u>6,580,665</u>	<u>972,354</u>	<u>7,553,019</u>	
Disbursements				
Receiver's Fees	456,975	41,313	498,288	4
Legal Fees	171,741	156,321	328,063	4
Contract employees	35,471	-	35,471	
Occupation rent	242,774	-	242,774	
Insurance	39,767	(11,655)	28,112	
HST paid post-receivership	48,848	2,711	51,559	
WEPP	77,308	-	77,308	
Unremitted Source Deductions	2,677	-	2,677	
Miscellaneous disbursements - CAD\$	33,812	840	34,652	
Total disbursements	<u>1,109,373</u>	<u>189,530</u>	<u>1,298,903</u>	
Payment to Secured Creditor	-	5,200,000	5,200,000	
Excess of Receipts over Disbursements available for final distribution to secured creditor	<u>\$ 5,471,292</u>	<u>\$ (4,417,177)</u>	<u>\$ 1,054,116</u>	

Notes:

- 1 Balances translated at CAD/USD exchange rate of 1.3076.
- 2 Sale of inventory represents orders that were completed post-receivership.
- 3 Litigation settlement funds of \$990,310 less \$38,208 in legal fees.
- 4 Fees of the Receiver and the Receiver's counsel include an accrual of \$13,000 and \$15,000 respectively for further fees and expenses to complete the administration.

Tab 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

THE HONOURABLE) FRIDAY, THE 24th
)
JUSTICE) DAY OF JANUARY, 2020

B E T W E E N:

HSBC BANK OF CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and IST
BOILER COMPONENTS INC.**

Respondents

ORDER

THIS MOTION, made by Deloitte Restructuring Inc. ("**Deloitte**") in its capacity as the court-appointed receiver (the "**Receiver**") of the assets, undertakings and properties of Innovative Steam Technologies Inc. and IST Boiler Components Inc. (together the "**Company**"), for an order:

- (a) approving the activities of the Receiver as set out in the Fourth Report of the Receiver dated January 14, 2020 (the "**Fourth Report**");
- (b) approving the Receiver's Statement of Receipts and Disbursements from the period from November 17, 2018 to January 13, 2020; and
- (c) approving the fees and disbursements of the Receiver and its counsel as described in the Fourth Report and accompanying affidavits,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fourth Report, the affidavits of the Receiver and its counsel as to their fees (the "**Fee Affidavits**"), and on hearing the submissions of counsel for the Receiver and the Applicant, HSBC Bank Canada ("**HSBC**"), no one else appearing although served as evidenced by the Affidavit of Anastasia Markaroff sworn January *, 2020, filed;

1. **THIS COURT ORDERS** that the actions and activities of the Receiver as set out in the Fourth Report be and hereby is approved, provided, however, that only the Receiver, in its personal or corporate capacity and only with respect to its own personal or corporate liability, shall be entitled to rely upon or utilize in any way such approvals.

2. **THIS COURT ORDERS** that the Receiver's Statement of Receipts and Disbursements as set out in the Fourth Report be and hereby is approved.

3. **THIS COURT ORDERS** that the fees and disbursements of the Receiver from November 2, 2018 to December 31, 2019, and its counsel Baker & McKenzie LLP from November 16, 2018 to December 31, 2019, as set out in the Fourth Report and the Fee Affidavits, be and hereby are approved.

HSBC BANK CANADA

-and-

**INNOVATIVE STEAM TECHNOLOGIES INC. and IST
BOILER COMPONENTS INC.**

Applicant

Respondents

CV-18-596878-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

PROCEEDING COMMENCED AT TORONTO

ORDER

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Lawyers for the Receiver, Deloitte Restructuring Inc.

HSBC BANK CANADA
Applicant

-and-

INNOVATIVE STEAM TECHNOLOGIES INC. et al.
Respondents

Court File No. CV-18-596878-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD OF DELOITTE RESTRUCTURING INC.
(Returnable January 24, 2020)

BAKER & MCKENZIE LLP

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