

COURT FILE NUMBER 1901-08251
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONS FUND I, LLC
DEFENDANT BEARSTONE ENVIRONMENTAL SOLUTIONS INC.
DOCUMENT ORDER APPROVING AUCTION AGREEMENT



ADDRESS FOR SERVICE AND CONTRACT INFORMATION OF PARTY FILING THIS DOCUMENT:

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Attention: Jeffrey L. Oliver / Danielle Marechal

October 7, 2019

Calgary, Alberta

The Honourable Madam Justice C. Dario

I hereby certify this to be a true copy of the original Order

Dated this 8 day of Oct / 2019

for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED

LOCATION WHERE ORDER WAS PRONOUNCED:

NAME OF JUDGE WHO MADE THIS ORDER:

UPON THE APPLICATION by **KPMG Inc.** in its capacity as the Court-appointed receiver and manager (the "**Receiver**") of the assets, undertakings and properties of Bearstone Environmental Solutions Inc. (the "**Debtor**") for an order, among other things: (i) approving an auction services agreement dated October 2, 2019 (the "**Auction Agreement**"), between **Ritchie Bros. Auctioneers (Canada) Ltd.** (the "**Auctioneer**") and the Receiver, a redacted copy of which is attached to the First Report of the Receiver dated October 2, 2019 (the "**First Report**") as Appendix "G"; (ii) authorizing the Auctioneer to conduct an auction in accordance with the terms of the Auction Agreement (the "**Auction**"); and (iii) vesting in each purchaser at such Auction (each a "**Purchaser**"), the Debtor's right, title and interest in and to the property purchased by such Purchaser at the Auction (and in

each case, the “**Purchased Assets**”), free and clear of any claims and encumbrances; **AND UPON HAVING READ** the Receivership Order granted by the Honourable Madam Justice B. Romaine on August 6, 2019 (the “**Receivership Order**”), the First Report, the Confidential Supplement to the First Report dated October 2, 2019, and the Affidavit of Service of Richard Comstock, sworn October 7, 2019; **AND UPON HEARING** from counsel for the Receiver and such other counsel as are present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF THE AUCTION AGREEMENT

2. The execution by the Receiver of the Auction Agreement is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Auction.
3. Upon:
 - (a) the Auctioneer completing a sale to a Purchaser at the Auction of one or more Purchased Assets;
 - (b) receipt by the Auctioneer from such Purchaser of the purchase price determined at the Auction (the “**Purchase Price**”); and
 - (c) delivery by the Auctioneer to such Purchaser of a bill of sale or similar evidence of purchase and sale of the Purchased Assets (each, a “**Purchaser’s Bill of Sale**”),

(each an “**Auction Transaction**” and collectively, the “**Auction Transactions**”)

all of the Debtors’ right, title and interest in and to the Purchased Assets purchased by such Purchaser at the Auction and described in such Purchaser’s Bill of Sale shall vest absolutely in the name of such Purchaser (or its nominee), free and clear of and from any and all

security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, pledges, liens, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”), including, without limiting the generality of the foregoing:

- (d) any encumbrances or charges created by the Receivership Order; and
- (e) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;

and, for greater certainty, this Court orders that all of the encumbrances affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

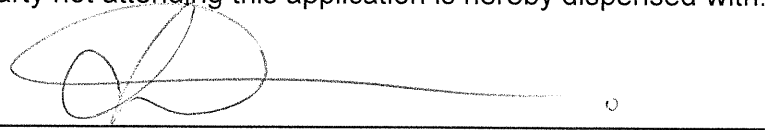
4. From and after the closing of each of the Auction Transactions (including the payment of the Purchase Price by the Purchaser to the Auctioneer), the Receiver or the Auctioneer are authorized to discharge from the Personal Property Registry any claim registered against any of the Purchased Assets being purchased by the Purchaser, to the extent the security interest is registered against the interest of the Debtors.
5. Upon completion of the Auction Transactions to the satisfaction of the Receiver, the Receiver shall file a certificate substantially in the form attached hereto as **Schedule “A”** certifying that the Auction Transactions have closed.
6. For the purposes of determining the nature and priority of Claims, net proceeds from the sale of the Purchased Assets at the Auction (to be held in a trust account by the Receiver) shall stand in the place and stead of the Purchased Assets, and from and after delivery of the Purchaser’s Bill of Sale, all Claims and encumbrances shall attach to the net proceeds from the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to their sale at the Auction, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. Each Purchaser (and its nominee, if any) shall, by virtue of the completion of the Auction Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtor or any affiliate of the Debtor.
8. The Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee, if any).
9. The Purchaser (or its nominee, if any) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.
10. Notwithstanding:
 - (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "**BIA**"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of the Debtor; and
 - (d) the provisions of any federal or provincial statute:the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable

federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

MISCELLANEOUS MATTERS

11. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
12. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
13. Service of this Order on any party not attending this application is hereby dispensed with.



Justice of the Court of Queen's Bench of Alberta

Schedule "A"
Form of Receiver's Certificate

COURT FILE NUMBER	1901 - 08251	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFF	NATIONS FUND I, LLC	
DEFENDANT	BEARSTONE ENVIRONMENTAL SOLUTIONS INC.	
DOCUMENT	<u>RECEIVER'S CERTIFICATE</u>	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	CASSELS BROCK & BLACKWELL LLP Suite 3810, Bankers Hall West 888 3rd Street SW Calgary, AB T2P 5C5 Telephone: 403 351-2921 Facsimile: 403-648-1151 Attention: Jeffrey L. Oliver / Danielle Marechal	

RECITALS

- A. Pursuant to an Order of the Honourable Madam Justice B. Romaine of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated August 6, 2019, KPMG Inc. was appointed as the receiver (in such capacity, the "**Receiver**") of the assets, undertakings and properties of Bearstone Environmental Solutions Inc.

- B. Pursuant to an Order of the Court dated October •, 2019, the Court approved the auction services agreement made as of October 2, 2019 (the "**Auction Agreement**") between the Receiver and Ritchie Bros. Auctioneers (Canada) Ltd., pursuant to which one or more auction transactions may be completed (the "**Auction Transactions**")

THE RECEIVER CERTIFIES the following:

1. The Auction Transactions have been completed to the satisfaction of the Receiver.
2. This Certificate was delivered by the Receiver at [**•Time**] on [**•Date**].

**KPMG Inc., in its capacity as
Receiver of the assets,
undertakings, and property of
Bearstone Environmental Solutions
Inc., and not in its personal capacity.**

Per; _____

Name:

Title: