

COURT FILE NUMBER

2401 -04879

COURT

COURT OF KING'S BENCH
OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

DURISOL LTD.

DEFENDANTS

CANDESTO ENTERPRISES CORP.,
D3 INFRASTRUCTURE SERVICES INC., AND
SAFE ROADS ALBERTA LTD.

DOCUMENT

FIRST REPORT OF THE RECEIVER

June 4, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER

ALVAREZ & MARSAL CANADA INC.
Bow Valley Square IV
Suite 1110, 250 - 6th Avenue SW
Calgary, Alberta T2P 3H7
Attention: Orest Konowalchuk/Bryan Krol
Telephone: (403) 538-4736/(403) 538-7523
Email: okonowalchuk@alvarezandmarsal.com
bkrol@alvarezandmarsal.com

COUNSEL TO RECEIVER

GOWLING WLG (CANADA) LLP
Attention: Sam Gabor
Phone: (403) 298 - 1946
Email: sam.gabor@gowlingwlg.com



LL

C60197

Jun 12, 2024
COM

TABLE OF CONTENTS

INTRODUCTION	3
TERMS OF REFERENCE	5
BACKGROUND AND OVERVIEW	5
INITIAL ACTIVITIES OF THE RECEIVER	8
OPERATIONAL UPDATE	10
BOOKS AND RECORDS	11
SECURITY OPINION	14
RECEIPTS & DISBURSEMENTS – APRIL 17, 2024 TO MAY 31, 2024	14
THE EQUIPMENT AUCTIONING PROCESS	16
RESTRICTED COURT ACCESS ORDER.....	21
APPROVAL OF PROFESSIONAL FEES AND EXPENSES	21
RECEIVER’S ONGOING ACTIVITIES AND FUTURE COURSE OF ACTION	22
RECEIVER’S CONCLUSIONS AND RECOMMENDATIONS	22

APPENDICES

APPENDIX A	Organizational Chart
APPENDIX B	Auctioneer Information Package
APPENDIX C	Redacted Auction Agreement
APPENDIX D	Summary of the Receiver's Fees and Costs and the Receiver's Counsel's Fees and Costs

CONFIDENTIAL APPENDICES

CONFIDENTIAL APPENDIX 1	Unredacted Auction Agreement
CONFIDENTIAL APPENDIX 2	Summary of Auction Proposals

INTRODUCTION

1. On April 17, 2024 (the “**Receivership Date**”), the Court of King’s Bench of Alberta (the “**Court**”) granted an Order (the “**Receivership Order**”) whereby Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed receiver and manager (the “**Receiver**”) of Candesto Enterprises Corp. (“**CEC**”), Safe Roads Alberta Ltd. (“**Safe Roads**”) and D3 Infrastructure Services Inc. (“**D3**”) (collectively, the “**Debtors**” or the “**Companies**”) in respect of all of the Companies’ current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”).
2. The Receivership Order empowers and authorizes, but does not oblige, the Receiver to, among other things, take possession and control of the Property and of any and all proceeds, receipts and disbursements arising out of or from the Property, and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business subject to Court approval, as necessary.
3. Prior to the granting of the Receivership Order, on December 20, 2023, the Companies were granted an initial order (the “**Initial Order**”) by the Court, under the *Companies’ Creditors Arrangement Act, RSC 1985, c. C-36*, as amended (the “**CCAA**”). On December 20, 2023, the Court granted the Companies an order (the “**Amended and Restated Initial Order**”) under the CCAA. A&M was appointed as the CCAA monitor (the “**Monitor**”) of the business and financial affairs of the Companies. The CCAA was terminated on April 17, 2024, and on the same day, this Honourable Court granted the Receivership Order.
4. The purpose of this first report of the Receiver dated June 3, 2024 (the “**First Report**” or “**this Report**”) is to provide this Honourable Court with information in respect of the following:
 - a) a brief overview and background of the Companies;
 - b) the initial activities of the Receiver since the Receivership Date;

- c) an operational update of the Companies since the Receivership Date;
 - d) the cash flow actual results for the period from April 17, 2024 to May 31, 2024 (the “**Reporting Period**”);
 - e) the Receiver’s application for:
 - i. an Order (the “**Auction Approval and Vesting Order**”) authorizing the Receiver to enter into an auction services agreement (the “**Auction Agreement**”) dated May 28, 2024 with McDougall Auctioneers Ltd. (the “**Auctioneer**”) to allow for the Auctioneer to conduct an auction in accordance with the terms of the Auction Agreement and for the Receiver to pass clear title to the purchasers for the items purchased;
 - ii. an Order (the “**Restricted Court Access Order**”) sealing confidential appendices 1 and 2 to the First Report (the “**Confidential Appendices**”)
 - iii. an Order (the “**Approval of Fees and Activities**”) approving the actions, activities and conduct of the Receiver up to the date of the First Report, and the fees and disbursements of the Receiver and its legal counsel, Gowling WLG (Canada) LLP (“**Gowling**” or “**Receiver’s Counsel**”), up to and including May 31, 2024; and
 - f) the Receiver’s conclusions and recommendations;
5. Capitalized words or terms not otherwise defined in this Report are as defined in the Receivership Order.
6. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

7. In preparing this First Report, the Receiver has relied upon: (i) the representations of certain management and other key stakeholders of the Companies; and (ii) financial and other information contained in the Companies' books and records, which were produced and maintained principally by the Companies. The Receiver has not performed an audit, review or other verification of such information.
8. The Receiver has not performed an audit, review or otherwise attempted to verify the accuracy or completeness of the Companies' financial information that would wholly or partially comply with Canadian Auditing Standards ("CASs") pursuant to the *Chartered Professional Accountants Canada Handbook*, and accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the financial information. Any future oriented financial information relied upon in this Report is based on the Receiver's assumptions regarding future events and actual results achieved will vary from this information and the variations may be materials.

BACKGROUND AND OVERVIEW

Background

9. The Debtors form part of a broader group of companies (the "**Candesto Group**"), which has been a leader of installation services in western Canada for traffic control, roadside safety and barrier systems for over 25 years (the "**Business**"). A copy of the Candesto Group's organizational chart (the "**Organizational Chart**") is attached as Appendix "A" to this Report.
10. The goods and services provided by the Debtors can be broken down into six primary categories: (i) guardrail and high-tension cable barrier systems; (ii) concrete and steel barriers; (iii) overhead signs and structures; (iv) overhead sign foundations and caissons; (v) non-overhead and ground mounted signage; and (vi) engineering and planning. These services extend to the installation of these items, systems and structures on roadways.

11. Each of the Debtors are direct subsidiaries of one or more of 1964740 Alberta Inc. (“**196 Inc.**”), the Batavi Venture Group Inc. (“**Batavi**”) and/or Barricades and Signs Ltd. (“**Barricades**” or “**BSL**”) (collectively, the “**Indemnitors**”). As more particularly set out in the Organizational Chart:
- a) the common shares of CEC are held 50% by each of 196 Inc. and Batavi;
 - b) the common shares of D3 are held 80% by 196 Inc. and 20% by Batavi; and
 - c) the common shares of Safe Roads are held 60% by 196 Inc., 20% by Batavi and 20% by Barricades.
12. 196 Inc., Batavi and Barricades are all Alberta corporations incorporated under the *Business Corporations Act* (Alberta) (“**ABCA**”). Barricades is also extra-provincially registered in British Columbia and Manitoba.
13. CEC and D3 (together, the “**Operating Entities**”) are the primary operating entities and perform similar functions within Alberta. Over time, CEC has become the primary contractual counterparty for most incoming jobs in Alberta.
14. Safe Roads (formerly 1957282 Alberta Ltd.) is an Alberta corporation incorporated under the *Business Corporations Act* (Alberta) with its registered office in Calgary, Alberta. Safe Roads was initially set up to source and sell to the Operating Entities certain inventory used in their respective operations, although more recently that sourcing had been done predominantly from other suppliers. Leading into the receivership Safe Roads was largely dormant, with little to no operations and/or cash flow.

Cause of Insolvency

15. The road safety and construction business is a challenging industry to operate within; however, certain market and operational conditions have resulted in the Candesto Group being unable to consistently perform projects on a profitable basis.

In particular, significant inflation on the cost of goods has been experienced by the Candesto Group over the past year, after which a contract is priced versus when it is performed, resulting in materials and labour costing exceeding more than was estimated. As the Operating Entities are generally under fixed price contracts, the Receiver was advised that the Operating Entities were unable to recover such amounts from their customers and, were instead, forced to incur material losses on their projects. Further, the Operating Entities have also, in some instances, underestimated the labour and materials required to complete certain contracts, all of which has resulted in further significant losses and cash flow burn.

16. The Receiver reviewed the Operating Entities' bonded and unbonded contracts. For bonded jobs, the Applicants estimate an aggregate deficit of approximately \$1 million from those projects. For unbonded contracts, the Operating Entities are in an estimated aggregate deficit position of \$250,000 for a total combined bonded/unbonded expected project loss position of approximately \$1.25 million.
17. These losses and working capital challenges have resulted in the Applicants experiencing the liquidity challenges noted above and, as such, the Applicants have not been able to pay its debt obligations to its creditors when they come due.
18. As previously discussed, on December 20, 2023, due to these market and operational issues, the Companies filed for creditor protection pursuant to the CCAA in an effort to restructure its affairs. The CCAA Proceedings were terminated on April 17, 2024 and on the same day, the Receivership Order was granted.
19. Shortly after the Receivership Order was granted, the Receiver completed its analysis of each of the bonded and unbonded jobs and determined that it would not complete any of the outstanding and remaining jobs (as discussed further below) as each job was considered "out of money" and not profitable. Further, the Receiver does not have the funding nor the former employees to complete this work.

20. Further information regarding the cause of the Applicants' insolvency and these Receivership Proceedings, including affidavits and motion materials, as well as information filed in the CCAA Proceedings are available on the Receiver's website at: www.alvarezandmarsal.com/candesto ("**Receiver's Website**").

INITIAL ACTIVITIES OF THE RECEIVER

21. Since the Receivership Date, the Receiver's activities have included, but are not limited to, the following:
- a) attending and taking possession and control of the Property, which included, among other things, (i) changing the locks to the two lay-down yards belonging to the Companies located in Winterburn, AB and Crossfield, AB, (ii) collecting keys for the various pieces of equipment and storing the keys in a locked safe for safekeeping, (iii) meeting former employees of the Companies to discuss the various assets, and (iv) communicating with various mechanical shops that are in possession of certain of the Debtors assets to explain the receivership proceedings and ensure the safekeeping of assets in their possession
 - b) informing all employees who have been terminated within the last six months of the initial insolvency event (the CCAA) of their eligibility under the Wage Earner Protection Program ("**WEPP**");
 - c) communication with the Canadian Imperial Bank of Commerce ("**CIBC**") to freeze the Companies' operating account and have the account set to "deposit only" as well as requesting that the cash on hand be sent to the Receiver's trust account;
 - d) communication with former management as well as former employees of the Companies to collect the books and records, gain an understanding of the various project work, and identify and understand the Companies assets;

- e) notifying customers of the Receivership Proceedings and requesting that any outstanding accounts are to be paid to the Receiver directly;
- f) preparing and mailing out the WEPP notices for each of the terminated employees to file their respective claims;
- g) redirecting mail to the office of the Receiver;
- h) various and ongoing communications with the secured lenders and indemnitors, respecting the Receivership Proceedings, and seeking comments on the Receiver's intended auctioning process and next steps;
- i) initiating a request for auctioneers to provide proposals to sell the Companies' assets, reviewing such proposals and selecting the Auctioneer, subject to Court approval;
- j) sending notices to disclaim various contracts (jobs) with the general contractors and sub-contractors ("**Disclaimer Notices**") and hosting calls on same with these parties;
- k) various communications with the surety on the bonded jobs, Trisura Guarantee Insurance Company ("**TGIC**") and/or Trisura Insurance Company ("**TIC**" and together with TGIC, "**Trisura**"), with respect to the Receiver's decision to not complete any of the bonded jobs;
- l) communication with the Secured Creditors (defined below) and indemnitors under the Trisura bond respecting outstanding bonded jobs and the Receiver's decision to not complete these jobs;
- m) communications with general contractors regarding outstanding accounts receivable and holdbacks for work completed by the Companies and for these amounts;

- n) examining five (5) equipment lease agreements (“**Equipment Leases**”) among the Companies and Kubota Canada Ltd. (“**Kubota**”) or Canadian Western Bank National Leasing (“**CWB**”) and determining that the value of these assets were less than the amounts owing to Kubota and CWB. On May 31, 2024 the Receiver, with the support of the Secured Creditors, released its interest in the Equipment Leases back to Kubota and CWB;
- o) various discussions with creditors regarding their outstanding invoices as a result of the Receivership Proceedings; and
- p) providing instructions to Gowlings, the Receiver’s independent legal counsel, on a variety of matters with respect to these receivership proceedings;

Statutory Mailing by Receiver

22. The Receiver mailed the notices required by sections 245 and 246 of the BIA to all of Debtors’ known creditors and the Office of the Superintendent of Bankruptcy on April 26, 2024 (the “**Receiver’s Notice**”). A copy of the Receiver’s Notice can be found on the Receiver’s Website.

Insurance Coverage

23. The Receiver obtained a copy of the certificate of insurance from the Company, which consisted primarily of coverage regarding commercial general liability of \$2 million. The Receiver was added as additional insured and a loss payee. The policy has been paid up to July 16, 2024 and is set to expire on that date.

OPERATIONAL UPDATE

24. As at the Receivership Date, the Receiver determined there were a number of ongoing active projects the Companies had with various general contractors. These contracts required in depth construction expertise and a full complement of staff to perform the work. Based on the Receiver’s evaluation of these projects, the limited

resources in the Debtors' estate and no employees remaining to execute and complete upon these projects, the Receiver determined that the liability and cost to complete the projects outweighed the benefit to the estate and the Debtors' stakeholders. The Receiver delivered disclaimer notices to all general contractors and sub-contractors for each of the bonded and unbonded projects, including informing Trisura of the Receiver's intention to not complete the bonded jobs. The decision to not complete the bonded and unbonded jobs were supported by the Secured Creditors.

Employees and Contractors

25. As at the Receivership Date, no employees remained employed by the Debtors.
26. All former employees of the Companies had resumed employment with the Debtors' related company, Barricades, during the CCAA proceedings and BSL has assumed all associated liabilities with the transfer of those former employees of the Companies. Note that BSL is not a party to the Receivership Proceedings.

BOOKS AND RECORDS

Summary of Assets and Liabilities

27. As at the Receivership Date, on a consolidated basis, the total net book values of the assets and liabilities of the Debtors are approximately \$4.7 million and \$12.3 million, respectively (with current assets and current liabilities being approximately \$3.3 million and \$7.9 million, respectively). Realizable values may materially differ from the above estimated book value.
28. The Debtors' assets and liabilities are situated in the entities as indicated below:
 - a) CEC has the following assets and liabilities:
 - i. Assets – current assets and total fixed assets of \$2.5 million and \$1.25 million (incl. goodwill & depreciation), respectively;

- ii. Liabilities – current liabilities of \$6.2 million, related party liabilities of \$5.1 million and long-term liabilities of \$203,581.
- b) D3 has the following assets and liabilities:
- i. Assets – current assets and total fixed assets in the amount of \$346,715 and \$174,595 (incl. goodwill & depreciation), respectively;
 - ii. Liabilities – current liabilities of \$1.2 million and long-term liabilities of \$173,547;
- c) Safe Roads has the following assets and liabilities:
- i. Assets – cash and accounts receivable in the amount of \$7,641 and \$457,419, respectively;
 - ii. Liabilities – current liabilities of \$568,715 as well long-term liabilities of \$40,000;

Material Secured Creditors

29. The material secured debt obligations of the Debtors that are owed to 1288078 Ontario Inc. (the “**Primary Lender**”), BSL and Durisol Ltd. (“**Durisol**”) (collectively, the “**Secured Creditors**”) are as follows:

- a) CEC is indebted to 128 Inc. pursuant to a demand promissory note in the principal amount of \$2,000,000 dated January 25, 2023 (the “**Promissory Note**”). This note is secured by a general security agreement dated January 25, 2023 and granted by CEC in favour of 128 Inc. As at the Receivership Date, the loan balance under the Promissory Note is \$2,000,000, excluding interest and any other amounts which may continue to accrue.

- b) Each of CEC, D3 and Safe Roads are borrowers under a loan agreement dated February 22, 2023 with Barricades as lender (the “**Barricades Loan**”). The Barricades Loan is secured by a general security agreement dated February 22, 2023 (the “**Barricades GSA**”) pursuant to which each of CEC, D3 and Safe Roads granted a security interest in and to all present and after-acquired personal and real property in favour of Barricades. As at December 18, 2023 the loan balance under the Barricades Loan was approximately \$2,421,327.74.
- c) Each of CEC, D3 and Safe Roads are borrowers under a non-revolving interim financing facility approved in the CCAA Proceedings (the “**Durisol Loan**”). The Durisol Loan is secured loan by, (i) the Court ordered Interim Lender’s Charge granted in the CCAA proceedings, (ii) a general security agreement dated December 19, 2023 pursuant to which each of CEC, D3 and Safe Roads granted a security interest in and to all of their present and after-acquired personal and real property in favour of Durisol, and (iii) a joint and several guarantee agreement for the amounts owing under the Durisol Loan from time to time. As at the Receivership Date, the loan balance under the Durisol Loan was approximately \$1.4 million.

Canada Revenue Agency Obligations

30. As at the Receivership Date, the Companies books and records indicate the following super-priority obligations outstanding:

- a) Candesto
 - i. GST - \$272,065.85
 - ii. Source Deductions - \$nil
- b) D3
 - i. GST - \$54,163.35
 - ii. Source Deductions - \$nil

- c) Safe Roads
 - i. GST - \$nil
 - ii. Source Deductions - \$nil

SECURITY OPINION

- 31. A&M is advised that Durisol holds a first charge on the Property by way of a general security agreement pursuant to an order granted by the Court in the CCAA Proceedings. A&M is further advised that the Primary Lenders and Barricade hold a secured and third charge, respectively, on the Debtor's Property.
- 32. The Receiver's legal counsel, Gowling, is currently in the process of completing its review of the Primary Lenders, Barricade's and Durisol's security and the Receiver will report to this Honourable Court the outcome of such review.
- 33. The Receiver is currently not aware of any other claimant that may have priority over Durisol's security, other than potential "super priority" claims with respect to Canada Revenue Agency ("CRA") and the Receiver's Charge as set out in the Receivership Order.

RECEIPTS & DISBURSEMENTS – APRIL 17, 2024 TO MAY 31, 2024

- 34. The following is a consolidated interim statement of the Receiver's receipts and disbursements in respect of the Companies during the Reporting Period:

**Candesto Enterprises Corp., D3 Infrastructure Services Inc.,
and Safe Roads Alberta Ltd.**
Interim Statement of Receipts and Disbursements
April 17, 2024 to May 31, 2024
in CAD \$000's

	Reporting Period Apr 17/24 to May 31/24	
Opening cash balance	\$	613
Receiver's borrowings	\$	-
Receipts		
Collection of Accounts Receivable		-
Collection of Holdback		32
Other		11
Total Receipts	\$	43
Disbursements		
Contractor payments		-
Rent		31
Insurance		9
Utilities		0
Other operating costs		0
GST Payable		9
OSB Fees		0
Professional Fees and Costs		155
Contingency		-
Total Disbursements	\$	204
Total Receipts and Disbursements	\$	(161)
Auction RFP Deposits Held in Trust	\$	190
Ending cash balance	\$	641

35. At the Receivership Date, the Receiver identified approximately \$613,000 of cash in the operating account of the Companies.
36. Receipts collected during the Reporting Period were approximately \$43,000 which comprised of collection of certain holdbacks and interest income.
37. Disbursements paid during the Reporting Period were approximately \$204,000, which primarily related to professional fees, rent and insurance.

38. Professional fees and costs of the Receiver and its legal counsel, Gowlings, up to May 31, 2024 totaled approximately \$231,114.86 (exclusive of GST), but certain amounts remain unpaid as at the date of this Report. The Receiver is seeking approval of its fees and costs, and those of Gowlings, from this Honourable Court as discussed further below.
39. The ending cash available as at May 31, 2024 was approximately \$641,000.
40. The Receiver notes that \$500,000 remains available to borrow under the Receiver's Certificate, should the Receiver be required to do so.

THE EQUIPMENT AUCTIONING PROCESS

Invitation For Offer Process

41. The Receivership Order empowers and authorizes, but does not oblige the Receiver to, among other things:
 - a) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by the Receivership Order;
 - b) market any or all of the Property, including advertising and soliciting offers in respect of the Property or any parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate; and
 - c) 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.

42. Given the uncertainty as to potential recoveries to priority and secured creditors in the Receivership Proceedings, the Receiver determined it was appropriate to seek proposals from interested auctioning companies for the marketing and auctioning of the Property in an attempt to maximize realizations for all creditors and stakeholders in the estate.
43. During the week of April 29, 2024, the Receiver contacted and/or received interest from three (3) reputable auctioning companies that specialize in the sale of type of equipment and inventory used by the Companies. The Receiver invited these parties to attend the Debtors' two locations to conduct an on-site review of the Property. All three auctioning companies accepted the Receiver's invitation to visit and inspect the Property (the "**Interested Parties**").
44. On April 30, 2024 the Receiver sent an information package (the "**Information Package**") to the Interested Parties that provided a listing of all the Property that would be included in the sale process (the "**Auction Assets**") and a standard "offer form" for the Interested Parties to submit their offer (the "**Proposed Offers**"). The Information Package is attached hereto as Appendix "**B**" to this Report. The main terms and conditions of the Information Package are summarized below:
- a) A description of the process, including viewing of the Auction Assets, the format for proposals and notice of the bid deadline of May 17, 2024 to submit a Proposal Offer to the Receiver (the "**Auction Assets Bid Deadline**");
 - b) A description of the Auction Assets;
 - c) General terms and conditions, including receipt of a 10% deposit, a court approval condition and that the Auction Assets would be provided on an "as is, where is" basis with no representations or warranties expressed or implied as to title, condition or fitness for use; and

- d) If a Proposal Offer is accepted, the party submitting the Proposal Offer (the “**Successful Equipment Bidder**”) would enter into a definitive agreement with the Receiver, subject to Court approval.

Proposals Received to Date

- 45. The Proposal Offers included proposals for the outright purchase of the Auction Assets, net minimum guarantee (“**NMG**”) proposals and straight commission proposals. In total, the Receiver received three Proposal Offers from the Interested Parties by the Auction Assets Bid Deadline.

Offer Accepted Subject to Court Approval and Summary of Offers Received

- 46. After review, analysis and clarification of certain terms of offers and related matters, the Receiver, with the support of the Secured Creditors, accepted, subject to the Court’s approval the proposal from proposed Auctioneer.
- 47. The Auctioneer and the Receiver then negotiated and executed the Auction Agreement. A copy of the redacted Auction Agreement is attached as Appendix “**C**” to this Report. An un-redacted Auction Agreement is marked as Confidential Appendix “**1**” due to the commercially sensitive information contained therein.
- 48. A summary and analysis of the Proposal Offers received is included within Confidential Appendix “**2**”, also due to the commercially sensitive information contained therein.
- 49. The Receiver believes that the Auction Agreement should be approved by the Court given:
 - a) the purchase price set out in the Auction Agreement as compared to the Proposed Offers was the highest and best offer received from the Receiver;
 - b) the purchase price is to be paid in cash;

- c) a non-refundable deposit equal to 10% of the purchase price was provided to the Receiver;
- d) the Auction Agreement contains “as is, where is” provisions and has no closing conditions other than Court approval of the Auction Process (as that term is defined below);
- e) the Receiver is specifically authorized to market and sell the Property subject to the Auction Agreement pursuant to the Receivership Order (subject to Court approval);
- f) the acceptance of the Auction Agreement is commercially reasonable and provides the highest net realization to the estate, with a sizeable non-refundable deposit, and reduces the risk and cost to the estate;
- g) the Auctioneer is a reputable auctioning firm in Canada and understands the Auction Assets very well and is likely in the best position to maximize realizations of the Auction Assets, in the circumstances; and
- h) the Secured Creditors are supportive of the transaction contemplated by the Auction Agreement;
- i) Accordingly, the Receiver is applying to this Honourable Court to approve the Auction Agreement (the auction contemplated therein being, the “**Auction**”) and for the vesting of the Auction Assets.

- 50. Paragraph 3(l) of the Receivership Order establishes monetary thresholds above which the Receiver is not permitted to sell Property out of the ordinary course of business without the approval of this Court. The Auction may generate sale proceeds in excess of such thresholds.
- 51. Given that the Auction will be conducted in a public and transparent manner with fulsome canvassing of the market, and will likely involve multiple individual sales

transactions with multiple purchasers, it is appropriate that the Auction Approval and Vesting Order be granted.

52. As a result, and as discussed above, the Receiver intends to engage the Auctioneer to conduct the Auction pursuant to, and in accordance with, the Auction Agreement. The Receiver is of the view that the proposed multi-platform, uniquely developed marketing strategy to be implemented by the Auctioneer pursuant to the Auction Agreement, together with the proposed timed online Auction outlined in the Auction Agreement, is fair and reasonable in the circumstances. The Receiver believes that such process will result in a fulsome canvassing of the market, and a maximization of available recoveries, all for the benefit of the Debtor's estate.
53. The auction process (the "**Auction Process**") will require the Auctioneer to setup, inventory, clean as needed, catalogue, and photograph the assets to post online in advance of the Auction. The Auctioneer will have a one day viewing period, for prospective bidders to inspect and view the Auction Assets. The Auction will be scheduled to close in July 2024, or such other mutually agreed upon date between the Receiver and the Auctioneer. The Auctioneer will have free use of the two leased land storage locations, which shall include rent, occupancy costs, property taxes, utilities, business tax, etc. until July 30, 2024, or other mutually agreed upon date.
54. The Auctioneer will also advertise the Auction through a multi-platform, uniquely developed marketing strategy that will best work for the Auction relevant to the Auction Assets. The Auctioneer will deploy common marketing strategies using social media campaigns, relevant daily, weekly and trade specific publications that include both print and online options, multi-channel exposure on the world wide web, pamphleteering to trade related companies, and by mail to relevant potential purchasers.

RESTRICTED COURT ACCESS ORDER

55. Confidential Appendices 1 and 2, contain confidential information of a commercial nature which, if disclosed to third parties prior to the closing of the sale could materially jeopardize the sale or if the sale does not close could materially jeopardize the value that could subsequently be obtained. Accordingly, the Receiver is respectfully of the view that it is appropriate that this Honourable Court grant the Restricted Court Access Order in relation to the Confidential Appendices 1 and 2.

APPROVAL OF PROFESSIONAL FEES AND EXPENSES

56. Pursuant to paragraphs 18 to 20 of the Receivership Order, the Receiver seeks approval from this Honourable Court of the respective professional fees and disbursements of the Receiver and its legal counsel for the period from April 17, 2024 to May 31, 2024 (the "**Interim Taxation Period**").
57. Professional fees and expenses rendered by the Receiver during the Interim Taxation Period total \$202,468.04 (exclusive of GST) (the "**Receiver's Fees and Costs**"). Professional fees and expenses of the Receiver's Counsel during the Interim Taxation Period total \$28,646.82 (exclusive GST) (the "**Receiver's Counsel's Fees and Costs**").
58. A summary of the Receiver's Fees and Costs and the Receiver's Counsel's Fees and Costs are attached as Appendix "**D**".
59. The Receiver and the Receiver's Counsel's invoices outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the invoices will be brought to the Receiver's application before this Honourable Court set for June 12, 2024 and made available to the Court.
60. The Receiver respectfully submits that its professional fees and disbursements and those of its legal counsel in this operating receivership commensurate with the work

performed as outlined in this First Report, are commercially fair and reasonable and were validly incurred in accordance with the provisions of the Receivership Order.

RECEIVER'S ONGOING ACTIVITIES AND FUTURE COURSE OF ACTION

61. The Receiver's next steps include but are not limited to:

- a) working with the Auctioneer to conduct the auction as per the Auction Agreement, if approved by this Honourable Court;
- b) continuing the process of validating and collecting outstanding accounts receivable;
- c) continuing communication with and updates to the Secured Lenders and other stakeholders in the receivership proceedings;
- d) continuing discussions with the CRA with respect to the completion of CRA GST and payroll audits; and
- e) completing other administrative tasks related to the receivership proceedings.

RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS

62. For the foregoing reasons, the Receiver respectfully recommends that this Honourable Court approve:

- a) the Auction Agreement and the Auction Approval and Vesting Order;
- b) the Approval of Fees and Activities Order;
- c) the Restricted Court Access Order;

All of which is respectfully submitted this 4th day of June, 2024.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as the Court-appointed Receiver of
the Companies. and not its personal or corporate capacity**

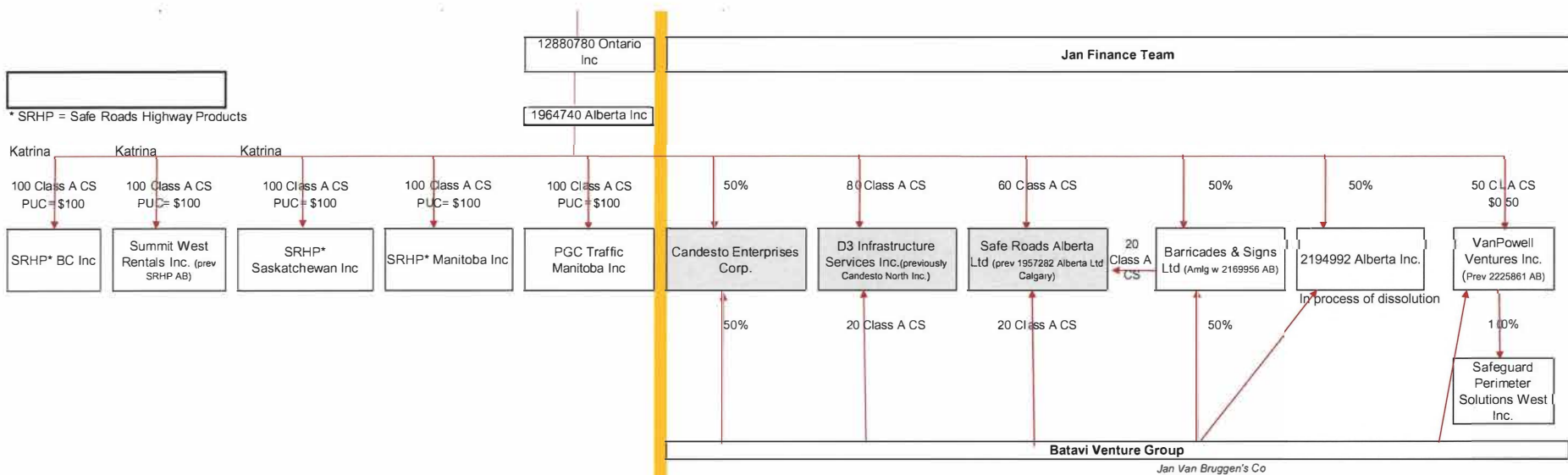


Orest Konowalchuk, CPA-CA, CIRP, LIT
Senior Vice-President



Bryan Krol
Director

APPENDIX A



APPENDIX B



OVERVIEW

On April 17, 2024, the Court of King's Bench of Alberta (the "**Court**") granted an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 and sections 13(2) of the *Judicature Act*, RSA 2000, cJ-2, appointing Alvarez & Marsal Canada Inc. receiver (the "**Receiver**") of all of Candesto Enterprises Corp., D3 Infrastructure Services Inc., and Safe Roads Alberta Ltd. (collectively, the "**Companies**") current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including proceeds thereof (the "**Property**").

The Receiver is currently seeking offers to sell (an "**Offer**") certain of the Companies' Property (the "**Equipment**") as more particularly described in the Equipment Listing discussed further below. To submit an Offer with respect to the Equipment, please complete and submit a proposal form (the "**Proposal Form**"), a copy of which is attached hereto, in compliance with the terms set forth herein and in the Proposal Form. Specifically, the Receiver is seeking offers from certain parties on the following basis:

1. an outright purchase of all of the Equipment ("**Outright Purchase**");
2. a Net Minimum Guarantee in connection with the sale of the Equipment ("**Net Minimum Guarantee**"); and/or;
3. a Straight Commission in connection with the sale of the Equipment ("**Straight Commission**").

As part of an Offer (as discussed further below), kindly provide further details and information about your firm's experience with respect to (a) purchasing and auctioning construction equipment and supplies and/or similar assets and (b) auctioning assets in the context of formal insolvency proceedings (e.g. Receivership / Bankruptcy).

EQUIPMENT

A copy of the Equipment listing (the "**Equipment Listing**") will be provided to those parties that sign the form of confidentiality agreement ("**CA**") which is attached hereto. The Equipment Listing, which identifies certain of the Companies' Property may not be complete or accurate, and the Receiver recommends that each interested party who wishes to submit a proposal inspects the Equipment on site in person and conducts such due diligence as it considers necessary prior to submitting an Offer to ensure the Equipment Listing is complete and accurate. Upon reviewing the Equipment Listing, if you wish to inspect the Equipment and conduct such due diligence, the Receiver will provide a schedule of viewing times available.

SUBMISSION OF OFFERS

All Offers must be submitted on the Proposal Form, along with any additional information you may wish to include as part of the Offer. Each Offer for an Outright Purchase or a Net Minimum Guarantee must include a bank draft (or wire transfer) payable to "Alvarez & Marsal Canada

Inc., in its capacity as Receiver of Candesto Enterprises Corp”, representing 10% of the total amount of the highest valued proposal contained in the Proposal Form (This requirement does not apply should the Proposal Form only contain a Straight Commission offer.) The 10% deposit will become non-refundable upon execution of a definitive agreement (“**Definitive Agreement**”) between the Receiver and the successful bidder selected by the Receiver (the “**Successful Bidder**”), in a form satisfactory to the Receiver, unless the transaction contemplated by the Definitive Agreement does not close as a sole result of the breach of an obligation or term of the Definitive Agreement by the Receiver or the Court of King’s Bench of Alberta does not grant an approval and vesting order as contemplated in the Definitive Agreement. Deposits from bidders whose Offer are not accepted by the Receiver will be returned.

A copy of the Receiver’s wire banking information will be provided once the CA is signed.

Please note, the Receiver maintains the right to choose and accept any Offer from any bidder in its sole and absolute discretion and is not required to accept the Offer with the highest amount offered or any particular Offer. The Receiver may also choose to negotiate with any of the bidders in any manner and may reject any Offer.

BID DEADLINE

The Receiver requires that all Offers be submitted to the Receiver by not later than **4pm MDT on Friday, May 17th, 2024**. Offers should be sent by email or courier to the following address or email address:

Candesto Enterprises Corp.,
by and through its court appointed Receiver, Alvarez & Marsal Canada Inc.,
and not in its personal or corporate capacity
C/o Bryan Krol, Senior Manager
Gabby Menzies, Associate
Bow Valley Square IV
Suite 1110, 250-6th Avenue SW
Calgary, Alberta T2P 3H7

Contact information:

Bryan Krol: bkrol@alvarezandmarsal.com (403) 538-7523

Gabby Menzies: gmenzies@alvarezandmarsal.com (403) 538-4881

“AS IS, WHERE IS” AND “WITHOUT RECOURSE” BASIS SALE, SUBJECT TO COURT APPROVAL

The Definitive Agreement shall include express language that the Successful Bidder acknowledges that any sale of the Equipment by the Receiver shall be on an “as is, where is” and “without recourse” basis and the Receiver makes no representations, warranties, or collateral agreements, either express or implied, in respect of the Equipment, including with respect to the condition or fitness of the Equipment for any purpose. The Definitive Agreement will also



include language that the Successful Bidder agrees that the implied conditions and warranties contained in the *Sale of Goods Act*, RSA 2000, c S-2, as amended, or any similar statute or law in any other province or territory, are expressly excluded and shall not apply to any sale effected hereby or under any Definitive Agreement, that the Successful Bidder has completed to its satisfaction any due diligence and investigation in relation to the Equipment and the purchase contemplated, and that upon the closing of the transaction the Successful Bidders releases the Receiver of any claims that they have with respect to the purchase and sale of the Equipment.

The purchase and sale of Equipment requires, and the closing of the transactions contemplated will be subject to, approval of the Court. The Receiver is hopeful that if an acceptable offer is received, the Receiver will be seeking Court Approval by mid-June 2024.

Thank you once again for your interest in the Companies Equipment, and we look forward to receiving your offer on or before **4pm MDT on Friday, May 17, 2024.**

Should you have any questions, please do not hesitate to contact Bryan Krol or Gabby Menzies of the Receiver.

Bryan Krol

Senior Manager
Alvarez & Marsal Canada ULC
Suite 1110, 250 6th Ave. S.W.
Calgary, AB T2P 3H7
Direct: +1 403 538 7523
Mobile: +1 587 227 2559
AlvarezandMarsal.com

Gabby Menzies

Associate
Alvarez & Marsal Canada ULC
Suite 1110, 250 6th Avenue SW
Calgary, AB T2P 3H7
Mobile: +1 403 796 8525
Direct: +1 403 538 4881
AlvarezandMarsal.com



CONFIDENTIALITY AGREEMENT

THIS AGREEMENT made effective as of the ___ day of May, 2024.

GRANTED BY:

(the “**Recipient**”)

IN FAVOUR OF:

ALVAREZ & MARSAL CANADA INC., (“**A&M**”) in its capacity as the receiver of the assets, undertakings and properties of Candesto Enterprises Corp., D3 Infrastructure Services Inc., and Safe Roads Alberta Ltd. (collectively, the “**Debtors**”), and not in its personal or corporate capacity (the “**Disclosing Party**” or the “**Receiver**”)

WHEREAS:

- A. Pursuant to an order granted by the Court of King’s Bench of Alberta (the “**Court**”) on April 17, 2024 (the “**Receivership Order**”), A&M was appointed receiver over all of the current and future assets, undertakings and properties of the Debtors (the “**Assets**”);
- B. In connection with the Receivership Order, the Disclosing Party is conducting a sales process (the “**Sales Process**”) in relation to the Assets. The Disclosing Party anticipates seeking a Court order approving the Sales Process in or around June 2024 (the “**Sales Process Order**”);
- C. The Recipient wishes to undertake due diligence and investigation in relation to a potential transaction (the “**Potential Transaction**”) by the Recipient in relation to the Assets, and has obtained and/or will from time to time hereafter obtain, certain Confidential Information (as defined below) relating to the Assets;
- D. The Confidential Information has and will be received by the Recipient, and the Recipient’s directors, officers, senior management employees, partners, advisors (including lawyers, accountants and consultants) (collectively, to the extent they receive Confidential Information hereunder, “**Representatives**”) for the sole purpose of conducting due diligence in relation to the Potential Transaction; and
- E. As a pre-condition to the Disclosing Party or its Representatives or agents providing Confidential Information concerning the Assets to the Recipient, the Disclosing Party requires and the Recipient has agreed to execute and deliver to the Disclosing Party a confidentiality agreement in form and substance satisfactory to the Disclosing Party and its advisors.

NOW, THEREFORE, in consideration of the premises and the Disclosing Party providing the Recipient with access to the Confidential Information for the purposes of the Potential Transaction, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Recipient covenants and agrees with the Disclosing Party as follows:

1. In this Agreement the term “**Confidential Information**” means all non-public, proprietary or confidential information of the Disclosing Party and its affiliates disclosed in relation to the Potential Transaction, in verbal, visual, written, electronic or other tangible or intangible form, whether or not marked or designated as “confidential”, and all notes, analyses, summaries, reports and other materials prepared by the Recipient or any of its Representatives to the extent they contain any of the foregoing, provided that Confidential Information shall not include information that:
 - (a) is or becomes generally available to and known by the public (other than as a result of the Recipient’s or its Representatives’ breach of this Agreement);
 - (b) is or becomes available to the Recipient or its Representatives from a source other than the Disclosing Party or its Representatives that is not known by the Recipient or its applicable Representative to be bound by confidentiality obligations to the Disclosing Party or its affiliates with respect to such information;
 - (c) was already known by or in the possession of the Recipient or its Representatives prior to being disclosed by or on behalf of the Disclosing Party or its Representatives pursuant to this Agreement; or
 - (d) has been or is independently developed by the Recipient or its Representatives without violating any of its obligations under this Agreement or use of any of the Disclosing Party’s Confidential Information.
2. Without limiting the generality of the foregoing, Confidential Information shall include all equipment and inventory listings, and listings of any other Assets, and respective and relevant documents and other information pertaining to the Assets, equipment and inventory, whether written or oral, and whether or not noted thereon to be confidential, pertaining to the Debtors’ Assets which have been or which may hereafter be disclosed or provided to the Recipient.
3. The Recipient shall keep all Confidential Information in strict confidence and shall not disclose or release the Confidential Information to any person except:
 - (a) to a governmental or judicial authority upon the direction or order of the governmental or judicial authority and after giving reasonable prior written notice of the disclosure or release to the Disclosing Party and sealing and marking the Confidential Information by referring to its confidential nature under the terms of this Agreement and endeavouring, where possible, to limit such disclosure;
 - (b) where the Disclosing Party has given prior written consent to disclosure or release of the Confidential Information to that person; or

- (c) to those Representatives who need to know the Confidential Information for the purposes of evaluating the Assets and the Potential Transaction or assisting the Recipient in relation thereto, provided that:
 - (i) the Recipient shall notify each Representative of the obligations contained herein with respect to the confidentiality of the Confidential Information and the restrictions imposed on the use thereof; and
 - (ii) the Recipient shall direct each Representative to exercise a level of care sufficient to preserve the confidentiality of the Confidential Information and shall direct each Representative to abide by the terms and conditions of this Agreement, and shall take all reasonable steps to ensure that the Confidential Information is not disclosed by any Representative to any other party or used in a manner contrary to this Agreement
- 4. The Recipient shall not deal with or use the Confidential Information, directly or indirectly, in any manner whatsoever for any purpose other than in connection with the due diligence associated with the Potential Transaction and in compliance with the terms hereof.
- 5. Within three days of a written request being made by the Disclosing Party, the Recipient shall return to the Disclosing Party or destroy all documentation and other tangible manifestations relating to the Confidential Information which have been provided to the Recipient (without retaining any copy thereof) as and when requested by the Disclosing Party and the Recipient shall deliver to the Disclosing Party a certificate of senior officer of the Recipient confirming that this Recipient has complied with its obligations in this paragraph.
- 6. This Agreement is in addition to, and not in substitution for or in derogation of, the rights of the Disclosing Party at law or in equity arising in any way in connection with the disclosure of the Confidential Information by the Disclosing Party to the Recipient.
- 7. The Recipient agrees that the restrictions contained in this Agreement are reasonable in order to protect the legitimate interests of the Disclosing Party and all defences to the strict enforcement of the restrictions by the Disclosing Party are hereby unconditionally and irrevocably waived by the Recipient.
- 8. The Recipient recognizes that a breach or threatened breach by the Recipient of any of its obligations under this Agreement may result in damages to the Disclosing Party and that the Disclosing Party may not adequately be compensated for those damages by monetary award and, accordingly, the Recipient agrees that if a breach occurs, in addition to all other remedies available to the Disclosing Party at law or in equity, the Disclosing Party will be entitled, as a matter of right (and without having to show or prove any actual damages), to apply to a Court of competent jurisdiction for relief by way of restraining order, injunction, decree or otherwise, as may be appropriate, to ensure compliance with the provisions of this Agreement.

9. In the event that the Recipient becomes aware of a breach of this Agreement, the Recipient agrees that it shall, as soon as possible, and in any case within two business days, advise the Disclosing Party, in writing, of such breach and provide the details thereof.
10. Should any person seek to legally compel the Recipient to disclose any Confidential Information, the Recipient will provide the Disclosing Party with prompt written notice thereof so that the Disclosing Party may seek a protective order or other appropriate remedy. The Recipient shall cooperate fully with the Disclosing Party on a reasonable basis to obtain a protective order or other appropriate remedy in response to any attempt by any such Person. In any event, the Recipient or other Person receiving Confidential Information hereunder who is so compelled to disclose will only furnish that portion of the Confidential Information that is legally required to be disclosed.
11. None of the Disclosing Party, its affiliates, or their Representatives make or shall be deemed to have made any representations or warranties, express or implied, as to the quality, accuracy or completeness of the Confidential Information disclosed hereunder. The Disclosing Party, its affiliates, and their respective Representatives expressly disclaim any and all liability for representations or warranties, express or implied, or errors, contained in, or omissions from, the Confidential Information or other material made or to be made as part of the Confidential Information or otherwise. Recipient hereby releases, indemnifies and holds the Disclosing Party, its affiliates, and their respective Representatives harmless with respect to any use of or reliance upon Confidential Information by Recipient or its advisors.
12. To the extent that any Confidential Information includes materials subject to solicitor-client privilege or litigation privilege, neither the Disclosing Party nor any of its affiliates are waiving, and shall not be deemed to have waived or diminished, their solicitor-client privilege, litigation privilege or similar protections and privileges as a result of disclosing any Confidential Information (including Confidential Information related to pending or threatened litigation) to the Recipient or its Representatives.
13. All notices, consents and other instruments which are required or may be given pursuant to this Agreement must be given in writing and delivered personally or by electronic mail as follows:

In the case of the Disclosing Party:

ALVAREZ & MARSAL CANADA INC.
Bow Valley Square 4
Suite 1110, 250 6th Ave SW
Calgary, AB T2P 3H7

Attention: Orest Konowalchuk / Bryan Krol
Tel: (403) 538-4736 / (403) 538-7532
Email: okonowalchuk@alvarezandmarsal.com / bkrol@alvarezandmarsal.com

In the case of the Recipient:

To the address set forth on the signature page hereto.

14. If any term or provision of this Agreement is declared to be void or unenforceable in whole or in part by a court of competent jurisdiction, it shall be deemed to be severable from the rest of this Agreement and it shall not affect or impair the enforceability or validity of any other covenant or provision of this Agreement.
15. This Agreement shall be governed by and interpreted in accordance with the laws in force in the Province of Alberta. The Recipient hereby irrevocably attorns to the jurisdiction of the Courts of the Province of Alberta for the determination of all matters arising hereunder in the event the Disclosing Party should bring an action on this Agreement in the Courts of the Province of Alberta. The Recipient hereby agrees that, notwithstanding the foregoing, the Disclosing Party may bring an action on this Agreement in any jurisdiction where the Recipient has Business or in any jurisdiction where this Agreement has been breached or where a breach is threatened, and in such an event, the Recipient hereby irrevocably attorns to the jurisdiction of the Courts of such jurisdictions for the determination of all matters arising hereunder.
16. If the closing of the Potential Transaction does not take place, this Agreement will continue indefinitely, unless otherwise agreed in writing by the Disclosing Party.
17. No waiver of any particular requirement hereunder shall be construed as a general waiver of this Agreement, and any failure by or delay by the Disclosing Party in enforcing their rights against any particular breach of this Agreement shall not limit or affect their rights to enforce their rights against any other breach hereof.
18. This Agreement shall not be assigned by the Recipient without the prior written consent of the Disclosing Party.
19. This Agreement shall enure to the benefit of the Disclosing Party and its successors and assigns and shall be binding upon the Recipient and its successors and permitted assigns, as the case may be.
20. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter herein and supersedes all prior contracts, agreements and understandings pertaining to the subject matter of this Agreement. No modification or alteration of this Agreement shall be binding unless executed in writing by the parties hereto. There are no representations, warranties, collateral agreements or conditions affecting this transaction that have been made or relied upon by any party hereto other than as set out herein in writing.

The remainder of this page is intentionally left blank.

21. This Agreement may be executed in counterpart and pursuant to facsimile transmission.

IN WITNESS WHEREOF the Recipient has executed this Agreement on the day and year first above written.

ALVAREZ & MARSAL CANADA INC., in its capacity as the receiver of the assets, undertakings and properties of each of the Debtors and not in its personal or corporate capacity

Print Name of Recipient

Per:

Name:
Title:

Per:

Name:
Title:

Address for service:

PROPOSAL FORM – Alvarez and Marsal Canada Inc. in its capacity as receiver of Candesto Enterprises Corp., D3 Infrastructure Services Inc., and Safe Roads Alberta Ltd. (collectively, the “Companies”)- IN RECEIVERSHIP

To: Alvarez and Marsal Canada Inc. in its capacity as receiver of the Companies, and not in its personal or corporate capacity (the “**Receiver**”),

Bow Valley Square 4
Suite 1110, 250 - 6th Avenue SW
Calgary, Alberta T2P 3H7

Attention: Bryan Krol bkrol@alvarezandmarsal.com
Gabby Menzies gmenzies@alvarezandmarsal.com

1. _____

(Name of Party issuing Proposal) (the “**Bidder**”)

2. _____

(Address of Party)

3. _____
(Phone number) (Email)

4. _____
(Person to be contacted)

5. The total amount hereby offered: Proposal A (Net Minimum Guarantee): \$ _____

a. Additional Conditions: _____

6. The total amount hereby offered: Proposal B (Straight Commission) \$ _____

a. Additional Conditions: _____

7. The total amount hereby offered: Proposal C (Outright Purchase): \$ _____

a. Additional Conditions: _____

8. In the event more than one of the foregoing Proposals is submitted by the Bidder, the Receiver may accept any one Proposal from any Bidder in its sole discretion.
9. Each Proposal submitted by any bidder shall be referred to as a "**Bid**". The Receiver maintains the right to accept any Bid in its sole discretion and is not required to accept the Bid with the highest amount offered. The Receiver may negotiate with any of the bidders in any manner and may choose to reject all Bids.
10. Enclosed is the Bidder's bank draft payable to Alvarez & Marsal Canada Inc., in its capacity as Receiver of the Companies as a deposit in the amount of \$_____, representing 10% of the total amount of the Bidder's highest valued Proposal submitted herein (the "**Deposit**"). The Deposit is only required should the Bidder make a bid based on a Net Minimum Guarantee or Outright Purchase.
11. If a Bid is accepted by the Receiver (the "**Accepted Proposal**"), the successful Bidder will, in good faith, negotiate a binding definitive agreement (the "**Definitive Agreement**") with the Receiver which shall, unless the parties agree otherwise, include the following:
 - a. a purchase price in an amount equal to that contained in the Accepted Proposal;
 - b. an allocation of the purchase price for each of the assets sold under the Definitive Agreement acceptable to the Receiver (the "**Assets**"), and a term to adjust the purchase price to allow for any removal of Assets from the purchase and sale;
 - c. additional provisions incorporating the Additional Conditions set out in the Accepted Proposal;
 - d. a condition precedent that the performance of the Definitive Agreement will be subject to approval of the Court of King's Bench of Alberta (the "**Court Approval**");
 - e. a term that the Deposit will be non-refundable upon the execution of the Definitive Agreement by the Bidder and the Receiver unless the transaction contemplated by the Definitive Agreement does not close as a result of an act or omission of the Receiver or the non-satisfaction of any condition precedent (including obtaining Court Approval);
 - f. a term that the Assets shall be acquired by the Bidder on an "as is, where is" without recourse basis;
 - g. a term that the Receiver makes no representations, warranties or collateral agreements, either express or implied, in respect of the Assets, including with respect to the condition or fitness of any Asset for any purpose or as to the title, ownership or merchantability of any Asset;
 - h. a term that the implied conditions and warranties contained in the *Sale of Goods Act*, R.S.A., c. S-2, as amended, or any similar statute or law in any other province or territory, are expressly excluded and shall not apply to any sale effected by the Definitive Agreement;
 - i. a representation by the Bidder that it has completed to its satisfaction any due diligence and investigation in relation to the Assets; and
 - j. a release of the Receiver, which shall trigger upon the closing of the transaction of any claims the Bidder has or could have with respect to the purchase and sale of the Assets;
 - k. such other terms that are customary in an agreement of the nature of the Definitive Agreement.

12. The Receiver requires that all Bids be submitted by e-mail or courier to the Receiver by **4:00 p.m. MDT on Friday, May 17, 2024**

DATED at _____ this _____ day of _____, 2024.

(Signature of Authorized Representative)

(Name and Position)

ACCEPTED:

**Candesto Enterprises Corp., D3 Infrastructure
Services Inc., and Safe Roads Alberta Ltd.
BY AND THROUGH ITS COURT APPOINTED
RECEIVER, ALVAREZ AND MARSAL CANADA INC.,
ACTING IN ITS CAPACITY AS RECEIVER, AND NOT
IN ITS PERSONAL OR CORPORATE CAPACITY**

(Signature of Authorized Representative)

(Name and Position)

(Date)

APPENDIX C



AUCTION AGREEMENT

This Auction Agreement (the “**Agreement**”), is entered into this 29th day of May, 2024 (“**Effective Date**”), between McDougall Auctioneers Ltd. (referred to as “**McDougall**”), and Alvarez & Marsal Canada Inc. (“**Receiver**”) in its capacity as Receiver of Candesto Enterprises Corp. (“**Candesto**”), D3 Infrastructure Services Inc. (“**D3**”) and Safe Roads Alberta Ltd. (“**SRA**”, and together with Candesto and D3, the “**Debtors**”) and not in its personal or corporate capacity (McDougall and Receiver shall hereinafter be referred to as the “**Parties**” and each a “**Party**”).

1. Purpose of Agreement. Receiver hereby retains McDougall to sell the assets as that described on Schedule “B” hereto (collectively the “**Assets**” and each an “**Asset**”) through a publicly advertised and conducted timed online auction process, with particulars of the auction process and McDougall’s responsibilities set out in Schedule “A” hereto (the “**Auction Process**”). McDougall hereby agrees to use its professional skill, knowledge and experience to design and run the Auction Process to the best advantage of both Parties, but makes no representations or warranties regarding the outcome of the Auction Process, except to the extent as may be provided for in this Agreement.
2. Location of Assets. Some but not all of the Assets are located at the Debtors’ former business premises, being a properties with the municipal addresses of 19960 – 107 Avenue, Edmonton, AB and 37 McCool Crescent, Crossfield, AB (together, the “**Premises**”).
3. Auction Sale. The Assets shall be sold by way of public auction to be conducted by McDougall (the “**Auction Sale**”). The Auction Sale shall be conducted by McDougall in accordance with the terms of this Auction Agreement and the terms set out in Schedule “A” hereto, which Auction Agreement shall be subject to the Court of King’s Bench of Alberta (the “**Court**”) granting an order within Court File No. 2401-04879 (the “**Receivership Proceeding**”) approving the terms of this Agreement, including the Auction Process, and granting an order transferring title to any Assets sold through the Auction Sale to the purchasers of such Assets free and clear of any claims or encumbrances by through or under the Debtors (the “**Court Approval**”).
4. Confidentiality. The Parties shall seek a sealing order for this Agreement and all commercially sensitive terms herein shall be redacted from the publicly filed version of this Agreement.
5. Exclusivity. Receiver retains McDougall to be its sole and exclusive agent to market the Assets for sale through the Auction Process. Except as otherwise set out herein, Receiver hereby agrees that it will not, during the currency of this Agreement, sell or attempt to sell

any of the Assets on its own without utilizing the services of McDougall in connection therewith.

6. Deposit. McDougall shall provide a cash deposit to Receiver in the amount of [REDACTED] (the “**Deposit**”) upon the execution of this Agreement by both McDougall and Receiver. The Deposit shall only be refundable if the Court Approval is not granted or the Auction Sale is terminated or materially interrupted as a result of an action of Receiver, and upon such event, Receiver shall return the Deposit to McDougall within seven (7) business days.
7. Compensation. The following sets out how payment shall be provided to Receiver by McDougall and McDougall’s compensation:
 - a) McDougall shall provide Receiver with a net minimum guarantee for all of the Assets of [REDACTED] (the “**NMG**”). The initial 10% of the NMG shall be provided to Receiver in the form of the Deposit as outlined in paragraph 6 of this Agreement. McDougall shall thereafter unconditionally provide Receiver the remaining 90% of the NMG at least (2) days prior to the Auction Sale Closing Date (as defined in Schedule “A” herein) or such later date as the Receiver may agree.
 - b) McDougall shall retain all gross sale proceeds between [REDACTED] to [REDACTED], and any proceeds exceeding [REDACTED] (excluding any buyer’s premiums retained by McDougall) shall be split [REDACTED] in favour of Receiver (the “**Receiver’s Residual**”) and [REDACTED] in favour of McDougall;
 - c) McDougall reserves the right to charge a [REDACTED] buyer’s premium (“**Buyer’s Premium**”). Any buyer’s premium collected by McDougall will be to the sole account of McDougall and will not constitute sales for the purpose of calculating any split of residual between Receiver and McDougall outlined above. McDougall retains the right to waive or discount the Buyer’s Premium on any individual sale of an Asset at its sole discretion.
 - d) Within 21 days following the Auction Sale Closing Date (as defined at Schedule “A” herein) McDougall shall provided Receiver the remaining 10% of the NMG and the Receiver’s Residual.
 - e) Payment of the NMG and Receiver’s Residual shall be made by McDougall to Receiver by way of cheque, bank draft or electronic fund transfer.
8. Sale Costs. Included in the above compensation to McDougall, McDougall shall arrange for all rolling stock and equipment forming part of the Assets to be cleaned and detailed prior to the advertising of the Assets. In addition, McDougall shall refurbish the flatbed trucks, skid steers and excavators forming part of the Assets prior to the Auction Sale, which is estimated at approximately [REDACTED] (plus GST) (the “**Refurbishment Costs**”) and McDougall shall be solely responsible for the Refurbishment Costs. Should further

refurbishment work be required causing additional costs exceeding the aggregate of [REDACTED], McDougall shall only perform such work with the prior written authorization of Receiver and all such costs incurred shall be born by McDougall and form part of the Refurbishment Costs.

9. Insurance on Assets. Until such time as title to and possession of any Asset is delivered to a purchaser as a result of the Auction Sale, Receiver shall obtain and thereafter maintain full fire, vandalism, burglary, theft and liability insurance on the Assets in an amount not less than the full insurable value of the Assets. In the event of a loss, McDougall shall be paid from the proceeds of any insurance claims paid to Receiver for any amounts due and owing to McDougall under this Agreement. To the extent that Receiver elects not to insure the Assets, Receiver assumes full responsibility for payment of all of McDougall's out of pocket costs insuring such Assets, which shall be deductible from the proceeds of sale of the specific Asset.
10. Insurance on Premises. McDougall shall carry a \$2,000,000 comprehensive general liability insurance policy covering personal injury and property damage (including fire damage) that may occur to the Premises during the Auction Process and Auction Sale, and until the removal of all sold Assets from the Premises following the Auction Sale and McDougall leaving the Premises in a clean and orderly condition.
11. Advertising; Disclaimers of Warranties; Etc. McDougall shall have sole authority to advertise the Auction Sale, provided that McDougall shall not place or arrange for any advertising without Receiver's approval as to content. To the extent allowable by law, Receiver hereby authorizes McDougall: (a) to use Receiver's and the Debtors' names and logos, without additional consideration from McDougall, in promotional materials pertaining to the Auction Sale, and (c) to state both in its advertising of the Auction Sale that all Assets are being sold, "AS IS, WHERE IS, WITH ALL FAULTS AND WITHOUT RECOURSE," and otherwise to include any disclaimers of warranty, including but not limited to disclaimers of the warranties of merchantability and fitness for a particular purpose or use. Receiver hereby acknowledges and agrees that McDougall: (y) has no knowledge with respect to, and has no obligation to investigate, the merchantability or fitness for any particular purpose or use of any of the Assets; and (z) has no duty to comply with the relevant provisions of the secured transaction laws (if applicable), including but not limited to the delivery of any requisite notice to third parties.
12. Sensitive Information. Receiver acknowledges that certain materials located at the Premises may be of commercially sensitive or of a personal nature (including but not limited to books and records, computer data, personal effects and other such sensitive materials) ("**Sensitive Information**"). McDougall shall not be responsible for the proper retrieval, storage and/or destruction of any Sensitive Information. Receiver (and not McDougall) shall be responsible to remove Sensitive Information from the Premises. This includes removing Sensitive Information from the computers and hard drives to be sold.

13. Hazardous Materials. McDougall has no obligation whatsoever to purchase, sell, make, store, handle, treat, dispose, generate, transport or remove any hazardous substances (“**Hazardous Materials**”) that may be located at the Premises or otherwise associated with the Assets. McDougall shall have no liability to any party for any environmental action brought (i) because the Assets were involved in, or are somehow related to, the storage, handling, treatment, disposition, generation, or transportation of Hazardous Materials, or (ii) in connection with any remedial actions associated with the Assets or the Premises. Receiver (and not McDougall) shall be responsible to remove from the Premises all Hazardous Materials from Assets to be sold prior to McDougall’s preview of the Assets to prospective buyers.
14. Condition of Premises. Following McDougall’s completion of the Auction Sale, it shall make its best efforts to leave the Premises in a clean and orderly condition, and based upon the availability of sufficient trash containers provided by Receiver. Notwithstanding any agreement by the Parties to the contrary, under no circumstances shall McDougall be responsible for penalties, fees or costs related to removal of: (i) unsold items; (ii) items abandoned by purchasers; (iii) Sensitive Information; or (iv) Hazardous Materials.
15. Receiver’s Obligations. Unless otherwise agreed to between the Parties in writing, Receiver shall seek to facilitate the following, where applicable, in such timeframes as necessary to support the time sensitive nature of the Auction Process: (i) prepare, execute and provide all documents required by this Agreement; (ii) authorize access to the Premises; (iii) obtain authorization to sell any Assets in which a third party has recorded or asserted a lien or encumbrance, if applicable; (iv) deliver the Assets in the same condition as was originally viewed and inspected by McDougall and as in the same condition as the date of the Court Approval; (v) deliver the vehicle keys and executed vehicle title documentation, where available and if applicable; (vi) purge any Assets of any fluids, gasses, Hazardous Materials, and/or other substances; and (vii) remove all Sensitive Information.
16. Term of Agreement. The rights and obligations of the Parties under this Agreement shall terminate upon the completion of the Auction Sale, the removal of the sold Assets from the Premises following the Auction Sale and/or the abandonment of such sold Assets by Buyers, and satisfaction of the Parties’ respective payment obligations to one another as set forth herein, or as terminated in accordance with the terms hereof (“**Termination Date**”).
17. Asset Cancellation. In the event an asset is added or removed from the Assets, or any material change in the condition of the Assets arises following the Court Approval the NMG may be adjusted upon written agreement between the Parties, acting reasonably. If the Parties are unable to agree on any such corresponding adjustments to the NMG, as provided herein, the parties hereby covenant and agree that such dispute shall be resolved pursuant to an independent third-party appraisal, provided that McDougall shall provide

Receiver, upon written request, all allocated values of the Assets if Receiver elects to remove certain Assets from the Auction Process.

18. Representations and Warranties of McDougall. McDougall hereby represents, warrants and covenants in favour of Receiver as follows:

- a. McDougall has completed to its satisfaction any due diligence and investigation in relation to the Assets;
- b. McDougall has taken all necessary action required to authorize the execution, performance and delivery of this Agreement, and to consummate the transactions contemplated hereby;
- c. This Agreement is a valid binding obligation of McDougall, enforceable in accordance with its terms; and
- d. To the best of McDougall's knowledge, no action or proceeding has been instituted or threatened affecting the consummation of this Agreement or the transactions contemplated herein.

19. Representations and Warranties of Receiver. Receiver hereby represents, warrants and covenants in favor of McDougall as follows:

- a. Receiver has been appointed under the terms of a receivership order granted by the Court and such appointment is valid and subsists;
- b. Receiver in its capacity as Receiver of the Debtors and not in its personal capacity, has good right, power and authority to enter into this Agreement and the documents and Agreements executed and delivered here under and to sell, assign, transfer, convey and set over the interest of the Debtors in and to the Assets subject to the appropriate Order of the Court being granted.

Receiver makes no representations, warranties or collateral agreements, either express or implied, in respect of the Assets, including with respect to the condition or fitness of any Asset for any purpose or as to the title, ownership or merchantability of any Asset.

20. Sale of Goods Act. The implied conditions and warranties contained in the *Sale of Goods Act*, R.S.A., c. S-2, as amended, or any similar statute or law in any other province or territory, are expressly excluded and shall not apply to any sale effected by this Agreement.

21. Limitation of Liability. Notwithstanding any of the terms of this Agreement to the contrary, McDougall's maximum liability for (i) any breach of McDougall's covenants, agreements and/or indemnifications set forth herein, and (ii) any and all damages of any type or nature whatsoever, whether in contract, tort or otherwise, that may be sustained by Receiver or any other person or entity that arises from or is otherwise related to this Agreement or the

Auction Sale and which is in excess of any applicable insurance coverage shall be the amount of the NMG. Nothing in this paragraph or this Agreement shall act as a limitation of liability of the McDougall in the event of gross negligence or willful misconduct on the part of the McDougall.

22. Force Majeure. Notwithstanding any of the terms of this Agreement to the contrary, McDougall shall not be deemed in default with respect to the performance of any of the terms, covenants and conditions of this Agreement and the date of the Auction Sale shall be extended accordingly, if McDougall is unable to fulfill its obligations hereunder due to or because of any: (a) strike or lockout; (b) civil commotion, war-like operation, invasion, rebellion, terrorist act, hostilities, military or usurped power, sabotage, or acts of governmental; (c) flu, epidemic, pandemic, serious illness or plagues, disease, emergency or outbreak; (d) widespread power failure or internet disruption; or (e) hurricane, tornado, flood, mudslide, fire, act of God, or any other cause that is beyond the control of McDougall (each, a “**Force Majeure Event**”).
23. Termination. The following shall constitute “**Termination Events**” hereunder:
- a. Receiver’s or McDougall’s failure to perform any of their respective material obligations hereunder, which failure remains uncured for seven (7) business days after receipt of written notice thereof to the defaulting Party;
 - b. Any representation or warranty made by Receiver or McDougall is untrue in any material respect as of the date made or at any time and throughout the term of this Agreement;
 - c. The Auction Sale is terminated or materially interrupted or impaired for any reason other than an event of default by Receiver or McDougall, including due to a Force Majeure Event;

If a Termination Event occurs, the non-defaulting Party (in the case of an event of default) or either Party (if the sale is otherwise terminated or materially interrupted or impaired) may, in its discretion, elect to terminate this Agreement by providing seven (7) days written notice thereof to the other Party and, in the case of an event of default, in addition to terminating this Agreement, pursue any and all rights and remedies and damages resulting from such default. If this Agreement is terminated pursuant to a Terminating Event committed solely by Receiver, Receiver shall be obligated to pay McDougall all of McDougall’s undisputed out of pocket costs and disbursements due owing under this Agreement through and including the termination date. Notwithstanding anything else in this Agreement, either Party may terminate this Agreement without cause and for any reason upon giving 30 days’ written notice to the other Party, following which time neither Party shall have any ongoing obligations to the other hereunder.

24. Notices. Any notice or other communication under this Agreement shall be in writing and may be delivered personally, sent by facsimile or by prepaid registered or certified mail, or by email, addressed as follows:

If to Receiver:

Alvarez & Marsal Canada Inc.
Suite 1110, 250 – 6th Avenue SW Calgary, Alberta T2P 3H7
Attention: Bryan Krol
Telephone: 403-538-7523
Email: brkol@alvarezandmarsal.com

With a copy to

Gowling WLG (Canada) LLP
Attention: Sam Gabor
Telephone: 403-298-1946
Email: sam.gabor@gowlingwlg.com

If to McDougall:

McDougall Auctioneers Ltd.
301-15 Great Plains Road
Attention: Chad Guay
Telephone: 306-757-1747
Email: chad.g@mcdauction.com

25. Partial Invalidity. In the event any term or provision contained within this Agreement shall be deemed illegal or unenforceable, then such offending term or provision shall be considered deleted from this Agreement and the remaining terms shall continue to be in full force and effect.
26. Final Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, understandings and proposals, and can only be modified by a writing signed by Receiver and McDougall.
27. Assignment. Neither Receiver nor McDougall shall assign this Agreement without the express written consent of the other. This Agreement shall inure to the benefit of, and be binding upon, the Parties and their respective successors and permitted assigns. However, upon the written consent of Receiver which shall not be unreasonably withheld, nothing in this Agreement shall prohibit McDougall from retaining subcontractors or collaborating with other companies as joint venture partners to facilitate the Auction Sale.

28. Counterparts. This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts, together, shall constitute one and the same instrument. Electronic delivery of this Agreement or an executed counterpart hereof shall be deemed a good and valid execution and delivery hereof or thereof.
29. No Partnership. Nothing contained hereof shall be deemed to create any relationship between McDougall and Receiver or Debtors other than an agency relationship. It is stipulated that the parties are not partners or joint venturers.

30. Jurisdiction. This Agreement shall be interpreted under and in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, and the Parties do hereby attorn to the jurisdiction of the courts of the Province of Alberta in the Receivership Proceeding in the event of any dispute under this Agreement.

McDougall Auctioneers Ltd.

Per: _____

Chad Guay
Vice President – Sales / Partner

**Alvarez & Marsal Canada Inc. in its capacity
as Receiver of Candesto Enterprises Corp.,
D3 Infrastructure Services Inc. and Safe
Roads Alberta Ltd. and not in its personal or
corporate capacity.**

Per: _____

Orest Konowalchuk, LIT
Senior Vice President



Schedule “A”
Auction Process and McDougall Responsibilities

Auction Process

1. McDougall shall commence the Auction Process on June 14, 2024, following the Court Approval, or other mutually agreed upon, and shall be a publicly advertised and conducted by way of a timed online auction which shall run until the Auction Sale Closing Date (as defined below).
2. The Auction Sale will close on July 18, 2024 (the “**Auction Sale Closing Date**”), or other mutually agreed upon date.
3. The Assets shall remain at the Premises during the Auction Process and Auction Sale.
4. McDougall will have free use of the Premises for the Auction Process and Auction Sale which shall include rent, occupancy costs, property taxes, utilities, business tax until July 26, 2024, or other mutually agreed upon date.
5. McDougall will have the option of adding other assets other than the Assets to enhance the Auction Sale.
6. McDougall will have a three (3) day preview period prior to the Auction Sale Closing Date for prospective purchasers to inspect and view all items, followed by a four (4) day release period to allow winning bidders the opportunity to retrieve purchased Assets following the Auction Sale Closing Date.
7. Within twenty one (21) days of the Auction Sale Closing Date, McDougall shall provide Receiver a full report of all sales of the Assets, or such other date as may be agreed upon between Receiver and McDougall.
8. With the consent of Receiver, McDougall may alter the Auction Process in the event that between the date of this Agreement and the date of the Auction Sale there occurs a Force Majeure Event causing the Auction Sale to be delayed.

McDougall’s Responsibilities

1. McDougall will setup, inventory, clean as needed, catalogue, and photo the Assets for Auction Process and Auction Sale.
2. Any costs to detail or repair the Assets, notwithstanding that subject to this Agreement such Refurbishment Costs shall be paid for and be the responsibility of McDougall, shall be approved by Receiver prior to any work being commenced by McDougall.

3. McDougall will advertise the Auction Sale and Assets through a multi-platform, uniquely developed marketing strategy that will best work for the Auction Process relevant to the Assets included. Common strategies deployed by McDougall are social media campaigns, relevant daily, weekly and trade specific publications that include both print and online options. Multi-channel exposure on the world wide web, as well as through pamphleteering to trade related companies, and mail to relevant potential purchasers. McDougall's advertisement campaign is outlined in greater detail within its proposal to Receiver dated May 22, 2024 appended as **Schedule "C"** to this Agreement.
4. McDougall shall be responsible for clean-up and garbage disposal costs incurred by McDougall and the Premises shall be left in a tidy manner.
5. McDougall shall not be responsible for filling in any pre-existing pits or holes left behind after the removal of the Assets.
6. All costs relating to McDougall's advertisement campaign shall be born solely by McDougall. McDougall holds the right to deviate at its sole discretion from the sales and marketing approaches outlined in this Agreement to the sale date or at any point without the consideration of Receiver if McDougall deems that it is commercially reasonable that deviating from the sales and marketing approaches will result in the same fair market value sale of one or more of the Assets.
7. McDougall will be responsible for all merchant charges and internet charges associated with the Auction Sale.
8. McDougall will be responsible for charging, collecting and remitting the GST to Canada Revenue Agency where it has been notified said tax is applicable.
9. McDougall will be responsible for invoicing all purchasers, collection of monies for all sales and will guarantee payment once collected. All gross sale proceeds shall be deposited in a trust account by McDougall.
10. McDougall will be responsible for providing all bills of sale and any other sales documentation evidencing a purchase and sale to purchasers.
11. McDougall will be responsible for releasing all purchased Assets to successful purchasers.



Schedule “B”
Assets

2007 Britco 12 x 60 ft Skidded Office s/n 06044-0

030 - 2014 Dodge Ram 3500 Flatbed Truck (3C7WRTBL7EG156289)

002 - 2002 Chevrolet S10 Pickup Truck (1GCCS19W028239038)

2021 Caterpillar A41 Auger - Finning

050 - 2006 Caterpillar 252 Skid Steer

86 - 2010 Caterpillar 252B Skid Steer (CAT0252BTTNK00483)

061 - 2015 H&M H-75E Vibratory Driver/Extractor

062 - 2015 Caterpillar 308E2 Mini Excavator

027 - 2012 Ford F450 Flatbed Truck (1FD0W4GT4CEC52343)

T22 2021 Texas Pride Tridem FT84030KGN Gooseneck Trailer (7HCN2XGT9MB027359)

074 - 2000 Ingersoll Rand VR1056 Telehandler

067 - 2017 H&M H-75E Vibratory Driver/Extractor (215525)

M - Misc. permanent & construction signs, barrels, cones, sign stands and 32 CofC style beamstands

060 - Sea Can 40'

011 - 2012 Freightliner M2112 W/Texoma Pressure Drill

(1FVHC5DV3CDBK1493)

068 - 2007 Caterpillar M318D Wheel Excavator (CATM318DVW8P00461) Message Board from Ritchie Bros - DAKTR VP4000 (Daktronics) 5 Signs in total

052 - 2005 Arrowboard Trailer (Northstar)

T20 2021 Texas Pride Tridem GT817418KGN Gooseneck Trailer

(7HCN2XGT0MB020154)

T09 - 2008 Lode King Tri/A Hiboy Trailer (2LDPF53378L047028)

T03 - 2005 Featherlite 40' Tridem Steamer Trailer

2017 Dell Rapids T/A Tilt Deck Trailer (576BT2020H1031098)

T01 - 2002 Falcon Tri/A Trailer

T11 - Truco S/A Reel Trailer

T12 - 2008 Eager Beaver Tri/A RGN Lowboy Trailer (112SD55288L073649)

075 - Rockwater CB500 Hydraulic Breaker

065 - 2017 Caterpillar 308E2 Mini Excavator

031 - 2018 Toyota Tundra Platinum Crew Cab Pickup Truck

(5TFAY5F15JX722373)

020 - 2015 GMC Sierra 3500 Pickup Truck (1GT521EG9FZ503851)

029 - 2017 Ford F550 Reg Cab Flatbed Truck

(1FD0X5HT9HEC26457)

009 - 2010 Freightliner M2 T/A Telect Digger Derrick Truck

(1FVHC5CV7ADA16932)

016 - 2012 International Prostar Day Cab T/A Semi Truck

(1HSDJSJTXCH633024)

T04 - 2007 Southland 14' Gooseneck Dump Trailer

T14 - 2008 Precision 33' T/A Gooseneck Equipment Trailer

T16 - 2014 Dell Rapids Trailer DCT T20-14 Tri/A Gooseneck Trailer

(576CN3233EF1027510)

T18 2020 Doecker Tridem Step Deck Trailer

008 - 2007 Freightliner MM112086 Tri/A Hiab Knuckle Boom Truck

(1FVPC5CV27HZ20268)

023 - 2019 RAM 5500 Crew Cab Flatbed Truck

(3C7WRNEL8KG689920)

025 - 2021 Ram 5500 SLT Crew Cab Flatbed Truck (3C7WRNFL1MG561892)

076 - 2014 Kubota SVL90 Compact Track Loader

(JKUC0902E01S11703)

2021 Texas Pride Deck T/A Tilt Ramp Bumper Pull Trailer

(7HCGL2124MB020151)

Generator/ Compressor D210QH (no wheels)

Stanley MB356 Breaker

Approx. 15 Auger Bits

Drill Rig Shack with contents

Misc Pallet Racking and tools inside building

Desks, Tools, Tv's, Contents of Office Trailer

DesksFridge etc. for new trailers

57 - Message Board Sign Trailer

5" x 70" Auger Bit

5" x 56" Auger Bit

2 - 8" x 69" Auger Bit

Casings and Straight Pipe

T70 - 2008 Caterpillar AF100D Crawler Drill

Scaffold Ends (2)

T 17 - 2021 Texas Pride T/A Gooseneck Trailer

5th Wheel, Tandem Dual Axle

60" Auger Bit

8" Core Bit

New Bucket

Hoe Digging Bucket

6 Sections of Pallet Racking

Propane BBQ

Blue Pallet Dump Bin

Kubota Skidsteer Auger

Kubota Bucket

2 - Auger Head

Pipe Rack

T15 - 2020 Hull Porter 14' T/A Dump Trailer (50JDX1426LB012738)

Kinshofer KM420 Crane Pallet Forks

T23 - 2021 Texas Pride T/A Gooseneck Trailer (7HCGF3529MB027362)

Schedule “C”
Marketing Strategy

Marketing Strategy

We propose an extensive \$25,000 advertising program with various advertising firms worldwide, including but not limited to the following manner:

- Hang up and distribution of colour posters custom designed by our marketing team.
- Colour gloss brochure for mail-out to similar industries
- Newspaper ads
- Global Auction Guide listing
- Google ad words
- www.machinio.com
- Social media outlets
- Equipment Trader ads
- Machinery Trader ads
- Machinery Pete ads
- Phone canvassing

McDougall will be completely responsible for the advertising campaign. The campaign will be accompanied by voice ads on various radio stations throughout Canada and the United States, featuring the online auction sale as a notice to listeners. In addition, in conjunction with the above schedule, our “Client” list from the previous 42 years will be notified of the sale bill either by mail, e-mail or telephone marketing.

APPENDIX D

Candesto Enterprises Corp., D3 Infrastructure Services Inc., and Safe Roads Alberta Ltd.
Summary of Receiver's Fees and Disbursements
April 17, 2024 to May 31, 2024

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
Invoice #1	April 17, 2024 - April 30, 2024	66,538.00	831.49	67,369.49	3,368.47	70,737.96
Invoice #2	May 1, 2024 - May 31, 2024	132,929.00	2,169.55	135,098.55	6,754.93	141,853.48
Total		199,467.00	3,001.04	202,468.04	10,123.40	212,591.44

Candesto Enterprises Corp., D3 Infrastructure Services Inc., and Safe Roads Alberta Ltd.
Summary of Receiver's Counsel's Fees and Disbursements
April 17, 2024 to May 31, 2024

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
20267469	March 27, 2024 - April 30, 2024	16,712.00	262.17	16,974.17	848.71	17,822.88
20282416	May 1, 2024 - May 31, 2024	11,493.00	179.65	11,672.65	583.18	12,255.83
Total		28,205.00	441.82	28,646.82	1,431.89	30,078.71