

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

**IN THE MATTER OF s. 243(1) of the *Bankruptcy and Insolvency Act*
and s. 101 of the *Courts of Justice Act***

B E T W E E N:

HSBC BANK CANADA

Applicant

-and-

ROYAL CANADIAN BEDROCK INC.

Respondent

**MOTION RECORD
(Returnable July 21, 2021)**

Volume 1 of 2

DATE: July 15, 2021

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TO: THE SERVICE LIST

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TAB 1

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

**IN THE MATTER OF s. 243(1) of the *Bankruptcy and Insolvency Act*
and s. 101 of the *Courts of Justice Act***

B E T W E E N:

HSBC BANK CANADA

Applicant

-and-

ROYAL CANADIAN BEDROCK INC.

Respondent

**NOTICE OF MOTION
(Discharge)
(Returnable July 21, 2021)**

Deloitte Restructuring Inc. (“**Deloitte**”), in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of the Respondent, will make a motion to a judge of the Commercial List of the Ontario Superior Court of Justice via Zoom videoconference, of which the join-in details will be provided by email to the service list, on July 21, 2021, at 2:00 p.m. or as soon thereafter as the motion can be heard.

PROPOSED METHOD OF HEARING: orally.

THE MOTION IS FOR orders in suggested accordance with the draft order, Schedule “A” hereto:

- a) if necessary, validating the time and method of service and filing of the motion record for this motion, including the Third Report of the Receiver dated June 30, 2021 (the “**Third Report**”), such that this motion is properly returnable on July 21, 2021, and dispensing with further service thereof;
- b) approving the activities of the Receiver as set out in the Third Report;
- c) approving the fees, costs and expenses of the Receiver and its lawyers as set out in the Third Report and the fee affidavits, filed (together, the “**Fee Affidavits**”), of Mr. Hartley

Bricks for the Receiver and Mr. Mario Forte for the Receiver's lawyers, Goldman Sloan Nash & Haber LLP;

- d) subject to completion of the receivership's administration as set out in the Third Report, and upon the Receiver filing a certificate of completion with the court, discharging Deloitte as Receiver;
- e) releasing Deloitte from all liability from the receivership, save for gross negligence or wilful misconduct; and
- f) such further and other relief as the court sees just.

THE GROUNDS FOR THE MOTION ARE:

- a) By order of this court dated December 6, 2018, Deloitte was appointed Receiver of the assets, undertakings and properties of the Respondent.
- b) The administration of the receivership is complete. All assets in possession have been realized. The Receiver's remaining activities, as set out in the Third Report, include making final distribution(s) to the Applicant on account of the Receiver's borrowings as more specifically described in the Third Report.

Approval of activities

- c) The activities of the Receiver since their last court approval are described in the Third Report. The Receiver acted prudently and diligently, in accordance with this court's orders.

Approval of fees, costs and expenses

- d) The fees, costs and expenses of the Receiver and its lawyers are described in the Third Report and the Fee Affidavits. They are fair, reasonable, and comparable to those incurred in similar files in the Toronto market.

Discharge and release

- e) Upon the completion of outstanding matters as set out in the Third Report, the administration of this receivership will be complete. The Receiver's acts having been approved by the court from time to time in the proceeding, including in the April 26,

2019 order of Hainey J., and herein if granted, it is appropriate that Deloitte be discharged as Receiver and released from any liability in respect of the receivership, save for gross negligence or wilful misconduct.

Legal provisions

- f) *Courts of Justice Act*, s. 101, *Bankruptcy and Insolvency Act*, s. 243, and *Rules of Civil Procedure*, rules 1.05, 2.03, 3.02, and 16.08, and such other grounds that counsel may advise and this court permit.

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

- a) the Third Report,
b) the Fee Affidavits, and
d) such further and other evidence as counsel may advise and this court permits.

DATE: July 15, 2021

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Lawyers for the Receiver

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced TORONTO

**NOTICE OF MOTION
(DISCHARGE)**

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Lawyers for the Receiver

TAB 2

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

BETWEEN:

HSBC BANK CANADA

Applicant

-and-

ROYAL CANADIAN BEDROCK INC.

Respondent

THIRD REPORT OF THE COURT-APPOINTED RECEIVER

JUNE 30, 2021

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APPENDIX “C”:	Endorsement of Justice Hainey dated January 16, 2019
APPENDIX “D”:	Second Report to the Court dated April 23, 2019 (w/o appendices)
APPENDIX “E”:	Endorsement of Justice Hainey dated April 26, 2019
APPENDIX “F”:	Approval and Vesting Order dated April 26, 2019

- APPENDIX “G”:** Storage Agreement dated May 6, 2019
- APPENDIX “H”:** Email dated August 20, 2019 regarding missing equipment
- APPENDIX “I”:** Updated Equipment Listing as of April 20, 2021
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- APPENDIX “T”:** Fee Affidavit of Hartley Bricks sworn June 28, 2021
- APPENDIX “U”** Fee Affidavit of Mario Forte sworn June 30, 2021

INTRODUCTION AND PURPOSE

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

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

2. The Receiver has filed two previous reports in these proceedings. The First Report of the Court-Appointed Receiver dated January 11, 2019 (the **“First Report”**) advised the Court of the Receiver’s actions to date, and in particular the lack of cooperation from Anthony Guido (**“Guido”**), the President and sole officer and director of RCBI, in complying with paragraphs 4 through 6 of the Appointment Order, that being providing the books and records of RCBI’s business to the Receiver and identifying and providing access to the Property. On January 16, 2019, Justice Hainey issued an Endorsement (the **“January 16 Endorsement”**) in which he cautioned Mr. Guido that he must comply with the Appointment Order or face a contempt hearing. A copy of the First Report (without appendices) and the January 16 Endorsement are attached hereto as **Appendices “B” and “C”**, respectively.
3. The Second Report of the Court-Appointed Receiver dated April 23, 2019 (the **“Second Report”**), among other things, advised the Court on the status of Guido’s compliance with the Appointment Order, the activities of the Receiver to date and sought the Court’s approval for the Receiver to enter into an Auction Services Agreement dated as of April 1, 2019 (the **“Auction Agreement”**) with Platinum Asset Services Inc. (**“Platinum”**) for the auction of the Identified Equipment (as defined below). On April 26, 2019, Justice Hainey granted an Approval and Vesting Order (the **“AVO”**) that approved the Auction Agreement and vested the title and interest in and to the Purchased Assets (as defined in the AVO) to their respective Prospective Purchasers (also as defined in the AVO) free and clear of any

and all security interests. A copy of the Second Report (without appendices) is attached hereto as **Appendix “D”**. Copies of Justice Hainey’s Endorsement dated April 26, 2019 and the AVO are attached hereto as **Appendices “E”** and **“F”**, respectively.

4. The purpose of this Third Report of the Court-Appointed Receiver (the **“Third Report”**) is to:
 - a) update the Court on Guido’s compliance with the Appointment Order and the conclusion of the Storage Agreement;
 - b) update the Court on the results of the auction of certain of RCBI’s equipment, and the distribution of the proceeds therefrom;
 - c) seek the Court’s approval of the activities of the Receiver since April 23, 2019 with respect to its receivership administration, including its activities in dealing with inventory and accounts receivable;
 - d) update the court on the assignment of RCBI into bankruptcy and the naming of Deloitte as Trustee in Bankruptcy (the **“Trustee”**);
 - e) seek the Court’s approval of the Receiver’s Statement of Receipts and Disbursements to May 31, 2021;
 - f) seek the Court’s approval of the Receiver’s fees and those of its legal counsel; and
 - g) seek an order discharging the Receiver upon the completion of its Remaining Duties (defined below) and the filing of a certificate with the Court.

TERMS OF REFERENCE AND DISCLAIMER

5. Unless otherwise provided, all other capitalized items not otherwise defined in this Third Report are as defined in the First Report or Second Report. Unless otherwise stated, all amounts referred to in this Third Report are reported in Canadian Dollars.
6. The Receiver has prepared this Third Report in its capacity as a court-appointed officer solely for the purposes outlined herein. Parties using the Third Report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes.
7. In preparing this Third Report, the Receiver has relied on the Information, the Additional Information, as well as the documentation provided, and discussions and correspondence with Guido since April 23, 2019 (the **“Third Report Information”**). Deloitte has reviewed the Information, Additional Information, and Third Report Information for reasonableness, consistency and use in the context in which it was provided. However, Deloitte has not audited or otherwise attempted to verify the accuracy or completeness of the Information, the Additional Information or the Third Report Information in a manner that would wholly or partially comply with Canadian Accounting Standards (**“CAS”**) pursuant to the Chartered Professional Accountants Handbook. Accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information, and the Additional Information and the Third Report Information.

STORAGE AGREEMENT

8. Notwithstanding paragraph 4 of the Appointment Order which orders, among other things, the Debtor and all other individuals, firms and corporations to provide immediate and continued access to the Property, Guido insisted that the Receiver enter into an agreement for the storage of the Property on the premises of two companies controlled by Guido: (a) QMX8 Wiarion Inc. (“**QMX8**”), a company that owned the property at 104 Quarry Road, Wiarion (the “**Wiarion Quarry**”) where 12 pieces of equipment were located, and (b) 1549 Blue Church Inc. (“**Blue Church**”, and together with QMX8, the “**Premises Owners**”), a company that owned the property at 1549 Blue Church Road, Augusta (the “**Augusta Quarry**”) where 3 pieces of equipment were located. Rather than incur the costs of returning to Court to further compel Guido’s compliance with the terms of the Appointment Order, the Receiver resolved that it would be more pragmatic to enter into discussions to arrive at the terms for maintaining the Property on the premises pending completion of the auction sale process. Discussion on the terms of the storage agreement began in January 2019; however, it wasn’t until May 6, 2019 when the Receiver was in a position to agree to the terms and conditions. A copy of the storage agreement (the “**Storage Agreement**”) is attached hereto as **Appendix “G”**. The key terms of the Storage Agreement were:

- There would be no fees, costs or expenses paid by the Receiver to the Premises Owners unless the Property remained on the premises after August 31, 2019, in which case fees may be charged for the period after August 31, 2019;

- The Receiver or its authorized representatives may remove Property from Premises at any time provided reasonable advance notice is given to the Premises Owners; and
 - The Premises Owners shall incur no liability or obligation to the Receiver in respect of the Property except for gross negligence or wilful misconduct.
9. Neither the Receiver nor Platinum experienced any issues with access or storage of the Property except for, as discussed further below, the removal by Guido and/or his associate(s) of two blades from certain sawing equipment, which blades were subsequently returned.

IDENTIFICATION AND DISPOSITION OF MACHINERY & EQUIPMENT

10. Identifying, locating and securing RCBI's assets has proved a challenge from the commencement of the receivership. While RCBI's principle place of business was the Wiarton Quarry, RCBI also operated from other quarries owned by Guido, including the quarry owned by Amsen Quarry Limited ("**AQL**") (a company controlled by Guido and subject to the Parallel Proceeding) located at 134 The Bury Road, South Bruce Peninsula, Ontario (the "**Amsen Quarry**", also referred to in certain documentation as "**Mar**"), As set out in paragraph 32 and Appendix "L" of the First Report, as of January 11, 2019, the Receiver was only able to definitively locate 13 of the purported 58 pieces of equipment owned by RCBI as identified from PPSA registrations, equipment leases and HSBC's security documents, five of which were located at the Wiarton Quarry, and eight of which were located at the Amsen Quarry.

The Parallel Proceeding

11. The Parallel Proceeding resulted from an application made by Kooy for the appointment of The Fuller Landau Group Inc. (“**Fuller**”) as receiver of the AQL, Amsen Quarry and certain equipment of RCBI. Kooy leased the Kooy Equipment to AQL and RCBI and held security over that equipment, as well as a collateral mortgage over the Amsen Quarry. On September 12, 2018, the Court issued an Order (the “**Amsen Receivership Order**”) appointed Fuller as receiver over AQL, the Amsen Quarry and the Kooy Equipment.
12. Fuller experienced similar issues with Guido regarding cooperation in providing books and records and identifying and locating assets such that they obtained an Endorsement from Justice Chiapetta dated October 11, 2018 directing Guido to comply with the Amsen Receivership Order.
13. Once the Receiver was appointed, it worked with Fuller to identify the equipment on Guido’s properties, including providing for the storage of that equipment until it could be prepared and sold at auction.

Location and Ownership of Equipment

14. In paragraph 27 and Appendix “B” of the Second Report, the Receiver provided an update on its work to locate RCBI equipment and reported that as of April 23, 2019, it was able to establish the following concerning the 58 pieces of equipment:
 - a) HSBC held priority security over seventeen (17) pieces of equipment;

- b) Twenty-seven (27) pieces of equipment were subject to the Parallel Proceeding, and the Receiver was in discussion with Fuller concerning the priority over nine (9) of those pieces;
 - c) Other parties held security over five (5) of the pieces of equipment which ranked in priority to HSBC;
 - d) Seven (7) pieces of equipment were duplicates of other assets on the listing;
 - e) Guido was able to establish that one (1) piece of equipment was not owned by RCBI (Cat 330L Excavator) which was released to him; and
 - f) One (1) piece of equipment still could not be accounted for.
15. The list of equipment in Appendix “B” of the Second Report was compiled from PPSA listings, HSBC’s security documents and lists provided by Guido and its legal counsel, which accounted for the duplicates on the listing and equipment that was eventually determined to be subject to other prior ranking security.
16. An update of the equipment listing since the Second Report, including a discussion of how the equipment was disposed of as of April 20, 2021, is set out in the attached **Appendix “I”**. The Receiver determined that of the 58 original pieces of equipment (references below to equipment numbers refer to the numbering in Appendix “I”):
- a) HSBC held priority to twenty (20) pieces of equipment which were provided to Platinum for auction;

- b) Kooy held priority to twenty-four (24) pieces of equipment such that the Receiver's interest in that equipment was released to Fuller;
- c) Five (5) pieces of equipment were subject to prior ranking security held by GM Financial Canada Leasing Ltd. (#10), TD Equipment Finance Canada (#11 & #12) and Add Capital Corp. (#59 & #60, which were identified at the Wiarion Quarry after the date of the Second Report) to whom the equipment was released;
- d) Two (2) pieces of equipment (#8 and #9) (the "**Bennington Equipment**") were subject to separate leases with Equirex Vehicle Leasing 2007 Inc. and Bodkin Capital Corporation, who amalgamated with Bennington Financial Corp. ("**Bennington**") on or around January 1, 2019. Since Bennington could not definitively establish a delivery date of Bennington Equipment such that they could rely on their PMSI priority in the face of HSBC's existing PPSA security, HSBC and Bennington agreed to a 50/50 split of the proceeds from the Bennington Equipment. Bennington elected to conduct its own realization process. While the Bennington Equipment had initially been located at the Wiarion Quarry (#8) and the Augusta Quarry (#9), when Bennington attempted to take possession of each piece, neither could be located. As such, there were no realizations from the Bennington Equipment. Platinum had initially assigned high liquidation values of \$8,000 to #8 and \$50,000 to #9; however, Platinum advised that the value assigned to #9 was based on a description of the asset and that it had not personally inspected

it, but having been told it was not operational, advised that the initial valuation assigned was overstated;

- e) 6 pieces were listed twice on the original schedule;
- f) One item, #54, a “Split Machine, s/n PO140900614”, could not be located;
- g) One item, #58, a “CAT 330L Excavator”, was determined not to be owned by RBCI and was released to Guido; and
- h) One item, #18, a “2010 Multiquip Generator”, was believed to have been stolen from a building at the Amsen Quarry where it was being stored. Attached hereto as **Appendix “H”** is an email from Platinum dated August 20, 2019 that discusses the circumstances of its disappearance. Platinum estimated the value of this piece of equipment at between \$15,000 and \$20,000.

Auction of machinery and equipment

- 17. Shortly after the issuance of the AVO, the Receiver executed the Auction Agreement with Platinum. Platinum set the date for the auction as August 13, 2019 in order to give it sufficient time to properly prepare for and advertise the auction.
- 18. Platinum incurred \$42,408 in costs to prepare the equipment for the auction, which included:
 - a) \$10,910 in costs for technicians to power up (including the costs of rental generators and air compressors), test machines and provide quotes on repairs;

- b) \$23,848 in parts and labour costs to repair certain of the equipment in order to make it saleable; and
 - c) \$7,650 in costs to transport equipment from the Augusta Quarry and the Amsen Quarry to the Wiarnton Quarry, the site of the auction.
19. Platinum arranged the equipment into sixteen (16) auction lots by combining six pieces of equipment into two lots while splitting on piece of equipment into two lots. Platinum also supplemented the auction with other equipment not from the RCBI estate.
20. On August 12, 2019, the day before the auction, Platinum advised the Receiver that the blades to two saws had been removed, severely impacting the value of that equipment as it had been advertised for sale with blades, and the cost to replace the blades was estimated at \$25,000. Apparently, Guido had removed the blades as he claimed they were “leased”, although no documentation was provided to indicate which entity had leased the blades. However, after discussion between legal counsel, Guido returned the blades the next day just prior to the auction but indicated that he was reserving his right to make a claim to the proceeds from the equipment allocable to the blade components, The Receiver did not subsequently receive any claim from Guido with respect to the proceeds from the blade components.
21. The 16 lots yielded gross auction proceeds of \$534,925 (not including the 18% buyer’s premium charged and retained by Platinum). These proceeds compared to Platinum’s pre-

auction high liquidation value estimate of \$526,500 as set out in its Appraisal Report dated February 19, 2019 (the “**Appraisal Report**”).

22. After deducting Platinum’s sharing of the proceeds above the amount of the Net Minimum Guarantee of \$15,392.50 (90% to the Receiver/10% to Platinum), reimbursement of repair and testing costs of \$42,408.00 as set out above, expense reimbursement and commissions of \$68,000.00 payable to Platinum pursuant to the Auction Agreement, and costs of the Appraisal Report of \$11,881.72, the net proceeds remitted to the Receiver was \$397,242.78. A copy of Platinum’s Sale Summary Report is attached hereto as **Appendix “J”** (the “**Auction Summary**”).

23. Prior to the auction, Platinum advised the Receiver that Guido had approached Platinum about purchasing certain pieces of equipment prior to the auction and wanted to know the Receiver’s position on this matter. The Receiver advised Platinum that as long as Platinum was of the view that Guido was paying an amount consistent with the appraised liquidation value for the equipment, it had no objections to Guido purchasing RCBI assets. On June 11, 2019, Platinum negotiated for the sale of three pieces of equipment, which are identified as lots #20, 21 and 22 in the Auction Summary, to Canadian Bedrock Transport Inc. (“**CBTI**”), a company controlled by Guido, at prices which Platinum advised the Receiver were in line with what it believed would have been realized at auction. The total sale prices for those three lots, before HST, was \$65,000. Copies of the invoices for the sale of these three pieces of equipment are attached hereto as **Appendix “K”**. The corresponding appraised liquidation value at auction for those three items ranged between \$60,000 and

\$77,500. The actual price paid by CBTI for those three items was \$77,500 plus HST, which amount included an 18% buyer's premium (retained by Platinum as per the Auction Agreement).

ACCOUNTS RECEIVABLE

24. Upon its appointment, as part of its initial information request provided to Guido on December 7, 2018, the Receiver requested copies of invoices and supporting documents, including mailing addresses and contact information, of the Company's customers so that it could attempt to collect the outstanding accounts receivable (the "**A/R Records**"). By email dated December 17, 2018, attached as Appendix "H" to the First Report, Guido advised that he would be providing the Receiver with the requested information on December 18, 2018. As set out in paragraph 24 of the First Report, on December 19, 2018, Guido sent to the Receiver a file entitled "RCB Receiver Information" which included an accounts receivable listing which did not list any receivables. A copy of that listing is attached hereto as **Appendix "L"**.
25. On December 21, 2018, the Receiver sent to Guido a further email request for the books and records, a copy of which is attached as Appendix "M" to the First Report. Given Guido's failure to cooperate and provide the information requested, the Receiver was forced to schedule an appearance in front of Justice Hainey on January 16, 2019 which resulted in Justice Hainey issuing the January 16 Endorsement.

26. On January 16, 2019, the Receiver again wrote to Guido again requesting the accounting records including the A/R Records. On January 17, 2019, the Receiver met with Guido at his counsel's offices at which meeting he failed to provide any information pertaining to the A/R Records. Guido again committed to updating his accounting records and providing supporting documentation. On January 22, 2019, the Receiver again wrote to Guido requesting the A/R Records. On that date, Guido provided a balance sheet for RCBI as at June 30, 2018 which indicated accounts receivable of \$1.828 million. However, Guido again failed to provide any documents that supported the quantum of accounts receivable or assisted in any collection efforts.
27. On January 25, 2019, Guido provided the Receiver with eight bankers boxes of information for RCBI which he advised included the A/R Records. On January 29, 2019, Guido provided an accounts receivable subledger dated as at June 30, 2018, the total of which agreed to the amount reported in the June 30, 2018 balance sheet, but again with no supporting documentation. The Receiver reviewed the contents of the eight bankers boxes, and while one of the boxes contained certain sales order for 2014 to 2016, they did not contain documentation to support balances in the June 30, 2018 accounts receivable subledger.
28. As set out in paragraph 16 of the Second Report, RCBI reported an accounts receivable balance of approximately \$1.9 million as at June 30, 2018 (the "**A/R Balance**"). The Receiver was able to identify collections of \$146,000 which had been deposited subsequent to June 30, 2018 into a bank account at CIBC under the name Royal Bedrock Inc. ("**RBI**")

(an account that Guido was using to conduct RCBI business since RCBI's bank account at HSBC had been frozen in March 2018 as a result of the Canada Revenue Agency serving HSBC with a Requirement to Pay with respect to unremitted HST). After accounting for these collections, the A/R Balance remained at approximately \$1.73 million, all of which would have been over 150 days overdue as of the date of the receivership.

29. By letter to Guido dated July 31, 2019, a copy of which is attached hereto as **Appendix "M"**, the Receiver again requested, among other things, the A/R Records and explanations and documentation to support the A/R Balance.
30. On August 9, 2019, Guido sent an email to the Receiver, a copy of which is attached hereto as **Appendix "N"**, which provided certain T4 slips but did not address the Receiver's request concerning the A/R Balance. By email dated August 14, 2019, the Receiver again requested invoices and support for the A/R Balance.
31. On August 19, 2019, Guido advised the Receiver by email that he would endeavour to respond the following week. On August 26, 2019, the Receiver again wrote to Guido asking for the information and documentation on the A/R Balance. On August 29, 2019, over eight months after the Receiver's initial request, Guido responded by email and attached various documents which purported to support the A/R Balance, a copy of which is attached hereto as **Appendix "O"**. The Receiver review the contents of Appendix "O" and prepared a schedule attached hereto as **Appendix "P"** detailing each account receivable and the nature of the supporting document provided. As set out in Appendix

“P”, with respect to the 35 accounts listed on the accounts receivable subledger, Guido provided the following:

- invoices for only four (4) accounts totalling \$104,000;
- two (2) accounts totalling \$46,000 for which Guido purported to have a “verbal order agreement”, for which no written purchase orders, evidence of delivery or invoices were provided;
- supporting documentation for six (6) accounts totalling \$215,000 consisted entirely of photographs of text messages on Guido’s cell phone purporting to represent purchase orders, with no written evidence of delivery or invoices provided;
- six (6) accounts for which Guido contended were subject to a verbal agreement, but for which no written evidence of delivery or invoices had been provided;
- three (3) accounts totalling \$141,000 for which Guido could not locate any supporting documentation; and
- a hodgepodge of emails, supply agreements and schedules for the remaining accounts, but with no evidence that the product had been delivered or that an invoice had been issued.

32. Suffice it to say that the Receiver considered the documents provided by Guido as some of the worst financial reporting it had come across which made it essentially impossible to

collect on the alleged accounts receivable, notwithstanding the fact that all of the accounts were at this point over one year old.

33. Nevertheless, the Receiver attempted to contact the outstanding accounts and determine if the amounts on the subledger existed and remained owing. The Receiver received limited responses from those accounts, and when requested by the party, was unable to provide documentation to support the amounts purported owed. As a result, the Receiver was unable to collect any of the purported accounts receivable.

INVENTORY

34. The borrowing base certificate dated June 30, 2018 and signed by Guido indicated that RCBI possessed inventory with a book value of \$3.452 million. The same amount appeared in RCBI's balance sheet dated June 30, 2018 and provided by Guido on January 22, 2019. On January 29, 2019, Guido provided a one-page inventory listing as at June 30, 2018 with five categories indicating a book value of \$3.452 million, a copy of which is attached hereto as **Appendix "Q"**. Other than this one-page listing, Guido has provided no documentation to substantiate the existence or location of any of the inventory or assist in identifying it.
35. During its visits to the Amsen Quarry and Wiarton Quarry, the Receiver did observe certain piles of stone at the site. However, there were no markings on the stone to substantiate its nature and ownership. The Receiver inquired of Fuller about the existence of RCBI inventory at the Amsen Quarry. Fuller's position was that unless the Receiver could

substantiate ownership through appropriate documentation, all of the stone at the Amsen Quarry belonged to AQL.

36. As set-out in paragraph 20 of the Second Report, given the absence of documentation evidencing RCBI's ownership over the inventory, the Receiver determined it was not worth incurring fees to pursue an ownership interest in inventory at the Amsen Quarry. As a result, there were no recoveries from inventory.

SUPPLIERS, CUSTOMERS AND EMPLOYEES

37. Since the date of the Second Report, the Receiver continued to receive and respond to inquiries from former RCBI employees and claims from former RCBI suppliers regarding the non-payment of invoices by RCBI, as well as claims by former customers regarding claims for damages arising from arrangements agreed upon prior to the date of the Appointment Order, including incomplete order delivery and poor product quality.

CRA CLAIMS

38. As reported in paragraph 25 of the First Report, RCBI had failed to remit any source deductions since operations commenced in 2016. RCBI also failed to file any HST returns since its inception.
39. As described in paragraph 34 of the First Report, CRA filed a claim for \$449,609.77 for source deductions for the period June 8, 2016 to December 12, 2018, \$169,001 of which CRA claimed as a deemed trust pursuant to subsection 227(4) of the *Income Tax Act*,

subsection 23(3) of the Canada Pension Plan, subsection 57(2) of the *Unemployment Insurance Act* and subsection 86(2) of the *Employment Insurance Act*. It further filed a claim of \$48,811.41 for unremitted HST for the period January 31, 2015 through January 31, 2017.

40. As set out in paragraph 23 of the Second Report, CRA made a further claim of \$994,704.97 for unpaid HST owing for the period February 1, 2017 to December 6, 2018. CRA advised that this amount was an estimate as it was not in possession of sufficient documentation to determine the exact amount of HST owing for that period.
41. Since the date of the Second Report, CRA submitted additional deemed trust claims of \$22,588 based on T4 submissions received from former employees of the Debtor after the date of the Second Report. The Receiver reviewed supporting documents provided by CRA and determined the additional claims to be valid. As a result, CRA's deemed trust claim totaled \$191,589.
42. Since Fuller had taken possession and had liquidated certain RCBI-owned equipment, the Receiver approached Fuller to discuss a sharing of the deemed trust obligation. The Receiver proposed a proportionate sharing based on gross proceeds realized from RCBI assets in each proceeding. That sharing methodology resulted in an allocation of \$33,384 to the Parallel Proceeding. However, Kooy asserted a position that the assets they leased to RCBI that were liquidated were subject to true leases, not financing leases, such that they were of the view that those assets did not form assets of RCBI and should not be subject to the deemed trust claim. The Receiver's position was that this was not an accurate

characterization of the Kooy leases and that it would oppose such treatment. However, given the costs that would need to be incurred to adjudicate Kooy's position, the Receiver believed it would be prudent to enter into negotiations for an acceptable contribution by Kooy. The Receiver, after consulting with HSBC in its position as first secured creditor, eventually agreed to accept a payment of 50% of the Parallel Proceedings proportionate share, which was \$16,691.92.

43. The Receiver has made payment to CRA to settle the deemed trust claim of \$191,588.67 and is not aware of any further deemed trust amounts owing based on its correspondence and telephone calls with CRA representatives.

ASSIGNMENT IN BANKRUPTCY OF RCBI

44. On October 1, 2019, as provided for under paragraph 3(s) of the Appointment Order, the Receiver filed an Assignment in Bankruptcy on behalf of RCBI, and the Office of the Superintendent of Bankruptcy issued a Certificate of Appointment to Deloitte as trustee (the "**Trustee**") of the Debtor's bankruptcy estate, a copy of which is attached hereto as **Appendix "R"**.
45. The first meeting of creditors ("**FMOC**") in the bankruptcy of RCBI was held on October 16, 2019 at which meeting the appointment of Deloitte as Trustee was confirmed.
46. The Trustee reviewed and admitted proofs of claim prior to and after the FMOC, with admitted secured claims totaling \$1.35 million and admitted unsecured claims totalling \$3.28 million, for total admitted claims of \$4.63 million.

In the matter of the Bankruptcy of Royal Canadian Bedrock Inc.				
Admitted Proof of Claims (C\$, 000's)				
as at May 3, 2021				
Creditor	Secured	Unsecured	Total	Comments
CRA	192	1,285	1,477	Secured portion is deemed trust claim.
HSBC	228	1,811	2,039	Secured portion in priority to Kooy.
Kooy Brothers	851	-	851	
Bennington Financial	80	-	80	
Deco-Tile	-	16	16	
Eastway Group	-	16	16	
Ford Credit Canada	-	3	3	
GM Financial	-	33	33	
Hydro One	-	29	29	
I.T.S Logistics	-	6	6	
Izart Architectural Design	-	44	44	
Middlebro' and Stevens	-	5	5	
St. Lawrence & Inspection	-	11	11	
WSIB	-	23	23	
Total	\$ 1,351	\$ 3,282	\$ 4,633	

47. Two representatives from HSBC and one representative from Hydro One were appointed as inspectors of the bankruptcy estate. Due to the unavailability of certain inspectors immediately following the FMOC, a first meeting of inspectors was held via teleconference on November 7, 2019, which confirmed the appointment of Goldman Sloan Nash & Happer LLP (“**GSNH**”) as the Trustee’s counsel and approval of the Trustee’s fees and disbursements up to October 18, 2019.
48. The Receiver transferred \$13,157 to the Trustee’s accounts for the settlement of required bankruptcy expenses.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

49. The receipts and disbursements of the Receiver up to and including May 31, 2021 are summarized in the Receiver’s Statement of Receipts and Disbursements attached to this Third Report as **Appendix “S”** (the “**R&D**”). As at May 31, 2021, there is a surplus of receipts over disbursements of \$54,051.

50. Pursuant to Paragraph 21 of the Appointment Order, the Receiver has borrowed \$108,707 from HSBC to settle the fees and disbursements of the Receiver and its independent legal counsel. To date, the Receiver has repaid HSBC \$80,000 of the borrowed amount, leaving \$28,707 outstanding.
51. After payment of the current and future professional fees, the Receiver will remit the balance in its trust account to HSBC as a further repayment of its borrowings. As a result, there will not be any funds available for a distribution to HSBC against the RCBI's indebtedness, which was reported in the application materials to be \$2,043,501.

RECEIVER'S REMAINING DUTIES AND DISCHARGE

52. As the Receiver's administration of this estate is substantially complete, the Receiver is seeking an order discharging Deloitte from the powers, duties and obligations attendant to its appointment as Receiver.
53. The Receiver's remaining duties (the "Remaining Duties") including the following:
 - a) distributing any surplus remaining in the Receiver's after the completion of the Remaining Duties to HSBC as a further partial repayment against amounts borrowed by the Receiver; and
 - b) filing of statutory reports under the BIA.
54. The Receiver proposes that its duties and obligations be restricted to the Remaining Duties. Once the Receiver has completed its Remaining Duties, the Receiver intends to file a

certificate with the Court indicating that the Receiver has completed the Remaining Duties and that the Receiver's discharge be final.

FEES OF THE RECEIVER AND ITS LEGAL COUNSEL

55. The Receiver and its independent legal counsel, GSNH, have maintained detailed records of their professional time and costs since the date of the Second Report.
56. The total fees of the Receiver during the period from February 28, 2019 to May 14, 2021 amount to \$74,450.00, together with disbursements of \$25,491.35 and harmonized sales tax (“HST”) in the amount of \$12,833.92, totalling \$112,775.27 (the “**Receiver Fees**”). Of the Receiver's disbursements, \$24,177.75 represents two invoices of GSNH for the period November 27, 2018 to April 16, 2019. The time spent by the Receiver is more particularly described in the Affidavit of Hartley Bricks sworn June 28, 2021 (the “**Bricks Affidavit**”) in support hereof and attached hereto as **Appendix “T”**.
57. The total legal fees incurred by the Receiver during the period November 27, 2018 to April 30, 2021 for services provided by GSNH as the Receiver's independent legal counsel amount to \$34,855.00, together with disbursements in the amount of \$1,635.71 and HST in the amount of \$4,681.40, totalling \$41,172.11 (the “**GSNH Fees**”). The time spent by GSNH personnel is more particularly described in the Affidavit of Mario Forte (the “**Forte Affidavit**”), counsel to GSNH, sworn on June 30, 2021 in support hereof and attached hereto as **Appendix “U”**.

58. As set out in the Bricks Affidavit, the Receiver estimates fees of the Receiver to the conclusion of the administration to be in the amount of \$5,000.00 plus disbursements and HST. The Receiver estimates fees of its counsel to the conclusion of the administration to be in the amount of \$3,000.00 plus disbursements and HST (collectively with the Receiver's estimate, the "**Estimated Fees**"). The Estimated Fees for the fees of the Receiver and GSNH are in addition to the fees outlined in paragraphs 56 and 57.
59. The Receiver is of the view that the fees and disbursements set out in the Bricks Affidavit and Forte Affidavit, including the Estimated Fees (collectively, the "**Professional Fees**") are reasonable in the circumstances of this case. Accordingly, the form of Discharge Order sought by the Receiver approves the Professional Fees.

RECEIVER'S RECOMMENDATIONS TO THE COURT

60. The Receiver recommends that the Court make an order:
- a) approving the Receiver's activities from April 23, 2019 to the date of this Third Report;
 - b) approving the R&D;
 - c) approving the Professional Fees;
 - d) restricting the duties and obligations of the Receiver to the Remaining Duties until such time as the Receiver is discharged; and

- e) terminating these proceedings and discharging Deloitte from the powers, duties, and obligations attendant to its appointment as Receiver effective upon the filing of a certificate with the Court indicating that the Receiver has completed the Remaining Duties.

All of which is respectfully submitted this 30th day of June, 2021.

**DELOITTE RESTRUCTURING INC.,
solely in its capacity as Court-appointed Receiver
of Royal Canadian Bedrock Inc. and not in its
personal or corporate capacity**

Per:



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

Appendix “A”

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

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

THE HONOURABLE)

THURSDAY, THE 6TH

JUSTICE)

HAINES

DAY OF DECEMBER, 2018

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



BETWEEN:

HSBC BANK CANADA

Applicant

- and -

ROYAL CANADIAN BEDROCK INC.

Respondent

**ORDER
(appointing Receiver)**

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

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

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

SERVICE

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

APPOINTMENT

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

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

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized (but not required) to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable, including but

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

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (r) to release its interest in, and to release from its possession and control, any Property that the Receiver determines pursuant to an independent security opinion is subject to a prior-ranking security interest in favour of a party other than the Applicant upon notice being provided to each such party and a reasonable notice period having expired;
- (s) to file an assignment in bankruptcy on behalf of the Debtor; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, authorized signing officers, employees, agents, accountants, legal counsel (subject to solicitor and client privilege) and shareholders, and all other persons acting on its instructions or behalf, (iii) The Fuller Landau Group Inc., solely in its capacity as Court-appointed receiver (in such capacity, the "**Limited Existing Receiver**") of Amsen Quarry Limited (a related entity to the Debtor) and the Kooy Equipment (the "**Limited Existing Receivership**") subject to such terms as to confidentiality as the Limited Existing Receiver and the Receiver may deem advisable, and (iv) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto

paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

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

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, save and except for the Limited Existing Receivership proceedings.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects

identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as

security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow from the Applicant, by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

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

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

RETENTION OF LAWYERS

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

SERVICE AND NOTICE

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

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

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

GENERAL

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

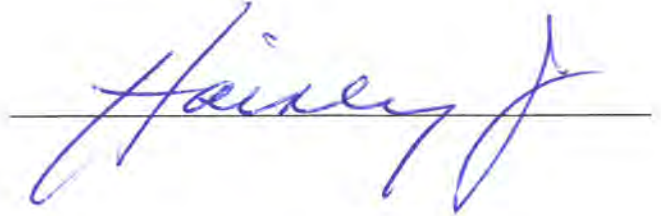
29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



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

DEC 06 2018

PER / PAR:



SCHEDULE "A"

KOOY EQUIPMENT

Year	Make	Model	Serial	Description
2003	Wilson	11-6	HD30-11630-03149	Overhead Gantry Saw
1997	CAT	980G	2KR01235	Wheel Loader
2013	Kubota	IKX057-4GA	21846	Excavator
2005	Volvo	L220E	EV3530	Wheel Loader
2014	Kubota	ISVL90-2HFC	13943	Skid Steer Loader
2008	JCB	436HT	JCB43600L71305303	Wheel Loader
2011	JCB	456HT	JCB45600H01304170	Wheel Loader
2010	Park Industries	PYTHON II	138368	Diamond Saw
2013	Daewoo	LOLAR 3000-V	1305	Excavator C/W RTS SA
1998	Fiat Allis	FR220	DGM40659 MOEST010 M	Wheel Loader
2005	CAT	908	CAT00908L TAR00543	Wheel Loader
2000	OGDEN	8-40300	OG1058	Stone Splitter
2008	Park Industries	36-16-150	109542	Stone Splitter
2008	Park Industries	PCDC-30-120	109543	Conveyer with skid loader

SCHEDULE "B"

TD EQUIPMENT

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

SCHEDULE "C"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte Restructuring Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Royal Canadian Bedrock Inc. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 6th day of December, 2018 (the "**Order**"), save and except for the Kooy Equipment and the TD Equipment (as defined in the Order), made in an action having Court file number CV-18-609417-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

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

DATED the ____ day of _____, 20__.

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

Per: _____

Name:

Title:

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

HSBC BANK CANADA

- and -

ROYAL CANADIAN BEDROCK INC.

Respondent

Applicant

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

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

Proceedings commenced at Toronto

**ORDER
(appointing Receiver)**

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Lawyers for the Applicant, HSBC Bank Canada

Appendix “B”

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

BETWEEN:

HSBC BANK CANADA

Applicant

-and-

ROYAL CANADIAN BEDROCK INC.

Respondent

FIRST REPORT OF THE COURT-APPOINTED RECEIVER

JANUARY 11, 2019

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APPENDICIES

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

INTRODUCTION AND PURPOSE OF THE RECEIVER'S REPORT

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

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

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

TERMS OF REFERENCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RCBI'S ASSETS IDENTIFIED TO DATE

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

RCBI'S TAX OBLIGATIONS

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

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

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

OUTSTANDING INFORMATION REQUESTS OF THE RECEIVER

36. The receivership of RCBI is over one month old and the Receiver is still without significant and material information it requires to carry out its mandate and, with the exception of the assets of the Amsen Quarry for which the Receiver has made arrangements with Fuller for security and insurance coverage, is still not in possession of the equipment or in a position to insure it. While Guido has at times responded to the Receiver's requests, his answers are either non-responsive or wholly inadequate.
37. In summary, the Receiver still requires the following information/documentation:
- i) Accounting records including general ledgers, trial balances, profit and loss statements and balance sheets;
 - ii) Accurate locations for all equipment believed to be owned by RCBI, but unidentified at this time;

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

CONCLUSION AND THE RECEIVER'S REQUEST

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

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

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

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

Per:



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

Appendix “C”

COUNSEL SLIP

COURT FILE NO CV-18-609417-00CL

DATE JAN 16 2019

NO ON LIST 4A

TITLE OF PROCEEDING HISBC BANK CANADA
v ROYAL CANADIAN BEDROCK INC.

COUNSEL FOR: PLAINTIFF(S)	<u>MARIO Forte for Beaver Delta Ho. Franchising Inc.</u>	PHONE & FAX NOS Ph. 416-547-6477 F " " 3370
APPLICANT(S)		
PETITIONER(S)	<u>D.S. Miller for the Applicant HSBC Bank</u>	T: 416-304-0559 F: 416-304-1313
COUNSEL FOR: DEFENDANT(S)	<u>Jessica L. Kuredjian / Taschira Ashmeade</u>	PHONE & FAX NOS
RESPONDENT(S)	<u>for RCB Inc.</u>	T: 416-560-6599

January 16/19.

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

Appendix “D”

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

BETWEEN:

HSBC BANK CANADA

Applicant

-and-

ROYAL CANADIAN BEDROCK INC.

Respondent

SECOND REPORT OF THE COURT-APPOINTED RECEIVER

APRIL 23, 2019

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APPENDICIES

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

APPENDICES TO BE HELD UNDER COURT SEAL

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

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

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

2. As a result of Anthony Guido's ("**Guido**"), the President and sole director and officer of RCBI, failure to comply with his duties to provide access and co-operation to the Receiver pursuant to paragraphs 4 through 6 of the Appointment Order, the Receiver filed its First Report of the Receiver dated January 11, 2019 (the "**First Report**") which detailed the activities of the Receiver to date and sought advice and direction from the Court. As detailed in the First Report, Guido is a former practicing Chartered Accountant. On January 16, 2019, Justice Hainey issued an Endorsement (the "**January 16 Endorsement**") cautioning Guido that he must comply with the Appointment Order or face a contempt hearing. A copy of the First Report (without appendices) and a copy of the January 16 Endorsement are attached hereto as **Appendices "B"** and **"C"**, respectively.
3. The Receiver files this Second Report of the Receiver (the "**Second Report**") to report to the Court on the following matters:
 - a) Guido's compliance with the Appointment Order;
 - b) the delivery of certain books and records and the identification of the location of certain of RCBI's equipment;
 - c) the financial position of RCBI;
 - d) the activities of the Receiver since January 11, 2019 with respect to its receivership administration;
 - e) the proposed method of sale for the Identified Equipment (as defined below) and seeking the Court's approval for the proposed method of sale;

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

TERMS OF REFERENCE AND DISCLAIMER

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

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

GUIDO’S COMPLIANCE WITH THE APPOINTMENT ORDER

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

BOOKS AND RECORDS AND THE LOCATION OF RCBI'S ASSETS

9. Of the books and records outstanding as of the date of the First Report, the following information/documentation has since been provided to the Receiver by Guido:
- a) certain accounting records including profit and loss statements and balance sheets;
 - b) certain employee-related documentation;
 - c) bank statements for the bank account held in the name of Royal Bedrock Inc. ("RBI"), a separate company controlled solely by Guido with a similar name to RCBI, at the Canadian Imperial Bank of Commerce ("CIBC");
 - d) copies of certain sales orders and invoices;
 - e) certain purchase receipts; and
 - f) certain production reports.
10. An update of the location and status of RCBI's equipment is attached hereto as **Appendix "D"**. Of particular concern to the Receiver as of the date of the First Report was the locations of assets numbered 1, 2, 3, 4, 6, and 7 in Appendix "D", which were financed directly by the Applicant. The Receiver has located these assets save and except for asset number 6, which has been removed from the listing as it was determined to be a duplicate of asset number 22.

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

FINANCIAL POSITION OF RCBI

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

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

As at June 30, 2018

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

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

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

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

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

Realizable assets as of the date of the Appointment Order

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

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

RCBI's tax obligations

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

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

ACTIVITIES OF THE RECEIVER SINCE JANUARY 11, 2019

Machinery and equipment

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

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

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

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

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

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

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

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

RBI Bank Account

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

Third Party Matters – Vendors, Customers, and Employees

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

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

PROPOSED REALIZATION PROCESS

Appraisal of the Machinery and Equipment

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

Auction of the Machinery and Equipment

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

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

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

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

FUTURE RECEIVERSHIP ACTIVITIES

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

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

FEES OF THE RECEIVER AND ITS LEGAL COUNSEL

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

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

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

RECEIVER'S RECOMMENDATIONS TO THE COURT

60. The Receiver recommends that the Court make an order:
- a) approving the Receiver's activities from January 11, 2019 to the date of this Second Report;
 - b) approving the Receiver's execution of the Auction Agreement with Platinum and the sealing of the Auction Agreement with Platinum; and
 - c) approving the fees and disbursements of the Receiver and those of its counsel.

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

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



Per:

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

Appendix “E”

10:00

COUNSEL SLIP

COURT FILE NO CV-18-00609417-00CL

DATE APR 26 2019

NO ON LIST 3

TITLE OF
PROCEEDING

HSBC BANK
CANADA

v.

ROYAL CANADIAN
BEDROCK INC.

COUNSEL FOR:
PLAINTIFF(S)
APPLICANT(S)
PETITIONER(S)

MARIO Forte for Deloitte Consulting Inc, Plaintiff

PHONE & FAX NOS
416-597-6477
" " -3374

COUNSEL FOR:
DEFENDANT(S)
RESPONDENT(S)

PHONE & FAX NOS

Puja Fesharati for HSBC Canada

416 364 7471
416 364 1313

April 26, 2019

I am satisfied that the attached Approval and working order should issue. There shall be a Sealing order on the terms of para 7 of

The added. If any similar
arise with respect to the
proposed storage agreement
The parties shall return
before me at a 9:30 AM
hearing to resolve the
issue.

The attached order
for the approval of the
license and its council's
fees and ~~activities~~
activities of the license
shall issue on the
terms of the attached.

Hardy J

Appendix “F”

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

)

FRIDAY, THE 26th

JUSTICE HAINEY

)

DAY OF APRIL, 2019

)



HSBC BANK CANADA

Applicant

-and-

ROYAL CANADIAN BEDROCK INC.

Respondent

APPROVAL AND VESTING ORDER

THIS MOTION, made by Deloitte Restructuring Inc. ("**Deloitte**"), in its capacity as Court-appointed receiver (in such capacity, the "**Receiver**") of certain property, assets and undertaking (the "**Property**") of Royal Canadian Bedrock Inc. (the "**Debtor**"), for an order, *inter alia*, i) approving an auction proposal between the Receiver and Platinum Asset Appraisals, dated as of April 1, 2019 (the "**Auction Agreement**"); and ii) vesting in the prospective purchaser(s) ("**Prospective Purchaser(s)**"), all the Receiver's and the Debtors' right, title and interest in and to the property described as the "**Assets**" in the Auction Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report of the Receiver dated April 23, 2019 (the "**Second Report**") and appendices thereto, and on hearing the submissions of counsel for the Receiver,

- 2 -

gff
the Applicant ~~and the Debtor~~ and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Katie Parent sworn April 23, 2019, filed,

1. **THIS COURT ORDERS** that the time for service of the Motion Record in respect of this motion and the Second Report is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof is hereby dispensed with. All terms not otherwise defined herein shall have the meanings ascribed to them in the Second Report.

2. **THIS COURT ORDERS AND DECLARES** that the Auction Agreement is hereby approved, and the execution of the Auction Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized to take such additional steps and execute such additional documents as may be necessary or desirable for the implementation and administration of the sale process contemplated in the Auction Agreement, and such further agreements which may be necessary or desirable for the completion of any transaction contemplated by the Auction Agreement and for the conveyance of the Purchased Assets to such Purchaser or Purchasers as the case may be.

3. **THIS COURT FURTHER ORDERS AND DECLARES** that upon the completion of a sale pursuant to the terms of the Auction Agreement all the Receiver's and the Debtor's right, title and interest in and to the Purchased Assets subject to such sale, shall vest absolutely in the Prospective Purchaser(s), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, leases, notices of lease, subleases, licences, restrictions, contractual rights, options, judgments, liabilities (direct, indirect, absolute

- 3 -

or contingent), obligations, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"), including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of Justice Hailey dated December 6, 2018 (the "**Appointment Order**"); and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the completion of sales pursuant to the Auction Agreement all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** that (i) the Debtor, (ii) all of its current and former directors, officers, authorized signing officers, employees, agents, accountants, legal counsel (subject to the solicitor and client privilege) 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 not interfere with (i) the implementation of the sale process contemplated in the Auction Agreement, (ii) access to the Purchased Assets for the purposes of permitting Prospective Purchaser to collect such assets

- 4 -

pertaining to their respective sale, and (iii) shall not purport to exert any liens, charges or encumbrances against the Purchased Assets in violation of this Order and the Receivership Order.

6. **THIS COURT ORDERS** that, notwithstanding:

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

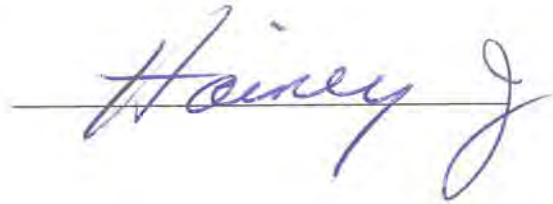
the vesting of the Purchased Assets in the Prospective Purchaser(s), pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent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

7. **THIS COURT ORDERS** that the unredacted Auction Agreement, attached to the Second Report as Confidential Appendix “N”, be and is hereby sealed pending the closing of the completion of the auction process.

8. **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

- 5 -

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.

A handwritten signature in blue ink, reading "Hainey J.", is written over a horizontal line.

ENTERED AT / INSCRIT A : - 170
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 26 2018

PER / PAR: RW

ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced TORONTO

APPROVAL AND VESTING ORDER

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto ON M5G 1V2
Fax: 416-597-3370

Mario Forte (LSUC #27293F)
Tel: 416-597-6477
Email: forte@gsnh.com

Lawyers for the Receiver

Appendix “G”

STORAGE AGREEMENT

THIS STORAGE AGREEMENT ("Agreement") is made as of this 6th day of May, 2019 (the "Effective Date").

A M O N G:

Deloitte Restructuring Inc., solely in its capacity as receiver of certain property of Royal Canadian Bedrock Inc. ("**RCBI**")

(the "**Receiver**")

- and -

QMX8 Wiarion Inc.

- and -

1549 Blue Church Inc.

(individually, "**Owner**" or together "**Owners**")

WHEREAS, pursuant to the order of Mr. Justice Hainey made December 6, 2018, in the Superior Court of Justice for Ontario (the "**Court**"), the Receiver was appointed receiver over certain of the property of RCBI as more particularly set out in such order (the "**Receivership Order**"),

AND WHEREAS pursuant to the Receivership Order, the Receiver has identified Property (as defined below) which is subject to the Receivership Order and located on the Premises (as defined below),

AND WHEREAS the Receiver wishes to store the Property on the Premises controlled by the Owners pursuant to the terms of this Agreement, pending, among other things, the completion of an auction sale process for the Property which process will be conducted subject to an Order of the Court (the "**Auction Process**")

AND WHEREAS the parties hereto have agreed to the terms pursuant to which the Property may be stored on the Premises, pending recovery and the sale thereof by the Receiver,

NOW, THEREFORE, for valuable consideration the parties agree:

1. Definitions As used in this Agreement, the following terms shall have the following meanings:

- (a) **"Affected Owner"** means the Owner of the Premises affected by the Receiver's exercise of any terms of this Agreement affecting the Property.
- (b) **"Affected Premises"** means the Premises of an Affected Owner.
- (c) **"Property"** means equipment listed (with locations) in Schedule "A" hereto.
- (d) **"Premises"** means the land and buildings located at each of the addresses listed in Schedule "B" hereto.

2. Storage Space

The Property shall be stored at the Premises as more particularly set forth in Schedule "A" hereto, and will remain in an "as is, where is" state. The Receiver has conducted its own diligence regarding the Property and hereby confirms that the Owners have made no representations regarding security interests, ownership, location or otherwise in connection therewith.

3. No Storage Fees

No fees, costs or expenses shall be payable by the Receiver to any Owner in respect of the storage as contemplated herein in respect of any period in which the Property has been located on the Affected Premises unless the Property remains on the Affected Premises after August 31, 2019, in which case, unless the parties otherwise agree, fees, costs and expenses may be charged in respect of such period following August 31, 2019 insofar as the Property continues to remain on the Affected Premises.

4. Auction Process, Removal and Relocation of Property

Subject to the terms of the Auction Process and otherwise during the term of this Agreement, the Receiver or its authorized representatives may remove Property, or any portion thereof, at any time and from time to time, provided that it gives

reasonable advance notice to the Owner of its intention to do so. The Owner may have representatives present during the course of any such removal. The Owners agree that the Property will not be moved to another location by an Owner without the prior consent of the Receiver and only to a location or locations acceptable to the Receiver on terms mutually acceptable to the Affected Owner and the Receiver.

5. Inspection Rights

The Receiver and its authorized representatives may enter the Premises at any time during normal business hours to inspect the Property, provided it gives advance notice of at least five (5) business days to the Affected Owner and the Affected Owner or its designated representative shall have the option of being present during such inspection.

6. Insurance

At all times during the term of this Agreement, the Receiver shall maintain comprehensive general liability insurance, commensurate with its role and circumstances.

7. Term and Termination

This Agreement shall remain in effect from the Effective Date until terminated by the Receiver as herein provided, but in any event, this Agreement shall terminate on August 31, 2019.

However, with respect to an Affected Owner, the Receiver may terminate this Agreement on ten (10) days' written notice to the Affected Owner, and provided that if the Affected Owner consents in writing, the Receiver may terminate on less than ten (10) days' notice, or with a further order of the Court.

8. Removal of Property Following Termination

If this Agreement is terminated in whole or in part, the Receiver at its own cost shall immediately remove all Property from the Affected Premises unless the Receiver and the Affected Owner agree otherwise in writing.

9. Limitation on Liability

An Owner shall incur no liability or obligation to the Receiver in respect of the Property except for gross negligence or wilful misconduct.

10. No Liens

The Owners hereby waive all rights to assert any liens and encumbrances (possessory or otherwise) now or hereafter accruing or any other remedy they may have at law or equity in respect of the Property unless the Property remains on the Affected Premises after August 31, 2019, in which case, unless the parties agree otherwise, liens may be asserted in respect of such period following August 31, 2019 insofar as the Property continues to remain on the Affected Premises.

11. Entire Agreement

Subject to the Receivership Order, this Agreement represents the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous written or oral agreement with respect to the same.

12. Notice

Any notice required hereunder shall be deemed satisfactory if sent by email to the parties at the respective addresses set forth below:

Deloitte Restructuring Inc.

8 Adelaide St. West, Toronto, ON, M5H 0A9
Attention: Andrew Whittingham
andwhittingham@deloitte.ca

- and -

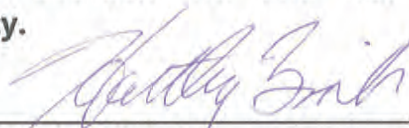
**QMX8 Wiarion Inc.
1549 Blue Church Inc.**

100 King Street West, Suite 5600, Toronto, ON, M5X 1C9
Attention: Anthony Guido
anthony@royalcanadianbedrock.com

13. No Waiver

No waiver by either parties of any breach by the other shall be deemed a waiver of any subsequent breach.

DELOITTE RESTRUCTURING INC., solely in its capacity as receiver of certain property of Royal Canada Bedrock Inc. and not its personal capacity.



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

1549 Blue Church Inc.



Name: Anthony Guido
Title: Director

QMX8 Wiarnton Inc



Name: Anthony Guido
Title: Director

Appendices

Appendix	Description
A	Equipment Listing
B	Addresses of the Owners

APPENDIX “A”

PRELIMINARY DRAFT AND SUBJECT TO CHANGE**In the Matter of the Receivership of Royal Canadian Bedrock Inc.****Assets Located at Wiarion Quarry****Address: 104 Quarry Road, Wiarion, ON N0H 2T0****Property Owner: QMX8 Wiarion Inc.**

#	Equipment Description	Lessor	Location
1	One (1) brand new 2017 chain saw, model no. QS4000D, serial no. 2250417	HSBC Bank Canada (specific PPSA)	Wiarion, Ontario
2	One (1) brand new 2017 chain saw, model no. QS4000D, serial no. 2260517	HSBC Bank Canada (specific PPSA)	Wiarion, Ontario
3	One (1) new Fravizel tracked drilling machine, Model no. MPLE4, serial no. 7597	HSBC Bank Canada (specific PPSA)	Wiarion, Ontario
5	One (1) Jaguar Pro, serial no. 211862	HSBC Bank Canada (specific PPSA)	Wiarion, Ontario
7	New 2016 stone splitter model P200 S/N# SP463C	HSBC Bank Canada (specific PPSA)	Wiarion, Ontario
8	2010 Atlas Copco XATS375-CVEL compressor, S/N # HOP070456	Equirex Vehicle Listing 2007 Inc. ("Bennington Financial")	Wiarion, Ontario
11	2012 Toromount CAT Integrated Tool Carrier Model: IT14G S/N#: KZN01093		Wiarion, Ontario - Receivers have not inspected this equipment
13	2015 MEC Splitters		Two 2015 MEC splitter machines were identified at Wiarion.
14	2015 Multiquip Generator		Wiarion, Ontario
16	2010 Multiquip Generator		Wiarion, Ontario - Receivers took possession of the vehicle and moved it to Mar, Ontario
19	2010 Park Industries Python IT 138368		Wiarion, Ontario
44	2014 Toromount CAT Loader Model: 950k S/N#: R4A02413	TD Equipment Finance	Wiarion, Ontario

Notes:

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

PRELIMINARY DRAFT AND SUBJECT TO CHANGE

In the Matter of the Receivership of Royal Canadian Bedrock Inc.			
Assets Located at Augusta Quarry			
Address: 1549 Blue Church Road, Augusta, ON K0E 1T0			
Property Owner: 1549 Blue Church Inc.			
#	Equipment Description	Lessor	Location
4	One (1) diamond wire saw machine, model mini HV	HSBC Bank Canada (specific PPSA)	Augusta, Ontario
9	2000 Park Industries 60-24-300 Hydrasplitter, S/N 4-00-220	Bodkin Capital Corporation ("Bennington Financial")	Augusta, Ontario
12	2015 Dazzini Chainsaw		Augusta, Ontario

Notes:

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

APPENDIX “B”

In the Matter of the Receivership of Royal Canadian Bedrock Inc.	
Addresses of the Owners	
Owner	Address
QMX8 Warton Inc.	104 Quarry Road Warton, ON N0H 2T0
1549 Blue Church Road Inc.	1549 Blue Church Road Augusta, ON K0E 1T0

Appendix “H”

From: [Whittingham, Andrew](#)
To: [Bricks, Hartley](#)
Subject: FW: Generator
Date: Tuesday, August 20, 2019 12:15:35 PM
Attachments: [image002.png](#)

FYI

I will contact Fuller re the security

Andrew Whittingham

Senior Manager | Deloitte Restructuring Inc.
8 Adelaide St. West, Toronto, ON, M5H 0A9
D: +1 (416) 601 6421 | M: +1 (647) 326 3309
andwhittingham@deloitte.ca | deloitte.ca



Deloitte.

NATIONAL
PARTNER

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--

Please consider the environment before printing.

From: Adam Moskowitz <amoskowitz@platinumassets.com>
Sent: Monday, August 19, 2019 1:17 PM
To: Whittingham, Andrew <andwhittingham@deloitte.ca>
Cc: Ellie Marshall <ellie@platinumassets.com>
Subject: [EXT] Generator

Hi Andrew,

Per our conversation the Multiquip generator included in the auction sale is missing. The generator was being stored at Mar as I believed it was a more secure location.

The generator was moved to Mar on July 23, 2019 and setup to power the Yukon II for auction inspection. On August 15, 2019 the machinery mover, working for Platinum, went to the site to load the forklift that was sold and noticed that the lock to the building had been cut. He advised Fairmount security that he took a lock from the other building to secure the premises. On August 16, 2019 when our mover returned to the site the second lock was cut and the generator was gone.

On both August 15th and 16th only the building lock was cut and not the gate lock. I spoke with Tom from Fairmount securities and he advised that his mandate to inspect the premises was terminated about six weeks ago.

Fairmount has been instructed by Fuller to resecure the premises. I've called one of the local quarry buyers to ask him to talk to his guys and see if they can find out anything. I've told him to tell them that its missing, I've asked for there help, if it is returned, no charges will be laid but if it not the police will be notified

I'm on my cell 416-839-4874 if you need me.

Regards,

Adam

Adam Moskowitz - President

Platinum Asset Services Inc.
80 Midwest Road, Unit 1
Scarborough, Ontario
M1P 4R2

Tel: (416) 366-2326 x 100

Fax: (416) 366-2325

E-mail: amoskowitz@platinumassets.com

Web: www.platinumassets.com

Appendix “I”

In the Matter of the Receivership of Royal Canadian Bedrock Inc. Update of equipment location and status from the Second Report Status as at April 20, 2021						
#	Equipment Description	First ranking security in favour of	Status	Comments	Auction Lot #	Gross Proceeds
1	One (1) brand new 2017 chain saw, model no. QS4000D, serial no. 2250417	HSBC	Sold by Platinum Assets		22	\$ 38,000
2	One (1) brand new 2017 chain saw, model no. QS4000D, serial no. 2260517	HSBC	Sold by Platinum Assets	Serial no. 2260417	12	\$ 63,500
3	One (1) new Fravizel tracked drilling machine, Model no. MPLE4, serial no. 7597	HSBC	Sold by Platinum Assets		9	\$ 60,500
4	One (1) diamond wire saw machine, model mini HV	HSBC	Sold by Platinum Assets	BFC Machine	21	\$ 10,500
5	One (1) Jaguar Pro, serial no.	HSBC	Sold by Platinum Assets	Serial no. 211861	7	\$ 44,500
6	One (1) Yukon II Deluxe Diamond saw, serial no. 211860		Duplicate, removed from listing	Duplicate, serial number confirmed by manufacturer as 211859. Only one Yukon II saw inspected by the Receiver. See Item #22.		
7	New 2016 stone splitter model P2000 S/N# SP463C	HSBC	Sold by Platinum Assets		5	\$ 8,250
8	2010 Atlas Copco XATS375-CVEL compressor, S/N # HOP070456	Equirex Vehicle Leasing 2007 Inc. (Bennington)	Bennington to take possession and sell the equipment with a 50/50 split of proceeds with HSBC	Bennington could not locate the asset.		
9	2000 Park Industries 60-24-300 Hydrasplitter, S/N 4-00-220	Bodkin Capital Corporation (Bennington)	Bennington to take possession and sell the equipment with a 50/50 split of proceeds with HSBC	Bennington could not locate the asset.		
10	Year: 2015 Make: Chevrolet Trucks Model: Silverado 1500 4WD VIN: 3GCUKRECOFG142470	GM Financial Canada Leasing Ltd.	Subject to security holder with prior ranking security.	Released to GM Financial Canada Leasing Ltd.		
11	2013 Toromount CAT Excavator Model: 336ELH S/N#: RZA00861	TD Equipment Finance Canada	Subject to security holder with prior ranking security.	Equipment location is known by TD Equipment Finance.		
12	2014 Toromount CAT Loader Model: 950k S/N#: R4A02413	TD Equipment Finance Canada	Subject to security holder with prior ranking security.	Equipment location is known by TD Equipment Finance.		
13	2012 Toromount CAT Integrated Tool Carrier Model: IT14G S/N#: KZN01093	HSBC	Sold by Platinum Assets		15	\$ 53,000
14	2015 Dazzini Chainsaw	HSBC	Sold by Platinum Assets	Stone chainsaw, 4 metre maximum cut length, S/N: 2040415	13	\$ 50,000
15	2015 MEC Splitter	HSBC	Sold by Platinum Assets	24 Ton, automatic stone splitter with conveyor S/N: 01/MDLKUBO1020 42 Ton, automatic stone splitter with conveyor S/N: 03D10610	3 & 4	\$ 8,000
16	2015 Miltiquip Generator	HSBC	Sold by Platinum Assets	Whisperwatt, ultra silent 150, diesel generator, 7,500 hours (estimate) S/N: 9990017	20	\$ 17,000
17	2005 Yukon Saw		Duplicate, removed from listing	Duplicate, item has same description and manufacturing year as Item #41. Platinum has confirmed with manufacturer.		
18	2010 Miltiquip Generator	HSBC	Missing	Removed from the premises from building. Lock to the building was cut.		
19	2015 Jag Pro Saw		Duplicate, removed from listing	Duplicate, item has same description and manufacturing year as Item #5. Platinum has confirmed with manufacturer.		

**In the Matter of the Receivership of Royal Canadian Bedrock Inc.
Update of equipment location and status from the Second Report
Status as at April 20, 2021**

#	Equipment Description	First ranking security in favour of	Status	Comments	Auction Lot #	Gross Proceeds
20	2015 Yukon Saw II		Duplicate, removed from listing	Duplicate, serial number confirmed by manufacturer as 211859. Only one Yukon II saw inspected by the Receiver. See Item #22.		
21	2016 Python Saw		Duplicate, removed from listing	2010 Park Industries Python IT S/N: 138368 See item 34.		
22	One (1) Park Industries stone cutter with slate table, 12 feet long Model: Yukon 2 S/N#: 211859	HSBC	Sold by Platinum Assets	Fuller Landau released to Deloitte	8	\$ 32,975
23	One (1) MEC Conveyor Model: TRS 4000x800 S/N#: 08TRS4080614	HSBC	Sold by Platinum Assets	w/ Entry conveyor 2000x800 S/N: 02TRDE2080614 w/ Exit Conveyor 2000x600 S/N: 03TRUS2080614	19	\$ 56,000
24	One (1) 2014 MEC Stone Splitter Model: Impianto S/N#: 03D10723	HSBC	Sold by Platinum Assets	Fuller Landau released to Deloitte w/ Lama 600 S/N: P02601600614 w/ Hydraulic Tank S/N: 02M160M20R1640614		
25	One (1) 191 F.LLI Zambon Schio Italia Press Model: Pionnier S/N#: T46	HSBC	Sold by Platinum Assets	Fuller Landau released to Deloitte	2	\$ 4,700
26	One (1) Toyota Fork Lift Model: 7FGU25 S/N#: 71289	HSBC	Sold by Platinum Assets	Fuller Landau released to Deloitte	1	\$ 2,500
27	2005 Volvo L220E VIN: EV3530	Kooy Brothers	Subject to the Parallel Proceeding			
28	2013 Kubota KX057-4GA VIN: 21846	Kooy Brothers	Subject to the Parallel Proceeding			
29	2014 Kubota SVL90 – 2HFC VIN: 13943	Kooy Brothers	Subject to the Parallel Proceeding			
30	2003 Wilson 11-6 HD30-11630-03149	Kooy Brothers	Subject to the Parallel Proceeding			
31	1997 CAT 980G 2KR01235	Kooy Brothers	Subject to the Parallel Proceeding			
32	2013 Kubota IKX057-4GA 21846 Skid steer	Kooy Brothers	Subject to the Parallel Proceeding			
33	2011 JCB 456HT JCB45600H01304170	Kooy Brothers	Subject to the Parallel Proceeding			
34	2010 Park Industries Python IT 138368	HSBC	Sold by Platinum Assets	See Item 21	6	\$ 85,500
35	2013 Daewoo Lolar 3000-V 1305	Kooy Brothers	Sold through the Parallel Proceeding			
36	1998 Fiat Allis FR 220	Kooy Brothers	Sold through the Parallel Proceeding			
37	2005 CAT 908	Kooy Brothers	Sold through the Parallel Proceeding			
38	2000 Ogdan 8	Kooy Brothers	Sold through the Parallel Proceeding			
39	2008 Park Industries 36-16-150-109542	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		
40	2008 Park Industries PDC-30-120-109543	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		
41	Park Industries Yukon Stone cutter with slate table, 12 feet long S/N: 3-02-986	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		
42	2002 Barsanti Testa Stone Cutter, with Conveyor FRESAFB4 S/N: 2205301	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		
43	Husky VT631502AJ Air Compressor S/N: L6-17-2004-01694	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		

**In the Matter of the Receivership of Royal Canadian Bedrock Inc.
Update of equipment location and status from the Second Report
Status as at April 20, 2021**

#	Equipment Description	First ranking security in favour of	Status	Comments	Auction Lot #	Gross Proceeds
44	1995 Rexon RDM-170F 16-1/2" Drill Press S/N: 37914	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		
45	EMACO Model 1 Hydraulic Power Unit S/N: 305042	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		
46	Fork Attachment for Loader	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		
47	584818E+13 Bucket Loader S/N: 9068134	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		
48	Clean Power 40 Power Washer	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		
49	Entry Conveyor 2000x800 S/N: O2TRDE2080614	HSBC	Sold by Platinum Assets	See Item 23		
50	Split Machine C550 Lama 600 S/N: P02601600614	HSBC	Sold by Platinum Assets	See Item 24		
51	Hydraulic Tank S/N: O2M160M20R1640614	HSBC	Sold by Platinum Assets	See Item 24		
52	Exit Conveyor 2000x600S/N: O3TRUS2080614	HSBC	Sold by Platinum Assets	See Item 23		
53	Blade Length 400 C400 - 90 ton		Duplicate, removed from listing	Duplicate, item has the same description as Item 54. Platinum has confirmed with MEC.		
54	Split Machine S/N: P014900614		Unidentified	Not identified by Platinum Assets during sale process.		
55	Canadian VLP 10550 Electronic Floor Scale	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		
56	Western M2000 Slim Line Indicator	Kooy Brothers	Sold through the Parallel Proceeding	Insufficient documentation to prove that the asset belonged to RCBI.		
57	2014 Kooy Bros Model: KB10SPS VIN: KB10S-7004-10	Kooy Brothers	Sold through the Parallel Proceeding			
58	CAT 330L Excavator Serial Number: 8FK0012 (year unknown)		Removed from the asset listing	Guido provided documentation establishing that this equipment does not belong to RCBI.		
59	Volvo Wheel Loader with Bateman L330EV62219	Add Capital Corp.	Subject to security holder with prior ranking security.	Released to Add Capital Corp.		
60	Bateman BN21376 Fork Rack, HD Rock Grapple, c/w Forks	Add Capital Corp.	Subject to security holder with prior ranking security.	Released to Add Capital Corp.		
Total						\$ 534,925

Appendix “J”



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Auctioneers



Appraisers



Financiers



PLATINUM
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Summary Report

ROYAL CANADIAN BEDROCK

Client:

Deloitte Restructuring

Report Date:

September 11, 2019



Deloitte Restructuring
8 Adelaide St. West
Toronto, ON,
M5H 0A9

Attention: Mr. Jonathan Chu

Mr. Chu

Enclosed, please find your settlement report for the above noted file.

If you have any questions, please do not hesitate to get in touch with me. It was a pleasure working with you and I look forward to continuing to do so in the future.

Best regards,

PLATINUM ASSET SERVICES INC.

Adam Moskowitz
President



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Schedule A - Machinery Repairs, Testing and Moving Expenses.....Tab 3

Appraisal Report Invoice.....Tab 4



Tab 1





SALE SUMMARY

Client Deloitte Restructuring **Auction Date** August 13, 2019

File Royal Canadian Bedrock Inc.

Sales **\$ 534,925.00**

Net-Minimum Guarantee \$ 313,000.00

Proceeds in Excess of Net-Minimum Guarantee \$ 221,925.00

Due to Platinum **\$ (137,681.22)**

Expense Reimbursement \$ (68,000.00)

Platinum Share of Excess Proceeds \$ (15,392.50)

Machinery Repairs and Testing Expenses Per The Attached Schedule A \$ (42,408.00)

Appraisal Report \$ (11,881.72)

Due to Client **\$ 397,242.78**



Tab 2





CO #:	544
Date:	8/12/2019
Page:	1

Consignor: B7538
Deloitte Restructuring

Auction: Royal Canadian Bedrock

Lot#	Description	Quantity	Unit Price	Ext.Price	Comm/BuyBack	Expenses
1	TOYOTA, 7FGU25, 3,800 LBS, 3 STAGE, LPG FORKLIFT, PNEUMATIC TIRES, SIDE SHIFT, 189" MAXIMUM LIFT, 6,955 HOURS, 2003, S/N 71289 (ENGINE REPAIR WORK REQUIRED) (LOCATED IN MAR, ONTARIO)	1.00	2,500.00	2,500.00	0.00	0.00
2	ZAMBON, PIONIER, BRIDGE POLISHING MACHINE, S/N T46, 1991 (LOCATED IN MAR, ONTARIO), (RIGGING \$600)	1.00	4,700.00	4,700.00	0.00	0.00
3	MEC, IMPIANTO - KUBO 200X100, 24 TON, AUTOMATIC STONE SPLITTER WITH CONVEYOR, S/N 01/MDLKUBO1020, 2015, \$32,000 CDN REPLACEMENT COST (LOCATED IN WIARTON, ONTARIO) (RIGGING \$650)	1.00	3,000.00	3,000.00	0.00	0.00
4	MEC, IMPIANTO - KUBO 400X200, 42 TON, AUTOMATIC STONE SPLITTER WITH CONVEYOR, S/N 01-03D10610, 2015. \$41,000 CDN REPLACEMENT COST (LOCATED IN WIARTON, ONTARIO) (RIGGING \$650)	1.00	5,000.00	5,000.00	0.00	0.00
5	AGA, P200, 200 TON, AUTOMATIC STONE SPLITTER, S/N SP463C, 2016. \$18,500 USD REPLACEMENT COST (LOCATED IN WIARTON, ONTARIO) (RIGGING \$900)	1.00	8,250.00	8,250.00	0.00	0.00
6	PARK INDUSTRIES, PYTHON II, TRAVELLING BRIDGE SAW, 100" BLADE, 42" CUTTING DEPTH, 50 HP, S/N 138368, 2010. \$200,000 USD REPLACEMENT COST. (LOCATED IN MAR, ONTARIO) (RIGGING \$9,500)	1.00	85,500.00	85,500.00	0.00	0.00
7	PARK INDUSTRIES, JAGUAR PRO, BRIDGE SAW, 44" BLADE, 16" CUTTING DEPTH, 42 HP, S/N 211861, 2016 (LOCATED IN WIARTON, ONTARIO) (RIGGING \$5,500)	1.00	44,500.00	44,500.00	0.00	0.00
8	PARK INDUSTRIES, YUKON II, STONE CUTTER, 12' TABLE, S/N 211859, 2015 (LOCATED IN MAR, ONTARIO) (RIGGING \$5,500)	1.00	32,975.00	32,975.00	0.00	0.00



CO #:	544
Date:	8/12/2019
Page:	2

Lot#	Description	Quantity	Unit Price	Ext.Price	Comm/BuyBack	Expenses
9	FRAVIZEL, MPLF4, FOUR HAMMER, TRACKED DRILLING MACHINE, 4M CAPACITY, 480V, LIKE NEW! ONLY 15 HOURS, S/N 7597, 2017, \$130,000 CDN REPLACEMENT COST (LOCATED IN WIARTON, ONTARIO) (RIGGING \$600)	1.00	60,500.00	60,500.00	0.00	0.00
12	DAZZINI, QS4000D, STONE CHAINSAW, 4 METRE MAXIMUM CUTTING LENGTH, 857 HOURS, S/N 2260417, 2017. \$138,000 USD REPLACEMENT VALUE (LOCATED IN WIARTON, ONTARIO) (RIGGING \$800)	1.00	63,500.00	63,500.00	0.00	0.00
13	DAZZINI, QS4000D, STONE CHAINSAW, 4 METRE MAXIMUM CUTTING LENGTH, S/N 2040415, 2015, \$138,000 USD REPLACEMENT VALUE(LOCATED IN WIARTON, ONTARIO) (RIGGING \$800)	1.00	50,000.00	50,000.00	0.00	0.00
15	CATERPILLAR, IT14G, INTEGRATED TOOL CARRIER, 6,081 HOURS, BUCKET AND FORK ATTACHMENTS, , S/N KZN01093 , 2012 (LOCATED IN WIARTON, ONTARIO) (RIGGING TBA)	1.00	53,000.00	53,000.00	0.00	0.00
19	MEC, C550, IMPIANTO - TRITTICO, 160 TON, STONE SP MEC, C550, IMPIANTO - TRITTICO, 160 TON, STONE SPLITTER, 2014 AND MEC, TRS 4000MM X 800 MM, STEEL SLAT CONVEYOR, 2014, S/N O3D10723	1.00	56,000.00	56,000.00	0.00	0.00
20	MULTIQUIP, WHISPERWATT, ULTRA SILENT 150, DCA-150U MULTIQUIP, WHISPERWATT, ULTRA SILENT 150, DCA-150USJ3CAN, DIESEL GENERATOR, 2015, S/N 9990017 (LOCATED IN WIARTON, ONTARIO)	1.00	17,000.00	17,000.00	0.00	0.00
21	BFC MACHINE, MINI 50 HV, DIAMOND WIRE SAW MACHINE BFC MACHINE, MINI 50 HV, DIAMOND WIRE SAW MACHINE, 2016 (LOCATED IN AUGUSTA, ONTARIO)	1.00	10,500.00	10,500.00	0.00	0.00
22	DAZZINI, QS4000D, STONE CHAINSAW, 2017, S/N 225041 DAZZINI, QS4000D, STONE CHAINSAW, 2017, S/N 2250417 (LOCATED IN WIARTON, ONTARIO)	1.00	38,000.00	38,000.00	0.00	0.00



CO #:	544
Date:	8/12/2019
Page:	3

Lot#	Description	Quantity	Unit Price	Ext.Price	Comm/BuyBack	Expenses
------	-------------	----------	------------	-----------	--------------	----------

Total Quantity:	16.00
Total Invoice Sale Price:	534,925.00
Total Due to Consignor:	534,925.00
Total Payments:	0.00
Balance:	\$534,925.00

Positive Balance, Monies Owed to Consignor
 No inventory remains for this consignment order



Tab 3





SCHEDULE A

(MACHINERY TESTING, REPAIRS AND MOVING EXPENSES)

Machinery Testing

\$ 10,910.00

On-site Time For Technicians To Power Up, Test Machines And Quote On Repairs Required

Minor Repairs Completed By Technicians

Rental Of Generators And Air Compressors To Test, Power And Preview Machines

Machinery Repairs

\$ 23,848.00

Parts And Labour To Repair The Park Industries, Python, Saw

Parts And Labour To Repair The Mec, C550, Stone Splitter and Assemble (2) Mec, Kubo, Stone Splitters

Parts and Labour To Repair Multiquip Generator

Machinery Moving

\$ 7,650.00

Loading, Transport And Unloading Of Dazzini Chainsaw From Augusta, Ontario To Warton, Ontario

Transport Of Hydraulic Tank from Mar, Ontario to Warton, Ontario

TOTAL

\$ 42,408.00



Tab 4





PLATINUM

Asset Appraisals

Invoice

Invoice To
Deloitte Restructuring Ltd. 8 Adelaide St. West Toronto, ON, M5H 0A9

Date	Invoice #
4/1/2019	1435

P.O. No.	Terms
RCB	Due on receipt

Qty	Description	Rate	Amount
1	Forced Liquidation Value Appraisal of Royal Canadian Bedrock Inc. (Warton, Ontario)	10,000.00	10,000.00T
936	Mileage - 2 Trips from Platinum's office to Warton, Ontario	0.55	514.80T
	HST (ON) on sales	13.00%	1,366.92

Total	\$11,881.72
-------	-------------

Payments/Credits	\$0.00
------------------	--------

Balance Due	\$11,881.72
-------------	-------------

GST/HST No. 845018381

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Appendix “K”



PLATINUM
Asset Services

Invoice

PAID
06/21/2019

Date	Invoice #
6/11/2019	2977

Invoice To
Canadian Bedrock Transport Inc. 16 Amos Maynard Circle Woodbridge, ON L4L 3B8
P.O. No.
RCB

Terms
See Below

Description	Qty	Rate	Amount
(1) DAZZINI, QS4000D, STONE CHAINSAW, 2017, S/N 2250417 (LOCATED IN WIARTON, ONTARIO). SALE'S PRICE IS INCLUSIVE OF BUYER'S PREMIUM	1	45,000.00	45,000.00T
TERMS: -ASSET IS SOLD 'AS IS, WHERE IS', AS INSPECTED WITH NO WARRANTIES EXPRESSED NOR IMPLIED -A NON-REFUNDABLE DEPOSIT OF \$10,000 IS DUE, IN CERTIFIED FUNDS, BY 5PM ON JUNE 11, 2019 -BALANCE OF PAYMENT IS DUE, IN FULL, IN CERTIFIED FUNDS, BY 5PM ON JUNE 21, 2019 HST (ON) on sales		13.00%	5,850.00
GST/HST No. 866408305	Total		\$50,850.00

Payments/Credits	\$-50,850.00
Balance Due	\$0.00

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PLATINUM
Asset Services

Invoice

PAID
06/11/2019

Date	Invoice #			
6/11/2019	2978			
Invoice To				
Canadian Bedrock Transport Inc. 16 Amos Maynard Circle Woodbridge, ON L4L 3B8		P.O. No.	Terms	
		RCB	See Below	
Description		Qty	Rate	Amount
(1) BFC MACHINE, MINI 50 HV, DIAMOND WIRE SAW MACHINE, 2016 (LOCATED IN AUGUSTA, ONTARIO). SALE'S PRICE IS INCLUDSIVE OF BUYER'S PREMIUM		1	12,500.00	12,500.00T
TERMS: -ASSET IS SOLD 'AS IS, WHERE IS', AS INSPECTED WITH NO WARRANTIES EXPRESSED NOR IMPLIED -FULLPAYMENT IS DUE, IN FULL, IN CERTIFIED FUNDS, BY 5PM ON JUNE 11, 2019 -BALANCE OF PAYMENT IS DUE, IN FULL, IN CERTIFIED FUNDS, PRIOR TO REMOVAL.				
HST (ON) on sales			13.00%	1,625.00
GST/HST No. 866408305		Total		\$14,125.00
		Payments/Credits		\$-14,125.00
		Balance Due		\$0.00

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PLATINUM
Asset Services

Invoice

PAID
06/17/2019

Date	Invoice #
6/11/2019	2979

Invoice To
Canadian Bedrock Transport Inc. 16 Amos Maynard Circle Woodbridge, ON L4L 3B8
P.O. No.
RCB

Terms
See Below

Description	Qty	Rate	Amount
(1) MULTQUIP, WHISPERWATT, ULTRA SILENT 150, DCA-150USJ3CAN, DIESEL GENERATOR, 2015, S/N 9990017 (LOCATED IN WIARTON, ONTARIO). SALE'S PRICE IS INCLUSIVE OF BUYER'S PREMIUM	1	20,000.00	20,000.00T
TERMS: -ASSET IS SOLD 'AS IS, WHERE IS', AS INSPECTED WITH NO WARRANTIES EXPRESSED NOR IMPLIED -A NON-REFUNDABLE DEPOSIT OF \$5,000 IS DUE, IN CERTIFIED FUNDS, BY 5PM ON JUNE 11, 2019 -BALANCE OF PAYMENT IS DUE, IN FULL, IN CERTIFIED FUNDS, BY 5PM ON JUNE 21, 2019 HST (ON) on sales		13.00%	2,600.00
GST/HST No. 866408305	Total		\$22,600.00

Payments/Credits	\$-22,600.00
Balance Due	\$0.00

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Appendix “L”

ROYAL CANADIAN BEDROCK INC.

Accounts Receivable

DRAFT

As at December 6th, 2018

Customer

<u>< 30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91+ days</u>	<u>Total</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Appendix “M”

July 31, 2019

Anthony Guido
16 Amos Maynard Circle
Woodbridge, ON L4L 3B8
Attention: Anthony Guido

By Email: anthony@royalcanadianbedrock.com

Subject: In the Matter of the Receivership of Royal Canadian Bedrock Inc.

As you are aware, by Order of the Superior Court of Justice (Commercial List) of Ontario (the "**Court**") granted December 6, 2018 (the "**Appointment Order**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed as Receiver (the "**Receiver**") of all of the assets, undertaking and properties of Royal Canadian Bedrock Inc. (the "**RCBI**" or "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, save and except for certain equipment in respect of which Kooy Brothers Lawn Equipment Limited has a prior-ranking security interest (the "**Kooy Equipment**").

The Receiver requires your assistance on the following matters:

1. Accounts Receivable ("A/R") as at June 30, 2018

Requirement: provide copies of all relevant invoices and account for the \$1.87 million in accounts receivable ("A/R") reported on the certificate of compliance and security margin report as at June 30, 2018 (the "Margin Report").

According to the Margin Report, which was signed by you on August 6, 2019 certifying it to be true and accurate, the Company's assets included \$1.87 million in A/R as at June 30, 2018. A copy of the Margin Report along with the June 30, 2018 A/R subledger is attached hereto as **Exhibit "A"**.

The Receiver understands that immediately following Canada Revenue Agency's ("**CRA**") issuance of its Requirement to Pay notice in March 2018, RCBI's accounts at HSBC were frozen, at which point, as you have previously advised, Royal Bedrock Inc. ("**RBI**") began to transact on behalf of RCBI in order to continue RCBI's operations, resulting in receipts of RCBI being deposited in RBI's bank account at CIBC.

The Receiver has reviewed bank statements for HSBC accounts held in RCBI's name, and the bank statement for RBI's CIBC Account #18-14516 for the periods after June 30, 2018. The Receiver was only able to identify \$146,100 in collections of RCBI A/R.

The Receiver requests your assistance by providing a full explanation and reconciliation of the \$1.87 million A/R reported on the Margin Report and collections received by either RCBI or RBI to the purported nil A/R balance as at December 6, 2018. A reconciliation of the Margin Report to RCBI and RBI's bank statements is attached as **Exhibit "B"**.

2. Payroll Journals

Requirement: provide payroll journal for employee remittances for the fiscal years ended April 30, 2017 and April 30, 2018.

The Receiver is facilitating the ongoing CRA trust account audit of RCBI's books and records. Attached hereto as **Exhibit "C"** is an example from a prior period of the documents that we require

The Receiver requests that you provide all of the information requested in this letter by no later than end of day on Wednesday, August 14, 2019. Should you have any questions in this regard, please contact the undersigned at andwhittingham@deloitte.ca.

Yours very truly,

DELOITTE RESTRUCTURING INC.
in its capacity as Court-appointed Receiver of
Royal Canadian Bedrock Inc.,
and not in its personal or corporate capacity

Per:



Andrew Whittingham
Vice-President
Deloitte Restructuring Inc.

Copy to:

Mario Forte - Goldman, Sloan, Nash, Haber LLP

D.J. Miller - Thornton Grout Finnegan LLP

Hartley Bricks - Deloitte Restructuring Inc.

Larry Ellis - Cassels Brock & Blackwell LLP

Exhibit “A”

CERTIFICATE OF COMPLIANCE & SECURITY MARGIN REPORT

TO: HSBC BANK CANADA
FROM: ROYAL CANADIAN BEDROCK INC
MONTH ENDING: June 30, 2018

1. ACCOUNTS RECEIVABLE

Total Trade Uninsured A/R (from aged listing)	\$ 1,828,700
Less: * Accounts aged over 90 days from invoice date	
* Stale receivable deductions**	(268,000)
* Intercompany accounts	(0)
* Contra/Subject to offset Accounts	(0)
* Doubtful Accounts	(0)
Net Eligible Receivables	<u>\$ 1,560,700</u>
Security Margin Value of Acceptable Receivables @ 90% & 75%	\$
Total Trade Insured Account Receivables (from Aged Listing)	\$
Less: * Accounts aged over 90 days from invoice date	()
* Intercompany accounts	()
* Contra/Subject to offset Accounts	(N/A)
* Doubtful Accounts	()
Net Eligible Receivables	\$ 902,800
Security Margin Value of Acceptable Receivables @ 90% & 75%	\$ 902,800

2. PRIORITY PAYABLES (Minimal inclusions listed below)

GST/HST	(NIL – ANNUAL REPORTING)
PST	(N/A)
EI / CPP	(\$3,542)
WSIB	(\$3,423)
Total Priority Payables	<u>\$(6,965)</u>

3. LIENABLE PAYABLES\$ (NIL)**4. TOTAL SECURITY MARGIN VALUE (1 - 2 - 3)**\$ 895,835**5. MARGIN AVAILABILITY**

Less: Overdraft at month-end	(0)
Security Margin Surplus (Deficit)	<u>\$ 895,835</u>

RESTRICTED

CERTIFICATE OF COMPLIANCE

- A. The undersigned hereby represents, warrants and certifies that the Accounts Receivable included in this Security Margin Report are valid in all aspects and represent monies due to the undersigned for services performed; that there are no undisclosed offsets, contras and/or counter claims of any nature whatsoever against them and that none of the said accounts have been sold or assigned to any other party and that the undersigned is the owner of and has the sole right, (subject to the rights of the Bank), to receive the said Accounts Receivable and has the sole right to sell, transfer and assign the same.
- B. Further, the undersigned certifies and confirms the following:
- i) the undersigned is the legal owner of the inventory set forth in this security margin report; that there are no security interests held by any other creditor in the inventory, the inventory is on hand and in good condition and the same is fully insured. --- NOT APPLICABLE ---
 - ii) The wages, salaries or other remuneration owing by the undersigned to persons employed do not now exceed NIL of which less than NIL are in arrears.
 - iii) Priority payables noted below are current except where noted as delinquent.

	Provincial and other		Federal	
	Total	Delinquent	Total	Delinquent
Worker's Compensation	\$3,423	\$0	N/A	N/A
PST	\$	\$0	N/A	N/A
GST/HST	N/A	N/A	\$	\$0
CPP / EI	\$	\$0	\$3,542	\$0
EI	N/A	N/A	\$	\$0
Totals	\$3,423	\$0	\$3,542	\$0

C. COVENANT COMPLIANCE

The undersigned certifies that they have not contravened any of the terms and conditions of the Bank's credit facility pursuant to the Facility Letter and that they are in compliance with the following financial covenants and the other conditions stipulated therein.

1. Total liabilities to tangible net worth ratio not to exceed 2.50 : 1.
2. Current ratio to be maintained at a minimum of 1.25 : 1.
3. Tangible Net Worth to be maintained at a minimum of CAD 1.25 : 1

Tangible Net Worth:	\$8,201,000
Net Profit Before Tax, YTD	
Reported Equity	
Additions:	
Formally postponed loans	
Subordinated debt	
50% of Bonus Payable	
Other	
Total Additions	\$0
Deductions:	
Tax @ 40% (if not deducted on int f/s)	\$72,800
Related Receivables	
Advances to shareholder	
Intangibles	
Goodwill	
Total Deductions	\$72,800
TNW	\$8,128,200

Debt to TNW:	
Reported Current Liabilities	\$490,000
Additions:	
Tax @ 40% (if not deducted on int f/s)	\$72,800
Cash (if a negative CA)	
Total Additions	\$72,800
Deductions:	
50% Bonus payable	\$0
Formally postponed loans	
Total Deductions	\$0
Total Current Liabilities	\$562,800
Reported LT liabilities	\$1,572,000
Formally postponed loans	
Other	
Total Debt	\$2,134,800
D/TNW	0.26

RESTRICTED

Current Ratio:	
Reported Current Assets	\$4,496,000
Additions:	
Cash (if a negative asset and added above)	\$0
Other	
Total Additions	\$0
Deductions:	
Related receivables	
Advances to shareholder	
Total Deductions	\$0
Total Current Assets	\$4,496,000
Total Current Liabilities	\$562,800
Current Ratio	7.9

We confirm all ancillary lists and other information provided is accurate.

DATED AT VAUGHAN, this 6th day of August, 2018.

Borrower Name: ROYAL CANADIAN BEDROCK INC.

Per:  _____

Per: _____

* Identify on Aged Listing

** Stale receivable deductions:

If any portion of a receivable is > 90 days old (defined as 90 days from invoice date), the entire receivable is deducted for margin calculation purposes.

For the < 90 day portion of the receivable to be included in the margin calculation, it must fulfill all of the following 2 criteria, which then allows its inclusion without additional authorization:

1. *The > 90 day portion is less than 10% of the specific receivable; and.*
2. *The > 90 day portion is less than CAD 100,000.*

RESTRICTED

ROYAL CANADIAN BEDROCK INC.

Balance Sheet

As at June 30th, 2018 And Ten Months Projection (\$ 000s)

	Fiscal YE	ACTUAL											
	Apr 30	May 31	Jun 30	Jul-31	Aug-31	Sep-30	Oct-31	Nov-30	Dec-31	Jan-31	Feb-28	Mar-31	Apr-30
	2018	2018	2018	2018	2018	2018	2018	2018	2018	2019	2019	2019	2019
Assets													
Current Assets													
Cash and Cash Equivalents	- 800 -	786	784	790	740	690	640	590	540	490	440	390	340
Accounts Receivable	2,180	2,074	1,828	1,883	1,939	1,998	2,057	2,119	2,183	2,248	2,316	2,385	2,457
Inventory	2,735	3,057	3,452	3,663	3,916	4,133	4,354	4,577	4,690	4,750	4,809	4,865	4,965
Total Current Assets	4,115	4,345	4,496	4,756	5,115	5,441	5,771	6,106	6,333	6,508	6,685	6,860	7,082
Fixed Assets													
Plant and Equipment (Less Accumulated Depreciation)	6,850 - 1,035 -	6,850 - 1,059 -	6,850 - 1,083 -	6,850 - 1,107 -	6,850 - 1,131 -	6,850 - 1,155 -	6,850 - 1,179 -	6,850 - 1,203 -	6,850 - 1,231 -	6,850 - 1,259 -	6,850 - 1,287 -	6,850 - 1,315 -	6,850 - 1,343 -
Total Fixed Assets	5,815	5,791	5,767	5,743	5,719	5,695	5,671	5,647	5,619	5,591	5,563	5,535	5,507
Total Assets	9,930	10,136	10,263	10,499	10,834	11,136	11,442	11,753	11,952	12,099	12,248	12,395	12,589
Liabilities and Owner's Equity													
Current Liabilities													
Accounts Payable	- 92	120	100	103	106	109	113	116	119	123	127	130	134
Current Portion of Long Term Debt	441	425	390	370	415	390	370	390	441	441	441	441	441
Total Current Liabilities	533	545	490	473	521	499	483	506	560	564	568	571	575
Long Term Liabilities													
Long Term Debt	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Future Income Taxes	372	372	372	372	372	372	372	372	372	372	372	372	372
Advances From Shareholder	5,351	5,351	5,351	5,351	5,351	5,351	5,351	5,351	5,351	5,351	5,351	5,351	5,351
Total Long Term Liabilities	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923	6,923
Owner's Equity													
Share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained Earnings	2,474	2,668	2,850	3,103	3,391	3,714	4,037	4,325	4,469	4,613	4,757	4,901	5,091
Total Owner's Equity	2,474	2,668	2,850	3,103	3,391	3,714	4,037	4,325	4,469	4,613	4,757	4,901	5,091
Total Liabilities and Owner's Equity	9,930	10,136	10,263	10,499	10,835	11,136	11,442	11,754	11,952	12,100	12,247	12,395	12,589

ROYAL CANADIAN BEDROCK INC.

Income Statement

For The Month Ended June 30th, 2018 and Ten Months Projections (\$ 000s)

	ACTUAL		ACTUAL										Fiscal Year	
	May 31	Jun 30	Jul-31	Aug-31	Sep-30	Oct-31	Nov-30	Dec-31	Jan-31	Feb-28	Mar-31	Apr-30		30-Apr-19
	2018	2018	2018	2018	2018	2018	2018	2018	2019	2019	2019	2019	2019	
Revenue														
Revenue	566	548	650	700	750	750	700	500	500	500	500	566		7,230
Cost of Sales	170	164	195	210	225	225	210	150	150	150	150	170		2,169
Gross Margin	396	384	455	490	525	525	490	350	350	350	350	396		5,061
Expenses														
Operating Expenses	75	75	75	75	75	75	75	75	75	75	75	75		900
Salaries	77	77	77	77	77	77	77	77	77	77	77	77		924
Insurance	6	6	6	6	6	6	6	6	6	6	6	6		72
Marketing	2	2	2	2	2	2	2	2	2	2	2	2		24
Interest	18	18	18	18	18	18	18	18	18	18	18	18		216
Depreciation	24	24	24	24	24	24	24	28	28	28	28	28		308
Total Expenses	202	202	202	202	202	202	202	206	206	206	206	206		2,444
Net Income Before Taxes	194	182	253	288	323	323	288	144	144	144	144	190		2,617
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-	-		-
Net Income	194	182	253	288	323	323	288	144	144	144	144	190		2,617

ROYAL CANADIAN BEDROCK INC.

Accounts Receivable

As at June 30th, 2018 (CDN \$ 000s)

Customer						Margin @	Margin @		
	< 30 days	31-60 days	61-90 days	91+ days	Total	90%	75%	Total	Total
Colonial Brick & Stone	\$ -	\$ -	\$ 11.70	\$ -	\$ 11.7	\$ -	\$ 8.78	\$ 8.78	\$ 8.78
UCC Group	\$ -	\$ -	\$ 25.50	\$ -	\$ 25.5	\$ -	\$ 19.13	\$ 19.13	\$ 19.13
Rigney Building Supply	\$ -	\$ -	\$ 9.70	\$ -	\$ 9.7	\$ -	\$ 7.28	\$ 7.28	\$ 7.28
Stoneval	\$ -	\$ -	\$ 36.00	\$ -	\$ 36.0	\$ -	\$ 27.00	\$ 27.00	\$ 27.00
Nikolaus Bagnara	\$ -	\$ -	\$ 18.00	\$ -	\$ 18.0	\$ -	\$ 13.50	\$ 13.50	\$ 13.50
Fernando DiBatista	\$ -	\$ -	\$ 15.00	\$ -	\$ 15.0	\$ -	\$ 11.25	\$ 11.25	\$ 11.25
Montanger Residence	\$ -	\$ -	\$ 65.00	\$ -	\$ 65.0	\$ -	\$ 48.75	\$ 48.75	\$ 48.75
Arnts The Landscape Supplier	\$ -	\$ -	\$ 6.00	\$ -	\$ 6.0	\$ -	\$ 4.50	\$ 4.50	\$ 4.50
PLL Stone	\$ 127.0	\$ 115.0	\$ 90.00	\$ -	\$ 332.0	\$ -	\$ -	\$ -	\$ -
Izart	\$ -	\$ 70.0	\$ -	\$ -	\$ 70.0	\$ -	\$ 52.50	\$ 52.50	\$ 52.50
Jim Kim Architect	\$ 50.0	\$ -	\$ -	\$ -	\$ 50.0	\$ -	\$ 37.50	\$ 37.50	\$ 37.50
Joe Barannca	\$ 31.0	\$ -	\$ -	\$ -	\$ 31.0	\$ -	\$ 23.25	\$ 23.25	\$ 23.25
Robert Carnal	\$ 2.0	\$ -	\$ -	\$ -	\$ 2.0	\$ -	\$ 1.50	\$ 1.50	\$ 1.50
CJ Graphics	\$ 10.0	\$ -	\$ -	\$ -	\$ 10.0	\$ -	\$ 7.50	\$ 7.50	\$ 7.50
Jasjeet Singh	\$ -	\$ -	\$ 8.00	\$ -	\$ 8.0	\$ -	\$ 6.00	\$ 6.00	\$ 6.00
Ryan Collina	\$ -	\$ 14.0	\$ -	\$ -	\$ 14.0	\$ -	\$ 10.50	\$ 10.50	\$ 10.50
Muskoka Stone Masonry	\$ -	\$ -	\$ 27.00	\$ -	\$ 27.0	\$ -	\$ 20.25	\$ 20.25	\$ 20.25
TFS	\$ 62.5	\$ 50.00	\$ -	\$ -	\$ 112.5	\$ -	\$ 84.38	\$ 84.38	\$ 84.38
Matt's Landscaping	\$ 25.0	\$ -	\$ -	\$ -	\$ 25.0	\$ -	\$ 18.75	\$ 18.75	\$ 18.75
Table Rock Stone Company	\$ 22.0	\$ 30.0	\$ 20.00	\$ -	\$ 72.0	\$ -	\$ 54.00	\$ 54.00	\$ 54.00
Marmi Zola	\$ -	\$ -	\$ 15.00	\$ -	\$ 15.0	\$ -	\$ 11.25	\$ 11.25	\$ 11.25
Lab Flooring	\$ -	\$ 71.1	\$ 14.40	\$ -	\$ 85.5	\$ -	\$ 64.13	\$ 64.13	\$ 64.13
Mansouri Group	\$ 75.0	\$ 50.00	\$ -	\$ -	\$ 125.0	\$ -	\$ 93.75	\$ 93.75	\$ 93.75
Bondfield	\$ -	\$ -	\$ -	\$ 33.00	\$ 33.0	\$ -	\$ -	\$ -	\$ -
AST Stone	\$ 18.0	\$ -	\$ -	\$ -	\$ 18.0	\$ -	\$ 13.50	\$ 13.50	\$ 13.50
Canam Stone	\$ 20.0	\$ -	\$ -	\$ -	\$ 20.0	\$ -	\$ 15.00	\$ 15.00	\$ 15.00
Gott	\$ 10.0	\$ -	\$ -	\$ -	\$ 10.0	\$ -	\$ 7.50	\$ 7.50	\$ 7.50
Moruzzi	\$ 72.0	\$ 87.7	\$ 72.00	\$ -	\$ 231.7	\$ -	\$ 173.78	\$ 173.78	\$ 173.78
D. Panagoulia	\$ -	\$ -	\$ 27.30	\$ -	\$ 27.3	\$ -	\$ 20.48	\$ 20.48	\$ 20.48
Ontario Stone Veneer	\$ -	\$ -	\$ 29.80	\$ -	\$ 29.8	\$ -	\$ 22.35	\$ 22.35	\$ 22.35
Bart	\$ -	\$ 8.0	\$ -	\$ -	\$ 8.0	\$ -	\$ 6.00	\$ 6.00	\$ 6.00
Encompass	\$ 24.0	\$ 45.00	\$ -	\$ -	\$ 25.0	\$ -	\$ 18.75	\$ 18.75	\$ 18.75
Modern Exteriors	\$ -	\$ -	\$ -	\$ 65.00	\$ 65.0	\$ -	\$ -	\$ -	\$ -
4 All Seasons	\$ -	\$ 25.00	\$ -	\$ 86.00	\$ 111.0	\$ -	\$ -	\$ -	\$ -
Peluso Marmi	\$ -	\$ -	\$ -	\$ 84.00	\$ 84.0	\$ -	\$ -	\$ -	\$ -
	\$ 548.5	\$ 565.8	\$ 490.4	\$ 268.0	\$ 1,828.7	\$ -	\$ 902.8	\$ 902.8	\$ 902.8

*US\$ to Canadian\$ conversion at 1.275 X

SALES / COLLECTIONS RECEIVABLES RECONCILIATION:

OPENING AR	2,073.8
Add: Sales	548.5
Less: Collections	793.6
CLOSING AR	1,828.7

Antony Curcio
 Antony Curcio
 Aug 6/18

ROYAL CANADIAN BEDROCK INC.

Accounts Payable

As at June 30th, 2018 (\$ 000s)

Supplier

ADD	\$	2.6
Village Collonade	\$	3.3
MacDonnell Fuel	\$	2.3
Equirex	\$	0.8
Bodkin	\$	2.6
109539 Ontario	\$	3.5
SPL	\$	2.0
Sheldon Rakowsky	\$	1.0
665210 Ontario et al	\$	5.2
Tara	\$	9.0
J Barbara	\$	3.5
TD Lease	\$	10.4
Morris Gittel	\$	7.6
Hydro One	\$	17.5
Aviva Insurance	\$	0.8
B. Nicoletti	\$	4.5
SGM Global	\$	0.9
Hammond Flesias	\$	6.0
TD Vehicle	\$	1.8
Credit Card for Incidentals	\$	7.5
SNAP Insurance	\$	4.1
Jason Sturnic	\$	3.2
	<u>\$</u>	<u>100.1</u>

Anthony C...
 ANTHONY C...
 AUG 6/18

Exhibit “B”

A/R subledger as at June 30, 2018, (000's)						Reconciled to Bank Statements	Outstanding
Customer	< 30 days	31 - 60 days	61 - 90 days	91 + days	Total		
4 All Seasons		25.0		86.0	111.0	16.0	95.0
Arnts The Landscape Supplier			6.0		6.0		6.0
AST Stone	18.0				18.0		18.0
Bart		8.0			8.0		8.0
Bondfield				33.0	33.0	15.0	18.0
Canam Stone	20.0				20.0	9.1	10.9
CJ Graphics	10.0				10.0		10.0
Colonial Brick & Stone			11.7		11.7		11.7
D. Panagoulia			27.3		27.3		27.3
Encompass ¹	24.0	45.0			69.0		69.0
Fernando DiBatista			15.0		15.0		15.0
Gott	10.0				10.0		10.0
Izart		70.0			70.0	35.0	35.0
Jasjeet Singh			8.0		8.0		8.0
Jim Kim Architect	50.0				50.0		50.0
Joe Barannca	31.0				31.0		31.0
Lab Flooring		71.1	14.4		85.5	71.1	14.4
Mansouri Group	75.0	50.0			125.0		125.0
Marmi Zola			15.0		15.0		15.0
Matt's Landscaping	25.0				25.0		25.0
Modern Exteriors				65.0	65.0		65.0
Montanger Residence			65.0		65.0		65.0
Moruzzi	72.0	87.7	72.0		231.7		231.7
Muskoka Stone Masonry			27.0		27.0		27.0
Nikolaus Bagnara			18.0		18.0		18.0
Ontario Stone Veneer			29.8		29.8		29.8
Peluso Marmi				84.0	84.0		84.0
PLL Stone	127.0	115.0	90.0		332.0		332.0
Rigney Building Supply			9.7		9.7		9.7
Robert Carnal	2.0				2.0		2.0
Ryan Collina		14.0			14.0		14.0
Stoneval			36.0		36.0		36.0
Table Rock Stone Company	22.0	30.0	20.0		72.0		72.0
TFS	62.5	50.0			112.5		112.5
UCC Group			25.5		25.5		25.5
Total¹	548.5	565.8	490.4	268.0	1,872.7	146.1	1,726.6

Notes

- 1) The Receiver adjusted the total A/R outstanding from Encompass from \$25,000 as reported by the Company to \$69,000. The Margin Report as at June 30, 2018 showed an incorrect total of \$25,000.

Exhibit “C”

*** PAYROLL JOURNAL ***

Period: 01-Aug-15 - 15-Aug-15

Department: ALL

Employee: First - Last

Employee	Trans. No.	Pay Type	Benefits	Deductions	Source Deductions
000001	2000002437	Salary			EI 30.83
Kuric, Suad		Commission			CPP/QPP 73.96
		Vacation			Fed. Tax 227.85
Pay Week 15	08/15/15	Regular Time	1,640.00		
		Overtime			
		Premium Time			
Hrs. Work	82.00	Sick			Ch. # 0000002081
Insurable	1,640.00	Advances			
Pensionable	1,640.00	Other			
Gross Pay	1,640.00				
Net Pay	1,307.36				
000004	2000002431	Salary			EI 30.63
Rouse, Alex B		Commission			CPP/QPP 73.42
		Vacation			Fed. Tax 225.79
Pay Week 15	08/15/15	Regular Time	1,629.00		
		Overtime			
		Premium Time			
Hrs. Work	90.50	Sick			Ch. # 0000002075
Insurable	1,629.00	Advances			
Pensionable	1,629.00	Other			
Gross Pay	1,629.00				
Net Pay	1,299.16				
000005	2000002432	Salary			EI 24.39
Thomas, David J.		Commission			CPP/QPP 57.01
		Vacation			Fed. Tax 157.62
Pay Week 15	08/15/15	Regular Time	1,297.50		
		Overtime			
		Premium Time			
Hrs. Work	86.50	Sick			Ch. # 0000002076
Insurable	1,297.50	Advances			
Pensionable	1,297.50	Other			
Gross Pay	1,297.50				
Net Pay	1,058.48				

Appendix “N”

From: Anthony Guido <anthony@royalcanadianbedrock.com>
Sent: Friday, August 9, 2019 3:02 PM
To: Whittingham, Andrew <andwhittingham@deloitte.ca>
Cc: Larry Ellis <lellis@casselsbrock.com>; Bricks, Hartley <hbricks@deloitte.ca>; Mario Forte (forte@gsnh.com) <forte@gsnh.com>; D. J. Miller <DJMiller@tgf.ca>; Taschina Ashmeade <tashmeade@casselsbrock.com>
Subject: [EXT] Re: Request for Information - Royal Canadian Bedrock Inc.

Good Afternoon Andrew,

Pursuant to your letter dated July 31st, 2019, please find attached 2017 and 2018 T4 slips. I had forwarded this information to you originally in the bankers boxes of Books and Records. I don't have the payroll journal that you are requesting.

With respect to the questions relating to the A/R, you are referencing August 6, 2019 and also December 6, 2018, which no such records exist for these dates.

Please advise accordingly at your earliest opportunity.

Kind regards

ANTHONY GUIDO, CPA, CA
PRESIDENT
anthony@royalcanadianbedrock.com
M **416 459 1037**



100 King Street West, Suite 5600 Toronto, Ontario Canada M5X 1C9
T 416 306 5796 F 1 888 217 9377

royalcanadianbedrock.com

On Wed, Jul 31, 2019 at 2:46 PM Whittingham, Andrew <andwhittingham@deloitte.ca> wrote:

Good Afternoon Anthony

Please find attached letter from the Receiver for your action.

Regards

Andrew Whittingham

Senior Manager | Deloitte Restructuring Inc.

8 Adelaide St. West, Toronto, ON, M5H 0A9

D: +1 (416) 601 6421 | M: +1 (647) 326 3309

andwhittingham@deloitte.ca | deloitte.ca



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Appendix “O”

ROYAL CANADIAN BEDROCK INC.
Accounts Receivable
As at June 30th, 2018 (CDN \$ 000s)

Customer					Margin @	Margin @	Total	
	< 30 days	31-60 days	61-90 days	91+ days	90%	75%		
Colonial Brick & Stone	\$ -	\$ -	\$ 11.70	\$ -	\$ 11.7	\$ -	\$ 8.78	\$ 8.78
UCC Group	\$ -	\$ -	\$ 25.50	\$ -	\$ 25.5	\$ -	\$ 19.13	\$ 19.13
<i>Can't locate</i> Rigney Building Supply	\$ -	\$ -	\$ 9.70	\$ -	\$ 9.7	\$ -	\$ 7.28	\$ 7.28
Stoneval	\$ -	\$ -	\$ 36.00	\$ -	\$ 36.0	\$ -	\$ 27.00	\$ 27.00
Nikolaus Bagnara	\$ -	\$ -	\$ 18.00	\$ -	\$ 18.0	\$ -	\$ 13.50	\$ 13.50
<i>Can't locate</i> Fernando DiBatista	\$ -	\$ -	\$ 15.00	\$ -	\$ 15.0	\$ -	\$ 11.25	\$ 11.25
Montanger Residence	\$ -	\$ -	\$ 65.00	\$ -	\$ 65.0	\$ -	\$ 48.75	\$ 48.75
Arnts The Landscape Supplier	\$ -	\$ -	\$ 6.00	\$ -	\$ 6.0	\$ -	\$ 4.50	\$ 4.50
PLL Stone	\$ 127.0	\$ 115.0	\$ 90.00	\$ -	\$ 332.0	\$ -	\$ -	\$ -
Izart	\$ -	\$ 70.0	\$ -	\$ -	\$ 70.0	\$ -	\$ 52.50	\$ 52.50
Jim Kim Architect	\$ 50.0	\$ -	\$ -	\$ -	\$ 50.0	\$ -	\$ 37.50	\$ 37.50
<i>Verbal order agreements</i> Joe Barancca	\$ 31.0	\$ -	\$ -	\$ -	\$ 31.0	\$ -	\$ 23.25	\$ 23.25
Robert Carnal	\$ 2.0	\$ -	\$ -	\$ -	\$ 2.0	\$ -	\$ 1.50	\$ 1.50
CI Graphics	\$ 10.0	\$ -	\$ -	\$ -	\$ 10.0	\$ -	\$ 7.50	\$ 7.50
Jasjeet Singh	\$ -	\$ -	\$ 8.00	\$ -	\$ 8.0	\$ -	\$ 6.00	\$ 6.00
Ryan Collina	\$ -	\$ 14.0	\$ -	\$ -	\$ 14.0	\$ -	\$ 10.50	\$ 10.50
Muskoka Stone Masonry	\$ -	\$ -	\$ 27.00	\$ -	\$ 27.0	\$ -	\$ 20.25	\$ 20.25
TFS	\$ 62.5	\$ 50.00	\$ -	\$ -	\$ 112.5	\$ -	\$ 84.38	\$ 84.38
Matt's Landscaping	\$ 25.0	\$ -	\$ -	\$ -	\$ 25.0	\$ -	\$ 18.75	\$ 18.75
<i>Can't locate</i> Table Rock Stone Company	\$ 22.0	\$ 30.0	\$ 20.00	\$ -	\$ 72.0	\$ -	\$ 54.00	\$ 54.00
Marmi Zola	\$ -	\$ -	\$ 15.00	\$ -	\$ 15.0	\$ -	\$ 11.25	\$ 11.25
Lab Flooring	\$ -	\$ 71.1	\$ 14.40	\$ -	\$ 85.5	\$ -	\$ 64.13	\$ 64.13
Mansouri Group	\$ 75.0	\$ 50.00	\$ -	\$ -	\$ 125.0	\$ -	\$ 93.75	\$ 93.75
Bondfield	\$ -	\$ -	\$ -	\$ 33.00	\$ 33.0	\$ -	\$ -	\$ -
AST Stone	\$ 18.0	\$ -	\$ -	\$ -	\$ 18.0	\$ -	\$ 13.50	\$ 13.50
Canam Stone	\$ 20.0	\$ -	\$ -	\$ -	\$ 20.0	\$ -	\$ 15.00	\$ 15.00
Gott	\$ 10.0	\$ -	\$ -	\$ -	\$ 10.0	\$ -	\$ 7.50	\$ 7.50
Moruzzi	\$ 72.0	\$ 87.7	\$ 72.00	\$ -	\$ 231.7	\$ -	\$ 173.78	\$ 173.78
D. Panagoulia	\$ -	\$ -	\$ 27.30	\$ -	\$ 27.3	\$ -	\$ 20.48	\$ 20.48
Ontario Stone Veneer	\$ -	\$ -	\$ 29.80	\$ -	\$ 29.8	\$ -	\$ 22.35	\$ 22.35
Bart	\$ -	\$ 8.0	\$ -	\$ -	\$ 8.0	\$ -	\$ 6.00	\$ 6.00
Encompass	\$ 24.0	\$ 45.00	\$ -	\$ -	\$ 25.0	\$ -	\$ 18.75	\$ 18.75
Modern Exteriors	\$ -	\$ -	\$ -	\$ 65.00	\$ 65.0	\$ -	\$ -	\$ -
4 All Seasons	\$ -	\$ 25.00	\$ -	\$ 86.00	\$ 111.0	\$ -	\$ -	\$ -
Peluso Marmi	\$ -	\$ -	\$ -	\$ 84.00	\$ 84.0	\$ -	\$ -	\$ -
	\$ 548.5	\$ 565.8	\$ 490.4	\$ 268.0	\$ 1,828.7	\$ -	\$ 902.8	\$ 902.8

*US\$ to Canadian\$ conversion at 1.275 X

Can't locate

INVOICE



ROYAL CANADIAN
BEDROCK

Invoiced to:
COLONIAL BRICK AND STONE INC. 5956 PERTH RD 119 BRUNNER, ON NOK 1C0

Date	INVOICE #
18-05-30	151323

Terms	PO
PREPAYMENT	ELROY Eyd 18-05

Description	Q	\$ per	Amount
RE: PER EMAILORDER MAY 24, 2018			
GUELPH COURSING	18.00	260.00	\$4,680.00
GUELPH DRYWALL	16.00	235.00	\$3,760.00
FLAGSTONE	8.00	210.00	\$1,680.00
PALLETS	21.00	12.00	\$252.00

HST# 827084575 RT0001

Subtotal	\$10,372.00
HST	\$1,348.36
Total	\$11,720.36

ROYAL CANADIAN BEDROCK INC.
 16 AMOS MAYNARD CIRCLE
 VAUGHAN, ON L4L 3B8

BALANCE DUE \$11,720.36

THANK YOU FOR YOUR BUSINESS!



NO 34000-471

- PURCHASE ORDER
- CHANGE ORDER
- OTHER

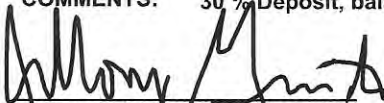
TO: Royal Canadian Bedrock
 ATTN: Anthony Guido

DATE: 12-Jun-18
 JOB #: 26010
 JOB LOCATION: Woodsy Park

Key	QTY	DESCRIPTION	UNIT PRICE	AMOUNT
		Granite supply		
1		Supply Granite stone steps as per quote 151324 and as detailed below;		
		Ottawa platinum natural stone cut to size approximately 722 lft	\$ 25,000.00	\$ 25,000.00
		Delivery to site	\$ 1,500.00	\$ 1,500.00
		- Please confirm delivery schedule with Loris 416 508 9236		

SUB TOTAL:	\$ 26,500.00
HST	\$ 3,445.00
TOTAL	\$ 29,945.00

COMMENTS: 30 % Deposit, balance net 30 days


 CUSTOMER AUTHORIZATION

UCC GROUP AUTHORIZATION
 Pedro Santos

262 Galaxy Blvd
 Toronto, O M9W 5R8
 Tel:416-675-7455
 Fax:416-675-7445
 Email: psantos@uccgroup.com
 Website: www.uccgroup.com

1275 W. 6th Ave Ste#300
 Vancouver, BC V6H 1A6
 Tel:604-730-4833
 Fax:604-730-4822

7380 Sandlake Road Ste#500
 Orlando, FL 32819
 Tel:407-248-0989
 Fax:407-939-0730

*Order placed over phone, April/18
 Commenced in good in faith.
 Formal P.O. issued in June
 Commence work to meet deadline.*

INVOICE



ROYAL CANADIAN
BEDROCK

Invoiced to:
UCC Group Inc. 262 GALAXY BLVD TORONTO, ONTARIO M9W 5R8

Date	INVOICE #
18-06-12	151324

Terms	P.O.
30% Deposit 70% Upon Completion	34000-471

Description	Q	\$ per	Amount
RE: WOODSY PARK OTTAWA PLATINUM NATURAL STONE CUT TO SIZE, FLAMED TOP, ROCKFACED FRONT, SAWN ENDS as per UCC email take off June 6, 2018 (copy attached) all heights 100mm, depths 350mm, varying lengths 1350mm, 2050mm, 1525mm) total LF 220 m or 722 LF LUMP SUM PRICE	1.00	25000	\$25,000.00
Pallets (No Charge But Returnable)	20.00	15.00	N/C
Delivery to Woodsy Site	1.00	1500.00	\$1,500.00
Terms: 30% Deposit \$8,983.50 70% Upon Completion, Prior to Delivery <u>\$20,961.50</u> <u>\$29,945.00</u>			

Subtotal	\$26,500.00
HST	\$3,445.00
Total	\$29,945.00

HST# 827084575 RT0001

ROYAL CANADIAN BEDROCK INC.
 100 KING ST. WEST, SUITE 5600
 TORONTO, ONTARIO
 M5X 1C9

THANK YOU FOR YOUR BUSINESS!



P.O. Box 756, 5 Terry Fox Drive,
Kingston, ON K7L 4X6
Ph: 613-544-9145 Fx: 613-544-8904
e-mail: sales@rigneybuildingsupplies.com
www.rigneybuildingsupplies.com

FAX COVER PAGE

To: ANTHONY	Pages: 2
Fax #: 18882179377	Sent: 4/30/2018 7:50:04 AM

From: MIKE DICKSON
Fax #:

Note: PLEASE REPLY WITH CONFIRAMTION AND AVAILABILITY FOR PICK-UP.
THANK YOU AND HAVE A GREAT DAY

H.S.T # 104533542 RT



P.O. BOX 756 • 5 TERRY FOX DRIVE
 KINGSTON, ONTARIO K7L 4X6
 TEL: 613-544-9145 • FAX: 613-544-8904
 sales@rigneybuildingsupplies.com
 www.rigneybuildingsupplies.com

DATE:	CARRIER:
Delivery <input type="checkbox"/>	
Rigney Yard <input type="checkbox"/>	

Locally Owned and Operated

PO# 57297	PURCHASE ORDER	04/30/18 07:49 01
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VENDOR TO: ROYAL CANADIAN BEDROCK INC.
 100 KING STREET WEST
 SUITE 5600
 TORONTO, ON M5X 1C9

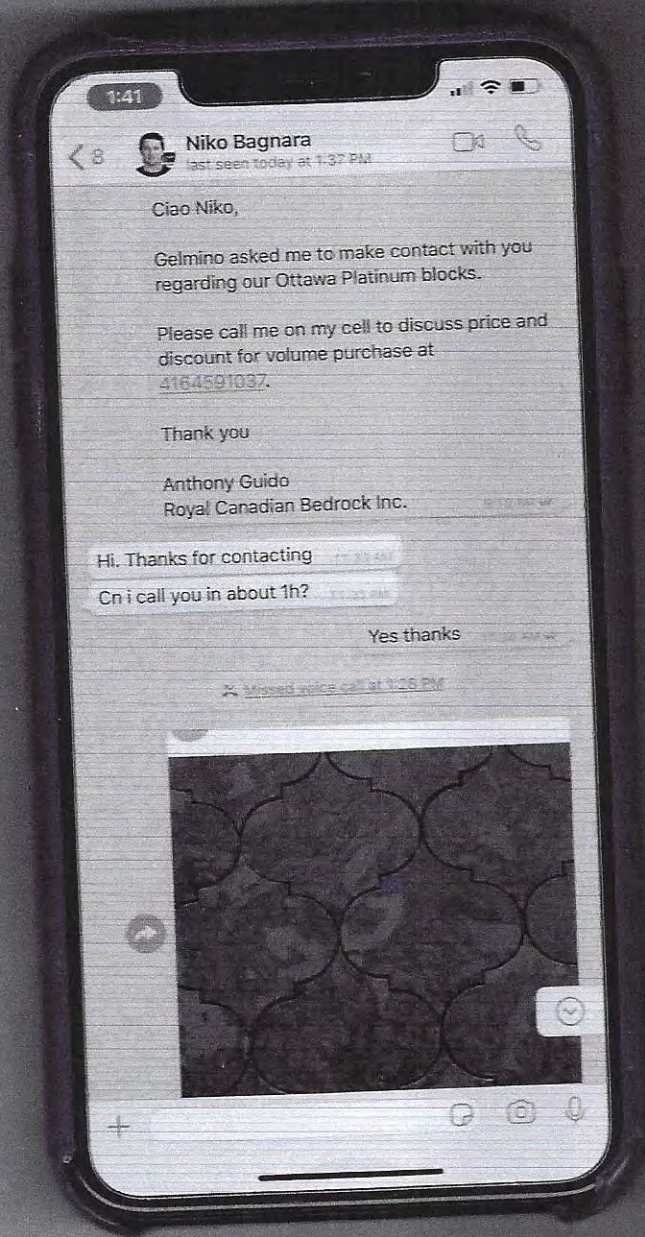
S- 1
 P- 64
 W- 7

VENDOR NO. 690 PHONE: 14163065796
 Routing Freight Terms

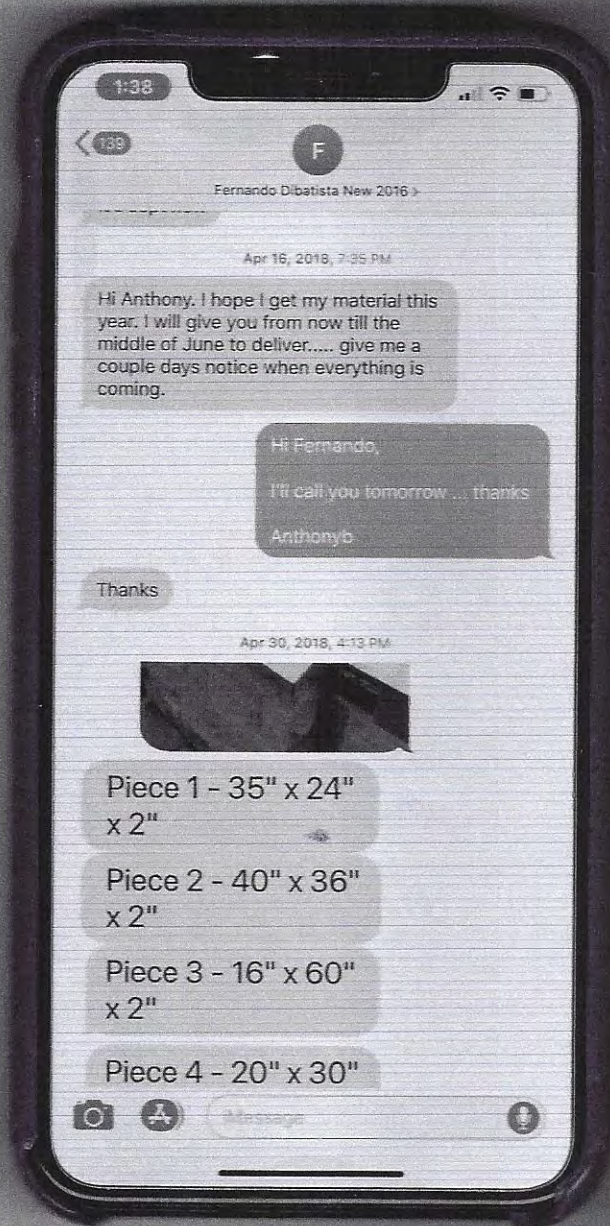
Tran# 165093 Ship Date 04/30/18 Required 04/30/18 Confirmed
 Misc Notes STOCK

Cust# Terms NET 30 Freight Rate PICK-UP

L#	ITEM CATALOG	QTY	DESCRIPTION	UNITS	COST	AMOUNT
1	22021005 LIMESTONEBUCK1	60000	LB LIMESTONE FLAG 1"-1 1/2" THIS MATERIAL IS NON-REFUNDABLE	60000	.09 EA	5400.00
2	22021003 LIMESTONEBUCK	8000	LB BUCKSKIN LIMESTONE FLAG 1/2" THIS MATERIAL IS NON-REFUNDABLE	8000	.09 EA	720.00
3	22021010 LIMESTONEBUCK15	20000	LB LIMESTONE FLAG 1 1/2 - 2" THIS MATERIAL IS NON-REFUNDABLE	20000	.09 EA	1800.00
TOTAL				88000		7920.00



Order Confirmed for
Container of Blocks via text
Blocks and order fulfilled



P.O. Fernando Dibatista
via text \$15,000.-

From: Christopher Arnts <christopher@arntstopsoil.com>
Date: May 18, 2018 at 9:46:07 AM EDT
To: Anthony Guido <anthony@royalcanadianbedrock.com>
Subject: Re: Arnts Order

Go with:

Eramosa Sandblasted 2" x 16" tread - no rock face
40 pieces x 60"

Eramosa Sandblasted 2" x 24" tread - no rock face
7 pieces x 60"

336.67 total square feet

Christopher Arnts CPA CMA
Arnts The Landscape Supplier Inc.
4105 Lake Ridge Road N
Whitby, Ontario L1P 0B1
christopher@arntstopsoil.com
905 655-0601 ext 325

**Arnts The Landscape Supplier Inc**

4105 Lake Ridge Rd. N.,
Whitby ON L1P 0B1
CANADA

VENDOR

ROYAL CANADIAN BEDROCK

Phone # 4163065796

Pick Up Address

TORONTO
100 KING ST W
TORONTO OH M5X 1C9
CANADA

Copy

P.O. Number

16195

Vendor Reference

PURCHASE ORDER

Document Date

18/May/2018

Weight LB

12,706

Payment Term:

V-NET 30

Date Required:**A.S.A.P.****Shipping Type:**

Purchased By

Chris**Christopher@arntstopsoil.com**

Description	Quantity	UoM
Coping ERAMOSA 2" Sandblasted Square Edge 16" 5ft lengths - 40 pieces Mfr No.:	266.67	SqF
Coping ERAMOSA 2" Sandblasted Square Edge 24" 5ft lengths - 7 pieces Mfr No.:	70	SqF

P.L.L. STONE srl s
Via Dorsale 10 54030 Massa
ITALY

Tel +39 347 5315479 email pllstonesrls@gmail.com

Messer's Royal Canadian Bedrock

Wiaraton December 7th 2016

100 King Str. Suite 5600

Toronto Ontario Canada M5X1C9

Re: Purchase order and confirmation of the right first inspection on all production of Eramosa block still 31th December 2018

Dear Mr. Guido,

Following our meeting, we wish to confirm you as follow:

Purchase confirmation

We wish to confirm you a purchase of a minimum of 6.000,00 Metric tons till 31th December 2018 of Eramosa limestone blocks of your quarry in Quarry road Wiaraton .

The agree price will be 500,00 Usd x Metric tons.

Beside this purchase order we shall have the right of first inspection on all your production of Eramosa blocks in your said quarry, till December 31th 2018

The payment will be cash ex your quarry, loaded in containers or truck, located in the said quarry after our inspection.

PLL Stones srl s

Paolo Locati Luciani

Royal Canada Bedrock

Anthony Guido

11 RIVERSIDE LANDSCAPING

ALGONQUIN LIMESTONE

#	STONE	FINISH	SIZE	QUANTITY		NOTES
1	ALGONQUIN FLEURI	SANDBLASTED	1,5x12x24	1270 SF		
2	ALGONQUIN FLEURI	SANDBLASTED	1,5x18x24	126 SF		
3	ALGONQUIN FLEURI	SANDBLASTED	1,5x18x29	182 SF		
4	ALGONQUIN FLEURI	SANDBLASTED	1,5x18x32	232 SF		
5	ALGONQUIN FLEURI	SANDBLASTED	2x18x36	2,160 SF		
6	ALGONQUIN FLEURI	SANDBLASTED	3x12x24	124 SF		
7	ALGONQUIN FLEURI	SANDBLASTED	6x12x800	67 LF		SOLID STEPS (THREE SIDES SANDBLASTED)

Fwd: 18 Wells Hill Ave - Stone Veneer

5 messages

Chris Grodzki <chris@aststone.ca>
To: anthony@royalcanadianbedrock.com

Hi Antony
Here is the job to be quoted .

Sent from my iPhone

Begin forwarded message:

From: Jim Kim <jjk@sympatico.ca>
Date: May 1, 2018 at 11:43:26 AM EDT
To: Chris Grodzki <chris@aststone.ca>
Cc: Jim Kim <jjk@sympatico.ca>
Subject: 18 Wells Hill Ave - Stone Veneer

Hi Chris,

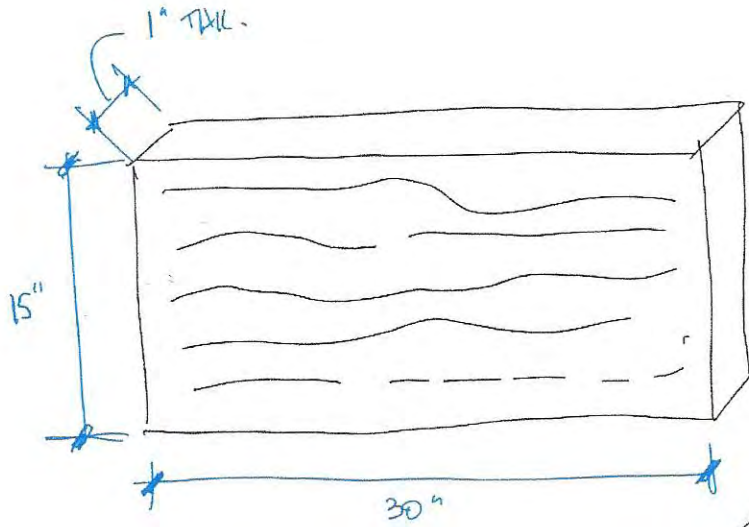
I need to get the following for 1 week in July.

1,000 Square Feet of Eramosa Vein Cut Panels at 15" high x 30" long x 1" thick (if he thinks it will break in transportation, make it 1.25" thick)
100 Linear Feet of Eramosa Vein Cut Corner at 15" high x 15" long x 4" return x 1" thick.

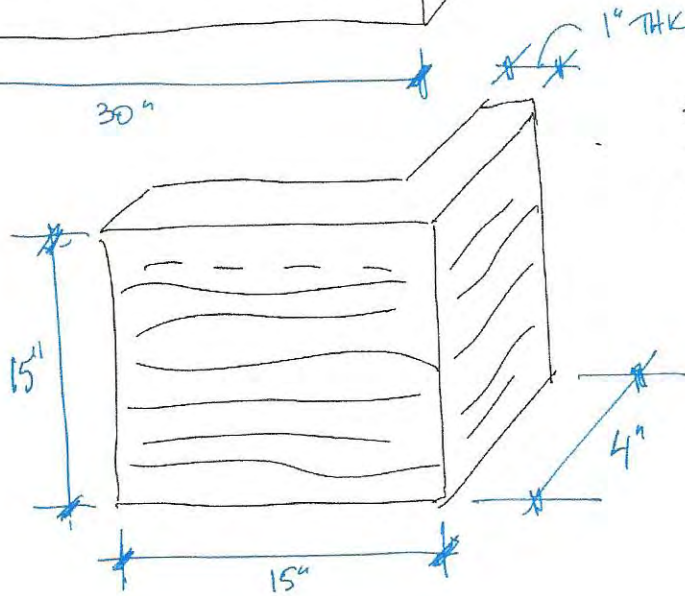
See attached photos for reference.

Please try to get back to me on this as soon as possible.
Thanks.

Regards,
Jim



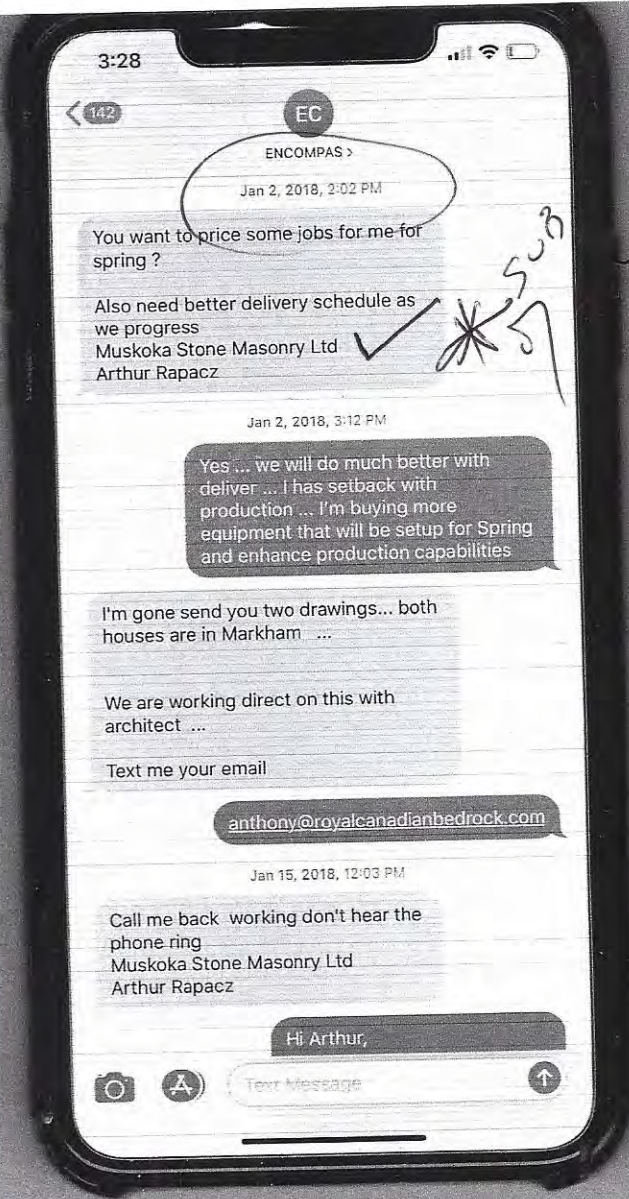
KERAMOSA PA
VEIN CUT.
1,000 SF



KERAMOSA C
VEIN CUT
150 LIN. FE







3:28

142

EC

ENCOMPAS >

Jan 2, 2018, 2:02 PM

You want to price some jobs for me for spring ?

Also need better delivery schedule as we progress
Muskoka Stone Masonry Ltd
Arthur Rapacz

Jan 2, 2018, 3:12 PM

Yes ... we will do much better with deliver ... I has setback with production ... I'm buying more equipment that will be setup for Spring and enhance production capabilities

I'm gone send you two drawings... both houses are in Markham ...

We are working direct on this with architect ...

Text me your email

anthony@royalcanadianbedrock.com

Jan 15, 2018, 12:03 PM

Call me back working don't hear the phone ring
Muskoka Stone Masonry Ltd
Arthur Rapacz

Hi Arthur,



Text Message



encompas

*\$27,000. -
all in*

*sub
57

TFS

On Jun 1, 2018, at 7:22 PM, Anthony Guido <anthony@royalcanadianbedrock.com> wrote:

Ritesh,

TFS Order ... Your pricing was set at \$500.00/ton USD.

You received deep discounted pricing based on purchasing 60 containers per year.

You did not buy 60 containers and therefore all your invoices are to be adjusted to \$500/ton USD.

[Quoted text hidden]

Anthony Guido <anthony@royalcanadianbedrock.com>
To: info@mattslandscaping.ca

Sun, Apr 29, 2018 at 8:50 PM **Page 1 of 1**

Hi Matt,

Please see attached as discussed.

Kind regards,

ANTHONY GUIDO, CPA, CA
PRESIDENT
anthony@royalcanadianbedrock.com
M 416 459 1037



ROYAL CANADIAN
BEDROCK

100 King Street West, Suite 5600 Toronto, Ontario Canada M5X 1C9
T 416 306 5796 F 1 888 217 9377

Motta

95 yonge blvd stone order list

GREY STONE (PLATINUM)

WIDTH	LENGTH	THICKNESS	FINISH	QTY	SQFT
17.75"	35.75"	1"	SANDBLAST TOP SAWN EDGE	220 PCS	990
11.75"	23.75"	1"	SANDBLAST TOP SAWN EDGE	90 PCS	180
23.75"	35.75"	1"	SANDBLAST TOP SAWN EDGE	25 PCS	150
11.75"	35.75"	1"	SANDBLAST TOP SAWN EDGE	400 PCS	1200
14"	48"	2"	EASED EDGE (MICRO BEVEL-1/8") ALL 4 SIDE	2 PCS	9.333
14"	60"	2"	EASED EDGE (MICRO BEVEL-1/8") ALL 4 SIDE	9PCS	52.5
13"	72"	2"	EASED EDGE (MICRO BEVEL-1/8") ALL 4 SIDE	3 PCS	19.5
13"	36"	2"	EASED EDGE (MICRO BEVEL-1/8") ALL 4 SIDE	20 PCS	65
13"	49"	2"	EASED EDGE (MICRO BEVEL-1/8") ALL 4 SIDE	17 PCS	75.2
13"	60"	2"	EASED EDGE (MICRO BEVEL-1/8") ALL 4 SIDE	20PCS	189.6
24"	60"	2"	EASED EDGE (MICRO BEVEL-1/8") ALL 4 SIDE	4PCS	40
36"	36"	1"	sand blast top sawn edge	2 pieces	

ERAMOSIA

WIDTH	LENGTH	THICKNESS	FINISH	QTY	
11.75"	23.75"	1"	SANDBLAST TOP SAWN EDGE	200	400
23.75"	23.75"	1"	SANDBLAST TOP SAWN EDGE	250	1000
17.75"	23.75"	1"	SANDBLAST TOP SAWN EDGE	160	480
11.75"	60"	2"	SANDBLAST TOP SAWN EDGE	16	80
13"	72"	2"	SANDBLAST TOP SAWN EDGE	3	18

TOTAL SQFT 4949.133

eromasa slabs vein cut

76"	112"	1"	honed sawn edge vein cut length wise	2 slabs
42"	120"	1"	honed sawn edge vein cut length wise	5 slabs

TABLE Rock

PRODUCT MANUFACTURING AGREEMENT

THIS PRODUCT MANUFACTURING AGREEMENT (this "Agreement") is dated on the most recent date on the signature page below, by and between **Table Rock Stone Company, LLC**, a Nebraska limited liability company, ("**Table Rock**"), with its principal place of business at 17672 Welch Plaza, Omaha, Nebraska 68135 and **Royal Canadian Bedrock Inc**, an Ontario Corporation ("**Royal Canadian**"), with its principal place of business located at 100 King Street West Ste 5600 Toronto, Ontario m5x 1c9. Table Rock and Royal Canadian may be referred to throughout this Agreement individually as a "Party" and collectively as the "Parties."

RECITALS

- A.** Royal Canadian is a supplier/quarrier of natural stone.
- B.** Royal Canadian and Table Rock desire to enter into this Agreement in order to formalize their mutual intention that Royal Canadian manufacture and supply the Products (as defined below) exclusively to Table rock for resale to Table rock in the following states: Minnesota, North Dakota, South Dakota, Nebraska, Iowa, Illinois, Kansas, Colorado, Missouri, Oklahoma, Texas, Florida, and California.

AGREEMENT

For other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. DEFINITIONS.

1.1. "Agreement" shall mean this Agreement and all attached Exhibits, all documents referenced in this Agreement and all valid amendments to this Agreement to be executed by the Parties in the future.

1.2. "Effective Date" shall mean the date of signing of this Agreement by Royal Canadian after Table rock has signed it.

1.3. "Products" or "Product" shall mean the fabricated natural building stone products described and specified in **Exhibit "A"** including all future improvements, modifications, or corrections. This agreement excludes blocks, slabs, tile, countertops, and architecturally cut to size projects.

2. STATEMENT OF WORK AND NON-INFRINGEMENT.

2.1. Statement of Work. Royal Canadian agrees to manufacture and sell, and Table rock agrees to purchase, the Products, in accordance with the terms and conditions set forth herein. Royal Canadian will manufacture and deliver to Table rock only that quantity of Products ordered by Table rock pursuant to the terms hereof, and Table rock will purchase all Products manufactured by Royal Canadian under this Agreement. Royal Canadian will provide all parts, labor and materials necessary to perform Royal Canadian's obligations hereunder. Table rock may distribute the Products to its customers by itself or through its distributors.

2.2. Non-Infringement. If Table rock discovers, or becomes aware of, any infringements against any rights of Royal Canadian regarding the Products, Royal Canadian's trademarks, trade names, or other intellectual property, Table rock shall immediately notify Royal Canadian of the facts and give Royal Canadian its full cooperation to protect Royal Canadian's rights. If Royal Canadian discovers, or becomes aware of, any

infringements against any rights of Table Rock regarding the Products, Table Rock's trademarks, trade names, or other intellectual property, Royal Canadian shall immediately notify Table Rock of the facts and give Table Rock its full cooperation to protect Table Rock's rights.

2.3.

3. ORDERING PROCEDURE.

3.1. Forecast. Table rock shall furnish Royal Canadian, on a monthly reoccurring basis, commencing with the Effective Date, a three (3) month non-binding rolling forecast reflecting its requirements for Products. Table rock's forecast will aid Royal Canadian in its planning and satisfaction of Product needs.

3.2. Purchase Orders.

3.2.1. Table Rock's written purchase orders, an example of which is attached hereto as **Exhibit "B"** shall be issued subject to the terms and conditions of this Agreement and shall then form the basis of Royal Canadian's delivery obligations. Each purchase order will include the following product information:

- a) Purchase order number and date;
- b) Product quantity to be delivered;
- c) Item description;
- d) Requested date of delivery;
- e) Shipping Instructions
- f) All orders FOB quarry

3.2.2. Royal Canadian shall accept in writing, or by e-mail as directed by Royal Canadian from time to time, each purchase order within five (5) business days after receipt of the purchase order or reject such purchase order within the same time frame if it is not in conformance with the terms and conditions of this Agreement. If the purchase order is neither expressly accepted nor rejected within said five (5) day period, it shall be deemed accepted. The purchase order accepted or deemed accepted shall be a legally binding contract between the Parties for delivery of Product; however the terms and conditions of this Agreement shall prevail over any terms and conditions contained in such purchase order.

3.3. Lead times, Emergency Orders. Lead times for complete units of Products and Emergency Orders for minor quantities are stated in **Exhibit "C"** entitled Lead Times and Forecast, which may be updated from time to time. Such Emergency Orders may be transmitted by fax or e-mail, with telephone confirmation within twenty-four (24) hours of such transmission or e-mail. For purposes of this section, an "Emergency Order" is defined as an order of a small quantity (One (1) Truck load) of Products with a lead time of less than fourteen (14) days.

3.4. Packaging. Royal Canadian will package each Product according to its standard packaging procedures and Purchase Orders ensuring the product arrive to Table Rock intact, movable, and ready to unload.

4. ORDER CANCELLATION AND RESCHEDULING.

4.1. Cancellation or Rescheduling. Notwithstanding Section 3.2.2 above, after acceptance of a purchase order, Table rock may cancel or reschedule such purchase order in writing with regard to the total or partial quantity of Products ordered, subject to the rescheduling, cancellation and/or restocking charges stated in **Exhibit C**. Should such cancellation or rescheduling take place prior to the latest cancellation or rescheduling date as stated in **Exhibit C**, Royal Canadian shall have no claim for damages concerning such cancellation or rescheduling, except as stated in **Exhibit C**.

5. TRADE NAMES, TRADEMARKS, IDENTIFICATION.

5.1. Publicity. Without the other Party's written approval neither Party shall use in advertising, publicity or the like any of the other Party's trade names, trademarks, or symbols of Products.

5.2. Usage Guidelines. Royal Canadian may provide product feature information for the Products, which will in all material respects be accurate and comply with all applicable legal requirements. Table rock may rely on and use such product feature information provided by Royal Canadian in connection with Table rock's marketing and distribution of the Products. Table rock will ensure that its materials are accurate and fully consistent with the usage guidelines, Product feature information, claims and other marketing materials for the Products which have been previously approved by Royal Canadian, as updated from time to time by written notice to Table rock.

6. EXCLUSIVITY.

- A. Royal Canadian hereby grants Table rock the exclusive right to purchase the Products from Royal Canadian during the term of this Agreement, as it may be amended or extended. Exclusivity under this Agreement will extend to the following states: Minnesota, North Dakota, South Dakota, Nebraska, Iowa, Illinois, Kansas, Colorado, Missouri, Oklahoma, Texas, Florida, and California.
- B. If Table rock desires, and is able, to resell any or all exclusive states or territories within the states covered by and related to this agreement, then any and all such agreements to resell exclusivity must be pre-approved in writing by Royal Canadian, and any and all such related exclusivity fees, royalties, and commissions earned shall be shared on a 50/50 basis between Table rock and Royal Canadian.

7. DELIVERY.

7.1. Purchase Order. Royal Canadian shall deliver the Products to Table rock in accordance with the applicable purchase order, FOB Royal Canadian's location set forth in Section 16 or such other location as Royal Canadian may indicate.

7.2. Transportation. Royal Canadian shall comply with Table rock's reasonable directions concerning carrier(s) and means of transportation or routing. Table rock may arrange for direct payment of freight charges by Table rock to carrier. Unless otherwise agreed to in writing by Royal Canadian, title and risk of loss will pass to Table rock upon Royal Canadian's delivery to the applicable carrier(s). All orders FOB Quarry.

7.3. Records. During the term of this Agreement, and for a period of three (2) years thereafter, Royal Canadian shall keep records of the shipment(s) and the related Products and shall make them available to Table rock on request.

7.4. Paperwork. Each shipment shall be accompanied with the appropriate shipping papers. All shipping papers and related invoices must, inter alia, state the correct purchase order number and identification of the Products shipped. Packaging and transportation instructions will be provided in duplicate and in a reproducible manner.

8. QUALITY ASSURANCE AND ACCEPTANCE.

8.1. Quality Assurance Manual and Workmanship Standard. Royal Canadian will manufacture the Products under the same quality standards as its regular production.

8.2. Inspection. Within five (5) days after receipt of Products at Table rock's designated delivery location, Table rock shall inspect the Products. The Products will be presumed accepted upon shipment, unless Table rock shall reject in writing any such Product within such period for defects or return such Products within the same time frame if they are not in conformance with the applicable specifications described in **Exhibit A**.

8.3. Notification of Failure. Should any products fail to pass inspection, Table rock shall notify Royal Canadian in writing without undue delay, preferably by fax or e-mail in order to accelerate the correction.

9. CHANGE REQUEST/MODIFICATIONS.

Royal Canadian shall retain the right to modify or discontinue Products, provided it gives Table rock one hundred eighty (180) days prior written notice of such modifications for form, fit or function changes or of discontinuance of Product.

10. NON-DISCLOSURE; NON-COMPETITION.

10.1. Non-Disclosure. Each Party agrees to maintain in confidence any and all confidential information delivered to it by the other Party and designated as confidential. Confidential information means all business information, all technical information and financial information which is disclosed by one Party to the other, including without limitation: customer lists and customer information, technologies, patent applications, processes, methods, trade secrets, know-how, formulas, drawings, notes, memoranda, plans, tests, analyses, sample materials, product development and marketing strategies, business opportunities and plans, reports, studies, forecasts, financial data and pricing information. Each Party shall exercise at least the same degree of care as it uses with regard to its own confidential information by the same nature, but in any event, at least a reasonable degree of care. Such information required to be held in confidence shall, if in writing, be marked "Confidential." Oral information that is designated as confidential at the time of disclosure thereof shall be reduced to writing and marked "Confidential," and forwarded to the receiving Party within five (5) business days after its oral communication. A receiving Party may disclose confidential information of the disclosing Party to its employees or third parties contracting with the receiving Party as may be necessary in the design, manufacture, service and distribution of the Products, but only if they are bound by confidentiality obligations at least as stringent as stated herein. Neither Party will disclose the price charged by Royal Canadian to Table rock for any Product. In addition to the foregoing obligations of confidentiality and non-disclosure, but without limitation thereto, Table rock specifically agrees not to disclose the manufacturer of the Products.