

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS
INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 c. B-3, AS AMENDED; AND
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43 AS AMENDED

FIRST REPORT TO THE COURT
SUBMITTED BY BDO CANADA LIMITED
IN ITS CAPACITY AS PROPOSED SUBSTITUTE RECEIVER OF
1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL
and
VERSITEC MARINE USA INC.

FEBRUARY 9, 2021

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1.0 INTRODUCTION AND PURPOSE OF REPORT

1.0 Corporate Overview

- 1.0.1 1635536 Ontario Inc. o/a Versitec Marine & Industrial (“Versitec Canada”) is an Ontario corporation with its registered office located at 4 Stonebridge Drive, Unit 4, Port Colborne, Ontario. Versitec Canada manufactures and installs marine stern tube seals for ship owners and service suppliers across the globe.
- 1.0.2 Versitec Marine USA Inc. (“Versitec USA”) is a Delaware corporation with its head office address indicated to be 874 Walker Road, Suite C, Delaware, USA, and mailing address listed as 1623 Military Road, #283, Niagara Falls, New York.
- 1.0.3 Versitec Marine Holdings Inc. is a Bahamian company and corporate shareholder of Versitec USA.
- 1.0.4 Versitec Canada and Versitec USA are hereinafter collectively referred to as the “Debtors”.

1.1 Receivership Proceedings

- 1.1.1 Liquid Capital Exchange Corp. (“LCX”) provided Versitec Canada and Versitec USA with an accounts receivable factoring facility to finance its operations. The financing agreement was evidenced by an executed Purchase and Sale Agreement setting out the terms pursuant to which LCX agreed to purchase or factor accounts receivable of the Respondents.
- 1.1.2 On March 9, 2020, LCX brought an application for the appointment of a receiver under section 243(1) of the Bankruptcy & Insolvency Act, R.S.C. 1985, C. B-3, as amended and section 101 of the Courts of Justice Act, R.S.O. 1990, C. C-43, as amended. Morgan & Partners Inc. was appointed receiver (the “Initial Receiver”), without security, of:
 - a) all of the assets, undertakings and properties of Versitec USA; and
 - b) specific accounts receivable of Versitec Canada,acquired for or used in relation to a business carried on by the Debtors, including all proceeds thereof (all collectively, the “Property”).
- 1.1.3 A copy of the March 9, 2020 appointment order (the “Initial Appointment Order”) is attached hereto as Appendix “A”.
- 1.1.4 The Proposed Receiver has been advised that the Initial Receiver has supervised the operations of the Debtors for the past ten (10) months and distributed \$60,000 to LCX on account of proceeds received in respect of specific purchased invoices that were collected by the Initial Receiver.
- 1.1.5 The Initial Receiver, with the support of LCX, is bringing a motion to be heard on Friday, February 12, 2021, wherein the Initial Receiver is seeking to be replaced by BDO Canada

Limited ("BDO") to act in the capacity of court appointed receiver (the "Proposed Receiver"), and further, to increase the powers of the Proposed Receiver to include authority to conduct a sale and investment solicitation process (the "SISP") for the sale of the business and all assets, properties and undertakings of the Debtors.

1.1.6 BDO has consented to act in the capacity as Proposed Receiver.

1.2 Purpose of this Report

1.2.1 This constitutes the Proposed Receiver's preliminary report to the Court (the "Preliminary Report") in this matter and it is filed to:

- Provide this court with details of the Proposed Receiver's proposed sale and investment solicitation process (the "SISP");
- Request an Order, inter alia:
 - approving the SISP as outlined in this Preliminary Report and the activities of the Proposed Receiver set out herein; and
 - such other relief as the Court deems appropriate.

1.3 Scope and Terms of Reference

1.3.1 The Preliminary Report has been prepared for the use of this Court, to assist the Court in making a determination of whether to approve the relief sought herein. Accordingly, the reader is cautioned that the Preliminary Report may not be appropriate for any other purpose. The Proposed Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of the Preliminary Report different than the provisions of this paragraph.

1.3.2 In preparing this Preliminary Report, the Proposed Receiver has relied upon the Debtors' records and available unaudited financial information. While the Proposed Receiver has reviewed certain of the Debtors' records, such work does not constitute an audit or verification of such information for accuracy, completeness, or compliance with Generally Accepted Accounting Principles or International Financial Reporting Standards. Accordingly, the Proposed Receiver expresses no opinion or other form of assurances with respect to such information except as expressly stated herein.

1.3.3 Capitalized terms used but not defined in this Preliminary Report shall have the meaning ascribed to them in the Initial Appointment Order.

1.3.4 This Preliminary Report, and all court materials and orders issued and filed in these receivership proceedings are available on the Proposed Receiver's website at: <http://extranets.bdo.ca/versitecmarine> and will remain available on the website for a period of six (6) months following the Proposed Receiver's discharge.

2.0 RECEIVER'S ACTIVITIES

2.0 Initial Enquiries and SISP Development

2.0.1 The Proposed Receiver's activities to date have been limited to gaining an understanding of the current status of these receivership proceedings, current operations of the Debtors and development of the SISP as proposed herein.

2.0.2 The Proposed Receiver understands that the primary assets of the Debtors are:

- a) Customer list and contracts;
- b) Customer accounts receivable;
- c) Inventory;
- d) Equipment and moulds used by third party manufacturing.

3.0 PROPOSED SALE & INVESTMENT SOLICITATION PROCESS

3.1 It is the view of the Initial Receiver, the Proposed Receiver and LCX that the market should be canvassed through a court supervised sale process in order to effect a restructuring of the Debtors business and/or to achieve maximum value for the stakeholders. As a result, the Proposed Receiver has formulated the SISP for which approval is being sought from the Honourable Court. The SISP is anticipated to be conducted over a three (3) month period during which time the Proposed Receiver will endeavour to obtain offers for investment in the Debtors and/or offers to purchase the Property of the Debtors, and thereafter enter into a definitive asset purchase agreement or transaction, subject to subsequent Court approval.

3.2 The proposed timetable for the SISP is attached hereto as Appendix "B".

3.0.2 The following is a summary of the key steps of the SISP:

- Potential purchasers (known to, or identified by, the Proposed Receiver) will be given notice of the acquisition opportunity for the Debtors' assets and business by sending an information summary of the opportunity ("Teaser") to such parties, as soon as possible after Court approval of the SISP;
- An advertisement will be placed in the National edition of the National Post (the "Advertisement") as soon as possible after Court approval of the SISP;
- A link to the Advertisement will be posted with the "Insolvency Insider", which is distributed to a wide range of insolvency and restructuring professionals;
- The opportunity will be exposed to the BDO member network;

- The opportunity will also be placed on the Proposed Receiver’s web site;
 - Upon execution of a confidentiality and non-disclosure agreement (the “NDA”) provided by the Proposed Receiver, potential purchasers will be provided with a confidential information memorandum (the “CIM”) and the opportunity to commence due diligence, including gaining access to the Proposed Receiver’s secure data room (the “Data Room”), where additional confidential information will be made available by the Proposed Receiver, and/or gaining access to and touring the Debtors’ premises and operations;
 - Bidders on the business assets will be required to provide a deposit of not less than 10% of the purchase price offered (a “Deposit”) and to submit their bids in the form of the template asset purchase agreement (the “APA”) to be provided by the Proposed Receiver;
 - Bidders submitting offers of financing or equity investment or other non-sale proposals, will be required to provide evidence of the financial means to complete the proposed transaction satisfactory to the Proposed Receiver, in its sole discretion, as well as a deposit of not less than 10% of the value of the proposed transaction (also, a “Deposit”);
 - All Deposits shall be held by the Proposed Receiver, in trust, in a non-interest bearing account, to be returned to the respective depositors, as soon as practicable, following the earlier of (a) written determination by the Proposed Receiver that the subject offer is rejected and (b) the date on which the Court approves a transaction other than the subject offer;
 - The proposed bid deadline is 5:00 p.m. on Friday, April 23, 2021 (the “Bid Deadline”) for prospective purchasers to submit binding offers in accordance with the SISP;
 - Based on its review of offers received, the Proposed Receiver will determine the most favourable outcome and proceed to finalize the APA and/or transaction with the successful bidder, subject to Court approval;
 - The Proposed Receiver is not obligated to accept the highest, or any, offer;
 - The Proposed Receiver shall have the right to extend timelines set forth in this SISP as described herein for up to 30 days. All other extensions to the SISP shall require further Court approval.
- 3.1 Overall, the proposed SISP provides in excess of ten weeks to market the opportunity and canvass the market for Qualified Bids. The SISP contemplates a thorough marketing effort to attract firm purchase offers for the Debtors’ interest in the Property.
- 3.2 Upon Court approval the Proposed Receiver will immediately begin to implement the SISP.

4.0 RECOMMENDATIONS

4.1 The Proposed Receiver respectfully submits this Preliminary Report to the Court in support of the Proposed Receiver's motion for an Order:

- authorizing and directing the Proposed Receiver to implement the SISP as outlined herein, with such minor amendments as the Receiver may deem necessary or appropriate; and
- Such other relief as the Court deems appropriate.

All of which is respectfully submitted this 9th day of February, 2021.

BDO CANADA LIMITED,
in its capacity as PROPOSED COURT-APPOINTED RECEIVER OF
1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
and VERSITEC MARINE USA INC.,
and without personal or corporate liability



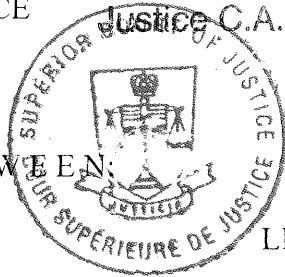
Per: _____
Peter Crawley, MBA, CPA, CA, CIRP, LIT
Vice President

APPENDIX "A"

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)
JUSTICE)
Justice C.A. Gilmore)

MONDAY, THE 9TH
DAY OF MARCH, 2020



BETWEEN: LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER

Respondents

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

**ORDER
(Appointing Receiver)**

THIS MOTION made by the Applicant, Liquid Capital Exchange Corp. 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 Morgan & Partners Inc. as receiver (in such capacities, the "Receiver") without security, over certain of the assets, undertakings and properties of Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial (Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial shall hereinafter be referred

to as the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jonathan Brindley sworn March 4, 2020 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and on reading the consent of Morgan & Partners Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion 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, Morgan & Partners Inc. is hereby appointed Receiver, without security, of:

- (a) all of the assets, undertakings and properties of Versitec Marine USA Inc.;
and
- (b) the assets of 1635536 Ontario Inc. o/a Versitec Marine & Industrial set out at Schedule "A1" and "A2" hereto

acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (all collectively, the "**Property**").

RECEIVER'S POWERS

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

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

- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, 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*, or section 31 of the Ontario *Mortgages Act*, as the case may be, 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;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the

Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

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

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

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

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or

relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, 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 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 \$100,000 (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 "B" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

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

SERVICE AND NOTICE

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

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors’ creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. 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.

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

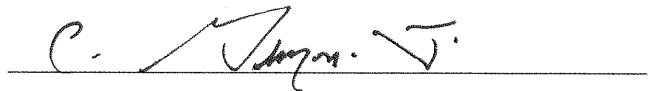
29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, 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.

30. 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.

31. 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 Debtors' estate with such priority and at such time as this Court may determine.

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



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

MAR 09 2020

PER / PAR: 

SCHEDULE "A1"

ASSETS

- (i) All of Versitec Canada's present and future accounts receivable and inventory including, but not limited to, those particular accounts receivable corresponding to invoices issued by Versitec Canada and/or Versitec USA as set out at Schedule "A2";
- (ii) All contract rights, instruments, documents, chattel paper and general intangibles related to any of the foregoing, including all of Versitec Canada's rights as a seller of goods;
- (iii) All collateral held by Versitec Canada securing any of the foregoing;
- (iv) All cash and non cash proceeds of any of the foregoing, in whatever form, including without limitation any balances maintained in any reserve account with LCX and any returned or repossessed goods;
- (v) All books and records relating to the foregoing.

SCHEDULE "A2"

All accounts receivable of 1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC. including, but not limited to, the following:

Versitec Canada
AR Summary - Mar 4, 2020 In CDN \$
AC# 4822

DebtorName	Balance	Current	1-30	31-60	61-90	91-Up
AAT SHIPINVEST AS	7,084.47	--	--	--	--	7,084.47
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219155	7/19/2019	8/22/2019	10044	7,084.47	7,084.47	230
ADMIRAL CORPORATION	14,965.12	--	--	--	--	14,965.12
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219124	6/21/2019	8/22/2019	10044	14,965.12	14,965.12	258
Avin International Ltd.	13,647.29	--	--	--	--	13,647.29
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219167	8/14/2019	9/13/2019	10048	13,647.29	13,647.29	204
Blue Line Ship Management SA	30,896.22	--	--	--	--	30,896.22
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219138	9/16/2019	9/27/2019	10051	13,053.44	13,053.44	171
219222	10/21/2019	11/8/2019	10053	8,732.86	8,732.86	136
219223	11/1/2019	11/8/2019	10053	9,109.92	9,109.92	125
Bundesbeschaffung GMBH	30,338.88	--	--	--	--	30,338.88
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219115	6/18/2019	6/28/2019	10040	30,338.88	30,338.88	261
Dalomar Shipping S.A.	13,295.90	--	--	--	--	13,295.90
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219094	6/4/2019	6/28/2019	10040	13,295.90	13,295.90	275
Eastern Mediterranean Maritime Ltd.	28,452.89	--	--	--	--	28,452.89
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219132	6/15/2019	9/13/2019	10048	7,558.07	7,558.07	264
219137	7/8/2019	9/13/2019	10048	9,264.23	9,264.23	241
219216	10/24/2019	11/8/2019	10053	11,630.59	11,630.59	133
FRI KARMSUND AS	13,898.32	--	--	--	--	13,898.32
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219101	6/10/2019	8/22/2019	10044	13,898.32	13,898.32	269
GREEN SHIPPING AS	5,439.40	--	--	--	--	5,439.40
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219126	6/25/2019	8/22/2019	10044	5,439.40	5,439.40	254
HIGLI AS	4,852.29	--	--	--	--	4,852.29
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219160	8/16/2019	9/13/2019	10048	4,852.29	4,852.29	202
Premuda S.p.a.	10,313.26	--	--	--	--	10,313.26
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219178	7/28/2019	8/28/2019	10045	10,313.26	10,313.26	221
Thenamari (Ship Management) Inc.	37,456.51	--	--	--	--	37,456.51
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219162	7/30/2019	8/28/2019	10045	10,811.62	10,811.62	219
219194	10/29/2019	11/8/2019	10053	8,146.66	8,146.66	128
219204	10/1/2019	11/8/2019	10053	11,113.34	11,113.34	156
219225	10/25/2019	11/8/2019	10053	7,384.89	7,384.89	132
Transmed Shipping Co. Ltd.	14,075.21	--	--	--	--	14,075.21
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219163	10/22/2019	11/8/2019	10053	14,075.21	14,075.21	135
UAB Promar	3,111.77	--	--	--	--	3,111.77
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219175	8/2/2019	8/28/2019	10045	3,111.77	3,111.77	216
WILSON SHIP MANAGEMENT AS	10,009.27	--	--	--	--	10,009.27
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219103	7/5/2019	8/22/2019	10044	10,009.27	10,009.27	244
Grand Total AR Ac 4822	237,836.80	0	0	0	0	237,836.80

Versitec USA
 AR Summary - Mar In US \$
 AC# 4820U

DebtorName	Balance	Current	1-30	31-60	61-90	91-Up
ANGLO EASTERN SHIP MANAGEMENT LTD. (HONG K	22,555.00	--	--	--	--	22,555.00
Invoice#	Invoice Da Funded Da Batch#	Invoice Amou	Balance	Invoice Days		Over Due Day:
U19048	7/7/2019 8/28/2019 10022	5,095.00	5,095.00	242		212
U19051	7/28/2019 8/28/2019 10022	8,400.00	8,400.00	221		191
U19053	7/25/2019 8/28/2019 10022	9,060.00	9,060.00	224		194
Wallem Ship Management Ltd.	53,059.67	--	--	--	--	53,059.67
Invoice#	Invoice Da Funded Da Batch#	Invoice Amou	Balance	Invoice Days		Over Due Day:
U19027	7/25/2019 8/28/2019 10022	23,079.94	23,079.94	224		194
U19042	6/28/2019 8/3/2019 10020	4,940.38	4,940.38	251		221
U19044	7/26/2019 8/28/2019 10022	15,106.35	15,106.35	223		193
U19045	6/2/2019 8/22/2019 10021	3,938.00	3,938.00	277		247
U19049	7/19/2019 8/28/2019 10022	5,995.00	5,995.00	230		200
Grand Total AR	Ac 4820U	75,614.67	0	0	0	0 75,614.67

Versitec Canada
 AR Summary - Mar 4, 2020 In US \$
 AC# 4821

DebtorName	Balance	Current	1-30	31-60	61-90	91-Up
CRUISE MANAGEMENT INTERNATIONAL, INC.	13,945.00	--	--	--	--	13,945.00
Invoice#	Invoice Da Funded Da Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days
	219078 4/10/2019 5/3/2019 10024	13,945.00	13,945.00	330		300
GREAT LAKES DREDGE & DOCK, LLC	48,921.79	--	--	--	--	48,921.79
Invoice#	Invoice Da Funded Da Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days
	219213 8/26/2019 9/27/2019 10031	48,921.79	48,921.79	192		162
METEOR MANAGEMENT BULGARIA LTD	6,320.00	--	--	--	--	6,320.00
Invoice#	Invoice Da Funded Da Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days
	219073 5/21/2019 6/28/2019 10028	6,320.00	6,320.00	289		259
Wallem Ship Management Ltd.	25,887.00	--	--	--	--	25,887.00
Invoice#	Invoice Da Funded Da Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days
	219127 8/2/2019 8/28/2019 10029	19,532.00	19,532.00	216		186
	219214 9/16/2019 9/27/2019 10031	6,355.00	6,355.00	171		141
Grand Total AR	Ac 4822	95,073.79	0	0	0	0 95,073.79

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Morgan & Partners Inc., the receiver (the "Receiver") of the assets, undertakings and properties of Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial (the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of March, 2020 (the "Order") made in an action having Court file number CV-20-00637427-00CL, 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 _____, 2020.

MORGAN & PARTNERS INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____
Name:
Title:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE &
INDUSTRIAL et al.

Respondents

Court File No.: CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**ORDER
(Appointing Receiver)**

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-E 4C (May 1, 2016)

APPENDIX “B”

APPENDIX “B”

February 5, 2021

**1635536 Ontario Inc. o/a Versitec Marine & Industrial and
Versitec Marine USA Inc.**

SISP TIMETABLE

	Event	Timing
1	Motion for the appointment of substitute Proposed Receiver and approval of SISP	Friday, February 12, 2021
3	Upon appointment and approval of SISP, the Proposed Receiver will contact any identified potential purchasers and invite them to submit a bid for the Property.	Within 5 days of appointment and SISP approval.
4	Advertise the sale of the Property in the National Post (National Edition), and online or otherwise as considered appropriate by the Proposed Receiver.	Within 5 days of appointment and SISP approval.
5	Information pertaining to this opportunity will be posted on the Proposed Receiver's website, which will include <ul style="list-style-type: none"> ● Invitation for Offers to purchase the Property; ● Confidentiality Agreement. 	Within 5 days of appointment and sale process approval.
6	Interested parties given access to additional data, data room and be provided with an opportunity to conduct site visits (subject to receipt of a signed confidentiality agreement).	Over a period of 10 weeks
7	Deadline for submission of Qualified Bids ("Bid Deadline ")	4:00 PM (EST) on Friday, April 23, 2021.
8	Receiver evaluates bids received and selects winning bid; return deposits to bidders that are determined not to be successful and are not asked to stand as a “back up” transaction (if applicable)	Within 2 business days of Bid Deadline
9	Finalize asset purchase agreement (“APA”) and/or alternate transaction document (“Investment Agreement”) in connection with winning bid	ASAP after selection of winning bid
10	Seek Court approval of transaction with winning bidder and approval and vesting order.	Within 10 days of finalizing APA or Investment Agreement
11	Close sale or alternate transaction with winning bidder.	Within 3 days of Court approval
12	Unsuccessful bidders to return all confidential materials to the Receiver, and applicable deposits refunded.	Within I week of closing the sale.