

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

**163556 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
COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

MOTION RECORD OF BDO CANADA LTD.
(Motion Returnable May 4, 2021)

April 23, 2021

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

**163556 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
COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

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TAB 1

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

**163556 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
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ACT, R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE
COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

NOTICE OF MOTION

BDO Canada Limited, in it's capacity as substitute receiver (in such capacity, the "Substitute Receiver"), without security, over all of the assets, undertakings and properties of Versitec Marine USA Inc. ("Versitec USA") and 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("Versitec Canada" and together with Versitec USA, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, will make a motion to a Judge presiding over the Commercial List on May 4, 2021 at 11:30 am, or as soon after that time as the Motion can be heard, which motion shall be heard virtually by "Zoom" videoconference and may be attended online by accessing the direct videoconference link at the following link: <https://us02web.zoom.us/j/82451851772?pwd=Z2hrMUM2VWVReERFZmpWMTQ4dmxOQT09>. A direct link will be circulated by email to those members of the Service List with email.

THE MOTION IS FOR:

1. an Approval and Vesting Order, substantially in the form attached hereto as Schedule “A”, *inter alia*:
 - (a) approving the agreement of purchase and sale (the “**Purchase Agreement**”) made between the Substitute Receiver, as vendor, and Crug Ltd. or an affiliate of Crug Ltd. (in either case, the “**Purchaser**”), as purchaser, and authorizing the Substitute Receiver to complete the transaction contemplated thereby (the “**Transaction**”); and,
 - (b) on closing of the Transaction, vesting in the Purchaser the Debtors’ right, title and interest in and to those other assets which are the subject of the Transaction;
2. an Administrative Order, substantially in the form attached hereto as Schedule “B”, *inter alia*:
 - (a) approving the second report of the Substitute Receiver (the “**Second Report**”), as well as the activities of the Substitute Receiver detailed therein; and
 - (b) sealing the confidential appendices to the Second Report pending completion of the Transaction or further order of this Court;
3. such further and other relief as counsel may advise and this Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. Versitec Canada manufactures and installs marine stern tube seals for ship owners and service supplies across the globe;
2. Versitec USA is a Bahamian company and corporate shareholder of Versitec USA;
3. on March 9, 2020, on the Application of Liquid Capital Exchange Corp., this Honourable Court granted an order (the “**Receivership Order**”) appointing Morgan & Partners Inc.

receiver (in such capacity, the “**Receiver**”) over all of the assets, undertakings and properties of Versitec USA and certain assets of Versitec Canada;

4. on February 12, 2021, on the motion of the Receiver, this Honourable Court an order (the “**Substitution and SISP Approval Order**”):
 - (i) discharging the Receiver from its active duties as receiver and appointing BDO Canada Ltd. as substitute receiver (as hereinbefore defined, in such capacity, the “**Substitute Receiver**”) of all of assets, undertakings and property of the Debtors that was acquired for, or used in relation to a business carried on by the Debtors (collectively, the “**Property**”); and
 - (ii) approving a sale and investment solicitation process (the “**SISP**”) in respect of the marketing and sale of the Property.
5. the Property primarily consists of (a) customer lists and contracts, (b) customer accounts receivables, (c) inventory, and (d) equipment and moulds used by third party manufacturers.

APPROVAL OF PURCHASE AGREEMENT

6. immediately following its appointment, the Substitute Receiver took possession of the Property and began marketing the same for sale in accordance with the SISP;
7. in accordance with the SISP, the substitute Receiver, *inter alia*:
 - (i) provided notice to potential purchasers of the opportunity to acquire the Property by sending an information summary of the opportunity to the potential purchasers;
 - (ii) placed an advertisement in the national edition of the National Post in respect of the acquisition opportunity;
 - (iii) provided potential purchasers with a confidential information memorandum and access to a secure data room for the purposes of conduction due diligence;

- (iv) accepted and reviewed bids from potential purchasers to acquire the Property; and
 - (v) selected the winning bid for the Property.
8. the winning bid for the Property was made by Crug Ltd. (as hereinbefore defined, the “**Purchaser**”);
9. the terms of the winning bid are contained in the Purchase Agreement and are summarized below. Capitalized terms used in this section and not otherwise defined have the meaning given to them in the Sale Agreement:
- (i) Purchaser: Crug Ltd. (or an Affiliate);
 - (ii) Consideration: in addition to the payment of the cash purchase price set out in the confidential appendices to the Second Report, the assumption by the Purchaser of the Assumed Obligations;
 - (iii) Purchased Assets: substantially all of the property, assets and undertaking of the Debtors including, without limitation, intellectual property, inventory, equipment, personal property, licenses and permits, books and records and all cash and bank balances held on account of the Debtors;
 - (iv) “As is, where is”: Purchased Assets will be sold on an “as is, where is” basis; and
 - (v) Approval and Vesting Order: the Transaction is conditional on this Court providing an approval and vesting order in favour of the Purchaser;
10. the Substitute Receiver recommends the Court approve the Purchase Agreement for the following reasons:
- (i) the SISP, which was previously approved by the Court, was administered in accordance with the Court’s approval order and was thorough, fair and transparent;

- (ii) the Sale Agreement represents the highest and best offer received through the SISP;
- (iii) the Substitute Receiver is advised by Liquid Capital, the senior secured lender, that it supports the Transaction; and
- (iv) such further and other reasons contained in the Second Report;

APPROVAL OF SECOND REPORT AND ACTIVITIES

- 11. the Substitute Receiver has undertaken the activities, which are further detailed in the Second Report, in accordance with the terms of the Substitution and SISP Approval Order;
- 12. the Second Report fairly and accurately reflects the circumstances of the receivership, the activities performed by the Substitute Receiver since its appointment, and the negotiation, terms and execution of the Purchase Agreement;

OTHER GROUNDS

- 13. the other grounds set out in the Second Report;
- 14. the Consolidated Practice Direction Concerning the Commercial List and the inherent equitable jurisdiction of the Court;
- 15. rules 1.04, 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194;
- 16. section 100 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43;
- 17. sections 243(6), 249 and 250 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;
- 18. the *Bankruptcy and Insolvency General Rules*, C.R.C., c. 368;
- 19. such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. the Second Report and the appendices thereto; and
2. such further and other documentary evidence as counsel may advise and this Court permits.

DATE: April 23, 2021

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TAB 1A

SCHEDULE "A"

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	TUESDAY, THE 4 th
)	
JUSTICE GILMORE)	DAY OF MAY, 2021

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.*Applicant*

-and-

**163556 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
COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED**APPROVAL AND VESTING ORDER**

THIS MOTION, made by BDO Canada Ltd., in it's capacity as substitute receiver (in such capacity, the "**Substitute Receiver**"), without security, over all of the assets, undertakings and properties (the "**Property**") of Versitec Marine USA Inc. ("**Versitec USA**") and 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("**Versitec Canada**") and together with Versitec USA, the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, for an order approving the sale transaction (the "**Transaction**") contemplated by a purchase and sale agreement (the "**Sale Agreement**") between the Substitute Receiver and Crug Ltd. (the

"Purchaser") dated April 14, 2021 and appended to the second report of the Substitute Receiver dated April <*>, 2021 (the "Report"), and vesting in the Purchaser the Debtors' right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard virtually by "Zoom" videoconference on this day in Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Substitute Receiver and counsel to such other parties as reflected in the counsel slip, no one else appearing for any other person on the service list, although properly served as appears from the affidavit of <*>, sworn <*>, 2021, filed:

1. **THIS COURT ORDERS** that the time for service and filing of the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof
2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Substitute Receiver is hereby authorized and approved, with such minor amendments as the Substitute Receiver deems necessary. The Substitute Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Exhibit "A" hereto (the "**Substitute Receiver's Certificate**"), all of the Debtors' right, title and interest in and to the Purchased Assets as described and defined in the Sale Agreement shall vest absolutely in the Purchaser, 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, 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 the Honourable Justice Gilmore dated March 9, 2020; (ii) any encumbrances or charges created by the Orders of the Honourable Justice Koehnen dated February 21, 2021, (iii) all charges, security interests or claims evidenced by

registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iv) those Claims listed on Exhibit "C" hereto (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

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 delivery of the Substitute Receiver's Certificate 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** the Substitute Receiver to file with the Court a copy of the Substitute Receiver's Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtors' records pertaining to the Debtors' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtors.

7. **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 Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of either or both of the Debtors and shall not be void or voidable by creditors of either or both of the Debtors, nor shall it constitute nor be deemed to be a settlement, 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.

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, United Kingdom or Europe, to give effect to this Order and to assist the Substitute 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 Substitute Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Substitute Receiver and its agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that this order is effective from today's date and is enforceable without the need for entry and filing.

The Honourable Justice Gilmore

EXHIBIT "A"**FORM OF SUBSTITUTE RECEIVER'S CERTIFICATE**

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.*Applicant*

-and-

**163556 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
COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED**SUBSTITUTE RECEIVER'S CERTIFICATE****RECITALS**

A. Pursuant to an Order of the Honourable Justice Gilmore of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated March 9, 2020, Morgan & Partners Inc. was appointed as the receiver (the "**Receiver**") of receiver (in such capacity, the "**Receiver**") over all of the assets, undertakings and properties of Versitec Marine USA Inc. ("**Versitec USA**") and certain assets of 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("**Versitec Canada**") and together with Versitec USA, the "**Debtors**";

B. Pursuant to Orders of the Honourable Justice Koehnen of the Court dated February 12, 2021, the Receiver was discharged from its active duties and BDO Canada Ltd. was appointed substitute receiver (the “**Substitute Receiver**”) of all assets, undertakings and property of the Debtors that was acquired for or used in relation to a business carried on the by the Debtors;

C. Pursuant to an Order of the Court dated May 4, 2021, the Court approved the purchase and sale agreement dated April 14, 2021 (the "Sale Agreement") between the Substitute Receiver and Crug Ltd. or an affiliate of Crug Ltd. (in either scenario, the "Purchaser") and provided for the vesting in the Purchaser of the Debtors’ right, title and interest in and to the Purchased Assets (as defined therein), which vesting is to be effective upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing set out in the Sale Agreement have been satisfied or waived by the Substitute Receiver and the Purchaser; and (iii) the transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Substitute Receiver.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Substitute Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. the conditions to Closing set out in the Sale Agreement have been satisfied or waived by the Substitute Receiver and the Purchaser; and
3. the transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Substitute Receiver.
4. This Certificate was delivered by the Substitute Receiver at <●> on <●>, 2021.

**BDO CANADA LTD., in its capacity as
Court-appointed substitute receiver of all
assets, undertakings and property of the
1635536 Ontario Inc. and Versitec Marine**

USA Inc., and not in its personal capacity

Per: _____

Name: Peter Crawley

Title: Vice President

Applicant

Respondents

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

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

Proceedings commenced at Toronto

**SUBSTITUTE RECEIVER'S
CERTIFICATE**

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Applicant

Respondents

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
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Proceedings commenced at Toronto

APPROVAL AND VESTING ORDER

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*Lawyers for the court-appointed Substitute
Receiver, BDO Canada Ltd.*

TAB 1B

SCHEDULE “B”

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	TUESDAY, THE 4 th
)	
JUSTICE GILMORE)	DAY OF MAY, 2021

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

**163556 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
COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

ORDER

(Administrative Relief)

THIS MOTION, made by BDO Canada Ltd., in it’s capacity as substitute receiver (in such capacity, the “**Substitute Receiver**”), without security, over all of the assets, undertakings and properties (the “**Property**”) of Versitec Marine USA Inc. (“**Versitec USA**”) and 1635536 Ontario Inc. o/a Versitec Marine & Industrial (“**Versitec Canada**” and together with Versitec USA, the “**Debtors**”) acquired for an order, *inter alia*:

1. approving the second report (the “**Second Report**”) of the Substitute Receiver, as well as the activities of the Substitute Receiver described therein; and

2. sealing the confidential appendices to the Second Report,

was heard virtually by “Zoom” videoconference on this day in Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Substitute Receiver and counsel to such other parties as reflected in the counsel slip, no one else appearing for any other person on the service list, although properly served as appears from the affidavit of <*>, sworn <*>, 2021, filed:

1. **THIS COURT ORDERS** that the Second Report and activities of the Substitute Receiver described therein are hereby approved.
2. **THIS COURT ORDERS** that the confidential appendices to the Second Report be are hereby sealed pending completion of the transaction between the Substitute Receiver and Crug Ltd. or its affiliate or further order of this Court.
3. **THIS COURT ORDERS** that this order is effective from today’s date and is enforceable without the need for entry and filing.

The Honourable Justice Gilmore

Applicant

Respondents

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

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

Proceedings commenced at Toronto

ORDER
(Administrative Relief)

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*Lawyers for the court-appointed Substitute
Receiver, BDO Canada Ltd.*

Applicant

Respondents

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

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

Proceedings commenced at Toronto

NOTICE OF MOTION
*(returnable May 4, 2021 at 11:30am
via "ZOOM")*

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*Lawyers for the court-appointed Receiver,
MNP Ltd.*

TAB 2

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

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

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

APRIL 23, 2021

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Appendix H	-	National Post Newspaper Advertisement
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Appendix J	-	Template Sale Agreement
Appendix K	-	Sale Agreement (Redacted)
Confidential Appendix 1	-	Summary of Bids
Confidential Appendix 2	-	Sale Agreement

1.0 INTRODUCTION AND PURPOSE OF REPORT

1.1 Introduction

- 1.1.1 By way of an order of the Honourable Justice Koehnen of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated February 12, 2021 (the "Appointment Order"), BDO Canada Limited was appointed as the substitute receiver (the "Receiver"), without security, of all the Property (as defined in the Appointment Order) of 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("Versitec Canada") and Versitec Marine USA Inc. ("Versitec USA", and collectively "Versitec"). Attached as Appendix "A" is copy of the Appointment Order.
- 1.1.2 Prior to the issuance of the Appointment Order, Versitec had been the subject of a Court-appointed receivership pursuant to the Order of the Honourable Justice Gilmore dated March 9, 2020 wherein Morgan & Partners Inc. had acted as receiver (the "Prior Receiver") until being substituted pursuant to the Appointment Order (the "Substitution").
- 1.1.3 The Prior Receiver issued one report in these proceedings dated February 5, 2021 (the "Prior Receiver's Report") to summarize and seek approval of limited activities of the Prior Receiver and provide background in respect of the substitution of the Prior Receiver. Attached as Appendix "B" is copy of the Prior Receiver's Report (without appendices).
- 1.1.4 The Receiver issued its first report dated February 9, 2021 (the "Preliminary Report") in these proceedings in support of the motion to approve the Receiver's proposed sale and investment solicitation process (the "SISP"). A copy of the Preliminary Report (without appendices) is attached hereto as Appendix "C". The Appointment Order also authorized the Receiver to conduct the SISP.

1.2 Purpose of this Report

- 1.2.1 This report is the Receiver's second report to the Court (the "Second Report") and is filed in respect of a motion for an order approving this report and the actions of the Receiver described herein (the "Administrative Order"); and an order (the "Approval and Vesting Order"):
 - a) approving the asset purchase agreement between the Receiver, as vendor, and CRUG Ltd. ("Crug" or the "Purchaser") or an affiliate of Crug (hereinafter also referred to as the "Purchaser"), as purchaser, dated April 14, 2021 (the "Sale Agreement") and authorizing the Receiver to complete the transaction contemplated therein (the "Transaction"); and
 - b) upon completion of the Transaction (as evidenced by the Receiver filing a certificate certifying same), vesting the Purchased Assets (as defined in the Sale Agreement) in the Purchaser.
- 1.2.2 In preparing this Second Report, the Receiver has relied upon the Debtors' books and records, unaudited and draft financial information available, certain financial

information obtained from third parties, and discussions with various individuals (collectively, the "Information"). The Receiver has not audited, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.

- 1.2.3 This Second Report has been prepared for the use of this Court in respect of the above-noted relief. This Second Report should not be relied upon for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Second Report contrary to the provisions of this paragraph.
- 1.2.4 All references to dollars are in Canadian currency unless otherwise noted.
- 1.2.5 In accordance with the Appointment Order, copies of unsealed materials and prescribed notices delivered and/or filed in the receivership proceedings are available on the Receiver's case website at www.extranets.bdo.ca/versitecmarine.

2.0 RECEIVER'S ACTIVITIES

2.1 Introduction

2.1.1 This Section is intended to provide the Court with a summary of the Receiver's activities since the issuance of the Appointment Order.

2.2 Debtors' Business and Operations

2.2.1 Versitec operated a ship stern tube seal manufacturing and service business, serving the global marine market.

2.2.2 The background with respect to Versitec, as well as a description of the activities and circumstances leading to the appointment of the Prior Receiver, are contained in the motion record (the "Liquid Capital Motion Record") filed by Liquid Capital Exchange Corp. ("LCX"), the plaintiff in the within proceeding.

2.2.3 The operations of Versitec continued upon the appointment of the Prior Receiver and remained ongoing upon the appointment of the Receiver.

2.2.4 A simplified explanation of the manufacturing process is as follows:

- Seals were produced at a third-party manufacturer named ProCim Inc. ("ProCim"), located in Mississauga, ON. ProCim manufactures molds and operates presses. Versitec purchased and delivered the special rubber compound to ProCim for pressing into seals.
- Finished seals were shipped to Versitec's location in Port Colborne, ON, where employees would sand and finish the seals, check for quality, package with the additional parts required for installation and then ship the finished product to the customer.

2.2.5 Upon being appointed, the Receiver attended both the ProCim and Port Colborne locations to meet staff, discuss ongoing operations, and observe assets.

2.2.6 At the time of the Receiver's appointment Versitec had seven (7) employees and subcontractors:

- Reuben Byrd ("Byrd"), CEO, based in Florida, under contract with the Prior Receiver, which contract terminated on February 12, 2021 with the Substitution;
- Ed Pavey ("Pavey"), Vice President of Sales & Service, based in Florida;
- Albert Seaman ("Seaman"), Director Manufacturing & IT, based in Pennsylvania;
- Frank Maddalena ("Maddalena"), General Manager, based in Port Colborne, ON;
- Lou Varga ("Varga"), Seal Rubber Specialist, based in Port Colborne, ON;

- Lance Lockett (“Lockett”), Shipping & Service Coordinator, based in Port Colborne, ON (Lockett was on lay-off at the time of the Receiver’s appointment and was reinstated on February 21, 2021); and
- Brian Gunning CPA (“Gunning”), external Comptroller.

In addition to the above, Versitec had individual sales and service agents in Greece and Vietnam.

- 2.2.7 The Receiver contacted Byrd upon its appointment to discuss the status of ongoing operations and the Receiver’s mandate. The Receiver requested Byrd’s assistance with preparation of a cashflow projection so that the Receiver could more fully understand the merit of continuing operations. Byrd initially stated his intention to cooperate with the Receiver but later stated that he wanted to have a contract in place prior to performing any work for the Receiver. Byrd had a contract with the Prior Receiver that entitled him to be paid \$13,000 USD per month plus collection incentives. He typically received \$16,000 USD per month during the period of the Prior Receiver’s appointment. The Receiver advised Byrd that the Receiver required his assistance to prepare a cashflow projection in order to assess the merit of paying Byrd that amount of money. Byrd did not assist the Receiver with preparing the cashflow projection necessary to evaluate go-forward operations.
- 2.2.8 As the Receiver determined how much cashflow may be generated during the receivership, it made offers to Byrd which were not accepted and thus Byrd was not retained to assist the Receiver.
- 2.2.9 As explained below, operations of Versitec came to a halt on March 18, 2021. The Receiver terminated the employment of Varga and Lockett on March 19, 2021. Maddalena was retained to assist with accounts receivable collections. However, his employment with Versitec ceased on April 16, 2021. Seaman had resigned on March 12, 2021, citing non-payment for services rendered as the reason.
- 2.2.10 The Receiver attended to the requisite filings under the Wage Earner Protection Program in respect of terminated employees.
- 2.3 Insurance Policies
- 2.3.1 In advance of its appointment, the Receiver contacted the Prior Receiver on several occasions in order to request and collect information on various matters involving the business operations of Versitec. One such request was to provide copies of any insurance policies in force at the time.
- 2.3.2 On February 12, 2021, the Prior Receiver advised the Receiver that Byrd had a policy binder “which has been fully paid by the Receiver and is in effect at the current time”. The Receiver requested a copy of the insurance policy(ies) from both the Prior Receiver and Byrd. Neither the Prior Receiver nor Byrd produced copies on any applicable insurance policies.
- 2.3.3 Concerned that there wasn’t any insurance in place, the Receiver applied for and obtained contents and commercial general liability insurance coverage on the sole premises located in Port Colborne, ON. This policy went into force on March 2,

2021. However, this policy did not include necessary product liability and completed operations coverage that was required to insure ongoing production and product delivery around the world.

- 2.3.4 On March 2, 2021, the Prior Receiver provided a copy of a billing statement issued by AFS IBEX and which was funded by the Prior Receiver from estate funds. A copy of this statement is attached hereto as Appendix "D". The Receiver contacted the named insurance broker, Kelly White & Associates Ins LLC in Jacksonville, FLA, and spoke with Kelly White. Ms. White advised the Receiver that she was unaware of any entity named Versitec nor did she have any policies in force in respect of any Canadian operations.
- 2.3.5 Concerned that Versitec did not have proper commercial and product liability insurance in place, the Receiver attempted to obtain its own product liability policy but was unsuccessful. Thus, on March 18, 2021 the Receiver instructed staff to cease operations and notify customers that no further orders could be fulfilled.
- 2.4 Banking Arrangements
- 2.4.1 As reported by the Prior Receiver in the Prior Receiver's Report, the Prior Receiver was receiving customer payments into its own estate trust account(s) held at Versa Bank, as well as into Versitec USA bank accounts held at Bank of America and BB&T Bank in Florida. There were certain customers, including Versitec's largest customer (located in Greece), that continued to make wire payments on account to the Bank of America account rather than the Prior Receiver's estate trust account.
- 2.4.2 On February 17, 2021 Byrd advised the Receiver that a payment of 55,000 € was being made by a Greek customer. The Receiver later determined that this payment was made to the Bank of America account and then transferred to the BB&T account of Versitec USA by Byrd. The Receiver contacted BB&T to have the funds wired to the Receiver's estate trust account but was advised by BB&T personnel that approximately \$200 USD remained in the account. The Receiver believes that Byrd took possession of these funds, which the Receiver has formally demanded be returned for the benefit of the Estate. Byrd has not complied with this demand as he has claimed an interest in said funds.
- 2.5 Receipts & Disbursements
- 2.5.1 At the time of the Substitution there were nominal funds in the accounts of Versitec and estate accounts of the Prior Receiver. The Receiver has relied upon customer accounts receivable payments to fund immediate cashflow requirements.
- 2.5.2 Pursuant to the Appointment Order, the Prior Receiver was directed to prepare and submit an interim statement of receipts and disbursements in respect of its portion of the administration of the within receivership through to February 12, 2021 (the "Prior Receiver's Interim R&D"). The Prior Receiver provided the Prior Receiver's Interim R&D to the Receiver on February 16, 2021, a copy of which is attached hereto as Appendix "E". This schedule indicates that the Prior Receiver had \$3.94 in its estate trust account at the time of the Substitution.

- 2.5.3 As can be seen, the cashflow situation at Versitec was almost non-existent at the time of the Substitution. All employees and subcontractors were owed monies for the first half of February and funds on-hand were insufficient to make these payments. Further, suppliers were demanding payment for goods and services necessary to complete orders on-hand on a cash-on-delivery basis. The Receiver was dependent on customers' accounts receivable payments arriving in order to carry on the operations, which it was able to do albeit with some payment delays. It was not clear that operations could continue irrespective of the insurance issue identified above.
- 2.5.4 Attached hereto as Appendix "F" is the Receiver's Interim Statement of Receipts and Disbursements for the period February 12, 2021 to April 20, 2021. At this time, the Receiver has \$3,976.52 CAD in its estate trust accounts.

3.0 SALE PROCESS

3.1 Introduction

3.1.1 On February 9, 2021, the Receiver filed the Preliminary Report in support of a motion brought by the Prior Receiver for an order, inter alia, approving the SISP.

3.1.2 On February 12, 2021, the Honourable Justice Koehnen issued the Appointment Order approving, inter alia, the SISP and the procedures proposed to govern the SISP (the "Bidding Procedures"). The Bidding Procedures, as outlined in the Preliminary Report and subsequently amended, are set out in greater detail in Appendix "G" attached hereto.

3.1.3 The timeline for the Bidding Procedures is set out in the table below:

Milestone	Deadline
Motion for the appointment of Substitute Receiver and approval of SISP	Friday, February 12, 2021
Upon appointment and approval of SISP, the Substitute 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
Advertise the sale of the Property in the National Post (National Edition), and online or otherwise as considered appropriate by the Substitute Receiver	Within 5 days of appointment and SISP approval
Information pertaining to this opportunity will be posted on the Substitute Receiver's website, which will include <ul style="list-style-type: none"> ● Invitation for Offers to purchase the Property or invest in the Business; ● Confidentiality and Non-Disclosure Agreement 	Within 5 days of appointment and SISP approval
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
Deadline for submission of qualifying bids	4:00 PM (EST) on Thursday, April 15, 2021 (the "Bid Deadline")

Substitute 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
Finalize asset purchase agreement (“APA”) and/or alternate transaction document (“Investment Agreement”) in connection with winning bid	ASAP after selection of winning bid
Seek Court approval of transaction with winning bidder and approval and vesting order	Within 10 days of finalizing APA or Investment Agreement, subject to Court availability
Close sale or alternate transaction	Within 3 days of Court approval
Unsuccessful bidders to return all confidential materials to the Substitute Receiver, and applicable deposits refunded	Within 1 week of closing the sale

3.1.4 The original Bid Deadline was to be 4:00 PM on April 23, 2021. However, due to slight delays in launching the SISP caused by operational matters that the Receiver was required to address, the Bid Deadline was extended to April 30, 2021, to give interested parties additional time to conduct due diligence. The Receiver made this decision at a time when it was believed that Versitec represented a going concern sale.

3.1.5 Once the Receiver determined that it was unable to obtain appropriate liability insurance and the decision to halt operations was made, it then became appropriate to shorten the due diligence period in an attempt to minimize the perceived damage caused to Versitec’s goodwill by not operating. The Receiver then notified all participants in the SISP that the revised Bid Deadline was 4:00 PM on April 15, 2021 (the “Revised Bid Deadline”).

3.2 Sale Process

- 3.2.1 Pursuant to the Bidding Procedures, the Receiver began marketing the Property by:
- a) Developing an information teaser and non-disclosure agreement (“NDA”) which was emailed directly to twenty-two (22) identified potential bidders;

- b) Establishing a secure data room (the "Data Room") and confidential information memorandum and granted access to same for those parties that signed the NDA;
- c) Publishing a notice in the March 3, 2021 edition of the National Post (Financial Post section) advertising the opportunity, a copy of which is attached hereto as Appendix "H" ;
- d) Advertising the opportunity in the digital marine industry focused newsletter published by MaritimePropulsion.com, a copy of which is attached hereto as Appendix "I" . This advertisement was sent out twice per week from March 9th to April 10th to approximately 87,000 registered recipients;

3.2.2 In total, eleven (11) parties signed the NDA and were granted access to the Data Room. Of these, two (2) parties submitted binding offers prior to the Revised Bid Deadline. No party expressed concerns about the Revised Bid Deadline.

3.2.3 Additionally, the Receiver obtained two separate appraisals for the molds and equipment of Versitec. These appraisals were prepared on a forced liquidation basis.

3.2.4 The Data Room included copies of various documents, including:

- the confidential information memorandum;
- listings of inventory, molds and equipment;
- financial statements for 2018 - 2020;
- accounts payable listing;
- organization chart;
- premises lease;
- pictures and video of assets and premises;
- quality certifications; and
- offer documents.

3.2.5 The Receiver supplied the materials that were available to the Receiver and which it believed were necessary for prospective purchasers to evaluate the opportunity and put forth their best bid for the assets.

3.2.6 Pursuant to the Sale Process, binding offers (each, a "Bid"), made in the form of a template asset purchase agreement (the "Template Sale Agreement") accompanied by a deposit in an amount equal to a percentage of the purchase price, must have been submitted to the Receiver by the Revised Bid Deadline.

- 3.2.7 The form of Template Sale Agreement included market-standard terms used in an insolvency sale process. A copy of the Template Sale Agreement is attached hereto as Appendix "J" .
- 3.3 Bids
- 3.3.1 As of 4:00 p.m. Toronto time on Thursday, April 15, 2021, a total of two (2) bids (the "Bids") were received. A comparison summary of the Bids received is attached as Confidential Appendix 1 to this Second Report. Confidential Appendix 1 contains sensitive business information and should be sealed by the Court pending completion of the Transaction or further order of the Court
- 3.3.2 The Template Sale Agreement was consistent with a sale of this nature and purchasers were entitled to incorporate amendments for the Receiver's consideration. No potential bidder raised any issues or concerns regarding the Template Sale Agreement or the Bidding Procedures.
- 3.4 Identification of Successful Bidder
- 3.4.1 The Receiver considered the Bids that had been submitted in respect of the Property, taking into consideration a number of factors, including: (a) the purchase price and how it compared to the Appraisals; (b) conditions to closing the Transaction; and, (c) the provision of a substantial deposit.
- 3.4.2 The Receiver considered the Bids with a view to selecting the Bid that would have the most certainty of closing and that would maximize the value realized to the estate. After consideration of the Bids and discussions with both bidders wherein each bidder was asked to resubmit their final and best offer, the final bid submitted by CRUG Ltd. was identified as the successful bid (the "Sale Agreement"). The Receiver consulted with LCX, the secured lender in the proceedings, and LCX advised that it supports the transaction contemplated in the Sale Agreement.
- 3.5 Asset Purchase Agreement
- 3.5.1 As noted above, the Receiver and CRUG ultimately entered into the Sale Agreement, which is dated April 14, 2021 and remains subject to Court approval. A redacted copy of the Sale Agreement is attached hereto as Appendix "K" . A non-redacted copy of the Sale Agreement is attached as Confidential Appendix 2 to this Second Report. Confidential Appendix 2 contains sensitive business information and should be sealed by the Court pending completion of the Transaction or further order of the Court.
- 3.5.2 As originally submitted by the bid deadline of April 15, 2021, the Sale Agreement was substantially identical to the Template Sale Agreement, with the addition of a Purchase Price being set out and minor changes.
- 3.5.3 The Sale Agreement dated April 14, 2021, is generally in the form of the Template Sale Agreement. Among other things:
- a) notable "Excluded Assets" include receivables and property leases;

- b) the "Purchase Price" contemplates a cash payment; and
- c) the Purchaser is not taking on any employees of Versitec.

3.5.4 The Receiver believes that the terms and price of the Sale Agreement are commercially reasonable.

4.0

SERVICE OF THE WITHIN MOTION

4.1.1 In addition to serving all parties who have registered security interests against Versitec, the Receiver has served, among others, the following:

- ProCim Inc. - third-party manufacturing partner of Versitec
- David Taylor - the majority shareholders of Versitec
- Reuben Byrd - contractor with Prior Receiver

5.0

CONCLUSION

For the reasons set out above, the Receiver respectfully requests that the Court issue an order(s):

- a) approving this report and the actions of the Receiver described herein;
- b) approving the Sale Agreement and authorizing the Receiver to complete the Transaction contemplated therein;
- c) upon completion of the Transaction (as evidenced by the Receiver filing a certificate certifying same), vesting the Purchased Assets (as defined in the Sale Agreement) in the Purchaser, as set out in the draft Approval and Vesting Order; and
- d) sealing the Confidential Appendices pending completion of the Transaction or further order of the Court.

All of which is respectfully submitted this 23rd day of April, 2021.

BDO CANADA LIMITED, solely in its capacity as Court-appointed Receiver of 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. and not in its corporate or personal capacity.



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

TAB 2A

Appendix A – Appointment Order, dated February 12, 2021

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	FRIDAY THE 12 TH
)	
JUSTICE KOEHNEN)	DAY OF FEBRUARY, 2021

B E T W E E N:

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 Substitute Receiver)

THIS MOTION made by Morgan & Partners Inc. (“**MPI**”), Court appointed receiver (the “**Receiver**”) of certain assets and undertakings of 1635536 Ontario Inc. O/A Versitec Marine & Industrial and Versitec Marine USA Inc. (Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial shall hereinafter collectively be referred to as the “**Debtors**”) for an Order, *inter alia*, discharging MPI from its active duties as receiver, and substituting and appointing BDO Canada Limited (“**BDO**” or the “**Substitute Receiver**”) as substitute receiver, without security, over the assets, undertakings and properties of the Debtors acquired for or used in relation to a business carried on by the Debtors.

ON READING the First Report of MPI dated February 9, 2021 (the “**First Report**”) and the Preliminary Report of the Substitute Receiver dated February 9, 2021 (the “**Preliminary Report**”), BDO, and on hearing counsel for the MPI, the proposed Substitute Receiver and the Applicant creditor and on hearing the submissions of the lawyer(s) for the parties,

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, BDO Canada Limited is hereby appointed Substitute Receiver, without security, of all of the assets, undertakings and properties of Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial 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 Substitute 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 Substitute Receiver is hereby expressly empowered and authorized to do any of the following where the Substitute 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 Substitute 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 Substitute 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 Substitute 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 Substitute 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 Substitute 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 Substitute 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 Substitute 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 Substitute 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 SUBSTITUTE 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 Substitute 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 Substitute Receiver upon the Substitute Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Substitute 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 Substitute Receiver or permit the Substitute Receiver to make, retain and take away copies thereof and grant to the Substitute 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 Substitute 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 Substitute Receiver for the purpose of allowing the Substitute 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 Substitute Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Substitute Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Substitute Receiver with all such assistance in gaining immediate access to the information in the Records as the Substitute Receiver may in its discretion require including providing the Substitute Receiver with instructions on the use of any computer or other system and providing the Substitute 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 Substitute Receiver shall provide each of the relevant landlords with notice of the Substitute 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 Substitute 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 Substitute Receiver, or by further Order of this Court upon application by the Substitute Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE SUBSTITUTE 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 Substitute Receiver except with the written consent of the Substitute 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 Substitute 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 Substitute Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Substitute 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 Substitute Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) exempt the Substitute 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 SUBSTITUTE 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 Substitute 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 Substitute Receiver, and that the Substitute 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 Substitute 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 Substitute Receiver, or as may be ordered by this Court.

SUBSTITUTE RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Substitute 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 Substitute 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 Substitute 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 Substitute Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Substitute 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 Substitute 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 Substitute 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 Substitute 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 Substitute 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 Substitute 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 Substitute Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Substitute Receiver shall not, as a result of this Order or anything done in

pursuance of the Substitute 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 SUBSTITUTE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Substitute 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 Substitute Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S AND SUBSTITUTE RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and the Substitute Receiver and counsel to the Receiver and counsel to the Substitute 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 Substitute Receiver and counsel to the Receiver and counsel to the Substitute Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's and Substitute 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 and Substitute 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 notwithstanding the foregoing, in respect of any Property of the Debtors not listed in Schedules A1 and A2 to this Order (herein, the "**Equipment**"), the Receiver's and Substitute Receiver's Charge shall only form a first charge in respect of the Equipment to the extent that such fees and expenses of the Receiver and Substitute Receiver have been incurred specifically in relation to the preservation, maintenance or sale of the Equipment.

20. THIS COURT ORDERS that the Receiver, the Substitute Receiver and their legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and

the Substitute Receiver and their legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. THIS COURT ORDERS that prior to the passing of its accounts, the Substitute 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 Substitute 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

22. THIS COURT ORDERS that the Substitute 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 Substitute 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 "**Substitute 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 Substitute Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

25. THIS COURT ORDERS that the monies from time to time borrowed by the Substitute Receiver pursuant to this Order or any further order of this Court and any and all Substitute

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 Substitute Receiver's Certificates.

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.

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Substitute 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

28. THIS COURT ORDERS that the Substitute 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 Substitute Receiver from acting as a trustee in bankruptcy of the Debtors.

30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Substitute 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 Substitute Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Substitute Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Substitute 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 Substitute 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 Substitute Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Substitute 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.

34. THIS COURT ORDERS that this Order is effective from today's date and is not required to be entered.



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 "B"

SUBSTITUTE RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that BDO Canada Limited, the substitute receiver (the "Substitute 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 Substitute Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Substitute 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 Substitute 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 Substitute 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 Substitute

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 Substitute 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 Substitute 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.

BDO CANADA LIMITED, solely in its capacity
as Substitute 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 Substitute Receiver)**

TORKIN MANES LLP
Barristers & Solicitors
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Toronto ON M5C 2W7

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Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-E 4C (May 1, 2016)

https://laishleyreedllp-my.sharepoint.com/personal/cho_laishleyreed_com/Documents/Documents/Draft Order Appointing Substitute Receiver.revisedCJH.BL.docx

TAB 2B

Appendix B – Prior Receiver’s Report, dated February 5, 2021

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

**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

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

**FIRST REPORT OF THE COURT-APPOINTED RECEIVER,
MORGAN & PARTNERS INC.**

February 5, 2021

MORGAN & PARTNERS INC.
4 Cedar Pointe Drive, Unit J-2
Barrie, ON L4N 5R7

Tel: 705-739-7003

Fax: 705-739-7119

Court-Appointed Receiver for
1635536 Ontario Inc. o/a Versitec Marine &
Industrial and Versitec Marine USA Inc.
("Versitec")

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INDEX OF EXHIBITS

1. Receivership Order dated March 9, 2020;
2. Form 87, Notice of Statement of the Receiver, s. 245(1), 246(1), BIA;
3. State of Delaware, Annual Franchise Tax Report;
4. Memorandum of Operations, dated March 31, 2020;
5. Management Consulting Agreement dated April 29, 2020;
6. Mold Inventory Listing, Procim Inc.
7. Letter to Customers, dated March 31, 2020;
8. Canada Revenue Agency online account statement, tax year balances;
9. First Vancouver v Canada (Minister of National Revenue – M.N.R.), [2002] 2 S.C.R. 720
10. Factored Receivables analysis;
11. Conneaut Creek Ship Repair, Inc. action – Amended Complaint;
12. Conneaut Creek Settlement Agreement;
13. Carpenter/Swindell Statements of Claim;
14. Receiver’s communications re: Pranab Dhar;

INTRODUCTION

1. This is the First Report to the Court of Morgan & Partners Inc. (“MPI”), the Court-Appointed Receiver (the “Receiver”) over the assets and undertakings of the Respondents, 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (collectively, “Versitec”).

2. The purpose of this Report is to summarize and seek approval of limited activities of the Receiver from the date of its appointment through to present, and to provide background in respect of a substitution of the Receiver on consent.

RECEIVERSHIP ORDER

3. On March 9, 2020, an Order appointing MPI as Court-appointed Receiver over Versitec (the “Appointment Order”) was granted by the Honorable Madame Justice Gilmore (**Exhibit 1**).

4. The Application was brought by Versitec’s senior secured creditor, Liquid Capital Exchange Corp (“LCX”), which operates as an asset-based lender and provides, *inter alia*, accounts receivable financing and factoring facilities to customers. At the time of its commencement:

a) demands and notices of intention to enforce security had been issued and delivered by LCX to Versitec;

b) Versitec was in default of its obligations to LCX;

c) Versitec had entered into a Forbearance Agreement with LCX, which agreement had expired without repayment to LCX in full as required;

d) LCX had expressed concern as to what it believed were serious breaches of the terms of the Forbearance Agreement and collection of factored accounts receivable by Versitec, which was in default of its obligations to LCX.

5. The Application was opposed by Versitec, who requested an adjournment of the hearing in order to file responding materials. On March 9, 2020, the Honourable Justice Gilmore granted the Appointment Order. The Endorsement of Gilmore J. indicates that on the evidence filed there was sufficient urgency to warrant the immediate granting of the Appointment Order, but provided that the issuance of the Appointment Order was without prejudice to the Respondents' ability to file responding materials and return to Court on ten days' notice to present argument seeking that the Appointment Order should be vacated.

6. The Respondents did not file any responding materials subsequent to the issuance of the Appointment Order and did not seek to vacate the Appointment Order.

7. The Appointment Order appointed MPI as Receiver, without security, over:

- (i) all of the assets, undertakings, and properties of Versitec Marine USA Inc.; and
- (ii) the assets of 1635536 Ontario Inc. o/a Versitec Marine & Industrial, as set out in Schedule "A1" and "A2" of the Appointment Order.

8. Since the date of its appointment, Receiver has, with the assistance of management carried on the business of both companies, one being an Ontario incorporated company and the other, Versitec Marine USA Inc., being a corporation incorporated in the State of Delaware, USA.

9. On March 9th 2020, MPI filed the required Form 87, Notice of Statement of the Receiver with the Office of the Superintendent in Bankruptcy, as required under sections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (the “BIA”). Attached as **Exhibit 2** is a copy of the Receiver’s Notice. Attached as **Exhibit 3** is a State of Delaware Annual Franchise Tax Report filed with the State of Delaware for the calendar year 2019.

STABILIZATION AND CONTROL OF OPERATIONS

10. On March 13, 2020, the Receiver, along with LCX and Florian Meyer, the previous privately-appointed monitor under LCX’s forbearance agreement, met with management at the Port Colborne office to discuss stabilization and control of continuing operations under the Receivership.

11. Between March 13 and March 31, 2020, the management reporting and cash management protocol was agreed upon and a Memorandum of Operations dated March 31, 2020 was executed, a copy of which is attached as **Exhibit 4**.

12. Under the protocol, all cash was to be directed to the Receiver’s trust account, and, with the concurrence of management and the Receiver, receivables for both the Canadian operations and the US operations would be paid directly to the Receiver’s bank account held at Versa Bank, which had been opened and was under the sole control of the Receiver. The majority of these transactions were to be completed via wire transfer following consensus between the Receiver and Reuben Byrd, the current CEO of the

Versitec group of companies, who was retained by the Receiver under a management consulting agreement, a copy of which is attached as **Exhibit 5**.

13. The principal manufacturer of the rubber O-ring seals used for the business of Versitec, is a corporation known as Procim Inc. This company, located in Mississauga, Ontario, is also the repository for more than 50 or 60 molds of various sizes and circumferences, which are owned by Versitec.

14. On March 13, 2020, the Receiver visited Procim Inc.'s office premises in Mississauga, as well as an offsite location for the storage of molds not currently in active use. The Receiver verified the existence and ownership of the molds following review and receipt of a detailed listing from Procim Inc.

15. Most, if not all of the molds were of a size and weight that would require heavy machinery to remove them from the storage sites. The Receiver confirmed that both sites are locked and securitized by electronic means, thereby securing against any unauthorized physical access and removal.

16. A full inventory list of the molds held by Procim Inc. is attached as **Exhibit 6**.

PORT COLBORNE FACILITY/OPERATIONS

17. The Receiver reviewed and evaluated staffing and employment requirements for continued operations. The Receiver effected short-term lay-offs and maintained the employment of key operations employees who had been overseeing the operations of Versitec.

18. The Receiver maintained employment of a key employee who was responsible for all logistics concerning orders and accounts receivable. The receiver maintained a second key employee who was responsible for the purchasing and co-ordination of all required materials and supplies to complete each shipment for distribution to haul-out facilities world-wide, the timing of which is dependent upon the precise scheduling of dry docking of ships for the installation of Versitec's products and related servicing.

19. Throughout the course of the receivership, the Receiver has been in constant communications with these key employees, along with Mr. Byrd, either on a daily or weekly basis as required, in order to facilitate and continue the overall business operations of Versitec. The Receiver also utilized the assistance of Mr. Byrd and these employees in the collection of receivables, and in dealing with any operational issues within the organization. In respect of receivables, the Receiver evaluated aging and non-performing accounts, and devised and implemented a comprehensive collection strategy. The Receiver actively reduced set-offs of older receivables with set-off payables and integrated the review of aged receivables and aged payables for better oversight and to facilitate cash-flow projections. The Receiver further evaluated and streamlined relationships with logistics and materials suppliers, in furtherance of maintaining and optimizing cash-flow for operations.

20. The Receiver further evaluated and took remediation steps concerning the balance sheet for shareholder loans and employee advances. These steps included issuing T-4As for expenditures and cash disbursements which had been identified as either un-

authorized or non-business expenditures or disbursements. The Receiver also took steps to eliminate non-income producing assets, and redundant payables.

21. In respect of operations, the Receiver also managed crisis issues involving logistics providers from time to time, and addressed issues concerning maintenance of other key suppliers. The Receiver further liaised between customers and management in respect of day to day operations strategy and maintenance of an orderly flow of finished product to world-wide customers.

22. During COVID-19, the Receiver monitored and evaluated changing market conditions both internationally and locally and assisted management with market and deployment strategy. The Receiver facilitated the utilization of Canadian Government loan and wage subsidy assistance from inception to close of original programs.

BANKING PROCESS

23. Versitec's banking had primarily been conducted through the TD Canada Trust branch in Port Colborne, Ontario, and a Bank of America branch located in Boca, Florida.

24. At the time of the Receiver's appointment, the majority of expenditures and receipt of receivables of Versitec were being transacted through the Bank of America. The Receiver's initial review of Versitec's banking activity, indicated that there also appeared to have been uncontrolled personal or non-business-related expenses of certain management personnel which were being transacted prior to the Receiver's appointment.

25. The Receiver's review of Versitec's banking activities also indicated that regular monthly loan payments were also being made to two U.S. Merchant cash advancers, both of which were U.S. secured creditors that had funded Versitec's operations during the early part of 2020 when the business was experiencing cash-flow issues. The Receiver also observed monthly loan payments going to Bank of America, which had provided funding to assist the Versitec Group some two years prior to the Receiver's appointment.

26. The Receiver has not obtained opinions in respect of the relative priority of security interests held by creditors of the U.S. entity, as the Receiver is not appointed in the U.S.; however, it appears that based on time of registration, LCX has a senior ranking general security interest. It was also apparent at the time of the Receiver's appointment, that certain Canadian receivables were being deposited to the Versitec U.S. account. The Receiver since determined that management had been seeking at the time to prevent unauthorized withdrawals from the Versitec Canadian account and was therefore depositing to the U.S. account. The Receiver further took steps to distinguish, account for, and reconcile all Canadian and U.S. receivables.

27. The Receiver sought to determine a procedure within which to stabilize, maintain control, and prevent dissipation of funds of Versitec, without disruption of ordinary business activities and transactions and the incoming flow of receivables payments.

28. Accordingly, the Receiver set up an independent Canadian receivership account at Versa Bank for Canadian operations, and a further independent account at BB&T Bank in Florida for U.S. operations, also solely controlled by the Receiver. The flow of revenues and receivables ordinarily flowing to Versitec's Bank of America account would then be

'swept' in a consistent and continual manner in order to control and prevent leakage of funds.

29. The Receiver's bank accounts at Versa Bank in Saskatchewan and BB&T in Boca, Florida, were set up for this purpose. Any transfer of funds from Versa Bank to the BB&T bank account for U.S. operations would only be initiated once there was consensus between Mr. Byrd, as consultant for operations, and the Receiver, as to what funds were required to meet the needs and obligations of both the Canadian and U.S. operations on an ongoing basis.

30. At the outset of the receivership, the principal customers of Versitec, being mainly international overseas customers, were communicated with to re-direct their receivable payments directly to the Receiver's bank account at Versa Bank. A copy of that communication and the list of customers is attached as **Exhibit 7**.

31. The Receiver has on the whole, received re-directed payments and wire transfers from customers continuously during the course of the receivership. Notwithstanding, on a number of occasions certain wire transfer payments continued to be deposited to Versitec's Bank of America account. When this occurred, the Receiver and Mr. Byrd through continual monitoring, re-directed these payments to the Versa Bank account and/or the BB&T bank account accordingly. This process ensured there was no leakage of funds which the Receiver and/or management did not know or were not aware of.

32. An alert mechanism was also set up by the Receiver for the Bank of America account as a further monitoring safe-guard, in order to ensure that no overdrafts or

unauthorized expenditures occurred. The alert mechanism further enabled the Receiver to take corrective, remedial action if required.

33. The Receiver's trust account as referenced was reconciled monthly to the trust bank statement to ensure completeness and accuracy.

CANADA REVENUE AGENCY

34. As prior referenced, LCX made a successful application for the appointment of MPI as Court-appointed Receiver to *inter alia*, take control over the assets and undertaking of Versitec, and to prevent against the dissipation of proceeds, including those which were subject to LCX's security.

35. At the time of the application, a debt was owing by Versitec to Canada Revenue Agency on behalf of Her Majesty in Right of Canada ("CRA") for unpaid employee source deductions. Following its appointment, the Receiver obtained confirmation of the debt owing to CRA in excess of \$225,000, which appears to have been incurred from 2019 to early 2020. A copy of Versitec's on-line CRA account confirming same is attached as **Exhibit 8**.

36. During the course of the receivership, post-appointment source deductions liabilities incurred to CRA were paid by the Receiver as and when due from funds received by the Receiver.

GENERAL SECURED CREDITORS

37. Versitec's general secured creditors are:

a) LCX: owed \$650,380.16 as of October 19, 2020; and

b) BDC: owed \$45,000 as of March 9, 2020.

38. Pursuant to a priorities agreement between LCX and BDC, LCX's security in any equipment owned by Versitec is subordinate to that of BDC, but superior in respect of all other assets.

39. The Receiver has obtained an opinion from its legal counsel as to the validity and enforceability of LCX's security.

40. Early in the receivership, LCX requested that the Receiver release to LCX upon receipt, any Versitec accounts receivable which had been purchased by LCX but remitted to Versitec. Having regard to the Supreme Court of Canada decision in *First Vancouver Finance v. Canada (Minister of National Revenue, M.N.R.)*, [2002] 2 S.C.R. 72, (**Exhibit 9**) and in consultation with legal counsel, the Receiver agreed to release to LCX upon collection those factored accounts receivable which had demonstrably been purchased by LCX and constituted property of LCX rather than that of Versitec. To date the total sum of \$60,000 has been released LCX on this basis. Set out at **Exhibit 10**, is an analysis of factored receivables which the Receiver determined to be appropriate to release to LCX.

41. During the course of the receivership, BDC has not raised any issues in respect of its security to the Receiver.

OTHER SECURED CREDITORS

42. There may be in existence secured creditors which have valid security interests as against Versitec Marine USA Inc., but as no recognition order was obtained by the applicant in the United States, the stay of proceedings afforded by the Appointment Order only extended to Canadian creditors.

OUTSTANDING LITIGATION

43. During the course of the receivership, the Receiver became aware of two outstanding Court proceedings which had been brought against the Versitec Group of companies prior to the date of the Appointment Order. With the assistance of counsel, settlements were reached and Releases were received by the Receiver.

CONNEAUT CREEK SHIP REPAIR, INC.

44. An action claiming payment of outstanding indebtedness for past invoices which had been disputed was issued by Conneaut Creek Ship Repair, Inc., a contracted service provider to Versitec, in the New York District Court in the United States, where the stay of proceedings provided for in the Appointment Order did not apply (**Exhibit 11**).

45. Conneaut was considered an essential service provider pursuant to an ongoing service contract in respect of installation, service and support of Versitec's products in the U.S. A dispute over invoicing and past delivery of services had been ongoing, despite continuing services being provided.

46. Following protracted negotiations, the claim was settled through the Receiver for payment of a total sum of USD\$70,000, in full satisfaction of the claim against Versitec which exceeded USD\$116,000, plus associated costs.

47. The settlement payments were made in accordance with an agreed upon payment schedule between August and October 2020 by the Receiver. Copies of the Settlement agreement and the full and final releases are attached as **Exhibit 12**.

CARPENTER/SWINDELL LITIGATION

48. Two separate proceedings were initiated as a result of allegations of wrongful dismissal by former management employees of Versitec. Both actions were filed against Versitec and its principal, through statements of claim dated May 21, 2019, which predated the Appointment Order, copies of which are attached as **Exhibit 13**.

49. Counsel had been retained jointly on behalf of corporate and non-corporate defendants, and had filed statements of defence, and steps were being taken by the plaintiffs to lift the stay of proceedings against the corporation. Given the legal issues and in the interests of time and cost-efficiency, both of these actions were settled in respect of all defendants by way of Minutes of Settlement at a formal Mediation which occurred on September 22, 2020.

50. The settlements are subject to an agreed-upon payment schedule over a period of 5 months, which remains current. A payment for mediator fees which was to have been made by the co-defendant, David Taylor, remains outstanding from the co-defendant.

PRANAB DHAR

51. An individual named Pranab Dhar had been a commissioned agent through Versitec Marine Inc. On or about August 14, 2020, the Receiver received a communication from Mr. Dhar stating that he was owed funds.

52. Following the Receiver's review and investigation, it was determined that no written or verbal agency agreement was in existence with Mr. Dhar for commissioned services after 2019, and certainly not for 2020.

53. The Receiver communicated its position that since there was no valid contract or arrangement with Versitec at the time of the Receiver's appointment, no payments could be made by the Receiver to Mr. Dhar. As at the date of this Report, no litigation has commenced and no further communications have been received. Attached as **Exhibit 14** are the Receiver's communications concerning this matter.

REVIEW OF AMOUNTS OWED TO LCX

54. Due to a) the necessity to perform a review of accounts receivable in order to determine and identify those factored accounts receivable which could be released to LCX; and b) inquiries made by management and principals of LCX as to independent verification of the amounts owed to LCX, the Receiver has undertaken a thorough review and analysis of the factored accounts receivable and of the amounts outstanding and owed to LCX. The Receiver has reviewed documentation provided by LCX in support of its calculation that Versitec is indebted to LCX, as of October 19, 2020, in the amount of \$650,380.16. On the basis of its review, the Receiver is satisfied with LCX's calculation.

COMPLIANCE WITH CRA OBLIGATIONS

55. During the course of the receivership, all source deductions have been remitted to CRA by the Receiver.

56. Furthermore, all HST filings have been made by Versitec as required. Since most of the accounts receivable are in respect of foreign customers, the refund created has been used by CRA to offset the more current amounts owing for source deductions. Notwithstanding, unpaid pre-Appointment Order source deduction liabilities remain. To date, the CRA has not requested any audit of Versitec's HST or source deductions account.

CURRENT STATUS

57. During the past 40 days, cash flow has decreased significantly due to the COVID-19 pandemic. The Receiver has worked with management to intensify follow up and collection efforts with world-wide customers, many of which are conserving cash or have delayed payment due to closures and restrictions of ports and dry-docks. As a result, the Receiver and management have placed all U.S. staff and approximately half of Canadian staff on short term leave, in order to preserve cash-flow. This situation has been complicated further by the second wave of the COVID-19 pandemic globally, which has shuttered or temporarily closed many of the firms that the company does business with worldwide. From the Receiver's perspective, this situation may or may not be short term in nature, and timing for resumption of ordinary operations remains uncertain.

APPROVAL OF RECEIVERSHIP ACTIVITIES; SUBSTITUTION OF RECEIVER

58. The Receiver requests Court approval of its activities as set out in the First Report from the date of its appointment on March 9, 2020 to date, except in relation to any payments made in relation to the litigation settlements described herein, or the litigation settlements themselves, for the reason that LCX has requested time to consider and evaluate its position on such.

59. There has been mutual agreement between MPI, LCX, and BDO Canada Inc. ("BDO"), that in order to effect an expedited sales process for the property under receivership, that it would be advantageous for MPI to be substituted by BDO. Accordingly, there has been mutual agreement that there be a substitution of MPI by BDO as Court-appointed Receiver.

ALL OF WHICH IS RESPECTFULLY REPORTED

Date: February 5 , 2021

MORGAN & PARTNERS INC.

Per: 

Name John H. R. Morgan

Title: President

I/We have the authority to bind the corporation

TAB 2C

Appendix C – Preliminary Report, dated February 9, 2021

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

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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2.0 RECEIVER'S ACTIVITIES	4
2.0 Initial Enquiries and SISP Development.....	4
3.0 PROPOSED SALE & INVESTMENT SOLICITATION PROCESS.....	4
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- Appendix A - Appointment Order of J. Gilmore dated March 9, 2020
- Appendix B - SISP Timetable

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.

TAB 2D

Appendix D – Insurance Statement

**BILLING STATEMENT**

(05591396)

**RETAIN THIS PORTION
FOR YOUR RECORDS**

AFS/IBEX A division of MetaBank®
 PO Box 650786
 Dallas, TX 75265-0786
 Phone: (877) 237-4239 / Fax: (214) 954-0537
 service@afsibex.com

Installment Due Date:	4/6/2020
Installment Amount:	1,174.40
Previous amounts due as a result of a past due payment(s), short payment, late and/or other fees:	0.00
Amount Due if we receive your payment on or before 4/6/2020:	1,174.40
Amount Due if we receive your payment after 4/11/2020 (includes a late charge of 58.72):	1,233.12

www.afsibex.com

Check your account online: Your username is "1073-1774561".

Agent/Broker: Kelly White & Associates Ins LLC

- If you mail your payment please allow 7-10 days mailing time to ensure timely application of your payment.
- For immediate credit to your account you may make your payment on the internet at the website shown above.
- Failure to pay past due amounts and your current installment may result in cancellation of your insurance.
- If paying by check, please include the payment stub above and list your account number on your check.

RECENT ACCOUNT ACTIVITY

Activity Date	Description of Activity	Payment Amount
3/3/2020	Payment - Check	(1,174.40)
1/27/2020	Payment - Check	(1,174.40)
12/31/2019	Payment - Check	(1,174.40)
12/17/2019	Payment - Check	(1,233.12)

**** to view more activity on your account, please visit the website shown above.

INSURANCE POLICIES RELATING TO THIS ACCOUNT

Eff. Date	Insurance Carrier	Type of Coverage	Premium
8/6/2019	RLI Insurance Co-GA Atlanta	MAR	7,200.00
8/6/2019	Argonaut Ins Company	PL	7,725.00

17745610001174400001233121

INPUT1 - PMIWithOCRLineV01(11/10)



TAB 2E

Appendix E – Prior Receiver’s Interim Statement of Receipt & Disbursements

**IN THE MATTER OF THE RECEIVERSHIP OF
 1635536 ONTARIO INC o/a VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC, VERSITEC MARINE USA INC,
 DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER
 OF THE TOWN OF PORT COLBORNE, IN THE COUNTY OF WELLAND, IN THE PROVINCE OF ONTARIO**

Form 12

Interim

Interim Statement of Receipts and Disbursements

RECEIPTS

1. Asset Realization		
Accounts receivable	957,071.34	957,071.34
2. Miscellaneous		
Transfer from other bank account	221,180.14	221,180.14
TOTAL RECEIPTS		<u>1,178,251.48</u>

DISBURSEMENTS

3. Fees Paid		
To official receiver	140.00	140.00
4. Premium		
Insurance	20,214.73	20,214.73
5. Trustee's remuneration		
Trustee's fees	27,500.00	
HST charged on Trustee remuneration	3,575.00	31,075.00
6. Federal and Provincial taxes		
HST paid on disbursements exclusive of fees	1,022.16	
HST on legal fees	2,667.67	3,689.83
7. Counseling fees		
Outside consulting	65,933.29	65,933.29
8. Payments to secured creditors		
Payments	60,000.00	60,000.00
9. Miscellaneous		
Net Operating expenses	412,980.90	
Telephone	504.35	
Travel	81,968.74	
Payroll deductions	61,652.96	
Freight	519.89	
Other misc disbursements	158,321.32	
Courier	294.99	
Change of locks	304.15	
Payroll services	226,668.55	
Accounting services	4,237.50	
Purchase expenses	668.10	
Utilities	11,980.44	
Occupation rent	10,492.05	
Legal fees/disbursements	25,886.55	
Ascend License Fee	275.00	
HST on Ascend License Fee	35.75	
Out of Pocket Expenses	403.45	997,194.69
TOTAL DISBURSEMENTS		<u>1,178,247.54</u>

Note: How much of the total disbursements was paid for services provided by persons related to the trustee?

0.00

District of Ontario
Division No. 09 - Toronto
Court No. 32-159160, 32-159161
Estate No. 32-159160

96

IN THE MATTER OF THE RECEIVERSHIP OF
1635536 ONTARIO INC *o/a* VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC, VERSITEC MARINE USA INC,
DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER
OF THE TOWN OF PORT COLBORNE, IN THE COUNTY OF WELLAND, IN THE PROVINCE OF ONTARIO

Form 12 — Concluded
Interim Statement of Receipts and Disbursements

Interim

Amount available for distribution		<u>3.94</u>
10. Levy payable under section 147 of the Act		<u>0.00</u>
11. Unsecured creditors		
Proved claims of	0.00	
12. Amount retained in the Trust account by the Trustee:		<u>3.94</u>


Notes:

This is the current Statement of Receipts and Disbursements as of the date that Morgan & Partners Inc was substituted by BDO. Fees and Disbursements are to be negotiated at a later date.

Dated at the City of Barrie in the Province of Ontario, this 16th day of February 2021.

Morgan & Partners Inc - Licensed Insolvency Trustee

Per:



John Morgan - Receiver
4 Cedar Pointe Drive, Unit J-2
Barrie ON L4N 5R7
Phone: (705) 739-7003 Fax: (705) 739-7119

Taxed at the sum of \$ _____, this _____ day of _____.

Registrar

Court No. 32-159160, 32-159161

Estate No. 32-159160

IN THE MATTER OF THE RECEIVERSHIP OF
1635536 ONTARIO INC o/a VERSITEC MARINE &
INDUSTRIAL, VERSITEC MARINE HOLDINGS INC,
VERSITEC MARINE USA INC, DAVID TAYLOR,
REUBEN KARY BYRD and DAVID CARPENTER
OF THE TOWN OF PORT COLBORNE, IN THE
COUNTY OF WELLAND, IN THE PROVINCE OF
ONTARIO

Form 12 (Bill C-12)
Statement of receipts and disbursements (OA)

Morgan & Partners Inc - Licensed Insolvency Trustee

Per:

John Morgan - Receiver

4 Cedar Pointe Drive, Unit J-2

Barrie ON L4N 5R7

Phone: (705) 739-7003 Fax: (705) 739-7119

TAB 2F

Appendix F – Receiver’s Interim Statement of Receipts & Disbursements

Estate No: 32-159160
32-159161

IN THE MATTER OF THE RECEIVERSHIP OF
1635536 Ontario Inc. o/a Versitec Marine & Industrial and
Versitec Marine USA Inc.
Statement of Receipts and Disbursements
For the period February 12 to April 20, 2021

Receipts (*)

Cash in bank	\$ 6,138.20
Collection of accounts receivable	90,474.34
Covid term loan	18,740.64
Total receipts	<u>115,353.19</u>
Disbursements	
Advertising	1,100.00
Bank charges	1,153.95
Change of locks	87.00
Insurance	3,608.39
H.S.T. paid on disbursements	808.56
Payroll	47,861.09
Payroll remittances	8,570.85
Purchases	24,138.17
Shipping & customs clearing	5,820.90
Rent	13,472.35
Telephone	1,691.10
Travel	125.00
Utilities	389.49
Vehicle lease	1,427.42
Other	1,122.40
Total disbursements	<u>111,376.67</u>
Receipts over disbursements	<u>\$ 3,976.52</u>

(*) Note that receipts excludes bid deposits received in trust.

TAB 2G

Appendix G – Bidding Procedures

IN THE MATTER OF THE RECEIVERSHIP OF
1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA
Inc.

Sale and Investment Solicitation Process Procedures

Set forth below is the sale and investment solicitation process (the "SISP") to be employed with respect to the proposed sale of the assets, properties and undertakings (the "Property") of 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("Versitec Canada") and Versitec Marine USA Inc ("Versitec USA") or investment in the business of Versitec Canada and Versitec USA (the "Business").

On February 12, 2021, the Ontario Superior Court of Justice (the "Court") issued an order (the "Substitution of Receiver and Approval of Sale Process Order"):

- appointing BDO Canada Limited as the substitute receiver (the "Substitute Receiver") of all of the assets, undertakings and properties of Versitec Canada and Versitec USA; and
- authorizing the Substitute Receiver to implement the SISP to market, advertise and solicit offers in respect of the sale, in whole or in part, of the Property; or, an investment in the Business.

The SISP is intended to solicit interest in an acquisition of the Business and Property of Versitec Canada and Versitec USA, or an investment in the Business, under a fair and competitive process pursuant to which all qualified interested parties, as determined by the Substitute Receiver in its sole discretion, will be provided with a fair and equal opportunity to participate. Notwithstanding anything contained herein, the Substitute Receiver shall have the right to enter into an exclusive transaction for the sale of the Property, or any portion thereof, outside of the SISP prior to the selection of a successful bid or offer of investment.

For ease of reference, the term "bid" where used herein shall refer to an offer to acquire all or part of the Business or Property and an offer to invest in the Business; and, the term "bidder" shall refer to any party submitting either such offer.

Timeline

The following table sets out the key milestones under the SISP:

Milestone	Deadline
Motion for the appointment of Substitute Receiver and approval of SISP	Friday, February 12, 2021
Upon appointment and approval of SISP, the Substitute 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
Advertise the sale of the Property in the National Post (National Edition), and online or otherwise as considered appropriate by the Substitute Receiver	Within 5 days of appointment and SISP approval

Information pertaining to this opportunity will be posted on the Substitute Receiver's website, which will include <ul style="list-style-type: none"> ● Invitation for Offers to purchase the Property or invest in the Business; ● Confidentiality and Non-Disclosure Agreement 	Within 5 days of appointment and SISP approval
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
Deadline for submission of qualifying bids	<u>4:00 PM (EST) on Thursday, April 15, 2021 (the "Bid Deadline")</u>
Substitute 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
Finalize asset purchase agreement ("APA") and/or alternate transaction document ("Investment Agreement") in connection with winning bid	ASAP after selection of winning bid
Seek Court approval of transaction with winning bidder and approval and vesting order	Within 10 days of finalizing APA or Investment Agreement, <u>subject to Court availability</u>
Close sale or alternate transaction	Within 3 days of Court approval
Unsuccessful bidders to return all confidential materials to the Substitute Receiver, and applicable deposits refunded	Within 1 week of closing the sale

Subject to the terms contained herein and any order of the Court, the dates set out in the SISP may be extended by the Substitute Receiver, in its sole discretion acting reasonably, all with a view of maximizing the value of the Assets.

Assets To Be Sold / Potential Investment
in Business

The Substitute Receiver, in accordance with this SISP, is offering for sale, in one or more transactions, the

Property; or, the opportunity to structure an investment in the Business. The Substitute Receiver reserves the right to eliminate in its sole discretion certain assets available for sale pursuant to the SISP prior to the Bid Deadline.

“As Is, Where Is”

The sale of the Property, or any alternative transaction for investment in the Business, will be on an “as is, where is” basis without representations or warranties of any kind, nature or description by the Substitute Receiver, or any of their respective directors, officers, partners, employees, agents, advisors or estates, except to the extent as may be set forth in a Binding APA (as defined herein) of Binding Investment Agreement (as defined herein), and approved by the Court. By submitting a bid or offer of investment, each bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Property and Business prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express, implied, statutory or otherwise, regarding the Property, Business or the completeness of any information provided in connection therewith, except as expressly stated in this SISP or as set forth in a Binding APA and approved by the Court.

Sale Free of Any and All Claims and Interests

In the event of a sale, except as may otherwise be provided in the Binding APA, all of the rights, title and interests of Versitec Canada and Versitec USA in and to the Property, or any portion thereof, will be sold free and clear of all liens and claims (which may be defined in an Approval and Vesting Order (as defined herein)), subject to any permitted encumbrances (which may be defined in an Approval and Vesting Order), pursuant to an order by the Court approving the sale of the Property, or a portion thereof, and vesting in the successful bidder all of Versitec Canada and Versitec USA’s rights, title and interests in and to such Property, or a portion thereof, by way of an approval and vesting order (the “Approval and Vesting Order”). For greater certainty, such liens and claims are to attach to the net proceeds of the sale of such Property following the granting of the Approval and Vesting Order.

Due Diligence

Each bidder will be provided access to on-site inspections, and other matters which a bidder may reasonably request and as to which the Substitute Receiver may agree. Neither the Substitute Receiver nor any of its affiliates (or any of its respective representatives) will be obligated to furnish any information relating to the Property or Business to any person, in its discretion. The Substitute Receiver makes no representation or warranty, express or implied, as to the information to be provided through this due diligence process or otherwise, except as may be set forth in a Binding APA of Binding Investment Agreement with a successful bidder.

Bid Deadline

A bidder that desires to make a bid shall deliver written copies of its bid, in the form of (a) the template asset purchase agreement located on the Substitute Receiver’s data room (the “APA”), together with a blackline outlining all changes made to the APA (a “Binding APA”) or, applicable, (b) an investment agreement setting out, inter alia, the process by which the bidder proposes to satisfy the stakeholders of the Business (a “Binding Investment Agreement”), to the Substitute Receiver as follows: Attn: Peter Crawley, e-mail pcrawley@bdo.ca fax 905-570-0249, so as to be received by the Substitute Receiver no later than **4:00 PM, Thursday April 15, 2021** (as may be extended as set out below, the “Bid Deadline”). The Substitute Receiver may extend the Bid Deadline once or successively but is not obligated to do so. If the Bid Deadline is extended, the Receiver will promptly notify all bidders.

Binding APA

To constitute a qualifying bid, a Binding APA must comply with all of the following:

- (a) the bid (either individually or in combination with other bids that make up one Binding APA) is an offer to purchase some or all of the Property on terms and conditions acceptable to the Substitute

Receiver and delivered to the Substitute Receiver prior to the Bid Deadline;

- (b) it is submitted in the form of the template asset purchase agreement, to be provided by the Receiver, together with a blackline showing the changes made to the template asset purchase agreement;
- (c) it is duly authorized and executed, and includes a purchase price for the Property expressed in Canadian dollars (the "Purchase Price"), together with all exhibits, schedules and all applicable ancillary agreements thereto;
- (d) it must include a letter of acknowledgment stating that the bidder's offer is irrevocable and open for acceptance until the Successful APA (as defined herein) or Successful Investment Agreement (as defined herein) is selected by the Substitute Receiver;
- (e) it is accompanied by written evidence of a firm, irrevocable commitment for financing or other evidence satisfactorily to the Substitute Receiver in its sole discretion of the ability of the bidder to consummate the proposed transaction, and that will allow the Substitute Receiver to make a determination as to the bidder's financial and other capabilities to consummate the proposed sale and pay the Purchase Price;
- (f) it must be unconditional, save and except for approval of the Court;
- (g) it fully discloses the identity of each entity that will be bidding for the Property or otherwise sponsoring, financing, participating or benefiting from such bid;
- (h) it includes an acknowledgement and representation of the bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Property and Business of Versitec Canada and Versitec USA prior to making its bid, (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property and/or Business in making its bid, and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Property, the Business or the completeness of any information provided in connection therewith;
- (i) it includes evidence, in form and substance satisfactory to the Substitute Receiver, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution and delivery of the Binding APA submitted by the bidder, if applicable;
- (j) it is accompanied by a deposit in the amount of not less than 10% of the Purchase Price offered by the bidder (the "Deposit"); and,
- (k) the bid contemplates closing the transaction set out therein within 3 business days of the date of the Approval and Vesting Order (in such case, the "Closing Date").

The Substitute Receiver may determine whether to entertain bids for the Property that do not conform to one or more of the requirements specified herein.

If the Substitute Receiver is not satisfied with the number or terms of bids submitted by the Bid Deadline, the Substitute Receiver may extend the Bid Deadline or cancel the SISP.

Evaluation of Binding APA

A Binding APA will be considered by the Substitute Receiver based upon several factors including, without limitation, items such as the Purchase Price and the net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the counterparties to such transactions, the proposed transaction documents, other factors affecting the speed and certainty of the closing of the transaction, the value of the transaction, the Property included or excluded from the bid, the transition services required from the Substitute Receiver (if any), any related transaction costs, the likelihood and timing of consummating such transactions, and such other matters as the Substitute Receiver determines in its sole discretion.

Each bidder shall comply with all reasonable requests for additional information by the Substitute Receiver regarding the bidder or the Binding APA. Failure of a bidder to comply with such requests for additional information will be a basis for the Substitute Receiver to reject a Binding APA, among others.

Binding Investment Agreement

To constitute a qualifying bid, a Binding Investment Agreement must comply with all of the following:

- (a) the bid (either individually or in combination with other bids that make up one Binding Investment Agreement) is an offer to invest in the Business by way of debt or equity financing or other non-sale proposal on terms and conditions acceptable to the Substitute Receiver and delivered to the Substitute Receiver prior to the Bid Deadline;
- (b) it is duly authorized and executed, and includes an investment amount expressed in Canadian dollars (the "Investment Financing"), together with all exhibits, schedules and all applicable ancillary agreements thereto;
- (c) it must include a letter of acknowledgment stating that the bidder's offer is irrevocable and open for acceptance until a Successful APA or Successful Investment Agreement is selected by the Substitute Receiver;
- (d) it is accompanied by written evidence of a firm, irrevocable commitment for financing or other evidence satisfactory to the Substitute Receiver in its sole discretion of the ability of the bidder to consummate the proposed transaction, and that will allow the Substitute Receiver to make a determination as to the bidder's financial and other capabilities to consummate the proposed investment and fund the Investment Financing;
- (e) it must expressly set out the manner by which it shall satisfy or service the indebtedness of the creditors of Versitec (including detailing any restructuring processes and procedures that may be proposed);
- (f) it must be unconditional, save and except for approval of the Court (and in the case of any compromise to be put to creditors, approval of the creditors);
- (g) it fully discloses the identity of each entity that will be sponsoring, financing, participating or benefiting from such bid;
- (h) it includes an acknowledgement and representation of the bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Property and Business of Versitec Canada and Versitec USA prior to making its bid, (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property and/or Business in making its bid, and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Property, the Business or the completeness of any information provided in connection therewith;
- (i) it includes evidence, in form and substance satisfactory to the Substitute Receiver, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution and delivery of the Binding Investment Agreement submitted by the bidder, if applicable;
- (j) it is accompanied by a deposit in the amount of not less than 10% of the Investment Financing offered by the bidder (the "Deposit"); and,
- (k) the bid contemplates closing the transaction set out therein within a period following the date of the Approval and Vesting Order deemed by the Receiver, in its sole discretion to be commercially reasonable of the date of the Approval and Vesting Order (in such case, the "Closing Date"); and
- (l) the bid must be determined by the Substitute Receiver, in its sole discretion as office of the Court, to be commercially reasonable, capable of implementation and likely to succeed.

The Substitute Receiver may determine whether to entertain bids for the Property that do not conform to one or more of the requirements specified herein.

If the Substitute Receiver is not satisfied with the number or terms of bids submitted by the Bid Deadline, the

Substitute Receiver may extend the Bid Deadline or cancel the SISP.

Evaluation of Binding Investment Agreement

A Binding Investment Agreement will be considered by the Substitute Receiver based upon several factors including, without limitation, items such as the Investment Financing amount, the impact of the same on the creditors and stakeholders of Versitec, the support or opposition of any such stakeholders, the timelines associated with the proposed transaction, the proposed transaction documents, other factors affecting the speed and certainty of the closing of the transaction, the value of the transaction, the transition services required from the Substitute Receiver (if any), any related transaction costs, the likelihood and timing of consummating such transactions, and such other matters as the Substitute Receiver determines in its sole discretion.

In the event the Substitute Receiver determines, in its sole discretion as officer of the Court, that the Binding Investment Agreement is not commercially reasonable, is incapable of implementation or is not likely to succeed, the Substitute Receiver may reject the same.

Each bidder shall comply with all reasonable requests for additional information by the Substitute Receiver regarding the bidder or the Binding Investment Agreement. Failure of a bidder to comply with such requests for additional information will be a basis for the Substitute Receiver to reject a Binding Investment Agreement, among others.

Selection of Successful APA or Successful Investment Agreement

The Substitute Receiver will review and evaluate each Binding APA and Binding Investment Agreement.

In respect of Binding APAs, (i) the Substitute Receiver may identify the highest or otherwise best offer for the Property (the "Successful APA"), (ii) if the Substitute Receiver determines that two or more Binding APAs are close in value, at the Substitute Receiver's sole discretion, the Substitute Receiver may decide to negotiate with the applicable bidders in order for the bidders to submit an improved Binding APA as a result of such negotiations and the Substitute Receiver may identify a Successful APA from those improved Binding APAs, or (iii) in the event no Successful APA is determined, reject each Binding APA and the Substitute Receiver may ask any bidder to resubmit a revised Binding APA. The determination of a Successful APA by the Substitute Receiver shall be subject to approval by the Court.

Alternatively, in respect of Binding Investment Agreements, (i) the Substitute Receiver may identify the highest or otherwise best investment offer (the "Successful Investment Agreement"), (ii) if the Substitute Receiver determines that two or more Binding Investment Agreements are close in value, at the Substitute Receiver's sole discretion, the Substitute Receiver may decide to negotiate with the applicable bidders in order for the bidders to submit an improved Binding Investment Agreements as a result of such negotiations and the Substitute Receiver may identify a Successful Investment Agreement from those improved Binding Investment Agreements or (iii) in the event no Successful Investment Agreement is determined, reject each Binding Investment Agreement and the Substitute Receiver may ask any bidder to resubmit a revised Binding Investment Agreement. The determination of a Successful Investment Agreement by the Substitute Receiver shall be subject to approval by the Court.

Notwithstanding the foregoing, a Binding APA and Binding Investment Agreement may not be withdrawn, modified or amended without the written consent of the Substitute Receiver prior to the Successful APA or Successful Investment Agreement being determined. Any such withdrawal, modification or amendment made without the written consent of the Substitute Receiver prior to the Successful APA or Successful Investment Agreement being determined shall result in the forfeiture of such bidder's deposit as liquidated damages and not as a penalty.

In the event a Binding APA or Binding Investment Agreement is not selected as a Successful APA or Successful Investment Agreement (as the case may be), the related Deposit (without interest) shall be returned to the bidder as soon as reasonably practicable.

The Substitute Receiver shall have no obligation to select a Successful APA or Successful Investment Agreement, and it reserves the right to reject any or all Binding APAs and Binding Investment Agreements.

Approval Motion Hearing

The motion for an order of the Court (the "Approval Motion") approving any Successful APA or Successful Investment Agreement (the "Successful Agreement") shall be heard on a date determined by the Receiver and the Court.

All of the Binding APAs and Binding Investment Agreements other than the Successful Agreement, if any, shall be deemed rejected by the Substitute Receiver on and as of the date of closing of the transaction contemplated by the Successful Agreement.

Reservation of Rights

The Substitute Receiver may: (a) determine which Binding APA or Binding Investment Agreement, if any, is the highest or otherwise best offer; (b) notwithstanding anything contained herein, reject at any time before the issuance and entry of an order approving a Binding APA or Binding Investment Agreement, any bid that is (i) inadequate or insufficient as determined by the Substitute Receiver in its sole discretion, (ii) not in conformity with the requirements of the SISP or any order of the Court, or (iii) contrary to the best interests of the receivership estate as determined by the Substitute Receiver in its sole discretion, and (c) may modify the SISP or impose additional terms and conditions on the sale of the Property at any time in its sole discretion.

Miscellaneous

This SISP is solely for the benefit of the Substitute Receiver and nothing contained in the Substitution of Receiver and Approval of Sale Process Order or this SISP shall create any rights in any other person or bidder (including without limitation rights as third party beneficiaries or otherwise).

Except as provided in the Substitution of Receiver and Approval of Sale Process Order and this SISP, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of this SISP.

Limitation of Liability

The Substitute Receiver shall not have any liability whatsoever to any person or party, including without limitation any bidder, Versitec Canada and Versitec USA, or any creditor or other stakeholder, for any act or omission related to this SISP. By submitting a bid, each bidder shall be deemed to have agreed that it has no claim against the Substitute Receiver for any reason, matter or thing whatsoever.

TAB 2H

Appendix H – National Post Newspaper Advertisement

TRADE

TOP GERMAN COURT
TOSSES EU-CANADA
PACT LAWSUITAviation, tourism sectors
likely to feel lasting pain

VACCINE

Continued from FPI

Trevin Stratton, chief economist at the Canadian Chamber of Commerce, said the lagging rollout will have an impact on business survival and the economic recovery, particularly in the hardest-hit industries.

"We will be looking at a greater number of business closures ... the longer the vaccine rollout takes," he said. "That means fewer businesses to propel recovery and fewer jobs and salaries to contribute to demand and consumption."

In addition, Canada could fall behind on capital investments and project finance as investors choose countries where the population is closer to herd immunity against the virus, said Stratton, who is also senior vice president of policy at the chamber.

"If our advanced economy peers roll out vaccines faster than Canada, then there is a risk that investors will put their money where they will have a faster or more robust return on investment," he said, adding that Canada may yet take steps to close the vaccination gap.

"Getting this right will be the single greatest factor for economic recovery over the short term," he said.

Miguel Ouellette, an economist and director of

operations at the Montreal Economic Institute, said the speed of the rollout has implications stretching from supply chains to the shape of recovery in sectors such as aviation.

There is evidence, he said, that sanitation measures imposed to combat the spread of COVID-19 lower production in manufacturing, something that could prompt supply-chain adjustments in favour of countries that no longer need these additional safety measures.

If an American automaker has a Canadian supplier, for example, and finds a supplier with speedier production in a country where a higher percentage of the population is vaccinated, "they might turn to the other supplier," he said. "It is true for the short term, and it poses a risk for the long term as well."

Canada's aviation and tourism sectors are also likely to feel lasting pain as life begins to return more or less to normal in countries with high vaccination rates, Ouellette said, noting that vaccination levels and loosening restrictions are likely to factor into choices about travel destination.

"This will affect those industries, and it might leave permanent ... problems," he said. "Air Canada has already lost billions of dollars so far and, knowing their market share, I'm concerned about

Germany's top court threw out a lawsuit by lawmakers demanding more scrutiny over participation in the CETA trade pact between the European Union and Canada. The Federal Constitutional Court in Karlsruhe Tuesday rejected a suit by the opposition party Die Linke claiming that Germany's parliament failed to adequately oversee the trade talks and should have passed a law in 2016 on the government's remit in the negotiation between the EU and Canada. The court said the suit was inadmissible because Germany's constitution doesn't allow lawmakers to hand the EU more powers simply by passing legislation. "If the European Union transgresses the powers it was granted, such action is unconstitutional," Court Vice President Doris Koenig said. "Passing a law can't legitimize such an action beforehand." *Bloomberg*



the long-term effects of Canada being late on vaccination."

Goldy Hyder, president and chief executive of The Business Council of Canada, said some conditions in Canada could dull the impact of the slower vaccine rollout, such as a lower infection rate compared to other developed countries where vaccinations are happening at a faster clip. He added that the federal government has targeted the fall for the inoculation of all adult Canadians who want to be vaccinated, which would put the country only two or three months behind the United States.

"A difference of a couple of months is unlikely to have a significant impact on our economy," Hyder said. "But it does underscore the urgency of an 'all hands on deck' approach to ramping up Canada's vaccination campaign as quickly as possible."

To that end, some members of his organization have offered their expertise to assist with vaccine rollout and with widespread rapid screening to reduce the risk of asymptomatic spread of COVID-19.

"We absolutely cannot afford to wait until the end of year to get the virus under control," Hyder said, adding that other countries could easily pull ahead of Canada simply by mapping out ambitious growth strategies that promote investment and bring back jobs.

"Failing to do that would be the real risk to our economic recovery," he said.

Avery Shenfeld, chief economist at CIBC Capital Markets, said he thinks the vaccination lag will turn out to be "largely a short-term story" for Canada's economy.

"By the fall, there isn't expected to be a gap in vaccine coverage, and even by the end of the spring, many of the most vulnerable Canadians should have received at least one dose, allowing the economy to open up much more over the summer without testing hospital ICU capacity limits," he said.

However, he noted that Canada's economy has been lagging the U.S. throughout the year-long pandemic.

The gap is due, at least in part, "to America's apparent willingness to tolerate more illness and a higher per capita death rate to keep the economy running," Shenfeld said.

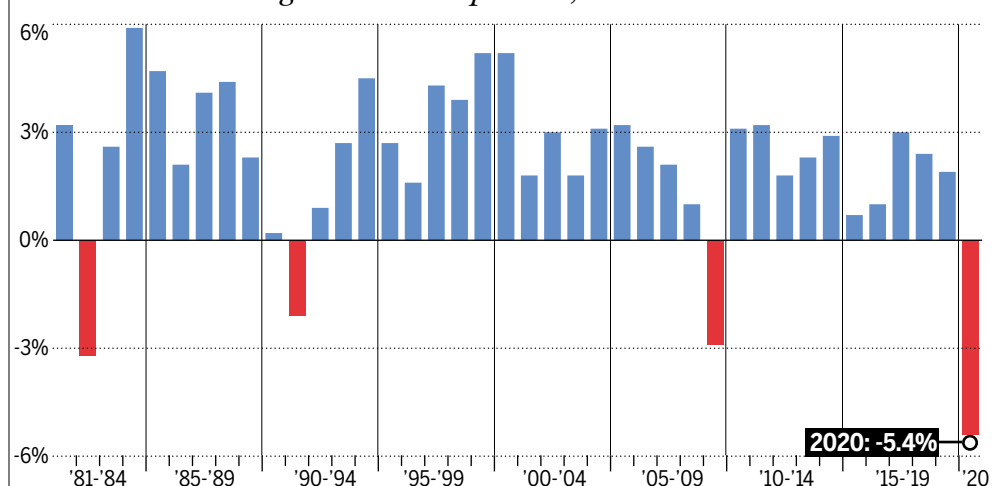
"That still seems to have been the case the first quarter of 2021, so it's not just about vaccines, but the choices individuals and their government make in terms of what they will give up to save lives."

In a recent report, economists at Royal Bank of Canada noted that momentum at the end of last year had stalled as the country's two largest provinces, Ontario and Quebec, renewed lockdown restrictions. The economists said activity is expected to pick up in the second quarter, though they lowered growth forecasts slightly due "to vaccine shipment delays that have Canada lagging behind other countries in jobs administered."

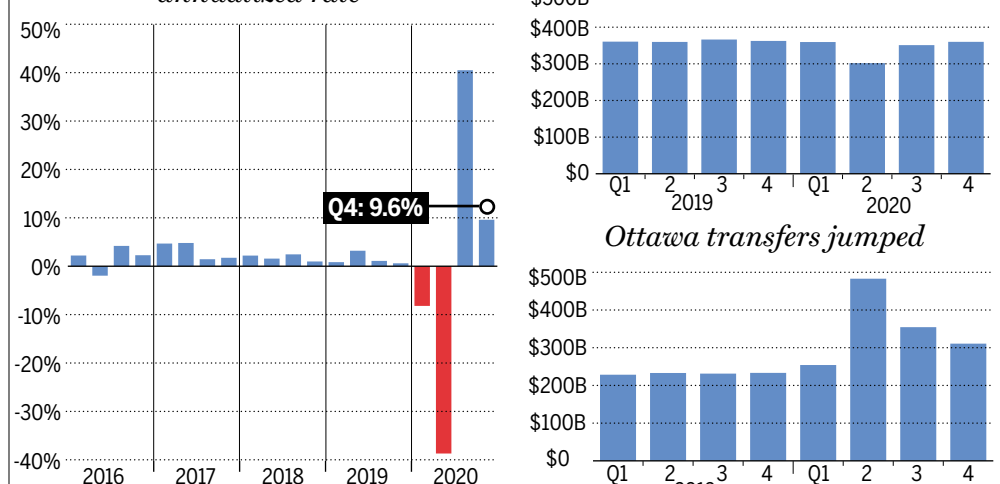
Financial Post

GDP SMACKDOWN IN 2020

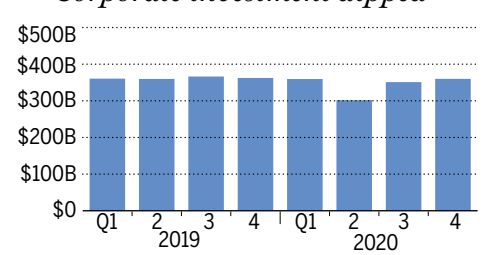
Real gross domestic product, annualized rate



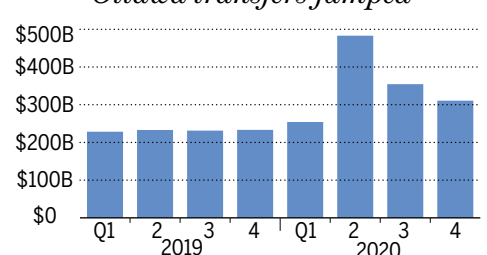
GDP, quarter-over-quarter % change, annualized rate



Corporate investment dipped



Ottawa transfers jumped



SOURCES: BLOOMBERG NEWS, STATISTICS CANADA

GIGI SUHANIC / NATIONAL POST

Service providers
took worst economic
hit in pandemic

CARMICHAEL

Continued from FPI

GDP contracted by 5.4 per cent in 2020, the biggest collapse since 1961, when the agency began tallying quarterly economic output. By comparison, GDP dropped 2.9 per cent in 2009 in the wake of the Great Recession, and decreased 3.2 per cent in 1982, when many of the world's richest countries were grappling with high interest, inflation and unemployment rates.

The 2020 recession was unusual because service providers took the biggest hit. Many of those companies remain the most vulnerable to the virus and the approaches governments take to managing the pandemic. Output by the food, beverage and accommodation industry dropped 11 per cent in the four quarter from the third quarter, Statistics Canada said.

"We have started laying off people now permanently," Charles Khabouth, chief executive of Ink Entertainment, a Toronto-based owner of bars and restaurants, told the Financial Post's Larisa Harapyn on Feb. 25. "We will probably be 25 (per cent) to a third less employees than before the pandemic."

Still, for many investors, the economic destruction of 2020 is last year's story. Financial markets have grown edgy about inflation, and evidence of faster-than-expected growth could exacerbate such worries. Statistics Canada in a separate report on Tuesday said GDP likely increased 0.5 per cent in January from the previous month, suggesting the first-quarter contraction that the Bank of Canada and others anticipated will be avoided.

Housing is the controversial star of the recovery story, albeit with substantial support from the federal government and central bank.

Investment in real estate increased 3.9 per cent in 2020, defying early warnings from Canada Mortgage and Housing Corp. (CMHC) that the recession could crush our insatiable demand for houses. Instead, spending patterns shifted, as professionals bet on a future in which they would be working from home, rather than making daily commutes to the office.

Buyers sought bigger properties in suburbs and smaller cities, spreading the mania that has long gripped Vancouver and Toronto to places such as Ottawa and Moncton, N.B. They were able to do so because they were either among the lucky ones who kept work-

ing, or because they benefited from generous emergency assistance.

Disposable income increased 10 per cent from 2019 because the federal government opted for emergency benefits that erred on the side of too much, rather than too little. The savings rate surged to 15.1 per cent in 2020, as households hoarded salaries and benefit payments equivalent to the previous seven years combined, Statistics Canada said.

The combination left many households primed to take advantage of near-zero interest rates, which the Bank of Canada would have anticipated, although perhaps not to the extent that ultimately transpired. Macklem last week said he was seeing early signs of "excess exuberance" in the housing market.

In the short term, the housing boom has lessened the economic pain of the recession, but at the expense of deepening vulnerabilities that existed before the pandemic.

"We never pretended to have a crystal ball," Evan Siddall, the head of CMHC, tweeted on Monday. "We remain very concerned about even a partial reversal" of the factors driving demand, he said in a separate tweet, adding a list of negative side effects that include increased debt, the diversion of capital to an unproductive investment, and increasing inequality between owners and renters.

An unambiguously positive surprise has been the rebound in exports. Canadian governments were unwilling to impose the same strict lockdown measures that allowed Asian economies to crush the virus, nor were they willing to tolerate the death toll that came with the laxer approach to social distancing in the United States. But exporters are benefiting from resurgent demand from both of those places, especially Asia, which is driving commodity prices higher.

Cargo through the Port of Vancouver increased one per cent last year, despite an epic recession, led by record shipments of grain and potash. "We've been very fortunate," Robin Silvester, chief executive of the Vancouver Fraser Port Authority, said in an interview on Monday. "We're seeing a really strong start to the year, continuing the trend that we saw toward the end of 2020."

That's good, because Canada's economy will need ballast for a while yet. "Nobody is going to book anything now until 2022," Khabouth said. "In my opinion, 2021, on a large scale, is a writeoff for primarily all of Canada."

Financial Post



PETER J. THOMPSON / FINANCIAL POST

The lagging vaccine rollout will have an impact on business survival, economist Trevin Stratton says.

GEORGE WESTON LIMITED

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN THAT a quarterly dividend on George Weston Limited Common Shares, Preferred Shares, Series III, Preferred Shares, Series IV and Preferred Shares, Series V is payable as follows:

Common Shares

\$0.55 per share payable April 1, 2021, to shareholders of record as of March 15, 2021;

Preferred Shares, Series III

\$0.3250 per share payable April 1, 2021, to shareholders of record as of March 15, 2021;

Preferred Shares, Series IV

\$0.3250 per share payable April 1, 2021, to shareholders of record as of March 15, 2021;

and

Preferred Shares, Series V

\$0.296875 per share payable April 1, 2021, to shareholders of record March 15, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

ANDREW BUNSTON

VICE PRESIDENT,

GENERAL COUNSEL

& SECRETARY

Toronto, Canada

March 1st, 2021

ACQUISITION OPPORTUNITY

Stern Tube Seal Manufacturer



BDO Canada Limited ("BDO"), in its capacity as court appointed receiver of 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (collectively "Versitec" or the "Company"), is inviting offers for the purchase of the assets, undertakings and property of Versitec (the "Property").

KEY INVESTMENT HIGHLIGHTS:

- The Company is located at 4 Stonebridge Dr., Unit 4, Port Colbourne, Ontario, Canada (the "Facility").
- Versitec's service offering includes Vanguard Spares (spare parts kits to overhaul ALL Major OEM's Seal Assemblies), Vanguard-W (Water Lubricated Seal Assemblies), Vanguard oil lubricated seal assemblies, and Vanguard-T thruster seal assemblies.
- Versitec marine's seals are 44116/A2 BV certified and the Vanguard Stern Tube Seal complies with DNV GL rules for classification - Ships and DNV GL rules for classification - High speed and light craft

The Property is offered for sale under a court-approved sale process implemented by the Receiver (the "Sale Process"). All offers will be considered by the Receiver on an individual basis as and when received in accordance with the Sale Process.

Deadline for the submission of offers is 4pm EST on APRIL 30th, 2021.

CONTACT INFORMATION:

Peter Crawley
Tel: 289-678-0243 or pcrawley@bdo.ca

MCAN MORTGAGE
CORPORATION
DIVIDEND NOTICE

Record Date:

March 15, 2021

Payment Date:

March 31, 2021

\$0.34 cash dividend
per share\$0.85 special stock
dividend per share

TAB 21

Appendix I – Maritime Propulsion Advertisement

From: Maritime Propulsion <update@maritimepropulsion.com>
 Sent: Wednesday, March 10, 2021 10:00 AM
 To: momalley@marinelink.com
 Subject: First Ever Electric Voith Schneider Propellers Ready to Be Installed

Wednesday, March 10, 2021



News | Directory | Blogs



First Ever Electric Voith Schneider Propellers Ready to Be Installed

Spanish shipbuilder Gondan said it received last week at its main facilities in Castropol...

[Read more...](#)



Casco Bay Lines Orders Hybrid-electric Ferry

Maine ferry operator Casco Bay Lines has committed to an integrated hybrid-electric...

[Read more...](#)



ACQUISITION OPPORTUNITY - Stern Tube Seal Manufacturer

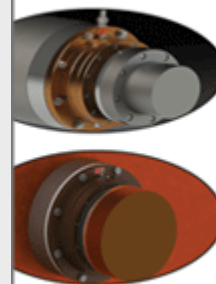
BDO Canada Limited ("BDO"), in its capacity as court appointed receiver of 1635536 Ontario Inc.

[Read more...](#)



Norway Suspends Rolls-Royce Asset Sale on Security Grounds

ACQUISITION OPPORTUNITY Stern Tube Seal Manufacturer



BDO Canada Limited ("BDO"), in its capacity as court appointed receiver of 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (collectively "Versitec" or the "Company"), is inviting offers for the purchase of the assets, undertakings and property of Versitec (the "Property").

[READ THE FULL ANNOUNCEMENT](#)

Hyde Marine
 Ballast Water Management Technology
 A CALGON CARBON COMPANY

News

Torqueedo Sets Up Direct Distribution in Norway

Eastern Pacific Shipping to Operate Methanol- and Ammonia-powered Vessels

TAB 2J

Appendix J – Template Sale Agreement

ASSET PURCHASE AGREEMENT

This Agreement made this [●] day of [●], 2021.

BETWEEN:

BDO CANADA LIMITED, solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial and Versitec Marine USA Inc., and not in its personal or corporate capacity

(the "Receiver")

- and -

[●]

(the "Purchaser")

WHEREAS:

- A. On March 9, 2020, pursuant to the Order of the Honourable Justice Gilmore (the "**Receivership Order**"), Morgan & Partners Inc. was appointed as receiver over certain assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial ("**Versitec Canada**") and all of the assets, undertakings and properties of Versitec Marine USA Inc. ("**Versitec USA**").
- B. On February 12, 2021, pursuant to the Order of the Honourable Justice Koehnen (the "**SISP Order**"), *inter alia*:
 - i. BDO Canada Limited was substituted for Morgan & Partners Inc. and appointed as receiver over certain assets, undertakings and properties of Versitec Canada and Versitec USA (in such capacity, the "**Receiver**"); and
 - ii. the Receiver was authorized to conduct a sale and investment solicitation process for the marketing and sale of the assets, undertaking and properties of Versitec Canada and Versitec USA and/or investment in those entities' businesses (the "**SISP**"), as such process was described in the Receiver's preliminary report to Court dated February 9, 2021.
- C. The SISP procedure ("**Bidding Procedures**"), in accordance with which bids for the purchase and sale of the assets, undertakings and properties of Versitec Canada and Versitec USA are being solicited, submitted and selected, has been made available to the Purchaser via the dataroom maintained by the Receiver pursuant to the SISP Order.
- D. The Purchaser hereby offers and agrees to purchase and assume the Purchased Assets and Assumed Obligations (as defined below) from the Receiver upon the terms and conditions set forth hereinafter and the offer shall remain irrevocably open for acceptance

until [●].

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties) the parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

"**Agreement**" means this asset purchase agreement, including all written amendments and written restatements thereto from time to time;

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, all applicable laws, statutes, regulations, rules, by-laws, ordinances, protocols, regulatory policies, codes, guidelines, official directives, orders, rulings, judgments and decrees of any Governmental Authority;

"**Approval and Vesting Order**" has the meaning given in Section 4.4;

"**Article**" or "**Section**" mean the specified Article, or Section to this Agreement and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement;

"**Affiliate**" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person;

"**Assumed Contracts**" means, collectively, those Contracts identified and enumerated in Schedule "A" hereto; and, "**Assumed Contract**" means any one of them.

"**Assumed Obligations**" has the meaning given in Section 2.8;

"**BIA**" means the *Bankruptcy and Insolvency Act* (Canada), R.S.C., 1985, c.B-3;

"**Bid Deadline**" means 4:00pm (EST) on Friday April 15, 2021.

"**Books and Records**" means all of the books and records relating to the Purchased Assets, including, without limitation, all personnel files/records relating to all Transferred Employees and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, business reports, projections and all other documents, plans, files, records, correspondence, and other data and information, financial or otherwise, including all data, information and databases stored on computer-related or other electronic media, excluding any of the foregoing as applicable to any Excluded Asset;

"**Business**" means the businesses carried on by the Debtors;

"**Business Day**" means a day on which banks are open for business in the City of Toronto, but does not include a Saturday, Sunday or statutory holiday recognized in the Province of Ontario;

"**Claims**" means any and all claims, demands, complaints, actions, applications, suits, causes of action, orders, or other similar processes, and "**Claim**" means any one of them;

"**Closing**" means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement;

"**Closing Date**" means subject to the terms hereof, the first Business Day after the date that is three (3) days after the date on which the conditions set forth in Article 4 have been satisfied or waived by the appropriate Party or such other date as may be agreed;

"**Closing Time**" has the meaning given in Section 3.1;

"**Contracts**" means those pending and/or executory contracts, agreements, leases and arrangements Related to the Business to or by which any of the Debtors or any of the Purchased Assets or Business is bound or affected, identified and enumerated in Schedule "A" hereto, together with all of the Debtors' and Receiver's right, title and interest in and to the same;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**Debtors**" means, as context requires, either (a) Versitec Canada, (b) Versitec USA, or (c) Versitec Canada, and Versitec USA collectively;

"**Effective Time**" means 12:01 a.m. on the Closing Date;

"**Employee**" means an individual who was formerly employed or engaged by the Debtors or, as at the Effective Time, is employed or engaged by the Debtors in connection with the Business, and "**Employees**" means every Employee;

"**Employee Liabilities**" means any and all Liabilities (whether by statute, contract, common law or otherwise) owed to any of the Employees, or otherwise arising out of, or resulting from, the relationship between the Debtors (or any predecessor of the Debtors) and any of the Employees, including any Liability arising as a result of such party being deemed to be a successor employer, related employer or otherwise responsible or liable for payment of any amounts owing to, on behalf of, or in respect of, any of the Employees (including, but not limited to, the Transferred Employees), whether pursuant to the *Employment Standards Act* (Ontario), the *Pay Equity Act* (Ontario) or the *Workplace Safety and Insurance Act, 1997* (Ontario). Without limiting the foregoing, Employee Liabilities shall include:

- (a) all salaries, wages, bonuses, commissions, vacation pay, public holiday pay and other compensation relating to the employment of the Employees (including accrued but unpaid vacation pay and any retroactive pay) and all Liabilities under employee benefit plans relating to employment of the Employees; and

- (b) all termination pay, severance pay, damages in lieu of reasonable notice and other related Liabilities (under statute, contract, common law or otherwise) in respect of the termination and/or severance of employment of the Employees.

"**Encumbrances**" means any security interests (whether contractual, statutory, or otherwise), mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, leases, title retention agreements, reservations of ownership, demands, executions, levies, charges, options or other rights to acquire any interest in any assets, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including the Administration Charge, and all contracts to create any of the foregoing, or encumbrances of any kind or character whatsoever;

"**Equipment**" means, collectively, such equipment of the Debtors used in connection with the Business identified and enumerated in Schedule "D" hereto, together with all of the Debtors' and Receiver's right, title and interest in and to the same;

"**Excluded Assets**" means, collectively, the following assets:

- (a) **[NTD: Purchaser to enumerate all Excluded Assets, if any]**; and
- (b) any asset(s) that the Purchaser elects to exclude in writing prior to Closing pursuant to Section 2.6.

and "**Excluded Asset**" means any of them.

"**Governmental Authorities**" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and "**Governmental Authority**" means any one of them;

"**HST**" means all of the harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada);

"**Intellectual Property**" means, collectively, such intellectual property identified and enumerated in Schedule "B" hereto, together with all of the Debtors' and Receiver's right, title and interest in and to the same;

"**Interim Period**" means the period from and including the date of this Agreement to and including the Closing Date;

"**Inventory**" means, collectively, such inventory of the Debtors used in connection with the Business identified and enumerated in Schedule "C" hereto, together with all of the Debtors' and Receiver's right, title and interest in and to the same;

"Liability" means any debt, loss, damage, adverse claim, fines, penalties, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, and whether in or under statute, contract, tort, strict liability or otherwise), and includes all costs and expenses relating thereto (including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation), including, without limitation, Employee Liabilities and **"Liabilities"** means the plural thereof;

"Licences and Permits" means all licences, permits, filings, certificates, authorizations, approvals or indicia of authority Related to the Business or the Purchased Assets or necessary for the operation or use of the Purchased Assets;

"Parties" means the Receiver and the Purchaser collectively, and **"Party"** means any one of them;

"Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;

"Personal Property" means all of the Debtors' machinery, equipment, furniture, including, without limitation, desks, chairs, tables, copiers, telephone lines and numbers, telecopy machines and other telecommunication equipment, cubicles, cabinets, televisions, all computer hardware, including servers, computers and peripherals, printers and miscellaneous office furnishings and supplies, if any, laptops, cell phones and all other tangible personal property used in the Business, including all property subject to the Assumed Contracts;

"Prepaid Amounts" means all prepayments, prepaid charges, deposits, security deposits, sums and fees Related to the Business or in respect of the Purchased Assets;

"Receiver" has the meaning given in the recitals above;

"Receiver's Certificate" has the meaning given in Section 4.4;

"Purchase Price" has the meaning given in Section **Error! Reference source not found.**;

"Purchased Assets" means collectively, all of the Debtor's and Receiver's right, title and interest in all of the assets, properties and undertakings Related to the Business, including, but not limited to, the following assets **[NTD: Purchaser to delete any of the follow asset categories to be excluded from the Purchased Assets and to add any such deleted asset categories to the definition fo Excluded Assets]**:

- (a) the Assumed Contracts identified and enumerated in Schedule "A" hereto;
- (b) the Intellectual Property identified and enumerated in Schedule "B" hereto;
- (c) the Inventory identified and enumerated in Schedule "C" hereto;

- (d) the Equipment identified and enumerated in Schedule "D" hereto;
- (e) the Personal Property;
- (f) the Licenses and Permits;
- (g) the Receivables including those identified and enumerated in Schedule "E";
- (h) the Prepaid Amounts;
- (i) the Books and Records;
- (j) all cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of the Debtors;
- (k) all rights and interests under or pursuant to all warranties, representations and guarantees, express implied or otherwise, of or made by suppliers or others in connection with the Purchased Assets or otherwise Related to the Business,
- (l) all goodwill and other intangible assets associated with the Business, including all customer lists, telephone and facsimile numbers used in Related to the Business; and
- (m) all other property, assets and undertaking of the Debtors used in or relating to the Business of whatsoever nature or kind, including without limitation all property, assets and undertaking of the Debtors,

other than the Excluded Assets.

"Purchaser's Lawyers" means [●];

"Related to the Business" means, directly or indirectly, used in, arising from, or relating in any manner to the Business or the Purchased Assets;

"Receivables" means the right, title and interest of the Debtors in and to all accounts receivable, bills receivable, trade accounts, book debts, insurance claims, and choses-in-action, now or hereafter due or owing to Debtors including those listed in Schedule "E", Related to the Business together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits, attributable to the period prior to Closing;

"Receiver's Lawyers" means Loopstra Nixon LLP;

"Rights" has the meaning ascribed thereto in Section 2.11 hereof;

"SISP Order" means the order of the Court, dated February 12, 2021, authorizing the Receiver to conduct a process, administered by the Receiver, to solicit offers to acquire the assets, properties and undertakings of the Debtors or to make an investment in the Business;

"Taxes" means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax, including, Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any Governmental Authority, and whether disputed or not; and

"Transferred Employees" means Employees, if any, who have accepted an offer of employment from the Purchaser as of the Closing.

1.2 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings.

1.3 Schedules

The following Schedules shall form an integral part of this Agreement:

Schedule A	Assumed Contracts
Schedule B	Intellectual Property
Schedule C	Inventory
Schedule D	Equipment
Schedule E	Receivables
Schedule F	Form of Approval & Vesting Order

ARTICLE 2 **PURCHASE AND SALE**

2.1 Purchase and Sale of Purchased Assets

At the Closing Time, subject to the terms and conditions of this Agreement, the Receiver shall sell and the Purchaser shall purchase the Purchased Assets and the Purchaser shall assume the Assumed Obligations, if any.

2.2 Purchase Price

Pursuant to the terms and subject to the conditions set forth in this Agreement, in consideration of the sale of the Purchased Asset, the purchase price payable by the Purchaser to the Receiver is : the sum of \$[●] (the “**Cash Purchase Price**”), plus (ii) the assumption by the Purchaser of the Assumed Obligations..

2.3 Deposit

- (1) Contemporaneously with the execution and delivery of this Agreement by the Purchaser and in accordance with the terms of the SISP Order, the Purchaser has paid a deposit payable to the order of the Receiver, in trust, in the amount of [●] equal to 10% of the Cash Purchase Price (the “**Deposit**”).
- (2) The Deposit shall be held, pending Closing, by the Receiver in a non-interest-bearing account with a bank.
- (3) If the Closing does not occur by reason of the material uncured default of the Purchaser, the full amount of the Deposit (plus accrued interest), less any applicable withholding Tax, shall become the property of the Receiver as liquidated damages and not as a penalty. The Receiver’s recourse against the Purchaser in such circumstances shall be limited to the right of the Receiver to retain the Deposit and to seek recovery of an additional amount for any actual damages of the Receiver, provided however that the recovery for such additional damages is not to exceed the value of damages actually incurred as a result of such failure to close.
- (4) If the Closing does not occur for any reason other than the default of the Purchaser, the full amount of the Deposit, less any accrued interest and/or any applicable withholding Tax, shall be returned by the Receiver to the Purchaser and the Purchaser shall have no further recourse against the Receiver.

2.4 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price at the Closing Date as follows:

- (a) by the application of the amount of the Deposit, to be credited against the Cash Purchase Price;
- (b) by payment to the Receiver by wire transfer of the balance of the Cash Purchase Price to an account specified in writing by the Receiver; and
- (c) by the assumption of the Assumed Obligations.

2.5 Allocation of Purchase Price

The Purchase Price shall be allocated among the Purchased Assets in the following manner:

- (a) [●].

2.6 Excluded Assets

Save and except as otherwise expressly set out herein, the Purchaser may, at its option, exclude any of the Purchased Assets from the transaction contemplated hereby at any time prior to Closing by delivering to the Receiver written notice of the same, whereupon such asset(s) shall be deemed to form part of the Excluded Assets, provided, however, that there shall be no reduction in the Cash Purchase Price as a result of such exclusion.

2.7 Sales and Transfer Taxes; HST and Receivables Elections

- (a) The Purchase Price shall be exclusive of any and all applicable Taxes.
- (b) The Purchaser shall be responsible for the payment on Closing of any Taxes that are required to be paid or remitted in connection with the consummation of the transactions contemplated in this Agreement.
- (c) At the Closing, the Receiver and the Purchaser shall, if applicable, jointly execute an election under Section 167 of the *Excise Tax Act* (Canada) to cause the sale of the Purchased Assets to take place on an HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the applicable reporting period in which the sale of the Purchased Assets takes place.
- (d) At the Closing, if so requested by the Purchaser, the Receiver and the Purchaser shall, if applicable, jointly execute:
- (1) an election under Section 22 of the *Income Tax Act* (Canada) in respect of the Receivables and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date; and
 - (2) an election to under subsection 20(24) of the *Income Tax Act* (Canada), and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply to the obligations of the Debtors or the Receiver in respect of undertakings which arise from the operation of the business to which the Purchased Assets relate and to which paragraph 12(1)(a) of the *Income Tax Act* applies.

2.8 Assumed Obligations

At Closing, the Purchaser shall assume and be liable for the following (collectively, the "Assumed Obligations"):

- (a) the Debtors' Liabilities under the Assumed Contracts that arise out of, are incurred, or relate to the period from and after Closing;

- (b) all Liabilities and Claims arising or accruing from the use of the Purchased Assets from and after the Closing;
- (c) all Employee Liabilities in respect of any of the Transferred Employees, if any, in each case in respect of the period commencing at the Closing Time; and
- (d) all Taxes arising or accruing from and after the Closing from the use of the Purchased Assets, including, without limitation, HST to be collected and remitted to Canada Revenue Agency when due.

2.9 Excluded Liabilities

The Purchaser is not assuming, and shall not be deemed to have assumed, any Liabilities of the Debtors (collectively, the "**Excluded Liabilities**"), which Excluded Liabilities include, but are not limited to, the following:

- (a) all Liabilities and Claims arising or accruing from the use of the Purchased Assets prior to the Closing; and
- (b) all Employee Liabilities that arise out of or result from the employment or engagement by the Debtors of any of the Employees (other than Transferred Employees) (unless otherwise imposed by law) and/or the termination or severance of such engagement or employment (collectively, "**Non-Transferred Employee Liabilities**"),

provided that notwithstanding Subsection 2.9(b) hereof, it is specifically acknowledged and agreed that nothing herein shall stand as or be interpreted to be a representation, warranty, condition or covenant on the part of the Receiver that the Purchaser may not be pursued or found liable for any Non-Transferred Employee Liabilities nor any promise or obligation on the part of the Receiver to indemnify or defend the Purchaser from, against or for any Non-Transferred Employee Liabilities or any liability, cost or claim relating thereto.

2.10 Assumed Contracts

This Agreement and any document delivered under this Agreement will not constitute an assignment or an attempted assignment of any Assumed Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third Person if such consent has not been obtained and such assignment or attempted assignment would constitute a breach of such Assumed Contract, in which event, the provisions of Section 2.11 hereof shall govern. The Purchaser shall be responsible for any pre-Closing Liabilities of the Debtors required to be paid to any Person in order to complete the assignment of any Assumed Contract to the Purchaser.

2.11 Assignment of Purchased Assets

Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an assignment or transfer of the Purchased Assets or any right thereunder if an attempted

assignment or transfer, without the consent of a third Person, would constitute a breach or in any way adversely affect the rights of the Purchaser hereunder. To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the "**Rights**" and each a "**Right**") is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third Person is obtained, then, except as otherwise expressly provided in this Agreement, and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an assignment or transfer of such Rights unless and until such approval, consent or waiver has been obtained or an order of the Court is granted compelling assignment. After the Closing and until all such Rights are transferred to the Purchaser, the Receiver shall:

- (a) hold the Rights as bare trustee for the Purchaser;
- (b) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and
- (c) enforce, at the reasonable request of and at the expense of the Purchaser, any rights of the Debtors arising from such Rights against any third Person, including the right to elect to terminate any such Rights in accordance with the terms of such Rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Receiver shall, at the request, sole expense and under the direction of the Purchaser, in the name of the Debtors or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the opinion of the Purchaser, acting reasonably, necessary or proper in order that the obligations of the Debtors under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Receiver shall hold as bare trustee and promptly pay to the Purchaser all moneys collected by or paid to the Receiver in respect of every such Right. Nothing herein shall prevent or limit the Receiver from applying to Court for its discharge. To the extent that such approval, consent, waiver or order of the Court has not been obtained the earlier of (x) the date on which the Receiver is discharged by the Court and (y) the 90th day following the Closing, such Right shall be deemed to be an Excluded Asset and the Receiver may terminate any agreement pertaining to such Right. The Purchaser shall indemnify and hold the Receiver harmless from and against any claim or liability under or in respect of such Rights arising because of any action of the Receiver taken in accordance with this Section.

ARTICLE 3 **CLOSING ARRANGEMENTS**

3.1 Closing

Closing shall take place at 10:00 a.m. (the "**Closing Time**") on the Closing Date at the offices of the Receiver's Lawyers, or such other time and location as the Parties may agree upon in writing (including by way of electronic exchange of documents).

3.2 Tender

Any tender of documents or money under this Agreement may be made upon the Parties or their respective counsel and money may be tendered by official bank draft drawn upon a Canadian chartered bank, by negotiable cheque payable in Canadian funds and certified by a Canadian chartered bank or trust company, or by wire transfer of immediately available funds to the account specified by that Party.

3.3 Receiver's Closing Deliveries

At the Closing, the Receiver shall deliver to the Purchaser the following, each in form and substance satisfactory to the Parties, acting reasonably:

- (a) if applicable, the elections referred to in Section 2.7;
- (b) a copy of the Approval and Vesting Order and the Receiver's Certificate contemplated thereby;
- (c) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Receiver contained in this Agreement are true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (d) a general conveyance and assumption of liabilities with respect to Purchased Assets and Assumed Obligations; and
- (e) such further and other documentation as is referred to in this Agreement or as the Purchaser or the Purchaser's Lawyers may reasonably require to complete the transactions provided for in this Agreement.

3.4 Purchaser's Closing Deliveries

At the Closing, the Purchaser shall deliver to the Receiver the following, each in form and substance satisfactory to the Parties, acting reasonably:

- (a) all payments in respect of the amounts referred to in Article 2 hereof;
- (b) a general conveyance and assumption of liabilities with respect to Purchased Assets and the Assumed Obligations;
- (c) if applicable, the elections referred to in Section 2.7;
- (d) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are

true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date; and

- (e) such further and other documentation as is referred to in this Agreement or as the Receiver or the Receiver's Lawyers may reasonably require to complete the transactions provided for in this Agreement.

3.5 Delivery of the Receiver's Certificate

When the conditions set out in Article 4 below have been satisfied or waived, the Receiver will deliver an executed copy of the Receiver's Certificate to the Purchaser. Upon such delivery, the Closing will be deemed to have occurred. The Receiver will file a copy of the Receiver's Certificate with the Court and provide evidence of such filing to the Purchaser.

ARTICLE 4

SALES PROCESS AND CONDITIONS PRECEDENT

- 4.1** The Purchaser acknowledges and agrees that this Agreement constitutes a bid to acquire the Purchased Assets made pursuant to the SISP Order. The Purchaser further acknowledges that, under the SISP Order, its bid is in contemplation of determining whether a superior bid can be obtained for the Purchased Assets.
- 4.2** In the event that one or more Persons submits a qualified bid on or before the Bid Deadline, the Receiver shall evaluate the bids and select a winning bid as required by the SISP Order (the Person submitting such bid being the "**Winning Bidder**"). Upon the selection of the Winning Bidder, there shall be a binding agreement of purchase and sale between the Winning Bidder and the Receiver. The Purchaser acknowledges and agrees that if this Agreement is accepted, it shall constitute such a binding agreement of purchase and sale. The Receiver shall forthwith bring a motion following the selection of the Winning Bidder for an order approving the agreement reached with the Winning Bidder and to vest the Purchased Assets in the Winning Bidder and, if granted, shall proceed with closing the transaction forthwith.
- 4.3** Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Winning Bidder, then upon the making of the order by the Court contemplated in Subsection 4.2 above to approve a transaction with such Winning Bidder (the "**Winning Bid**"), this Agreement shall be terminated and the Purchaser shall be entitled only to the return of the Deposit (if applicable and as soon as practicable) and neither Party hereto shall have any further liability or obligation, except as expressly provided for in this Agreement. The Purchaser acknowledges and agrees that until a Winning Bid is accepted and approved by the Court, this Agreement shall be open for acceptance by the Receiver as an alternate transaction.
- 4.4 Mutual Condition re: Approval and Vesting Order**
 - (a) This Agreement is conditional on the Court granting an Approval and Vesting Order approving this Agreement and the transactions contemplated hereby and

vesting, upon the delivery of the Receiver's Certificate (as defined therein), all right, title and interest of the Debtors and the Receiver in and to the Purchased Assets in the Purchaser, free and clear of all Claims and Encumbrances pursuant to the terms and conditions of this Agreement, other than any permitted encumbrances (the "**Approval and Vesting Order**").

- (b) The Approval and Vesting Order shall be substantially in the form of the model order approved by the "Ontario Commercial List Users Committee", as attached as **Schedule "F"** hereto, which shall contemplate the delivery of a certificate by the Receiver to evidence completion of the transactions contemplated by this Agreement (the "**Receiver's Certificate**").
- (c) As soon as practicable after the execution hereof by all Parties, the Receiver shall make a motion to the Court for request that the Court issue the Approval and Vesting Order.
- (d) The obligations of the Receiver and the Purchaser hereunder are subject to the satisfaction of, or the express written waiver of the Parties, at or prior to the Closing Time, the mutual condition that the Approval and Vesting Order shall have been granted by the Court in form and substance acceptable to the Purchaser and the Receiver, acting reasonably, and that neither the Receiver nor Purchaser shall have been served with any notice of appeal with respect to the Approval and Vesting Order, or any notice of any application, motion or proceedings seeking to set aside or vary the Approval and Vesting Order or to enjoin, restrict or prohibit the transaction contemplated hereby.

4.5 Conditions Precedent of the Purchaser

The Purchaser shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing, by the Purchaser at any time; and the Receiver agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Receiver in Section 5.1 shall be true and correct at the Closing Time; and.
- (b) *Receiver's Compliance.* The Receiver shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing Time and shall have executed and delivered to the Purchaser at the Closing Time all the deliveries contemplated in Section 3.3 or elsewhere in this Agreement.

4.6 Conditions Precedent of the Receiver

The Receiver shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Receiver, and may be waived, in whole or in part, in writing by the Receiver at any time; and the Purchaser agrees with the Receiver to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Purchaser in Section 5.2 shall be true and correct at the Closing Time; and
- (b) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed by or complied with at or before the Closing Time and shall have executed and delivered to the Receiver at the Closing Time all the deliveries contemplated in Section 3.4 or elsewhere in this Agreement.

4.7 Non-Satisfaction of Conditions

If any condition precedent set out in Section 4.5 or 4.6 is not satisfied or performed prior to the time specified therefor, the Party for whose benefit the condition precedent is inserted may:

- (a) waive compliance with the condition, in whole or in part, in its sole discretion by written notice to the other Party (but may not claim for any matter waived) and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other Party to terminate this Agreement, in which event each Party shall be released from all obligations under this Agreement, provided that the Deposit shall be dealt with in accordance with the terms of Article 2.3 hereof.

4.8 Mutual Condition not Fulfilled

If the condition in Section 4 shall not have been fulfilled prior to the Closing Date or such later date agreed upon by the Parties, then the Receiver or the Purchaser, in such Party's sole discretion, may terminate this Agreement by notice to the other Party, in which event each Party shall be released from all obligations under this Agreement.

ARTICLE 5 **REPRESENTATIONS AND WARRANTIES**

5.1 Representations and Warranties of the Receiver

As a material inducement to the Purchaser entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Receiver set out in this Section 5.1, the Receiver hereby represent and warrant to the Purchaser as follows:

- (a) *Authority.* The Receiver is a licensed insolvency trustee and, pursuant to the SISP Order, has sufficient power, authority and right to enter into this Agreement (and all other agreements and instruments to be executed by them as contemplated by this Agreement); to carry out their obligations under this Agreement and such other agreements and instruments; and, to complete the transaction contemplated hereunder, subject to the granting of the Approval and Vesting Order;
- (b) *HST.* The Receiver is a registrant under Part IX of the *Excise Tax Act* (Canada), and its Business Number is [●]; and
- (c) *Residency.* The Receiver is not a non-resident within the meaning of section 116 of the *Income Tax Act* (Canada).

5.2 Representations and Warranties of the Purchaser

As a material inducement to the Receiver entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Receiver are entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.2, the Purchaser hereby represents and warrants to the Receiver as follows:

- (a) *Incorporation of the Purchaser.* The Purchaser is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws;
- (b) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments;
- (c) *Enforceability of Obligations.* Subject to the granting of the Approval and Vesting Order, this Agreement constitutes a valid and binding obligation of the Purchaser, enforceable against the Purchaser, in accordance with its terms;
- (d) *Approvals and Consents.* Except as otherwise provided herein, no authorization, consent or approval of or filing with or notice to any Governmental Authority or other Person is required in connection with the execution, delivery or performance of this Agreement by the Purchaser or the purchase of any of the Purchased Assets hereunder;
- (e) *Business Number.* The Purchaser's business number with Canada Revenue Agency is [●]; and
- (f) *Residency.* The Purchaser is not a non-resident within the meaning of section 116 of the *Income Tax Act* (Canada).

5.3 Survival of Representations and Warranties

- (a) The representations and warranties of the Receiver contained in Section 5.1 or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive for six (6) months following Closing.
- (b) The representations and warranties of the Purchaser contained in Section 5.2 or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive for six (6) months following Closing.

5.4 Acquisition of Assets on "As Is, Where Is" Basis

The Purchaser acknowledges and agrees that the Receiver is selling and the Purchaser is purchasing the Purchased Assets on an “*as is, where is*” and “*without recourse*” basis as the Purchased Assets shall exist on the Closing Date, subject to the terms of the Approval and Vesting Order, including, without limitation, whatever defects, conditions, impediments, hazardous materials or deficiencies exist at Closing, whether patent or latent. The Purchaser further acknowledges and agrees that it has entered into this Agreement on the basis that the Receiver does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets. Without limiting the generality of the foregoing, any and all conditions, warranties or representations, expressed or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation, do not apply hereto and have been waived by the Purchaser. The Purchaser further acknowledges that all written and oral information obtained by the Purchaser from the Receiver or any of its directors, officers, employees, professional consultants, advisors or representatives with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser further acknowledges that the Receiver shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser's responsibility to take possession of the Purchased Assets wherever situated on the Closing Date.

ARTICLE 6 **INTERIM PERIOD**

6.1 Access

During the Interim Period and subject to the terms herein, the Purchaser shall have reasonable access to the Purchased Assets during normal business hours and at such other times as agreed to by the Receiver to, among other things, conduct such inspections of the Purchased Assets as it deems appropriate. Such inspection shall only be conducted in the presence of a representative of the Receiver or the Receiver. The Purchaser shall not be provided with access to any of the foregoing to the extent that such access would violate or conflict with:

- (a) any Applicable Law to which the Receiver or any of the Purchased Assets is subject; or

- (b) any agreement, instrument or understanding by which the Receiver is bound.

The Purchaser shall indemnify and hold harmless the Receiver from and against all claims, demands, losses, damages, actions and costs incurred or arising from or in any way related to the inspection of the Purchased Assets by the Purchaser or attendance by the Purchaser at the Lands, save and except for any claims, demands, losses, damages, actions and costs incurred or resulting from the negligence or wilful misconduct of the Receiver.

6.2 Risk of Loss

The Purchased Assets shall remain at the risk of the Receiver, to the extent of its interest, until the Closing and after Closing, the Purchased Assets shall be at the risk of the Purchaser.

6.3 Purchaser's Right to Close or Terminate

In the event that the Purchased Assets shall be damaged prior to Closing, then the Receiver shall advise the Purchaser, in writing, within twenty-four (24) hours of the Receiver learning of same. In the event that the Purchased Assets shall be materially damaged prior to Closing then the Receiver or Purchaser shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement by notice, in writing, to the other party and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the Parties shall not elect to terminate this Agreement as set out above, then the Transaction shall be completed and the Purchaser shall be entitled to all proceeds of insurance payable in respect thereof, if any.

ARTICLE 7 **EMPLOYEES**

7.1 Discussions with Employees [Applicable if Purchaser wishes to take on employees]

- (a) Immediately following the execution of this Agreement, the Receiver will provide access to and undertake all reasonable efforts to make available to the Purchaser all individuals who are then Employees of the Debtors for the purpose of permitting the Purchaser to conduct interviews and/or to offer to employ or otherwise engage any of these Employees after the Effective Time on terms substantially similar to their respective terms and conditions of employment with the Debtors existing as of the Closing Date, determines, but any such offer to employ or any expression of interest shall be made subject to (a) confidentiality; (b) the issuance of the Approval and Vesting Order; and (c) Closing.
- (b) The Purchaser shall provide the Receiver with a final listing two (2) Business Days before Closing, indicating:
- (1) those Employees to whom offers of employment or expressions of interest have been made;
 - (2) those Employees who have accepted any such offer; and

- (3) those Employees who the Purchaser has determined will not be offered employment with the Purchaser.

7.2 Employment Offers

The Purchaser may, in its sole discretion, offer new employment, conditional upon Closing and effective as of the Effective Time, to such of the Employees as determined by the Purchaser, in its sole discretion, on terms and conditions substantially similar to their respective terms and conditions of employment with the Debtors existing as of the Closing Date.

ARTICLE 8 **TERMINATION**

8.1 Termination by the Parties

This Agreement may be terminated:

- (a) upon the mutual written agreement of the Receiver and the Purchaser;
- (b) pursuant to Sections 4.7(b) or 4.8 by either Party; and
- (c) pursuant to Section 6.3.

8.2 Remedies for Breach of Agreement

If this Agreement is terminated as a result of any breach of a representation or warranty, or failure to satisfy a covenant or obligation of a Party, subject to Section 2.3 or as otherwise set out herein, the terminating Party's right to pursue all legal remedies with respect to such breach shall survive such termination. For greater certainty, if any order of the Court is made which directly or indirectly results in the termination of this Agreement, then no Party shall have any remedy, legal or otherwise, against the other Party or its property.

ARTICLE 9 **POST-CLOSING MATTERS**

9.1 Post-Closing Receipts

If, following the Closing Date, any of the Purchased Assets are paid to or otherwise received by the Receiver, or if any of the Excluded Assets are paid to or otherwise received by the Purchaser, then the Receiver or the Purchaser, as the case may be, shall hold such assets in trust for the other and shall promptly deliver such assets to the Receiver or the Purchaser, as the case may be.

9.2 Books and Records

The Purchaser shall preserve and keep the Books and Records which relate to the Purchased Assets for a period of six years from the Closing Date or for any longer period as may be required by any Applicable Law or Governmental Authority. Upon reasonable advance notice, after the Closing Date, the Purchaser will grant the Debtors and the Receiver (or any of their

assigns) and, in the event either of the Debtors is adjudged or becomes bankrupt, any trustee of the estate of the subject Debtor and its respective representatives, reasonable access during normal business hours, to use such Books and Records included in the Purchased Assets, including, without limitation, any personnel files/records of the Transferred Employees relating to the period up to the Closing and any Employees engaged by either Debtor or the Receiver at or in respect of the Purchased Assets up to and including the Closing Date, and computer systems, tapes, disks, records and software acquired as part of the Purchased Assets.

ARTICLE 10 **GENERAL CONTRACT PROVISIONS**

10.1 Headings and Sections

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

10.2 Currency

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian dollars.

10.3 Statute References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

10.4 Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

10.5 Consent

Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

10.6 No Strict Construction

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party, including, without limitation, the doctrine of *contra proferentum*.

10.7 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement.

10.8 Expenses

Each Party shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the transactions contemplated in this Agreement, and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement.

10.9 Announcements

Except as required by Applicable Law, all public announcements concerning the transactions provided for in this Agreement or contemplated by this Agreement shall be jointly approved in advance as to form, substance and timing by the Parties after consultation.

10.10 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile:

- (a) in the case of notice to the Receiver at

BDO CANADA LIMITED
25 Main Street West, Suite 805
Hamilton, ON L8P1H1

Attention: Peter Crawley
Fax: 905 570 0249
Email: pcrawley@bdo.ca

with a copy to:

Loopstra Nixon LLP
135 Queens Plate Drive, Suite 600
Toronto, ON M9W 6V7

Attention: Graham Phoenix

Fax: 416 746 8319
Email: gphoenix@loonix.com

(b) in the case of a notice to the Purchaser at:

[●]

Attention: [●]
Fax: [●]
Email: [●]

with a copy to:

[●]

Attention: [●]
Fax: [●]
Email: [●]

Any notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving notice to the other Party in accordance with the provisions of this Section.

10.11 Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns including a trustee in bankruptcy of the Debtors. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party.

10.12 Third Party Beneficiaries

Unless where provided to the contrary by the specific terms hereof, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

10.13 Time of the Essence

Time shall be of the essence in respect of the obligations of the Parties arising prior to Closing under this Agreement.

10.14 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound thereby.

10.15 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing Date, provided that the reasonable costs and expenses of any actions taken after the Closing Date at the request of a Party shall be the responsibility of the requesting Party.

10.16 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

10.17 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of Ontario. The Parties consent to the jurisdiction and venue of the Court for the resolution of any disputes under this Agreement.

10.18 Independent Legal Representation or Advice

The Parties acknowledge and agree that they have had an opportunity to consult with, and have consulted with, such independent legal advisors as they deem appropriate in a connection with the negotiation and execution hereof.

10.19 Non-Merger

The representations, warranties and covenants of each Party contained in this Agreement (other than Article 4) will not merge on and will survive the closing of the Transaction and will continue in full force and effect, notwithstanding the closing of the Transaction or any investigation or knowledge acquired by or on behalf of the other Party.

10.20 Execution and Delivery

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same

instrument. Counterparts may be executed and delivered either in original or faxed form or by electronic delivery in portable document format (PDF) and the parties adopt any signatures received by a receiving fax machine as original signatures of the Parties.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK. EXECUTIONS ON SEPARATE PAGE.]

IN WITNESS OF WHICH the Parties have executed this Agreement with effect as of the date first above written.



Per: _____

Name:

Title:

I have the authority to bind the corporation.

BDO CANADA LIMITED, solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial and Versitec Marine USA Inc., and not in its personal or corporate capacity

Per: _____

Name:

Title:

I have the authority to bind the corporation.

SCHEDULE "A"
ASSUMED CONTRACTS

1. **[NTD: Purchaser to complete]**

**SCHEDULE “B”
INTELLECTUAL PROPERTY**

1. The name “Versitec Marine & Industrial”
2. Microsoft Access™ database of customer quotes and orders
3. Domain names:
 - a. Versitecmarine.com
 - b. Versitec.ca
 - c. Vanguardseals.com
 - d. Vanguardseals.net
 - e. Vanguardseals.org
 - f. Vanguardseals.info
 - g. Vanguardseals.ca
 - h. Gbprecisionsales.com
 - i. Versitecindia.com
 - j. Versitec.us
 - k. Versitecusa.us
 - l. Versitecgb.com
 - m. Versitecus.com
 - n. Versitecusa.com
 - o. Versitecmiddleeast.net
 - p. Versitecasia.com
 - q. Versiteckorea.com
 - r. Versitecmiddleeast.com
 - s. Versitecmiddleeast.org
 - t. Versitecmiddleeast.info
 - u. Versitecgulfservices.com

4. **Versitec logo**



5. **[NTD: Purchaser to Complete]**

SCHEDULE "C"
INVENTORY

<List Attached>

SCHEDULE "D"
EQUIPMENT & MOLDS

<List Attached>

SCHEDULE "E"
ACCOUNTS RECEIVABLE

<List Attached>

SCHEDULE "F"
APPROVAL AND VESTING ORDER

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	WEEKDAY, THE #
)	
JUSTICE)	DAY OF MONTH, 20YR

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.*Applicant*

- and -

**1635536 ONTARIO INC. o/a VESITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN BYRD and DAVID CAPTENTER**

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*

APPROVAL AND VESTING ORDER

THIS MOTION, made by BDO Canada Limited in its capacity as the Court-appointed receiver (the "**Receiver**") over certain assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial ("**Versitec Canada**") and all of the assets, undertakings and properties of Versitec Marine USA Inc. ("**Versitec USA**" and together with Versitec Canada, the "**Debtors**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and [NAME OF PURCHASER] (the "**Purchaser**") dated [DATE] and appended to the Report of the Receiver dated [DATE] (the "**Report**"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, 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, 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 the Honourable Justice Koehnen dated February 12, 2021; (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; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **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 delivery of the Receiver's Certificate 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.

4. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

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 Purchaser 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 AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

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 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.

9. **THIS COURT ORDERS** that this Order is effective from today's date and is not required to be entered.

Schedule A – Receiver’s Certificate

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) WEEKDAY, THE #
)
 JUSTICE) DAY OF MONTH, 20YR
)

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.*Applicant*

- and -

**1635536 ONTARIO INC. o/a VESITEC MARINE & INDUSTRIAL,
 VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
 DAVID TAYLOR, REUBEN BYRD and DAVID CAPTENTER**

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*

RECEIVER’S CERTIFICATE**RECITALS**

A. Pursuant to an Order of the Honourable Justice Koehnen of the Ontario Superior Court of Justice (the "**Court**") dated February 12, 2021, BDO Canada Limited was appointed as the substitute receiver (the "**Receiver**") over certain assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial ("**Versitec Canada**") and all of the assets, undertakings and properties of Versitec Marine USA Inc. ("**Versitec USA**" and together with Versitec Canada, the "**Debtors**");

B. Pursuant to an Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of [DATE OF AGREEMENT] (the "Sale Agreement") between the Receiver and [NAME OF PURCHASER] (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets

upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 4.4 to and including 4.6 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 4.4 to and including 4.6 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

BDO CANADA LIMITED, solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial and Versitec Marine USA Inc., and not in its personal or corporate capacity

Per: _____

Name:

Title:

Schedule B – Purchased Assets

Schedule C – Claims to be deleted and expunged from title to Real Property

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

TAB 2K

Appendix K – Sale Agreement (Redacted)

ASSET PURCHASE AGREEMENT

This Agreement made this 14th day of April, 2021.

BETWEEN:

BDO CANADA LIMITED, solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial and Versitec Marine USA Inc., and not in its personal or corporate capacity

(the "Receiver")

- and -

CRUG LTD., or an affiliate

(the "Purchaser")

WHEREAS:

- A. On March 9, 2020, pursuant to the Order of the Honourable Justice Gilmore (the "**Receivership Order**"), Morgan & Partners Inc. was appointed as receiver over certain assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial ("**Versitec Canada**") and all of the assets, undertakings and properties of Versitec Marine USA Inc. ("**Versitec USA**").
- B. On February 12, 2021, pursuant to the Order of the Honourable Justice Koehnen (the "**SISP Order**"), *inter alia*:
 - i. BDO Canada Limited was substituted for Morgan & Partners Inc. and appointed as receiver over certain assets, undertakings and properties of Versitec Canada and Versitec USA (in such capacity, the "**Receiver**"); and
 - ii. the Receiver was authorized to conduct a sale and investment solicitation process for the marketing and sale of the assets, undertaking and properties of Versitec Canada and Versitec USA and/or investment in those entities' businesses (the "**SISP**"), as such process was described in the Receiver's preliminary report to Court dated February 9, 2021.
- C. The SISP procedure ("**Bidding Procedures**"), in accordance with which bids for the purchase and sale of the assets, undertakings and properties of Versitec Canada and Versitec USA are being solicited, submitted and selected, has been made available to the Purchaser via the dataroom maintained by the Receiver pursuant to the SISP Order.
- D. The Purchaser hereby offers and agrees to purchase and assume the Purchased Assets and Assumed Obligations (as defined below) from the Receiver upon the terms and conditions set forth hereinafter and the offer shall remain irrevocably open for acceptance until the

Successful APA (as defined in the Bidding Procedures) or Successful Investment Agreement (as defined in the Bidding Procedures) is selected by the Receiver.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties) the parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

"**Agreement**" means this asset purchase agreement, including all written amendments and written restatements thereto from time to time;

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, all applicable laws, statutes, regulations, rules, by-laws, ordinances, protocols, regulatory policies, codes, guidelines, official directives, orders, rulings, judgments and decrees of any Governmental Authority;

"**Approval and Vesting Order**" has the meaning given in Section 4.4;

"**Article**" or "**Section**" " mean the specified Article, or Section to this Agreement and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement;

"**Affiliate**" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person;

"**Assumed Contracts**" means, collectively, those Contracts identified and enumerated in Schedule "A" hereto; and, "**Assumed Contract**" means any one of them.

"**Assumed Obligations**" has the meaning given in Section 2.8;

"**BIA**" means the *Bankruptcy and Insolvency Act* (Canada), R.S.C., 1985, c.B-3;

"**Bid Deadline**" means 4:00pm (EST) on Friday April 15, 2021;

"**Books and Records**" means all of the books and records relating to the Purchased Assets, including, without limitation, all personnel files/records relating to all Transferred Employees and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, business reports, projections and all other documents, plans, files, records, correspondence, and other data and information, financial or otherwise, including all data, information and databases stored on computer-related or other electronic media, excluding any of the foregoing as applicable to any Excluded Asset;

"**Business**" means the businesses carried on by the Debtors;

"**Business Day**" means a day on which banks are open for business in the City of Toronto, but does not include a Saturday, Sunday or statutory holiday recognized in the Province of Ontario;

"**Claims**" means any and all claims, demands, complaints, actions, applications, suits, causes of action, orders, or other similar processes, and "**Claim**" means any one of them;

"**Closing**" means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement;

"**Closing Date**" means subject to the terms hereof, the first Business Day after the date that is three (3) days after the date on which the conditions set forth in Article 4 have been satisfied or waived by the appropriate Party or such other date as may be agreed;

"**Closing Time**" has the meaning given in Section 3.1;

"**Contracts**" means those pending and/or executory contracts, agreements, leases and arrangements Related to the Business to or by which any of the Debtors or any of the Purchased Assets or Business is bound or affected, identified and enumerated in Schedule "A" hereto, together with all of the Debtors' and Receiver's right, title and interest in and to the same;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**Debtors**" means, as context requires, either (a) Versitec Canada, (b) Versitec USA, or (c) Versitec Canada, and Versitec USA collectively;

"**Effective Time**" means 12:01 a.m. on the Closing Date;

"**Employee**" means an individual who was formerly employed or engaged by the Debtors or, as at the Effective Time, is employed or engaged by the Debtors in connection with the Business, and "**Employees**" means every Employee;

"**Employee Liabilities**" means any and all Liabilities (whether by statute, contract, common law or otherwise) owed to any of the Employees, or otherwise arising out of, or resulting from, the relationship between the Debtors (or any predecessor of the Debtors) and any of the Employees, including any Liability arising as a result of such party being deemed to be a successor employer, related employer or otherwise responsible or liable for payment of any amounts owing to, on behalf of, or in respect of, any of the Employees (including, but not limited to, the Transferred Employees), whether pursuant to the *Employment Standards Act* (Ontario), the *Pay Equity Act* (Ontario) or the *Workplace Safety and Insurance Act, 1997* (Ontario). Without limiting the foregoing, Employee Liabilities shall include:

- (a) all salaries, wages, bonuses, commissions, vacation pay, public holiday pay and other compensation relating to the employment of the Employees (including accrued but unpaid vacation pay and any retroactive pay) and all Liabilities under employee benefit plans relating to employment of the Employees; and

- (b) all termination pay, severance pay, damages in lieu of reasonable notice and other related Liabilities (under statute, contract, common law or otherwise) in respect of the termination and/or severance of employment of the Employees.

"**Encumbrances**" means any security interests (whether contractual, statutory, or otherwise), mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, leases, title retention agreements, reservations of ownership, demands, executions, levies, charges, options or other rights to acquire any interest in any assets, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including the Administration Charge, and all contracts to create any of the foregoing, or encumbrances of any kind or character whatsoever;

"**Equipment**" means, collectively, such equipment of the Debtors used in connection with the Business identified and enumerated in Schedule "D" hereto, together with all of the Debtors' and Receiver's right, title and interest in and to the same;

"**Excluded Assets**" means, collectively, the following assets:

- (a) Vehicle Lease between Brian Cullen Motors Ltd (as Dealer) and 163553 Ontario Inc. (as Lessee) dated April 30, 2017 in respect of a NEW 2017 Chevrolet Silverado 1500 4WD Double Cab LT W/2LT bearing vehicle identification number 1GCVKREC5HZ282750;
- (b) Receivables;
- (c) Any real property lease agreements, including the Lease (Commercial) dated March 1, 2014 between Matthew Henderson (as Landlord), 1635536 Ontario Inc. (as Tenant) and David Taylor (as Guarantor), in respect of the leased premises municipally known as Units 3 & 4, 4 Stonebridge Drive, Port Colborne, Ontario; and
- (d) any asset(s) that the Purchaser elects to exclude in writing prior to Closing pursuant to Section 2.6.

and "**Excluded Asset**" means any of them.

"**Governmental Authorities**" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and "**Governmental Authority**" means any one of them;

"**HST**" means all of the harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada);

"Intellectual Property" means, collectively, such intellectual property identified and enumerated in Schedule "B" hereto, together with all of the Debtors' and Receiver's right, title and interest in and to the same;

"Interim Period" means the period from and including the date of this Agreement to and including the Closing Date;

"Inventory" means, collectively, such inventory of the Debtors used in connection with the Business identified and enumerated in Schedule "C" hereto, together with all of the Debtors' and Receiver's right, title and interest in and to the same;

"Liability" means any debt, loss, damage, adverse claim, fines, penalties, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, and whether in or under statute, contract, tort, strict liability or otherwise), and includes all costs and expenses relating thereto (including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation), including, without limitation, Employee Liabilities and **"Liabilities"** means the plural thereof;

"Licences and Permits" means all licences, permits, filings, certificates, authorizations, approvals or indicia of authority Related to the Business or the Purchased Assets or necessary for the operation or use of the Purchased Assets;

"Parties" means the Receiver and the Purchaser collectively, and **"Party"** means any one of them;

"Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;

"Personal Property" means all of the Debtors' machinery, equipment, furniture, including, without limitation, desks, chairs, tables, copiers, telephone lines and numbers, telecopy machines and other telecommunication equipment, cubicles, cabinets, televisions, all computer hardware, including servers, computers and peripherals, printers and miscellaneous office furnishings and supplies, if any, laptops, cell phones and all other tangible personal property used in the Business, including all property subject to the Assumed Contracts;

"Prepaid Amounts" means all prepayments, prepaid charges, deposits, security deposits, sums and fees Related to the Business or in respect of the Purchased Assets;

"Receiver" has the meaning given in the recitals above;

"Receiver's Certificate" has the meaning given in Section 4.4;

"Purchase Price" has the meaning given in Section **Error! Reference source not found.**;

"Purchased Assets" means collectively, all of the Debtor's and Receiver's right, title and interest in all of the assets, properties and undertakings related to the Business, including, but not limited to, the following assets

- (a) the Assumed Contracts identified and enumerated in Schedule "A" hereto;
- (b) the Intellectual Property identified and enumerated in Schedule "B" hereto;
- (c) the Inventory identified and enumerated in Schedule "C" hereto;
- (d) the Equipment identified and enumerated in Schedule "D" hereto;
- (e) the Personal Property;
- (f) the Licenses and Permits;
- (g) the Prepaid Amounts;
- (h) the Books and Records;
- (i) all cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of the Debtors;
- (j) all rights and interests under or pursuant to all warranties, representations and guarantees, express implied or otherwise, of or made by suppliers or others in connection with the Purchased Assets or otherwise Related to the Business,
- (k) all goodwill and other intangible assets associated with the Business, including all customer lists, telephone and facsimile numbers used in Related to the Business; and
- (l) all other property, assets and undertaking of the Debtors used in or relating to the Business of whatsoever nature or kind, including without limitation all property, assets and undertaking of the Debtors,

other than the Excluded Assets.

"Purchaser's Lawyers" means:

Miller Thomson LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, Ontario M5H 3S1

c/o: Gregory R. Azeff
Stephanie De Caria

"Related to the Business" means, directly or indirectly, used in, arising from, or relating in any manner to the Business or the Purchased Assets;

"Receivables" means the right, title and interest of the Debtors in and to all accounts receivable, bills receivable, trade accounts, book debts, insurance claims, and choses-in-action, now or hereafter due or owing to Debtors including those listed in Schedule "E", Related to the Business together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits, attributable to the period prior to Closing;

"Receiver's Lawyers" means Loopstra Nixon LLP;

"Rights" has the meaning ascribed thereto in Section 2.11 hereof;

"SISP Order" means the order of the Court, dated February 12, 2021, authorizing the Receiver to conduct a process, administered by the Receiver, to solicit offers to acquire the assets, properties and undertakings of the Debtors or to make an investment in the Business;

"Taxes" means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax, including, Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any Governmental Authority, and whether disputed or not; and

"Transferred Employees" means Employees, if any, who have accepted an offer of employment from the Purchaser as of the Closing.

1.2 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings.

1.3 Schedules

The following Schedules shall form an integral part of this Agreement:

Schedule A	Assumed Contracts
Schedule B	Intellectual Property
Schedule C	Inventory
Schedule D	Equipment
Schedule E	Receivables

Schedule F Form of Approval & Vesting Order**ARTICLE 2**
PURCHASE AND SALE**2.1 Purchase and Sale of Purchased Assets**

At the Closing Time, subject to the terms and conditions of this Agreement, the Receiver shall sell and the Purchaser shall purchase the Purchased Assets and the Purchaser shall assume the Assumed Obligations, if any.

2.2 Purchase Price

Pursuant to the terms and subject to the conditions set forth in this Agreement, in consideration of the sale of the Purchased Asset, the purchase price payable by the Purchaser to the Receiver is: the sum of [REDACTED] (the “Cash Purchase Price”), plus (ii) the assumption by the Purchaser of the Assumed Obligations.

2.3 Deposit

- (1) Contemporaneously with the execution and delivery of this Agreement by the Purchaser and in accordance with the terms of the SISP Order, the Purchaser has paid a deposit payable to the order of the Receiver, in trust, in the amount of [REDACTED] (the “Deposit”).
- (2) The Deposit shall be held, pending Closing, by the Receiver in a non-interest-bearing account with a bank.
- (3) If the Closing does not occur by reason of the material uncured default of the Purchaser, the full amount of the Deposit (plus accrued interest), less any applicable withholding Tax, shall become the property of the Receiver as liquidated damages and not as a penalty. The Receiver’s recourse against the Purchaser in such circumstances shall be limited to the right of the Receiver to retain the Deposit and to seek recovery of an additional amount for any actual damages of the Receiver, provided however that the recovery for such additional damages is not to exceed the value of damages actually incurred as a result of such failure to close.
- (4) If the Closing does not occur for any reason other than the default of the Purchaser, the full amount of the Deposit, less any accrued interest and/or any applicable withholding Tax, shall be returned by the Receiver to the Purchaser and the Purchaser shall have no further recourse against the Receiver.

2.4 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price at the Closing Date as follows:

- (a) by the application of the amount of the Deposit, to be credited against the Cash Purchase Price;
- (b) by payment to the Receiver by wire transfer of the balance of the Cash Purchase Price to an account specified in writing by the Receiver; and
- (c) by the assumption of the Assumed Obligations.

2.5 Allocation of Purchase Price

The Purchaser shall provide the Receiver with a schedule on Closing that sets out the Purchaser's allocation of the Purchase Price among the Purchased Assets.

2.6 Excluded Assets

Save and except as otherwise expressly set out herein, the Purchaser may, at its option, exclude any of the Purchased Assets from the transaction contemplated hereby at any time prior to Closing by delivering to the Receiver written notice of the same, whereupon such asset(s) shall be deemed to form part of the Excluded Assets, provided, however, that there shall be no reduction in the Cash Purchase Price as a result of such exclusion.

2.7 Sales and Transfer Taxes; HST and Receivables Elections

- (a) The Purchase Price shall be exclusive of any and all applicable Taxes.
- (b) The Purchaser shall be responsible for the payment on Closing of any Taxes that are required to be paid or remitted in connection with the consummation of the transactions contemplated in this Agreement.
- (c) At the Closing, the Receiver and the Purchaser shall, if applicable, jointly execute an election under Section 167 of the *Excise Tax Act* (Canada) to cause the sale of the Purchased Assets to take place on an HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the applicable reporting period in which the sale of the Purchased Assets takes place.
- (d) At the Closing, if so requested by the Purchaser, the Receiver and the Purchaser shall, if applicable, jointly execute:
 - (i) an election under Section 22 of the *Income Tax Act* (Canada) in respect of the Receivables and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date; and

- (ii) an election to under subsection 20(24) of the *Income Tax Act* (Canada), and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply to the obligations of the Debtors or the Receiver in respect of undertakings which arise from the operation of the business to which the Purchased Assets relate and to which paragraph 12(1)(a) of the *Income Tax Act* applies.

2.8 Assumed Obligations

At Closing, the Purchaser shall assume and be liable for the following (collectively, the "**Assumed Obligations**"):

- (a) the Debtors' Liabilities under the Assumed Contracts that arise out of, are incurred, or relate to the period from and after Closing;
- (b) all Liabilities and Claims arising or accruing from the use of the Purchased Assets from and after the Closing;
- (c) all Taxes arising or accruing from and after the Closing from the use of the Purchased Assets, including, without limitation, HST to be collected and remitted to Canada Revenue Agency when due.

2.9 Excluded Liabilities

The Purchaser is not assuming, and shall not be deemed to have assumed, any Liabilities of the Debtors (collectively, the "**Excluded Liabilities**"), which Excluded Liabilities include, but are not limited to, the following:

- (a) all Liabilities and Claims arising or accruing from the use of the Purchased Assets prior to the Closing; and
- (b) all Employee Liabilities that arise out of or result from the employment or engagement by the Debtors of any of the Employees and/or the termination or severance of such engagement or employment (collectively, "**Non-Transferred Employee Liabilities**"),

provided that notwithstanding Subsection 2.9(b) hereof, it is specifically acknowledged and agreed that nothing herein shall stand as or be interpreted to be a representation, warranty, condition or covenant on the part of the Receiver that the Purchaser may not be pursued or found liable for any Non-Transferred Employee Liabilities nor any promise or obligation on the part of the Receiver to indemnify or defend the Purchaser from, against or for any Non-Transferred Employee Liabilities or any liability, cost or claim relating thereto.

2.10 Assumed Contracts

This Agreement and any document delivered under this Agreement will not constitute an assignment or an attempted assignment of any Assumed Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third Person if such consent has not been obtained and such assignment or attempted assignment would constitute a breach of such Assumed Contract, in which event, the provisions of Section 2.11 hereof shall govern. The Purchaser shall be responsible for any pre-Closing Liabilities of the Debtors required to be paid to any Person in order to complete the assignment of any Assumed Contract to the Purchaser.

2.11 Assignment of Purchased Assets

Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an assignment or transfer of the Purchased Assets or any right thereunder if an attempted assignment or transfer, without the consent of a third Person, would constitute a breach or in any way adversely affect the rights of the Purchaser hereunder. To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the "**Rights**" and each a "**Right**") is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third Person is obtained, then, except as otherwise expressly provided in this Agreement, and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an assignment or transfer of such Rights unless and until such approval, consent or waiver has been obtained or an order of the Court is granted compelling assignment. After the Closing and until all such Rights are transferred to the Purchaser, the Receiver shall:

- (a) hold the Rights as bare trustee for the Purchaser;
- (b) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and
- (c) enforce, at the reasonable request of and at the expense of the Purchaser, any rights of the Debtors arising from such Rights against any third Person, including the right to elect to terminate any such Rights in accordance with the terms of such Rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Receiver shall, at the request, sole expense and under the direction of the Purchaser, in the name of the Debtors or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the opinion of the Purchaser, acting reasonably, necessary or proper in order that the obligations of the Debtors under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Receiver shall hold as bare trustee and promptly pay to the Purchaser all moneys collected by or paid to the Receiver in respect of every such Right.

Nothing herein shall prevent or limit the Receiver from applying to Court for its discharge. To the extent that such approval, consent, waiver or order of the Court has not been obtained the earlier of (x) the date on which the Receiver is discharged by the Court and (y) the 90th day following the Closing, such Right shall be deemed to be an Excluded Asset and the Receiver may terminate any agreement pertaining to such Right. The Purchaser shall indemnify and hold the Receiver harmless from and against any claim or liability under or in respect of such Rights arising because of any action of the Receiver taken in accordance with this Section.

ARTICLE 3 **CLOSING ARRANGEMENTS**

3.1 Closing

Closing shall take place at 10:00 a.m. (the "**Closing Time**") on the Closing Date at the offices of the Receiver's Lawyers, or such other time and location as the Parties may agree upon in writing (including by way of electronic exchange of documents).

3.2 Tender

Any tender of documents or money under this Agreement may be made upon the Parties or their respective counsel and money may be tendered by official bank draft drawn upon a Canadian chartered bank, by negotiable cheque payable in Canadian funds and certified by a Canadian chartered bank or trust company, or by wire transfer of immediately available funds to the account specified by that Party.

3.3 Receiver's Closing Deliveries

At the Closing, the Receiver shall deliver to the Purchaser the following, each in form and substance satisfactory to the Parties, acting reasonably:

- (a) if applicable, the elections referred to in Section 2.7;
- (b) a copy of the Approval and Vesting Order and the Receiver's Certificate contemplated thereby;
- (c) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Receiver contained in this Agreement are true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (d) a general conveyance and assumption of liabilities with respect to Purchased Assets and Assumed Obligations;
- (e) such further and other documentation as is referred to in this Agreement or as the Purchaser or the Purchaser's Lawyers may reasonably require to complete the transactions provided for in this Agreement; and

At the Closing, the Receiver shall release the tangible Purchased Assets to carrier/shipper designated by the Purchaser in advance in writing, for the delivery of such Purchased Assets to the Purchaser at such location or locations as the Purchaser may direct, in a manner mutually agreeable to the Purchaser and Receiver. Upon the release of the Purchased Assets as above, any and all risk of damage or loss to the Purchased Assets shall pass to the Purchaser. The foregoing release of Purchased Assets shall not include Intellectual Property assets or any electronic/digital assets, all of which shall, at Closing, be delivered by the Receiver to the Purchaser by electronic mail to the following email address: info@promar.lt, or such other secured electronic means as mutually agreed upon between the Receiver and the Purchaser.

3.4 Purchaser's Closing Deliveries

At the Closing, the Purchaser shall deliver to the Receiver the following, each in form and substance satisfactory to the Parties, acting reasonably:

- (a) all payments in respect of the amounts referred to in Article 2 hereof;
- (b) a general conveyance and assumption of liabilities with respect to Purchased Assets and the Assumed Obligations;
- (c) if applicable, the elections referred to in Section 2.7;
- (d) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date; and
- (e) such further and other documentation as is referred to in this Agreement or as the Receiver or the Receiver's Lawyers may reasonably require to complete the transactions provided for in this Agreement.

3.5 Delivery of the Receiver's Certificate

When the conditions set out in Article 4 below have been satisfied or waived, the Receiver will deliver an executed copy of the Receiver's Certificate to the Purchaser. Upon such delivery, the Closing will be deemed to have occurred. The Receiver will file a copy of the Receiver's Certificate with the Court and provide evidence of such filing to the Purchaser.

ARTICLE 4

SALES PROCESS AND CONDITIONS PRECEDENT

- 4.1 The Purchaser acknowledges and agrees that this Agreement constitutes a bid to acquire the Purchased Assets made pursuant to the SISP Order. The Purchaser further acknowledges that, under the SISP Order, its bid is in contemplation of determining whether a superior bid can be obtained for the Purchased Assets.

- 4.2 In the event that one or more Persons submits a qualified bid on or before the Bid Deadline, the Receiver shall evaluate the bids and select a winning bid as required by the SISP Order (the Person submitting such bid being the "**Winning Bidder**"). Upon the selection of the Winning Bidder, there shall be a binding agreement of purchase and sale between the Winning Bidder and the Receiver. The Purchaser acknowledges and agrees that if this Agreement is accepted, it shall constitute such a binding agreement of purchase and sale. The Receiver shall forthwith bring a motion following the selection of the Winning Bidder for an order approving the agreement reached with the Winning Bidder and to vest the Purchased Assets in the Winning Bidder and, if granted, shall proceed with closing the transaction forthwith.
- 4.3 Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Winning Bidder, then upon the making of the order by the Court contemplated in Subsection 4.2 above to approve a transaction with such Winning Bidder (the "**Winning Bid**"), this Agreement shall be terminated and the Purchaser shall be entitled only to the return of the Deposit (if applicable and as soon as practicable) and neither Party hereto shall have any further liability or obligation, except as expressly provided for in this Agreement. The Purchaser acknowledges and agrees that until a Winning Bid is accepted and approved by the Court, this Agreement shall be open for acceptance by the Receiver as an alternate transaction.
- 4.4 **Mutual Condition re: Approval and Vesting Order**
- (a) This Agreement is conditional on the Court granting an Approval and Vesting Order approving this Agreement and the transactions contemplated hereby and vesting, upon the delivery of the Receiver's Certificate (as defined therein), all right, title and interest of the Debtors and the Receiver in and to the Purchased Assets in the Purchaser, free and clear of all Claims and Encumbrances pursuant to the terms and conditions of this Agreement, other than any permitted encumbrances (the "**Approval and Vesting Order**").
- (b) The Approval and Vesting Order shall be substantially in the form of the model order approved by the "Ontario Commercial List Users Committee", as attached as Schedule "F" hereto, which shall contemplate the delivery of a certificate by the Receiver to evidence completion of the transactions contemplated by this Agreement (the "**Receiver's Certificate**").
- (c) As soon as practicable after the execution hereof by all Parties, the Receiver shall make a motion to the Court for request that the Court issue the Approval and Vesting Order.
- (d) The obligations of the Receiver and the Purchaser hereunder are subject to the satisfaction of, or the express written waiver of the Parties, at or prior to the Closing Time, the mutual condition that the Approval and Vesting Order shall have been granted by the Court in form and substance acceptable to the Purchaser and the Receiver, acting reasonably, and that neither the Receiver nor Purchaser shall have been served with any notice of appeal with respect to the Approval and Vesting

Order, or any notice of any application, motion or proceedings seeking to set aside or vary the Approval and Vesting Order or to enjoin, restrict or prohibit the transaction contemplated hereby.

4.5 **Conditions Precedent of the Purchaser**

The Purchaser shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing, by the Purchaser at any time; and the Receiver agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Receiver in Section 5.1 shall be true and correct at the Closing Time; and.
- (b) *Receiver's Compliance.* The Receiver shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing Time and shall have executed and delivered to the Purchaser at the Closing Time all the deliveries contemplated in Section 3.3 or elsewhere in this Agreement.

4.6 **Conditions Precedent of the Receiver**

The Receiver shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Receiver, and may be waived, in whole or in part, in writing by the Receiver at any time; and the Purchaser agrees with the Receiver to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Purchaser in Section 5.2 shall be true and correct at the Closing Time; and
- (b) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be to be performed by or complied with at or before the Closing Time and shall have executed and delivered to the Receiver at the Closing Time all the deliveries contemplated in Section 3.4 or elsewhere in this Agreement.

4.7 **Non-Satisfaction of Conditions**

If any condition precedent set out in Section 4.5 or 4.6 is not satisfied or performed prior to the time specified therefor, the Party for whose benefit the condition precedent is inserted may:

- (a) waive compliance with the condition, in whole or in part, in its sole discretion by written notice to the other Party (but may not claim for any matter waived) and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other Party to terminate this Agreement, in which event each Party shall be released from all obligations under this Agreement, provided that the Deposit shall be dealt with in accordance with the terms of Article 2.3 hereof.

4.8 **Mutual Condition not Fulfilled**

If the condition in Section 4 shall not have been fulfilled prior to the Closing Date or such later date agreed upon by the Parties, then the Receiver or the Purchaser, in such Party's sole discretion, may terminate this Agreement by notice to the other Party, in which event each Party shall be released from all obligations under this Agreement.

ARTICLE 5 **REPRESENTATIONS AND WARRANTIES**

5.1 **Representations and Warranties of the Receiver**

As a material inducement to the Purchaser entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Receiver set out in this Section 5.1, the Receiver hereby represent and warrant to the Purchaser as follows:

- (a) *Authority*. The Receiver is a licensed insolvency trustee and, pursuant to the SISP Order, has sufficient power, authority and right to enter into this Agreement (and all other agreements and instruments to be executed by them as contemplated by this Agreement); to carry out their obligations under this Agreement and such other agreements and instruments; and, to complete the transaction contemplated hereunder, subject to the granting of the Approval and Vesting Order;
- (b) *HST*. The Receiver is a registrant under Part IX of the *Excise Tax Act* (Canada), and its Business Number is [●]; and
- (c) *Residency*. The Receiver is not a non-resident within the meaning of section 116 of the *Income Tax Act* (Canada).

5.2 Representations and Warranties of the Purchaser

As a material inducement to the Receiver entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Receiver are entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.2, the Purchaser hereby represents and warrants to the Receiver as follows:

- (a) *Incorporation of the Purchaser.* The Purchaser is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws;
- (b) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments;
- (c) *Enforceability of Obligations.* Subject to the granting of the Approval and Vesting Order, this Agreement constitutes a valid and binding obligation of the Purchaser, enforceable against the Purchaser, in accordance with its terms;
- (d) *Approvals and Consents.* Except as otherwise provided herein, no authorization, consent or approval of or filing with or notice to any Governmental Authority or other Person is required in connection with the execution, delivery or performance of this Agreement by the Purchaser or the purchase of any of the Purchased Assets hereunder;
- (e) *Business Number.* The Purchaser's organization number pursuant to its Certificate of Incorporation is 567035 and record number is 26018974. A copy of the Purchaser's Certificate of Incorporation and Certificate regarding the Purchaser's Shareholders are attached as Schedule "G" hereto;
- (f) *Board Approval:* The Purchaser has obtained authorization and approval from its board of directors and its shareholders with respect to the submission, execution and delivery of the offer contained herein;
- (g) *Due Diligence:* The Purchaser acknowledges and represents that: (i) it has had an opportunity to conduct any and all due diligence regarding the Purchased Assets prior to making the within offer in this Asset Purchase Agreement; (ii) it has relied solely upon its own independent review, investigation and/or inspection of the Purchased Assets, and (iii) it did not rely upon any written or oral statements, representations warranties or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Purchased Assets, or the completeness of any information provided in connection therewith.

5.3 Survival of Representations and Warranties

- (a) The representations and warranties of the Receiver contained in Section 5.1 or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive for six (6) months following Closing.
- (b) The representations and warranties of the Purchaser contained in Section 5.2 or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive for six (6) months following Closing.

5.4 Acquisition of Assets on "As Is, Where Is" Basis

The Purchaser acknowledges and agrees that the Receiver is selling and the Purchaser is purchasing the Purchased Assets on an "*as is, where is*" and "*without recourse*" basis as the Purchased Assets shall exist on the Closing Date, subject to the terms of the Approval and Vesting Order, including, without limitation, whatever defects, conditions, impediments, hazardous materials or deficiencies exist at Closing, whether patent or latent. The Purchaser further acknowledges and agrees that it has entered into this Agreement on the basis that the Receiver does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets. Without limiting the generality of the foregoing, any and all conditions, warranties or representations, expressed or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation, do not apply hereto and have been waived by the Purchaser. The Purchaser further acknowledges that all written and oral information obtained by the Purchaser from the Receiver or any of its directors, officers, employees, professional consultants, advisors or representatives with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser further acknowledges that the Receiver shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser's responsibility to take possession of the Purchased Assets wherever situated on the Closing Date.

ARTICLE 6 **INTERIM PERIOD**

6.1 Access

During the Interim Period and subject to the terms herein, the Purchaser shall have reasonable access to the Purchased Assets during normal business hours and at such other times as agreed to by the Receiver to, among other things, conduct such inspections of the Purchased Assets as it deems appropriate. Such inspection shall only be conducted in the presence of a representative of the Receiver or the Receiver. The Purchaser shall not be provided with access to any of the foregoing to the extent that such access would violate or conflict with:

- (a) any Applicable Law to which the Receiver or any of the Purchased Assets is subject; or

- (b) any agreement, instrument or understanding by which the Receiver is bound.

The Purchaser shall indemnify and hold harmless the Receiver from and against all claims, demands, losses, damages, actions and costs incurred or arising from or in any way related to the inspection of the Purchased Assets by the Purchaser or attendance by the Purchaser at the Lands, save and except for any claims, demands, losses, damages, actions and costs incurred or resulting from the negligence or wilful misconduct of the Receiver.

6.2 Risk of Loss

The Purchased Assets shall remain at the risk of the Receiver, to the extent of its interest, until the Closing and after Closing, the Purchased Assets shall be at the risk of the Purchaser.

6.3 Purchaser's Right to Close or Terminate

In the event that the Purchased Assets shall be damaged prior to Closing, then the Receiver shall advise the Purchaser, in writing, within twenty-four (24) hours of the Receiver learning of same. In the event that the Purchased Assets shall be materially damaged prior to Closing then the Receiver or Purchaser shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement by notice, in writing, to the other party and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the Parties shall not elect to terminate this Agreement as set out above, then the Transaction shall be completed and the Purchaser shall be entitled to all proceeds of insurance payable in respect thereof, if any.

ARTICLE 7 TERMINATION

7.1 Termination by the Parties

This Agreement may be terminated:

- (a) upon the mutual written agreement of the Receiver and the Purchaser;
- (b) pursuant to Sections 4.7(b) or 4.8 by either Party; and
- (c) pursuant to Section 6.3.

7.2 Remedies for Breach of Agreement

If this Agreement is terminated as a result of any breach of a representation or warranty, or failure to satisfy a covenant or obligation of a Party, subject to Section 2.3 or as otherwise set out herein, the terminating Party's right to pursue all legal remedies with respect to such breach shall survive such termination. For greater certainty, if any order of the Court is made which directly or indirectly results in the termination of this Agreement, then no Party shall have any remedy, legal or otherwise, against the other Party or its property.

ARTICLE 8 POST-CLOSING MATTERS

8.1 Post-Closing Receipts

If, following the Closing Date, any of the Purchased Assets are paid to or otherwise received by the Receiver, or if any of the Excluded Assets are paid to or otherwise received by the Purchaser, then the Receiver or the Purchaser, as the case may be, shall hold such assets in trust for the other and shall promptly deliver such assets to the Receiver or the Purchaser, as the case may be.

8.2 Books and Records

The Purchaser shall preserve and keep the Books and Records which relate to the Purchased Assets for a period of six years from the Closing Date or for any longer period as may be required by any Applicable Law or Governmental Authority. Upon reasonable advance notice, after the Closing Date, the Purchaser will grant the Debtors and the Receiver (or any of their assigns) and, in the event either of the Debtors is adjudged or becomes bankrupt, any trustee of the estate of the subject Debtor and its respective representatives, reasonable access during normal business hours, to use such Books and Records included in the Purchased Assets.

ARTICLE 9 GENERAL CONTRACT PROVISIONS

9.1 Headings and Sections

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

9.2 Currency

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian dollars.

9.3 Statute References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

9.4 Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

9.5 Consent

Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

9.6 No Strict Construction

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party, including, without limitation, the doctrine of *contra proferentum*.

9.7 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement.

9.8 Expenses

Each Party shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the transactions contemplated in this Agreement, and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement.

9.9 Announcements

Except as required by Applicable Law, all public announcements concerning the transactions provided for in this Agreement or contemplated by this Agreement shall be jointly approved in advance as to form, substance and timing by the Parties after consultation.

9.10 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile:

- (a) in the case of notice to the Receiver at

BDO CANADA LIMITED
25 Main Street West, Suite 805
Hamilton, ON L8P1H1

Attention: Peter Crawley
Fax: 905 570 0249
Email: pcrawley@bdo.ca

with a copy to:

Loopstra Nixon LLP
135 Queens Plate Drive, Suite 600
Toronto, ON M9W 6V7

Attention: Graham Phoenix
Fax: 416 746 8319
Email: gphoenix@loonix.com

- (b) in the case of a notice to the Purchaser at:

PROMAR UAB
Silutes pl. 95D, LT95112,
Klaipeda, Lithuania
+37046246437
+37061095050

Attention: Ilja Čuniajev
Desk: +370 46 246433
GSM: +370 690 52000
E-mail: info@promar.lt

with a copy to:

Miller Thomson LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, Ontario M5H 3S1

Attention: Gregory R. Azeff
gazeff@millerthomson.com

Stephanie De Caria
sdecaria@millerthomson.com
Fax: 416-595-2562

Any notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving notice to the other Party in accordance with the provisions of this Section.

9.11 **Successors and Assigns**

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns including a trustee in bankruptcy of the Debtors. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party, provided that the Purchaser may assign this Agreement to an affiliate.

9.12 **Third Party Beneficiaries**

Unless where provided to the contrary by the specific terms hereof, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

9.13 **Time of the Essence**

Time shall be of the essence in respect of the obligations of the Parties arising prior to Closing under this Agreement.

9.14 **Amendment**

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound thereby.

9.15 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing Date, provided that the reasonable costs and expenses of any actions taken after the Closing Date at the request of a Party shall be the responsibility of the requesting Party.

9.16 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

9.17 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of Ontario. The Parties consent to the jurisdiction and venue of the Court for the resolution of any disputes under this Agreement.

9.18 Independent Legal Representation or Advice

The Parties acknowledge and agree that they have had an opportunity to consult with, and have consulted with, such independent legal advisors as they deem appropriate in a connection with the negotiation and execution hereof.

9.19 Non-Merger

The representations, warranties and covenants of each Party contained in this Agreement (other than Article 4) will not merge on and will survive the closing of the Transaction and will continue in full force and effect, notwithstanding the closing of the Transaction or any investigation or knowledge acquired by or on behalf of the other Party.

9.20 Execution and Delivery

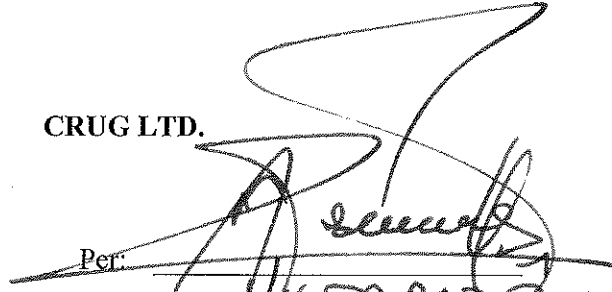
This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed and delivered either in original or faxed form or by electronic delivery in portable document format (PDF) and the parties adopt any signatures received by a receiving fax machine as original signatures of the Parties.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK. EXECUTIONS ON SEPARATE PAGE.]

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IN WITNESS OF WHICH the Parties have executed this Agreement with effect as of the date first above written.

CRUG LTD.


 Per: _____
 Name: W. ROBERT EDWARDS
 Title: OWNER

I have the authority to bind the corporation.

BDO CANADA LIMITED, solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial and Versitec Marine USA Inc., and not in its personal or corporate capacity

Per: _____

Name:

Title:

I have the authority to bind the corporation.

**SCHEDULE "A"
ASSUMED CONTRACTS**

TBD.



NO CONTRACTS

**SCHEDULE “B”
INTELLECTUAL PROPERTY**

1. The names:

- a. “Versitec Marine & Industrial”
- b. “Versiton”
- c. “Vanguard Seal”
- d. “Equalizer Air Systems”
- e. “Oil Makers Approvals”

2. Microsoft Access™ database of customer quotes and orders

3. Domain names:

- a. Versitecmarine.com
- b. Versitec.ca
- c. Vanguardseals.com
- d. Vanguardseals.net
- e. Vanguardseals.org
- f. Vanguardseals.info
- g. Vanguardseals.ca
- h. Gbprecisionsales.com
- i. Versitecindia.com
- j. Versitec.us
- k. Versitecusa.us
- l. Versitecgb.com
- m. Versitecus.com
- n. Versitecusa.com
- o. Versitecmiddleeast.net
- p. Versitecasia.com
- q. Versiteckorea.com
- r. Versitecmiddleeast.com
- s. Versitecmiddleeast.org
- t. Versitecmiddleeast.info
- u. Versitecgulfservices.com

4. Versitec logo and trademarks



- 5.** Any and all Certification documents / Certificates, including but not limited to:
- (a) Type Approval Certificate (re type of product: Sterb Tube Sealing Glands, Vanguard Sealing Gland) bearing Certificate Number 44116/A1 BV, File Number ACM137/6296/1 and Product Code: 07251;
 - (b) Type Approval Certificate (re: Stern Tube Seal with type designations Vanguard VGA, VGF, VG and VGASG) bearing Certificate Number TAM0000130.
- 6.** Any and all Versitec websites, e-mail inboxes, procedures, rules, recommendations, instructions, manuals, programs, software, hardware, approvals, drawings/sketches, spare part lists / checklists, clients' databases with contacts, suppliers' databases with contacts, sales and other statistics documents, all accountancy documents.

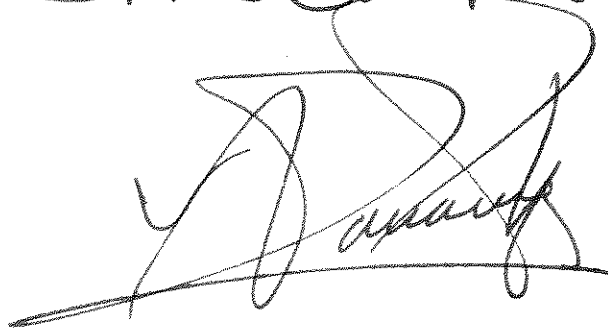
SCHEDULE "C"
INVENTORY

<List Attached>

1. MOLDS

2. POWDERS

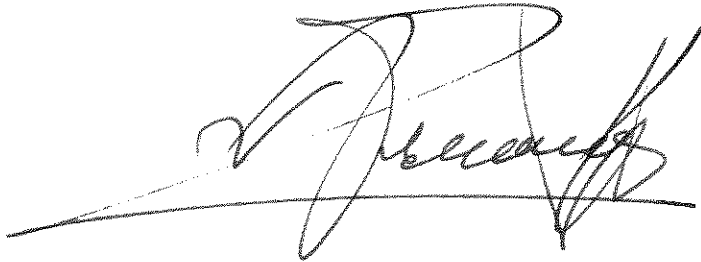
3. ALL SMALL PARTS

A handwritten signature in black ink, appearing to be 'D. J. [unclear]', written over a horizontal line.








**SCHEDULE "D"
EQUIPMENT & MOLDS**

<List Attached>

LIST OF MOLDS ATTACHED


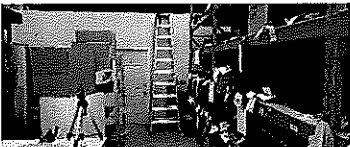



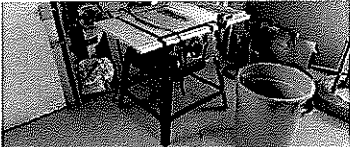

A handwritten signature in black ink, appearing to read "J. Beardsley", written over a horizontal line.

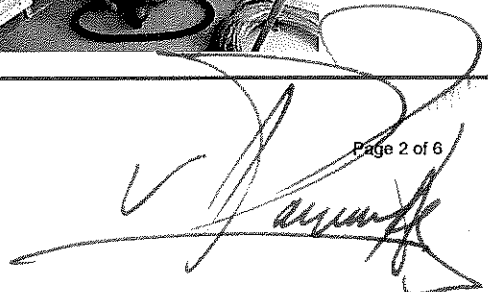
Versitec Marine Services Inc.
Machinery and Equipment

ITEM #	QTY	DESCRIPTION	PHOTO
1	1	Husky Pro Rolling Tool Box w/ 17 Drawers (subject to a claim)	
2	1	Jobmate Benchtop Drill Press	
3	2	Honeywell Pedestal Floor Fan Mastercraft Rolling Floor Fan	
4	6	Metal Shelves Bolt Together, est. 24" x 36"	
5	10	Sections of Pallet Racking w/ 6 - 42" x 12', 4 - 42" x 6 -10',	
6	5	Wooden Work Benches	
7	1	2 Wheel Hand Cart	








Page 1 of 6
[Handwritten Signature]

Versitec Marine Services Inc.
Machinery and Equipment


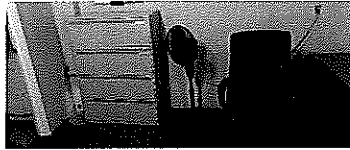

ITEM #	QTY	DESCRIPTION	PHOTO
8	1	Heli Pallet Truck	
9	1	Rock River 10' Step Ladder	
10	5	Assorted Section Welded Metal Shelving	
11	1	General Electric Refrigerator / Freezer	
12	Lot	Green Rack, Blue Rack and Grey Rack w/ 70 Blue Plastic Bins, 41 Red Plastic Bins	
13	1	Mastercraft Table Saw	
14	1	Shopvac Toolmate Vacuum	



Versitec Marine Services Inc.
Machinery and Equipment

ITEM #	QTY	DESCRIPTION	PHOTO
15	1	Metal Banding Cart w/ Banding Tools	
16	1	Allpax Manuel Beading Machine	
17	Lot	Computer Equipment - Consisting of: Dell Optiplex Computer, Asus Desktop Computers, (2) APC Battery Backups, Assorted Switches, D-Link Router, Keyboards, Monitors etc.	
18	1	Lufkin Extruder S/N 116248 w/ Gearbox Ratio 23.02.1, 1750 Input RPM., 125 HP. Drive Motor	
19	1	Hyster "S60XM" LPG Forklift S/N D187V32288B w/ Cushion Tires, 5,850 Lb. Cap., 126" Lift Height, Side Shift	
20	Lot	2 Computer Desks, Red Fabric Side Chair, Black Swivel Chair, HP Officepro 7740 Printer,	
21	Lot	Wood Double Pedestal Desk, Coffee Maker	




Versitec Marine Services Inc.
Machinery and Equipment

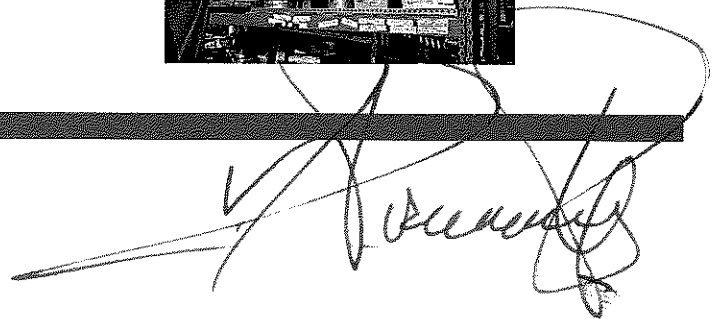
ITEM #	QTY	DESCRIPTION	PHOTO
22	Lot	L-shape Walnut Melamine Desk w/ Black Swivel Armchair, 4 Drawer Legal Size Vertical File Cabinet	
23	Lot	Microwave, Printer Stand, Water Cooler	
24	Lot	4 Drawer Lateral File Cabinet, Floor Fan, Swivel Armchair	
25	Lot	Wood Double Pedestal Desk w/ 2 Drawer Vertical File Cabinet	
26	Lot	Wood Credenza, HP Officejet Pro 8720 All in one Printer	
27	Lot	Brother Image Center Printer	
28	Lot	Walnut Melamine L-shape Desk w/ Prosource 4 Drawer Vertical File Cabinet, Black 4 Drawer Vertical File Cabinet	

Versitec Marine Services Inc.
Machinery and Equipment

ITEM #	QTY	DESCRIPTION	PHOTO
29	Lot	Computer Work Station w/ 2 Drawer Vertical File Cabinet, Black Swivel Chair	
30	1	3 Drawer Lateral File Cabinet	
31	Lot	4 Drawer Vertical File Cabinet w/ Mahogany Melamine Bookcase	
32	Lot	Metal Double Pedestal Desk w/ 2 Drawer Vertical File Cabinet, Wood Double Pedestal Desk	
33	Lot	Swivel Armchair, 2 Drawer Vertical File Cabinet	
34	Lot	3 Drawer Lateral File Cabinet w/ 4 Drawer Lateral File Cabinet	
35	Lot	HP Officejet 7740 Printer, Grey Melamine Work Table	

Versitec Marine Services Inc.
Machinery and Equipment

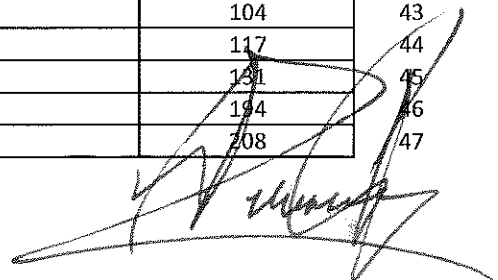
ITEM #	QTY	DESCRIPTION	PHOTO
36	Lot	Double Pedestal Wood Desk w/ 2 Swivel Armchairs, Mahogany Melamine Bookcase	
37	Lot	Miscellaneous Equipment - Consisting of: Rechargeable Drills, Hand tools, Precision Measuring Equipment, Paper Roll Dispenser, Benchtop Digital Scale, Circular Saw, Wire Spool Stand, Workbenches, Etc.	
38	Qty	Assorted Seal Molds Majority are made of aluminum, weight estimated at 20,000 Lbs. SEE SEPARATE LIST OF MOLDS	



VERSITEC TOOLING LIST

March 25th 2021

TYPE	SIZE	Real Value (*)	Dimensions (Square x 4.00" ~ 6.00")	Weight (lbs)	
CX	180	\$ 5,655.09	11	43	1
CX	220	\$ 6,333.69	13	56	2
CX	240	\$ 6,662.71	13	64	3
CX	300	\$ 7,649.78	16	90	4
CX	330	\$ 8,143.31	17	104	5
CX	355	\$ 8,513.46	18	117	6
CX	380	\$ 8,883.61	19	131	7
CX	400	\$ 9,212.64	20	142	8
CX	420	\$ 9,541.66	21	154	9
CX	450	\$ 10,035.19	22	173	10
CX	480	\$ 10,528.73	23	194	11
CX	500	\$ 10,857.75	24	208	12
CX	530	\$ 11,310.15	25	230	13
CX	600	\$ 12,420.61	28	285	14
CX	630	\$ 13,272.86	29	311	15
CX	670	\$ 13,949.19	30	346	16
CX	710	\$ 14,625.51	32	384	17
CX	750	\$ 15,217.30	34	423	18
CX	800	\$ 16,062.71	35	474	19
CX	850	\$ 16,908.11	37	528	20
CX	900	\$ 18,078.13	39	584	21
CX	1000	\$ 21,557.84	43	702	22
CXA	560	\$ 11,803.69	26	253	23
CXB	560	\$ 11,803.69	26	253	24
IHC	155	\$ 5,305.49	10	35	25
IHC	190	\$ 5,757.90	11	46	26
IHC	200	\$ 6,004.66	12	49	27
IHC	220	\$ 6,333.69	13	56	28
IHC	240	\$ 6,662.71	13	64	29
IHC	260	\$ 6,991.74	14	72	30
IHC	280	\$ 7,320.75	15	81	31
IHC	300	\$ 7,649.78	16	90	32
IHC	330	\$ 8,143.31	17	104	33
IHC	355	\$ 8,513.46	18	117	34
IHC	380	\$ 8,883.61	19	131	35
IHC	450	\$ 10,035.19	22	173	36
IHC	480	\$ 10,528.73	23	194	37
IHC	530	\$ 11,310.15	25	230	38
IHC	710	\$ 14,625.51	32	384	39
MK1	260	\$ 6,991.74	14	72	40
MK1	280	\$ 7,320.75	15	81	41
MK1	300	\$ 7,649.78	16	90	42
MK1	330	\$ 8,143.31	17	104	43
MK1	355	\$ 8,513.46	18	117	44
MK1	380	\$ 8,883.61	19	131	45
MK1	480	\$ 10,528.73	23	194	46
MK1	500	\$ 10,857.75	24	208	47



VERSITEC TOOLING LIST

March 25th 2021

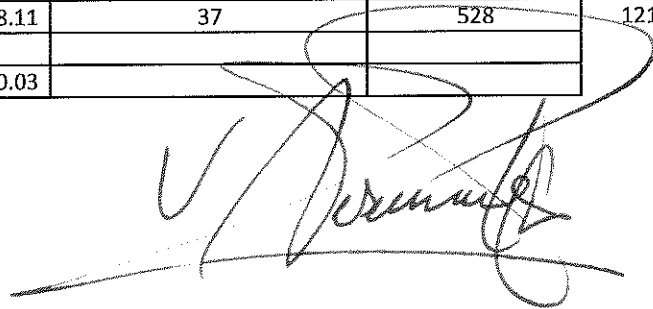
TYPE	SIZE	Real Value (*)	Dimensions (Square x 4.00" ~ 6.00")	Weight (lbs)	
MK1	710	\$ 14,625.51	32	384	48
MK2	135	\$ 5,099.85	9	30	49
MK2	170	\$ 5,552.26	11	40	50
MK2	190	\$ 5,757.90	11	46	51
MK2	200	\$ 6,004.66	12	49	52
MK2	220	\$ 6,333.69	13	56	53
MK2	240	\$ 6,662.71	13	64	54
MK2	260	\$ 6,991.74	14	72	55
MK2	280	\$ 7,320.75	15	81	56
MK2	300	\$ 7,649.78	16	90	57
MK2	330	\$ 8,143.31	17	104	58
MK2	355	\$ 8,513.46	18	117	59
MK2	380	\$ 8,883.61	19	131	60
MK2	400	\$ 9,212.64	20	142	61
MK2	420	\$ 9,541.66	21	154	62
MK2	450	\$ 10,035.19	22	173	63
MK2	480	\$ 10,528.73	23	194	64
MK2	500	\$ 10,857.75	24	208	65
MK2	530	\$ 11,310.15	25	230	66
MK2	560	\$ 11,803.69	26	253	67
MK2	600	\$ 12,420.61	28	285	68
MK2	630	\$ 13,272.86	29	311	69
MK2	670	\$ 13,949.19	30	346	70
MK2	710	\$ 14,625.51	32	384	71
MK2	750	\$ 15,217.30	34	423	72
SC1	170	\$ 5,552.26	11	40	73
SC1	190	\$ 5,757.90	11	46	74
SC1	200	\$ 6,004.66	12	49	75
SC1	220	\$ 6,333.69	13	56	76
SC1	240	\$ 6,662.71	13	64	77
SC1	260	\$ 6,991.74	14	72	78
SC1	280	\$ 7,320.75	15	81	79
SC1	300	\$ 7,649.78	16	90	80
SC1	300	\$ 7,649.78	16	90	81
SC1	330	\$ 8,143.31	17	104	82
SC1	355	\$ 8,513.46	18	117	83
SC1	380	\$ 8,883.61	19	131	84
SC1	400	\$ 9,212.64	20	142	85
SC1	420	\$ 9,541.66	21	154	86
SC1	450	\$ 10,035.19	22	173	87
SC1	480	\$ 10,528.73	23	194	88
SC1	530	\$ 11,310.15	25	230	89
SC1	560	\$ 11,803.69	26	253	90
SC1	670	\$ 13,949.19	30	346	91
SC1	750	\$ 15,217.30	34	423	92
SC2	200	\$ 6,004.66	12	49	93
SC2	220	\$ 6,333.69	13	56	94

VERSITEC TOOLING LIST

March 25th 2021

TYPE	SIZE	Real Value (*)	Dimensions (Square x 4.00" ~ 6.00")	Weight (lbs.)	
SC2	240	\$ 6,662.71	13	64	95
SC2	260	\$ 6,991.74	14	72	96
SC2	280	\$ 7,320.75	15	81	97
SC2	330	\$ 8,143.31	17	104	98
SC2	355	\$ 8,513.46	18	117	99
SC2	380	\$ 8,883.61	19	131	100
SC2	400	\$ 9,212.64	20	142	101
SC2	450	\$ 10,035.19	22	173	102
SC2	480	\$ 10,528.73	23	194	103
SC2	500	\$ 10,857.75	24	208	104
SC2	530	\$ 11,310.15	25	230	105
SC2	560	\$ 11,803.69	26	253	106
SC2	600	\$ 12,420.61	28	285	107
SC2	630	\$ 13,272.86	29	311	108
SC2	670	\$ 13,949.19	30	346	109
SC2	710	\$ 14,625.51	32	384	110
SC2	750	\$ 15,217.30	34	423	111
SC2	800	\$ 16,062.71	35	474	112
SC2	850	\$ 16,908.11	37	528	113
VG	125	\$ 4,894.21	9	27	114
VG	240	\$ 6,662.71	13	64	115
VG	330	\$ 8,143.31	17	104	116
VG	355	\$ 8,513.46	18	117	117
VG	380	\$ 8,883.61	19	131	118
VG	400	\$ 9,212.64	20	142	119
VG	560	\$ 11,803.69	26	253	120
VG	850	\$ 16,908.11	37	528	121
		\$ 1,189,440.03			

* - Real Value provided by ProCim Inc.



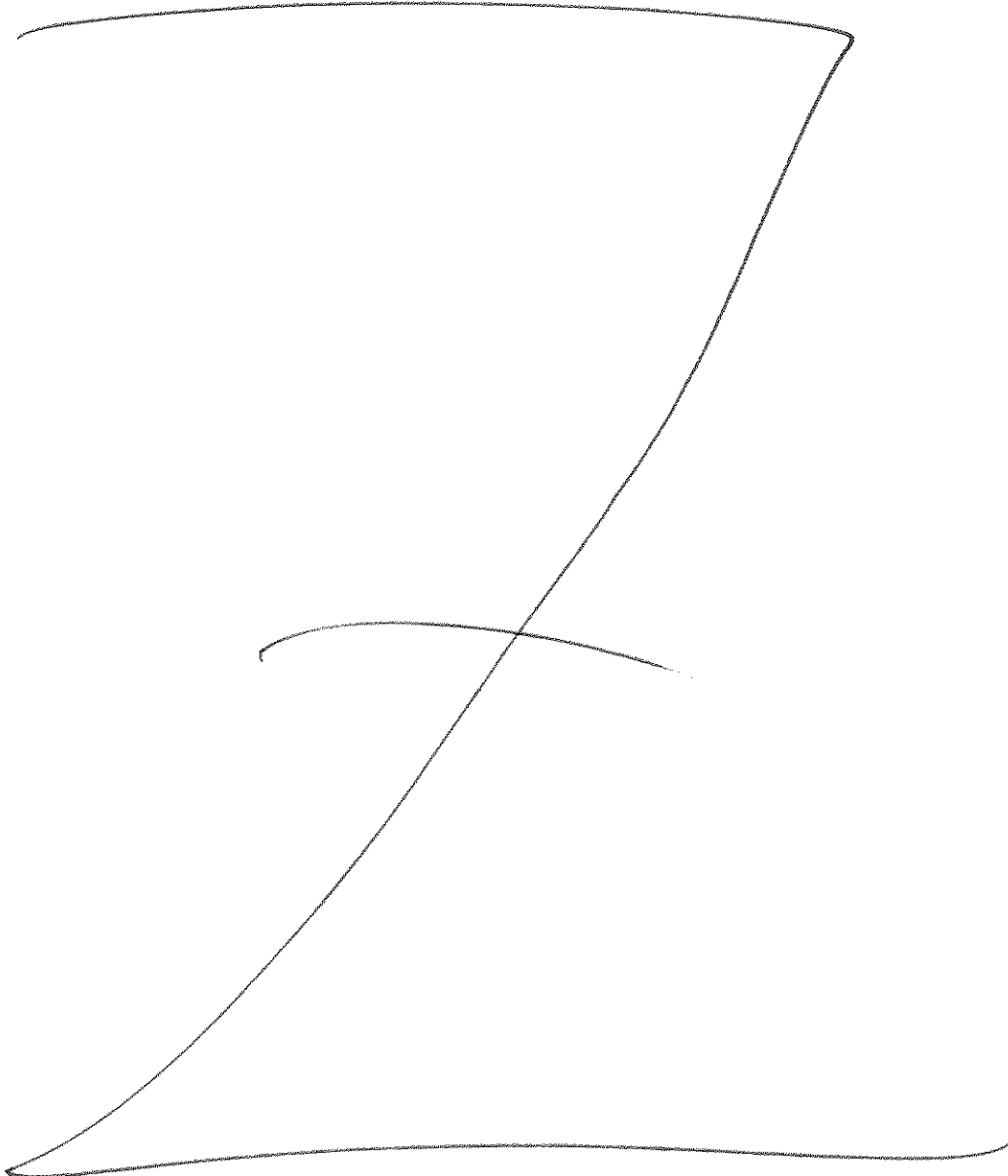
SCHEDULE "E"

ACCOUNTS RECEIVABLE

N/A.

WE ARE NOT BIDDING
FOR ACCOUNTS
RECEIVABLE
~ [Signature]

SCHEDULE "F"
APPROVAL AND VESTING ORDER



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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) WEEKDAY, THE #
)
JUSTICE) DAY OF MONTH, 20YR
)

BETWEEN:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

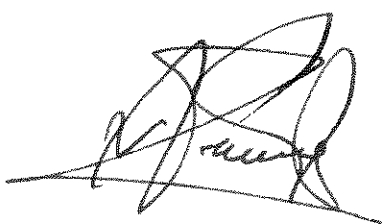
**1635536 ONTARIO INC. o/a VESITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN BYRD and DAVID CAPTENTER**

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*

APPROVAL AND VESTING ORDER

THIS MOTION, made by BDO Canada Limited in its capacity as the Court-appointed receiver (the "**Receiver**") over certain assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial ("**Versitec Canada**") and all of the assets, undertakings and properties of Versitec Marine USA Inc. ("**Versitec USA**" and together with Versitec Canada, the "**Debtors**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and Crug Ltd., or an affiliate (the "**Purchaser**") dated April 14, 2021 and appended to the Report of the Receiver dated [DATE] (the "**Report**"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

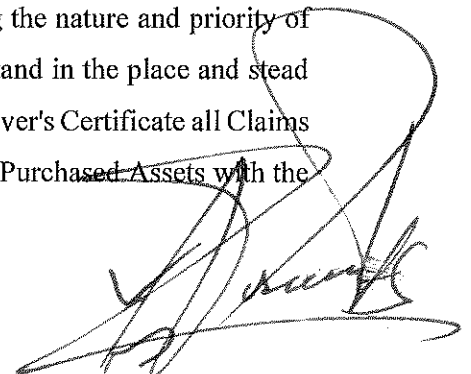


ON READING the Report and on hearing the submissions of counsel for the Receiver, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, 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, 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 the Honourable Justice Koehnen dated February 12, 2021; (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; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **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 delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the

A large, stylized handwritten signature in black ink, located in the bottom right corner of the page. The signature is written over the end of the third paragraph of text.

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.

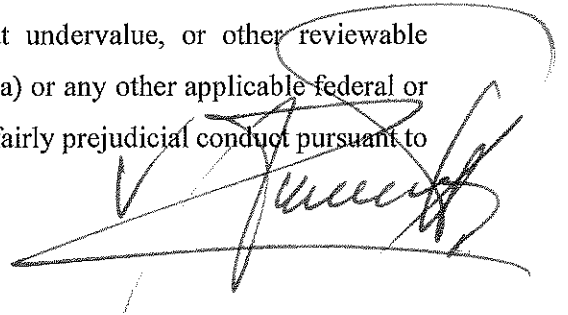
4. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

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

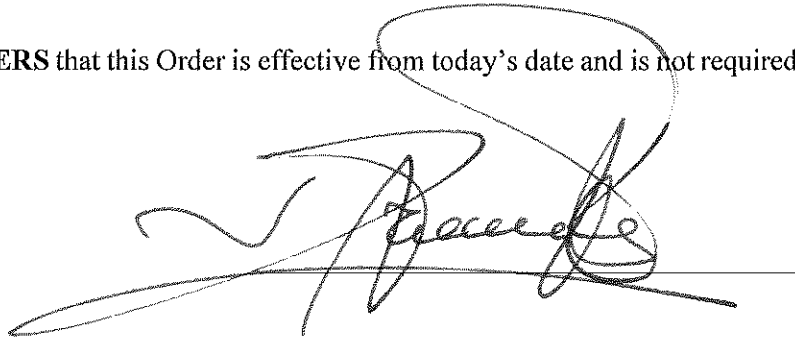
- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made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

the vesting of the Purchased Assets in the Purchaser 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.

A large, stylized handwritten signature in black ink, appearing to be written over a horizontal line. The signature is highly cursive and difficult to decipher, but it appears to be a name starting with 'V' and ending with 'B'.

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, United Kingdom or Europe, 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.

8. **THIS COURT ORDERS** that this Order is effective from today's date and is not required to be entered.



Schedule A – Receiver’s Certificate

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) WEEKDAY, THE #
)
JUSTICE) DAY OF MONTH, 20YR
)

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

**1635536 ONTARIO INC. o/a VESITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN BYRD and DAVID CAPTENTER**

Respondents

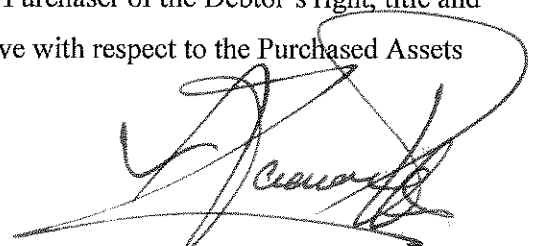
*APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990,
C. C-43, AS AMENDED*

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Koehnen of the Ontario Superior Court of Justice (the "Court") dated February 12, 2021, BDO Canada Limited was appointed as the substitute receiver (the "Receiver") over certain assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial ("Versitec Canada") and all of the assets, undertakings and properties of Versitec Marine USA Inc. ("Versitec USA" and together with Versitec Canada, the "Debtors");

B. Pursuant to an Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of [DATE OF AGREEMENT] (the "Sale Agreement") between the Receiver and [NAME OF PURCHASER] (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets



upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 4.4 to and including 4.6 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

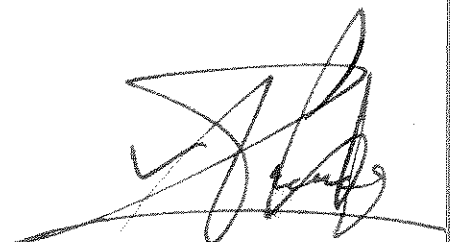
1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 4.4 to and including 4.6 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

BDO CANADA LIMITED, solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of 1635536 Ontario Inc. O/A Versitec Marine & Industrial and Versitec Marine USA Inc., and not in its personal or corporate capacity

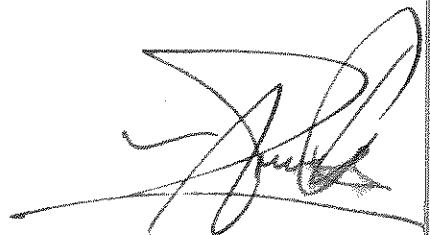
Per: _____

Name:

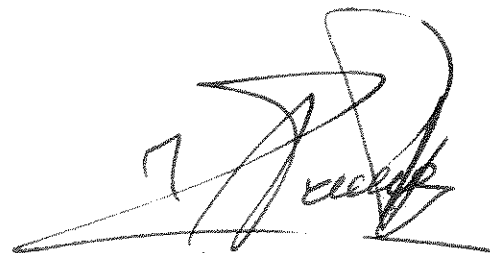
Title:



Schedule B – Purchased Assets

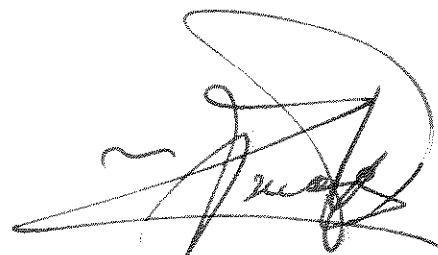
A handwritten signature in black ink, located in the bottom right corner of the page. The signature is stylized and appears to consist of several overlapping loops and lines, possibly representing the initials 'JL' or a similar set of initials.

Schedule C – Claims to be deleted and expunged from title to Real Property

A handwritten signature in black ink, appearing to be "J. J. [unclear]", located in the bottom right corner of the page.

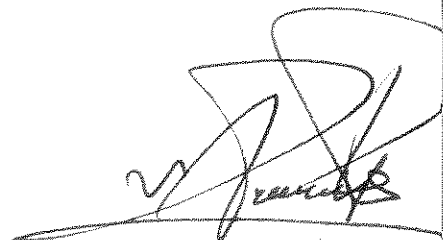
**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

A handwritten signature in black ink, located in the bottom right corner of the page. The signature is stylized and appears to be a name, possibly "Andrew", written in a cursive or semi-cursive script.

SCHEDULE "G"
PURCHASER'S INCORPORATION DOCUMENTS

[See attached]

A handwritten signature in black ink, located in the bottom right corner of the page. The signature is stylized and appears to be a name, possibly "J. [unclear]".

KYPIAKH ΔΗΜΟΚΡΑΤΙΑ
REPUBLIC OF CYPRUS

HE 407228

HE 44

THE COMPANIES LAW, CAP. 113
Section 15(1)

CERTIFICATE OF INCORPORATION

IT IS HEREBY CERTIFIED that,


CRUG LTD

has this day been incorporated under the Companies Law, Cap. 113 as a Limited Liability Company.

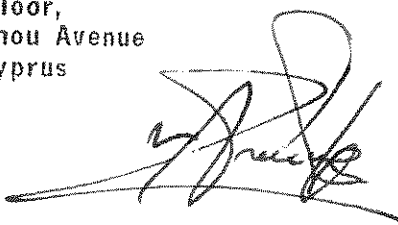
Given under my hand in Nicosia on the 19th of February, 2020

.....
Registrar of Companies

TRANSLATED TRUE COPY
(Sgd) ~~T.R. TRYFONOS~~
for Registrar of Companies
19 February, 2020


01.07.20
I hereby certify that this is
a true and fair copy
of the original
George Zambartas
Lawyer
L.G. ZAMBARTAS LLC
Euro House, 1st floor,
82 Spyrou Kyprianou Avenue
Limassol 4043, Cyprus

Organization number: 567035, Record number: 26018974





HE 407228

HE 44

THE COMPANIES LAW, CAP. 113
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TRANSLATED TRUE COPY

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George Zambartas
 Lawyer
L.G. ZAMBARTAS LLC
 Euro House, 1st floor,
 82 Spyrou Kyprianou Avenue
 Limassol 4043, Cyprus

Organization number: 567035, Record number: 26018974

TAB 3

Revised: January 21, 2014

SCHEDULE "A"

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE _____) ~~WEEKDAY, THE #~~
JUSTICE ~~_____~~ GILMORE) TUESDAY, THE 4th
DAY OF ~~MONTH, 20YR~~ MAY, 2021

B E T W E E N:

PLAINTIFF

Plaintiff

LIQUID CAPITAL EXCHANGE CORP.

Applicant

~~-and-~~
DEFENDANT

Defendant

**163556 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
COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED**

APPROVAL AND VESTING ORDER

- 2 -

THIS MOTION, made by [RECEIVER'S NAME]BDO Canada Ltd., in its's capacity as the Court-appointed substitute receiver (the "in such capacity, the "Substitute Receiver")), without security, over all of the undertaking, property and assets, undertakings and properties (the "Property") of [DEBTOR] (Versitec Marine USA Inc. ("Versitec USA") and 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("Versitec Canada" and together with Versitec USA, the "Debtor") "Debtors") acquired for, or used in relation to a business carried on by the Debtors, for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of a purchase and sale agreement (the "**Sale Agreement**") between the Substitute Receiver and [NAME OF PURCHASER]Crug Ltd. (the "**Purchaser**") dated [DATE]April 14, 2021 and appended to the Reportsecond report of the Substitute Receiver dated [DATE]April [REDACTED], 2021 (the "**Report**"), and vesting in the Purchaser the Debtor'sDebtors' right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard virtually by "Zoom" videoconference on this day at 330 University Avenue, in Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Substitute Receiver, [NAMES OF OTHER PARTIES APPEARING], and counsel to such other parties as reflected in the counsel slip, no one else appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] [REDACTED], sworn [DATE] [REDACTED], 2021, filed:

1. THIS COURT ORDERS that the time for service and filing of the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof

1.2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Substitute Receiver is hereby authorized and approved, with such minor amendments as the Substitute Receiver may deemdeems necessary. The Substitute Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2.3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule-Exhibit "A" hereto (the "Substitute Receiver's Certificate"), all of the Debtor'sDebtors' right, title and interest in and to the Purchased Assets as described and defined in the Sale Agreement [and listed on Schedule B

- 3 -

~~hereto~~ shall vest absolutely in the Purchaser, 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, 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 the Honourable Justice ~~[NAME] dated [DATE];~~ ~~(i) Gilmore dated March 9, 2020;~~ (ii) any encumbrances or charges created by the Orders of the Honourable Justice Koehnen dated February 21, 2021, (iii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and ~~(iiiiv)~~ those Claims listed on ~~Schedule Exhibit "C"~~ hereto (all of which are collectively referred to as the "**Encumbrances**", ~~which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D~~) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

~~3. — THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver][Land Titles Division of {LOCATION}] of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act], the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.~~

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 delivery of the Substitute Receiver's Certificate 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.

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5. **THIS COURT ORDERS AND DIRECTS** the Substitute Receiver to file with the Court a copy of the Substitute Receiver's Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's Debtors' records pertaining to the Debtor's Debtors' past and current employees; ~~including personal information of those employees listed on Schedule "A" to the Sale Agreement.~~ The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor Debtors.

7. **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 Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of either or both of the Debtor Debtors and shall not be void or voidable by creditors of either or both of the Debtor Debtors, nor shall it constitute nor be deemed to be a settlement, 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.

~~8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).~~

- 5 -

9.8. 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, United Kingdom or Europe, to give effect to this Order and to assist the Substitute 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 Substitute Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Substitute Receiver and its agents in carrying out the terms of this Order.

Schedule A — Form of Receiver’s Certificate

9. THIS COURT ORDERS that this order is effective from today’s date and is enforceable without the need for entry and filing.

The Honourable Justice Gilmore

EXHIBIT “A”

FORM OF SUBSTITUTE RECEIVER’S CERTIFICATE

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

PLAINTIFF

Plaintiff

-LIQUID CAPITAL EXCHANGE CORP.

Applicant

7

~~-and-~~
DEFENDANT

Defendant

**163556 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
COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED**

SUBSTITUTE RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable ~~[NAME OF JUDGE]~~Justice Gilmore of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated ~~[DATE OF ORDER], [NAME OF RECEIVER]~~March 9, 2020, Morgan & Partners Inc. was appointed as the receiver (the "Receiver") of ~~the undertaking, receiver~~ (in such capacity, the "Receiver") over all of the assets, ~~undertakings and properties of Versitec Marine USA Inc. ("Versitec USA") and certain assets of 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("Versitec Canada" and together with Versitec USA, the "Debtors");~~

B. Pursuant to Orders of the Honourable Justice Koehnen of the Court dated February 12, 2021, the Receiver was discharged from its active duties and BDO Canada Ltd. was appointed substitute receiver (the "Substitute Receiver") of all assets, undertakings and property ~~and assets of [DEBTOR] (the "Debtor").~~of the Debtors that was acquired for or used in relation to a business carried on the by the Debtors;

BC. Pursuant to an Order of the Court dated ~~[DATE]~~May 4, 2021, the Court approved the ~~agreement of purchase and sale made as of [DATE OF AGREEMENT]~~agreement dated April 14, 2021 (the "Sale Agreement") between the Substitute Receiver ~~[Debtor]~~and ~~[NAME OF PURCHASER]~~(Crug Ltd. or an affiliate of Crug Ltd. (in either scenario, the "Purchaser") and

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provided for the vesting in the Purchaser of the Debtor's Debtors' right, title and interest in and to the Purchased Assets; ~~(as defined therein)~~, which vesting is to be effective ~~with respect to the Purchased Assets~~ upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing ~~as set out in section 4.1 of~~ the Sale Agreement have been satisfied or waived by the Substitute Receiver and the Purchaser; and (iii) the ~~Transaction~~ transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Substitute Receiver.

ED. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Substitute Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. ~~The~~ conditions to Closing ~~as set out in section 4.1 of~~ the Sale Agreement have been satisfied or waived by the Substitute Receiver and the Purchaser; and
3. ~~The Transaction~~ the transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Substitute Receiver.
4. This Certificate was delivered by the Substitute Receiver at _____ [TIME] <●> on _____ [DATE] <●>, 2021.

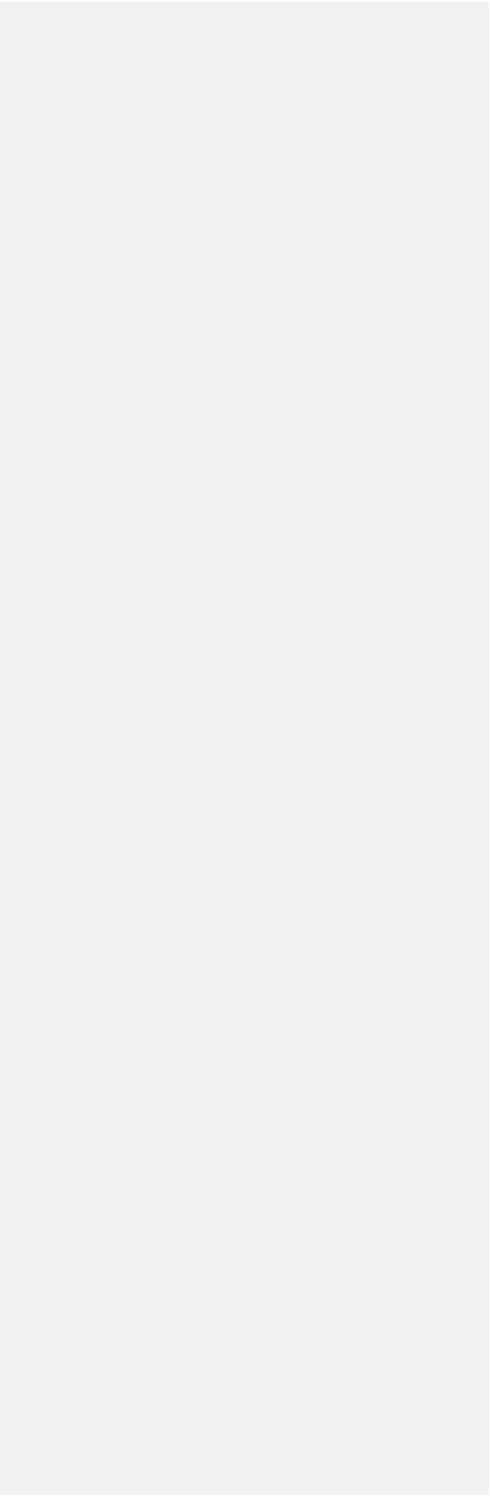
BDO CANADA LTD., in its capacity as

Court-appointed substitute receiver of all assets, undertakings and property of the 1635536 Ontario Inc. and Versitec Marine USA Inc., and not in its personal capacity

Per: _____
Name: Peter Crawley
Title: Vice President

Revised: January 21, 2014

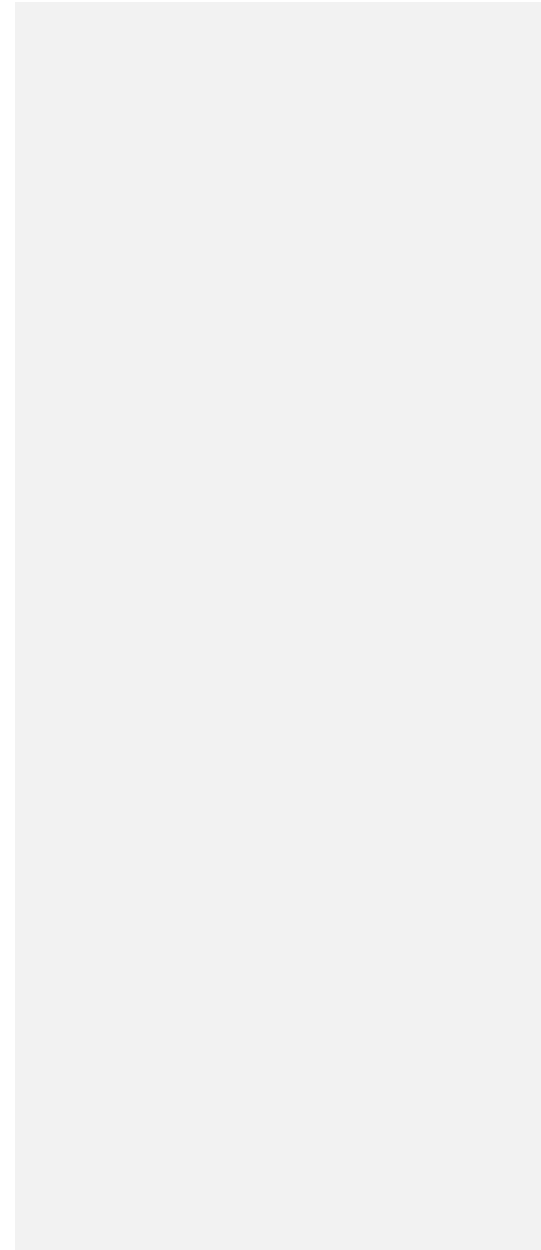
Schedule B — Purchased Assets



Revised: January 21, 2014

~~Schedule C—Claims to be deleted and expunged from title to Real Property~~

~~Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property
(unaffected by the Vesting Order)~~



LIQUID CAPITAL EXCHANGE CORP.*Applicant***and****163556 ONTARIO INC., et al***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 COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

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

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

Proceeding commenced at **TORONTO**

MOTION RECORD
*(returnable May 4, 2021 at 11:30am via “ZOOM”
 videoconference)*

LOOPSRA NIXON LLP

135 Queen’s Plate Drive – Suite 600
 Toronto, ON M9W 6V7

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 (f) (416) 746-8319
 (e) tlambert@loonix.com

*Lawyers for the Substitute Receiver,
 BDO Canada Ltd.*