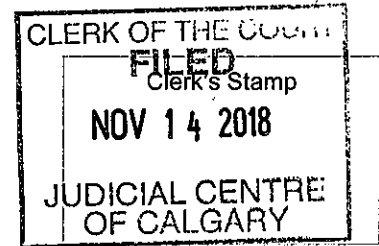


COURT FILE NUMBER **1801-01297**

COURT Court of Queen's Bench of Alberta

JUDICIAL CENTRE Calgary



PLAINTIFF **HSBC BANK CANADA**

DEFENDANTS **ADVANTAGE PRODUCTS INC. and JAMES WEBER**

DOCUMENT **APPLICATION**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT **Fasken Martineau DuMoulin LLP**  
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**Attention: Travis Lysak / Mihai Tomos**  
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File No.: 303718.3

**NOTICE TO RESPONDENT(S):**

This application is made against you. You are the respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

**Date:** November 20, 2018

**Time:** 11:00 a.m.

**Where:** Calgary Court Centre, 601 - 5 Street S.W., Calgary, Alberta, T2P 5P7

**Before Whom:** The Honourable Justice C.M. Jones

Go to the end of this document to see what else you can do and when you must do it.

**Remedy claimed or sought:**

1. Advice and direction to the Receiver on how to proceed with the Excalibre Damages Claim (as defined in the Second Report).
2. An Order providing for, *inter alia*:
  - (a) the approval of the Receiver's activities as set forth in the second report of the Receiver dated November 13, 2018 (the "**Second Report**");
  - (b) the approval of the Receiver's receipts & disbursements; and
  - (c) the approval of a distribution to Export Development Canada ("**EDC**"), as described in the Second Report.

**Grounds for making this application:**

The grounds for making this application are set out more fully in the Second Report, but can be summarized as follows:

**(A) Background**

3. Any capitalized term not defined in the Application shall take the meaning ascribed to it in the Second Report.
4. Effective February 7, 2018, pursuant to an order of the Honourable Justice A.D. Macleod granted in these proceedings (the "**Receivership Order**"), Alvarez & Marsal Canada Inc. was appointed receiver (the "**Receiver**"), without security, of all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof (the "**Property**") of Advantage Products Inc. ("**API**") in the within action.
5. The Receivership Order empowers and authorizes, but does not obligate, the Receiver to, among other things, manage, operate and carry on the business of API and to take possession and control of the Property of API and 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.

6. Pursuant to an order of the Honourable Justice K.M. Horner granted in these proceedings on May 2, 2018 (the “**Claims Process Order**”), the Receiver was directed to and implemented a claims process that allowed the creditors of API to prove their claims against API (the “**Claims Process**”).

**(B) Receiver’s Activities**

7. The Receiver’s actions and activities up to the date of this Application, as described in the Second Report are lawful, proper, and consistent with its powers under the Receivership Order and the Claims Process Order.

8. **(C) Advice and Directions**

9. The Receiver does not believe it is possible to quantify the Excalibre Damages Claim in anything but a speculative fashion and believes that, on a cost-benefit basis, it may not be justifiable to retain an expert to assist with this claim. Further, the Excalibre Damages Claim is the largest claim in the Claims Process and will have a significant impact on the dividend received by other unsecured creditors.

**(D) Distribution**

10. The Receiver is advised by its counsel that EDC’s security as against API is valid and enforceable and ranks in priority to all other unsecured creditors. The Receiver recommends to distribute to EDC an amount equal to all indebtedness owed by API to EDC.

**Material or evidence to be relied on:**

11. The Second Report of the Receiver dated November 13, 2018.
12. Affidavit of Service.
13. The other pleadings and materials filed in this Action and such further and other material as counsel may advise and this Honourable Court may permit.

**Applicable rules:**

14. Rules 1.3, 1.4, 6.3, and 13.5(2) of the *Rules of Court*.

15. Such further and other rules as counsel may advise and this Honourable Court may permit.

**Applicable Acts and Regulations:**

16. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.
17. *Judicature Act*, R.S.A. c. J-2.
18. Such further and other Acts and Regulations as counsel for the Receiver may advise or this Honourable Court may permit.

**Any irregularity complained of or objection relied on:**

19. Not applicable.

**How the application is proposed to be heard or considered:**

20. Before the presiding Justice C.M. Jones in Commercial Chambers.

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicants what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.