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**COURT OF QUEEN'S BENCH
OF ALBERTA**

JUDICIAL CENTRE

CALGARY

PLAINTIFF

HSBC BANK CANADA, AS AGENT

DEFENDANT

Q'MAX SOLUTIONS INC., FLUID HOLDINGS
CORP., Q'MAX SOLUTIONS HOLDINGS INC.,
1356760 ALBERTA LTD., and QMAX CANADA
OPERATIONS INC.

APPLICANT

KPMG INC., IN ITS CAPACITY AS COURT-
APPOINTED RECEIVER AND MANAGER OF
Q'MAX SOLUTIONS INC., FLUID HOLDINGS
CORP., Q'MAX SOLUTIONS HOLDINGS INC.,
1356760 ALBERTA LTD., and QMAX CANADA
OPERATIONS INC.

DOCUMENT

THIRD REPORT TO THE COURT SUBMITTED
BY KPMG INC., IN ITS CAPACITY AS COURT-
APPOINTED RECEIVER AND MANAGER OF
Q'MAX SOLUTIONS INC., FLUID HOLDINGS
CORP., Q'MAX SOLUTIONS HOLDINGS INC.,
1356760 ALBERTA LTD., and QMAX CANADA
OPERATIONS INC. DATED MAY 2, 2022

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Table of Contents

Page

1. INTRODUCTION.....2

2. PURPOSE OF THE REPORT5

3. QCOI REAL ESTATE7

4. Q'MAX GROUP FOREIGN ENTITIES 11

5. M-I ACTION AND CHAPTER 15 PROCEEDINGS17

6. STATEMENT OF RECEIPTS AND DISBURSEMENTS19

7. DISTRIBUTIONS TO THE LENDERS.....21

8. RECEIVER'S ACTIVITIES SINCE THE SECOND REPORT.....22

9. RECEIVER'S RECOMMENDATIONS25

Listing of Appendices

Appendix “A”	Receivership Order
Appendix “B”	Redacted Clairmont PSA
Appendix “C”	Q’Max Group Corporate Structure Chart
Appendix “D”	Carboflex Demand Letter
Appendix “E”	Response from the Receiver’s counsel to the Carboflex Demand Letter
Appendix “F”	Settlement Approval Order
Appendix “G”	SRD for the period from May 28, 2020 to April 30, 2022 with notes

1. INTRODUCTION

1. On May 27, 2020, HSBC Canada, as administrative agent (“**HSBC Canada**” or the “**Agent**”) for certain lenders, which include HSBC Canada, Bank of Montreal, HSBC Bank USA (“**HSBC USA**”), Business Development Bank of Canada and Export Development Canada (collectively, the “**Lenders**”), brought an application pursuant to section 243 of the *Bankruptcy and Insolvency Act* and section 13(2) of the *Judicature Act*, RSA 2000, c J-2, seeking the appointment of KPMG Inc. (“**KPMG**”) as receiver and manager over the assets, undertakings and property (the “**Property**”) of Q’Max Solutions Inc. (“**QSI**”), Fluid Holdings Corp. (“**Fluid Holdings**”), Q’Max Solutions Holdings Inc. (“**QSHI**”), 1356760 Alberta Ltd. (“**1356760**”), and QMax Canada Operations Inc. (“**QCOI**” and together with, QSI, Fluid Holdings, QSHI and 1356760, the “**Receivership Entities**”).
2. The Court of Queen’s Bench of Alberta (the “**Court**”) pronounced an Order (the “**Receivership Order**”) on May 28, 2020 (the “**Receivership Date**”), pursuant to which KPMG was appointed receiver and manager (in such capacity, the “**Receiver**”) of the Property of the Receivership Entities (the “**Receivership Proceedings**”). A copy of the Receivership Order is attached hereto as **Appendix “A”**.
3. Prior to the Receiver’s appointment, on May 24, 2020, Q’Max America Inc. (“**QAI**”) and Anchor Drilling Fluids US, LLC (“**Anchor**”), two indirect subsidiaries of QSI that were operating entities in the United States, filed voluntary petitions (the “**Chapter 7 Proceedings**”) for relief under chapter 7 of the United States Bankruptcy Code (the “**U.S. Bankruptcy Code**”). On the same day, the United States Trustee appointed Christopher R. Murray as the chapter 7 trustee (the “**U.S. Trustee**”).
4. On September 30, 2020, the Receiver filed a verified petition pursuant to Chapter 15 of the U.S. Bankruptcy Code for (a) recognition of QSI’s Receivership Proceedings as a foreign main proceeding; (b) recognition of the Receiver as the foreign representative of QSI; and (c) related relief under Chapter 15 of the U.S. Bankruptcy Code.
5. The United States Bankruptcy Court for the Southern District of Texas Houston Division (the “**U.S. Bankruptcy Court**”) entered an Order on October 29, 2020 (the “**Recognition Order**”), among other things, recognizing QSI’s Receivership Proceedings as a foreign main proceeding, enforcing the Receivership Order in the United States and granting the Receiver all of the relief afforded under Chapter 15 of the U.S. Bankruptcy Code (the “**Chapter 15 Proceedings**”).
6. The Receiver filed its first report to the Court on December 18, 2020 (the “**First Report**”) in support of a motion for advice and directions from the Court in respect of litigation involving QSI’s proprietary

software known as “**MAXSITE**”. The First Report also provided background information on the Receivership Entities and their subsidiaries and affiliates (collectively, the “**Q’Max Group**”) and an overview of the realization process in respect of the Receivership Entities and the sale processes being undertaken by the Receiver in respect of certain foreign subsidiaries of QSI and the other Receivership Entities.

7. The Receiver’s motion for advice and directions was scheduled to be heard on January 15, 2021; however, as discussed in the Second Report (defined below), the Receiver did not proceed with its application and instead withdrew its application. As a result, M-I LLC (“**M-I**”), the plaintiff in the United States District Court for the Southern District of Texas, Houston Division (the “**U.S. District Court**”), Case No. 4:18-cv-01099, being an action against QSI (as well as QAI and others) in respect of MAXSITE (the “**M-I Action**”), obtained an Order, lifting the stay of proceedings, to the extent necessary, for the sole purpose of permitting the U.S. Bankruptcy Court to take steps or provide directions in respect of the M-I Action.
8. The Receiver filed its second report to the Court on March 1, 2021 (the “**Second Report**”) in support of a motion seeking:
 - a) An Approval and Vesting Order (the “**Mexico Approval and Vesting Order**”), among other things, approving a sale transaction (the “**Mexico Transaction**”) contemplated by a share purchase agreement between the Receiver and BP Enermex II, S.A.P.I de CV and Enermex BP, S.A.P.I. de C.V. (the “**Mexico Purchasers**”) dated February 2, 2021 and an addendum to the share purchase agreement dated February 10, 2021 (collectively, the “**Mexico SPA**”) and vesting in the Mexico Purchasers all right, title and interest of QSHI and 1356760 in and to the shares of Q’Max Mexico, S.A de C.V. (“**Q’Max Mexico**”) and its subsidiaries;
 - b) An Approval and Vesting Order (the “**Colombia Approval and Vesting Order**”), among other things, approving a sale transaction (the “**Colombia Transaction**”) contemplated by a share purchase agreement between the Receiver and Q’DFSC Holdings, LLC (the “**Colombia Purchaser**”) dated February 26, 2021 (the “**Colombia SPA**”) and vesting in the Colombia Purchaser all right, title and interest of QSI in and to all equity interests of Central Procurement Inc. (“**CPI Barbados**”), the entity under which the Q’Max Group’s Colombian branch (“**Q’Max Colombia**”) operated;
 - c) An Approval and Vesting Order (the “**IDEC Approval and Vesting Order**”), among other things, approving a sale transaction (the “**IDEC Transaction**”) contemplated by a share purchase agreement between the Receiver, Wael Moustafa Abdel Salam Elessawy (the “**IDEC**”

Purchaser”), International Drilling Fluids & Engineering Services Co. (IDEC) LTD. (“**IDEC**”) and Abdussamad Ahmed Seedat dated February 28, 2021 (the “**IDEC SPA**”) and vesting in the IDEC Purchaser all right, title, and interest of QSI in and to the share of IDEC owned by QSI (being 85% of all of the issued and outstanding shares of IDEC;

- d) An order (the “**Disclaimer and Receiver’s Activities Approval Order**”):
- i) Approving an increase in the transaction thresholds as set out in paragraph 3(l)(i) of the Receivership Order to CDN\$2 million for an individual transaction and CDN\$4 million in the aggregate;
 - ii) Approving the settlement of the intercompany amounts owing between the entities in the Q’Max Group and the related debt forgiveness by QSI;
 - iii) Authorizing and directing the Receiver to disclaim QSI and 1356760’s shares of QMax do Brasil Solucoes do Petroleo Ltda (“**Q’Max Brazil**”); and
 - iv) Approving the Receiver’s activities from the Receivership Date to the date of the Second Report.
9. The Receiver filed a confidential supplement to the Second Report on March 1, 2021 to provide the Court with further details on the financial circumstances of Q’Max Mexico, Q’Max Colombia and IDEC which were commercially sensitive in nature given that those entities were not subject to the Receivership Proceedings and confidential details on the sale processes undertaken by the Receiver and commercially sensitive details of the share purchase agreements.
10. On March 9, 2021, the Court granted the Mexico Approval and Vesting Order, the Colombia Approval and Vesting Order, the IDEC Approval and Vesting Order and the Disclaimer and Receiver’s Activities Approval Order.

2. PURPOSE OF THE REPORT

11. This is the Receiver's third report to the Court (the "**Third Report**") and is filed to provide this Honourable Court with:
- a) An update on the real estate realization process in respect of two properties owned by QCOI located in Drayton Valley, Alberta (the "**Drayton Valley Property**") and Clairmont, Alberta (the "**Clairmont Property**"), respectively and the proposed sale transaction (the "**Clairmont Transaction**") contemplated by a Offer to Purchase and Interim Agreement between the Receiver and T.J's Detailing Ltd. (the "**Clairmont Purchaser**") dated March 18, 2022 and accepted by the Receiver on March 21, 2022 (the "**Clairmont PSA**") in respect of the Clairmont Property;
 - b) An update on the foreign entities of the Q'Max Group including an update on the Mexico Transaction, the Colombia Transaction, the IDEC Transaction and the other sale processes undertaken by the Receiver in respect of certain foreign subsidiaries of the Receivership Entities;
 - c) An update on the M-I Action and the Chapter 15 Proceedings;
 - d) The Receiver's statement of receipts and disbursements from the Receivership Date to April 30, 2022;
 - e) An update on the activities of the Receiver since the Second Report; and
 - f) The Receiver's recommendations in support of the following relief:
 - i) An Approval and Vesting Order (the "**Clairmont Approval and Vesting Order**"), among other things, approving the sale of the Clairmont Property to the Clairmont Purchaser and vesting in the Clairmont Purchaser (or their nominee) all right, title and interest of QCOI in and to the Clairmont Property; and
 - ii) An order:
 - A) Authorizing and directing the Receiver to repay amounts borrowed by the Receiver and secured by a Receiver's Borrowing Charge (as that term is defined in paragraph 21 of the Receivership Order);
 - B) Authorizing and directing the Receiver to make one or more interim and periodic distributions to the Agent out of cash available to the Receiver in such amounts and at such times as the Receiver in its sole discretion may consider appropriate, up to the aggregate amount of \$35,000,000 without further Order of this Honourable Court; and

C) Approving the actions, conduct and activities of the Receiver as set out in this Third Report.

12. A confidential supplement to the Third Report (the “**Third Report Confidential Supplement**”) has been prepared by the Receiver, which provides confidential details on the sale process undertaken by the Receiver and commercially sensitive details of the Clairmont PSA. Publication of this information would be prejudicial to an important interest worthy of protection and could prejudice the Receiver’s efforts to market and sell the Clairmont Property in the event that the Clairmont Transaction does not close. The Third Report Confidential Supplement will be filed separately with the Court and the Receiver requests that the Court grant a restricted court access order in respect of the Third Report Confidential Supplement.

Terms of Reference

13. All materials filed with the Court in connection with the Receivership Proceedings and the U.S. Bankruptcy Court in connection with the Chapter 15 Proceedings have been made available to interested parties in electronic format on the Receiver’s website: home.kpmg/ca/qmax (the “**Receiver’s Website**”).
14. In preparing this report, the Receiver has been provided with, and has relied upon, unaudited and other financial information, books and records (collectively, the “**Information**”) prepared by the Q’Max Group and/or their representatives, and discussions with the Q’Max Group’s management and/or representatives.
15. The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.
16. The information contained in this report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Receiver.
17. All references to monetary amounts in this report are in U.S. dollars unless otherwise specified.

3. QCOI REAL ESTATE

18. Shortly after the Receivership Date, the Receiver requested proposals from commercial realtors to market the Drayton Valley Property and the Clairmont Property.
19. The Receiver received proposals from five major commercial realtors. Based on a combination of reputation, area knowledge, and commission pricing, the Receiver selected Colliers International (“Colliers”) to market both parcels of real estate. Marketing of the properties began in November 2020.

Drayton Valley Property

20. Based on advice from Colliers, the Drayton Valley Property was initially listed for \$1.0 million in November 2020.
21. The Drayton Valley Property was tenanted by a third party as at the Receivership Date, on a month-to-month arrangement. The Receiver opted to continue the rental arrangement to defray some of the carrying costs of the property and continued to collect monthly rent from the tenant until the Drayton Valley Property was sold.
22. In order to facilitate a sale of the Drayton Valley Property, a Phase I environmental site assessment was ordered by the Receiver. As certain issues were noted, the Receiver followed the report recommendations and ordered a Phase II environmental site assessment (“Phase II ESA”).
23. The results of the Phase II ESA indicated that the site was contaminated with methanol. The recommendations of the Phase II ESA were as follows:
 - a) Excavate and treat impacted soil through aeration of the impacted soil; or
 - b) Excavate and dispose of impacted soil.
24. In February 2021, shortly after the results of the Phase II ESA were finalized, an offer to purchase the Drayton Valley Property for approximately \$860,000 was received, which the Receiver accepted. This offer was conditional upon the purchaser’s review and waiver of the Phase II ESA findings. Following review of the Phase II ESA results, the purchaser requested a decrease in sale price to \$740,000 to waive the conditions to the sale.
25. Given the environmental remediation work that would need to be undertaken by the Receiver and the associated costs and potential liability and given the marketing that had been undertaken with respect to the Drayton Valley Property, the Receiver believed that the offer to purchase which had been

received was reasonable and appropriate, and therefore accepted the revised offer price from the purchaser. The sale of the Drayton Valley Property closed on June 30, 2021 and on closing, the Receiver obtained a release in respect of all environmental liabilities associated with the Drayton Valley Property.

26. Both the \$740,000 purchase price for the Drayton Valley Property and the aggregate value of sale transactions undertaken by the Receiver without Court approval (approximately \$2.15 million, inclusive of the sale of the Drayton Value Property) were below the thresholds set out in paragraph 3(1)(i) of the Receivership Order and accordingly, the Receiver was not required to seek the Court's approval of the sale.

Clairmont Property

Alberta Energy Regular Designation and Letter of Credit

27. The Clairmont Property was a designated fluid facility with the Alberta Energy Regulator ("AER"). This designation required security in the form of a letter of credit in the amount of approximately \$570,000, which had been provided by HSBC Canada.
28. Release of this letter of credit required the cancellation of the AER designation. Such cancellation required remediation of the land and certain satisfactory testing for soil and water contaminants.
29. Upon completion of the auction in respect of QCOI's inventory and equipment, the Receiver engaged a contractor to complete remediation of the land at the Clairmont Property. The remediation work was complete on or around November 30, 2020.
30. As required by the AER to cancel the designation, a Phase II ESA was ordered and completed on the Clairmont Property. No issues were noted in the Phase II ESA report.
31. All documentation required for the cancellation of the AER designation was submitted by the Receiver on or about October 22, 2021. The Receiver continued the required testing and monitoring of the site in accordance with the AER directive while awaiting cancellation of the AER designation.
32. On January 26, 2022, the Receiver received notification from the AER of the cancellation of the AER designation. Shortly thereafter, the Receiver forwarded the original letter of credit to HSBC Canada for cancellation.

Marketing and sale

33. Based on advice from Colliers, the Clairmont Property was initially listed for \$4.6 million in November 2020.
34. Following the sale and liquidation of the QCOI inventory and equipment located at the Clairmont Property, the Clairmont Property has remained vacant during the remainder of the marketing period. The Receiver has been incurring holding costs of approximately \$15,000 a month for utilities, insurance, property taxes, and physical monitoring of the premises.
35. Due to a combination of factors, including the ongoing slowdown of economic activity in rural Alberta, and several unique characteristics of the property, there has been little interest in the Clairmont Property from third parties throughout the marketing period. Viewings by potential purchasers were sporadic, with only eight site tours being conducted over the entire marketing period, and no reasonable offers were received.
36. In an effort to respond to changing and depressed market conditions, and in accordance with the advice received from Colliers, the Receiver reduced the listing price a number of times throughout the marketing period. The latest reduction took place in February 2022, to a list price of \$3.2 million.
37. In March 2022, the Receiver received an offer on the Clairmont Property from the Clairmont Purchaser. The Receiver has since negotiated and entered into the Clairmont PSA for the sale of the Clairmont Property to the Clairmont Purchaser. A redacted copy of the Clairmont PSA is attached to this Third Report as **Appendix “B”**. An unredacted confidential copy of the Clairmont PSA is attached to the Third Report Confidential Supplemental as **Confidential Appendix “A”**.
38. The principal terms of the Clairmont PSA are set out below. Capitalized terms not defined in this section of the Third Report shall have the meaning ascribed to them in the Clairmont PSA.
 - a) *Terms of Sale*: The sale of the Clairmont Property is on an “as is, where is basis”;
 - b) *Purchase Price*: The cash purchase price, net of the deposit paid by the Clairmont Purchaser, is payable in full on closing;
 - c) *Deposit*: The Clairmont Purchaser has paid a deposit to the Receiver pursuant to the terms of the Clairmont PSA which is currently being held by Colliers;
 - d) *Conditions to Closing*: The conditions to closing the Clairmont Transaction include the following:
 - i) Completion of due diligence satisfactory to the Clairmont Purchaser;
 - ii) The Clairmont Purchaser obtaining financing; and

- iii) The Clairmont Approval and Vesting Order being granted by the Court;
- e) *Closing*: Closing is expected to occur on or around June 30, 2022.

The Receiver's Conclusions and Recommendations

39. The Receiver is of the view that the sale process in respect of the Clairmont Property was fair, reasonable and transparent and that the proposed Clairmont Transaction provides the highest and best value for the Clairmont Property in the circumstances for the following reasons:
- a) The Clairmont Property has been extensively and professionally marketed by an experienced and appropriate realtor;
 - b) Sufficient effort to sell the Clairmont Property has been expended in the circumstances and no party has acted improvidently;
 - c) The property has been on the market for approximately 17 months;
 - d) The sale price is the highest offer received and is the highest value reasonably obtainable under current market conditions;
 - e) The terms of the Clairmont PSA are fair and reasonable in the circumstances;
 - f) The Clairmont Purchaser has waived the due diligence condition and received pre-approval from its lender; and
 - g) The Clairmont Property is QCOI's only remaining asset.
40. For the reasons set out above, the Receiver respectfully requests that this Honourable Court grant the Clairmont Approval and Vesting Order.
41. As noted above, an unredacted version of the Clairmont PSA has been attached to the Third Report Confidential Supplemental to avoid publicly disclosing commercially sensitive information, which would be prejudicial to the Receiver's efforts to maximize value from the sale of the Clairmont Property in the event that the Clairmont Transaction is not completed and the Receiver needs to remarket the property. For this reason, the Receiver is seeking this Court's approval to seal the Third Report Confidential Supplemental until the Clairmont Transaction has closed.

4. Q'MAX GROUP FOREIGN ENTITIES

42. As discussed in the Second Report, as at the Receivership Date, the Property of the Receivership Entities included QSI, QSHI and 1356760's share interests in currently or formerly operating and non-operating entities in the Q'Max Group as set out in the corporate structure chart attached to the Third Report as **Appendix "C"**.
43. As further discussed in the Second Report, following its appointment, the Receiver continued to undertake and advance sale processes in respect of certain foreign entities in the Q'Max Group which had been commenced prior to the Receiver's appointment. Through these sale processes the Receiver was able to complete the Mexico Transaction, the Colombia Transaction, and the IDEC Transaction. The Receiver continues to pursue the completion of possible sale transactions in respect of certain Middle Eastern entities in the Q'Max Group which are also discussed below.

Mexico Transaction

44. Following the Court's granting of the Mexico Approval and Vesting Order on March 9, 2021, the Receiver and the Mexico Purchasers worked to satisfy the conditions to closing of the Mexico Transaction including obtaining antitrust approval from the Comisión Federal de Competencia Económica ("**COFECE**") (the Mexican competition regulator) and the settlement of intercompany amounts owing as between Q'Max Mexico and its subsidiaries and other entities in the Q'Max Group.
45. After some delays in connection with the COFECE antitrust approval process and the need for certain closing documents to be legalized (which process took much longer than normal due to slower processing times as a result of the COVID-19 pandemic), the Mexico Transaction closed on July 16, 2021. The Receiver provided a transition services agreement to the Mexico Purchasers in respect of IT transition matters which terminated on September 15, 2021.
46. As detailed in the Second Report and the Second Report Confidential Supplement, the Mexico SPA provides for contingent consideration subject to the collection of accounts receivable existing as of February 2, 2021 during the 30-month period from that date (i.e. up to August 2, 2023). Since February 2, 2021, the Mexico Purchasers have collected accounts receivable that would be subject to that provision of the Mexico SPA. Pursuant to the terms of the Mexico SPA, the Receiver's share of accounts receivable collected by the Mexico Purchasers between February 2, 2021 and December 31, 2021 is approximately \$9.8 million. The Mexico Purchasers have begun remitting the amounts owing to the Receiver and the Receiver continues to be in regular dialogue with the Mexico Purchasers

regarding further accounts receivable collections. Efforts to collect accounts receivable in Mexico continue, and further collections will result in further amounts owing to the Receiver.

Colombia Transaction

47. Following the Court's granting of the Colombia Approval and Vesting Order on March 9, 2021, the Receiver and the Colombia Purchaser worked to satisfy the conditions to closing of the Colombia Transaction including the settlement of intercompany amounts owing as between CPI Barbados and/or Q'Max Colombia and other entities in the Q'Max Group and the release of CPI Barbados and Q'Max Colombia from any guarantees, sureties, promissory notes and indemnities provided by CPI Barbados and Q'Max Colombia in connection with credit facilities entered into by entities in the Q'Max Group other than CPI Barbados and/or Q'Max Colombia.
48. The Colombia Transaction closed on April 20, 2021 after delays associated with the extensive KYC process in Barbados and the closures of the Barbados airport and share registry for a period of time due to the volcano eruption in St. Vincent. The Receiver provided a transition services agreement to the Colombian Purchaser in respect of IT transition matters which terminated on May 20, 2021.
49. Pursuant to the terms of the Colombia SPA, which were detailed in the Second Report and the Second Report Supplement, the Receiver is entitled to a capped earn-out based on an annual EBITDA threshold to be paid over the three-year period from January 1, 2021 to December 31, 2023. There were no amounts payable to the Receiver for the period January 1 to December 31, 2021 pursuant to this earn-out mechanism.

IDEC Transaction

50. Following the Court's granting of the IDEC Approval and Vesting Order on March 9, 2021, the Receiver and the IDEC Purchaser worked to satisfy the conditions to closing of the IDEC Transaction including the settlement of intercompany amounts owing as between IDEC and other entities in the Q'Max Group, the receipt by HSBC USA of a SWIFT release that the letter of credit advanced by HSBC USA has been released and partial repayment of the loan advanced by the Receiver to IDEC.
51. The IDEC Transaction closed on March 31, 2021. The Receiver provided a transition services agreement to the IDEC purchaser in respect of IT transition matters which terminated on April 30, 2021.
52. The terms of the IDEC SPA, as detailed in the Second Report and the Second Report Confidential Supplement, provided for a non-interest-bearing promissory note payable to the Receiver by IDEC

within six months following the closing of the IDEC Transaction. The amounts owing under the promissory note have since been paid by IDEC.

Environmental Solutions

53. Environmental Solutions Petroleum Services – Free Zone – S.A.E. (“**Environmental Solutions**”), is an Egyptian entity that has a 49% ownership interest in SARL Environmental Solutions Algeria (“**SARL**”), which is an Algerian entity. Environmental Solutions and SARL operated the Q’Max Group’s waste management business in Egypt and Algeria.
54. The Receiver entered into a share purchase agreement on May 3, 2021 (the “**ES SPA**”) with a purchaser group comprised of members of the Environmental Solutions management team, the SARL shareholders and certain third-party investors (the “**ES Purchasers**”) in respect of QSHI and 1356760’s share interests in Environmental Solutions. Given that both the purchase price payable pursuant to the ES SPA and the aggregate value of sale transactions undertaken by the Receiver without Court approval (approximately \$2.15 million, inclusive of the sale of Environmental Solutions) were below the thresholds set out in paragraph 3(l)(i) of the Receivership Order, the Receiver was not required to seek the Court’s approval of the sale.
55. Pursuant to the terms of the ES SPA, the Receiver has transferred effective control of Environmental Solutions from QSHI and 1356070 to the ES Purchasers as of the date of the ES SPA. The Receiver provided a transition services agreement to the ES Purchasers in respect of IT transition matters which terminated on July 3, 2021.
56. Since entering into the ES SPA, the Receiver has been working with the ES Purchasers to effect the share transfer process in Egypt which is taking a significant length of time due to the onerous documentation requirements of the Egyptian Stock Exchange in relation to sale transactions of this nature and the need for documents to be legalized (which process is extended due to delays associated with the COVID-19 pandemic). The Receiver continues to work with the ES Purchasers to complete the share transfer process. The ES SPA contemplates that a letter of credit advanced by HSBC Canada will be replaced on or before closing by the ES Purchasers.

Kuwait JV

57. QSI holds a 49% interest in a Kuwaiti entity, United Qmax Drilling Fluids Company Co. (the “**Kuwait JV**”). QSI commenced a sale process in respect of the Middle Eastern entities in the Q’Max Group

prior to the Receiver's appointment and that sale process included QSI's share interest in the Kuwait JV.

58. The Kuwait JV sale process has been complicated by the nature of QSI's share interest in that entity (i.e. a minority share interest) and the terms of the joint-venture and customer contracts in place which require, amongst other things, consent of the counterparties. The Receiver continues to pursue a sale of QSI's share interest in the Kuwait JV and will report further to the Court should there be any material developments in that regard.

Other Foreign Entities

Q'Max Brazil

59. One of the international subsidiaries which was a member of the Q'Max Group is Q'Max Brazil. Q'Max Brazil is a Brazilian corporation incorporated on February 9, 2009. QSI owned (or owns) approximately 99.93% of Q'Max Brazil's shares and 1356760 owned (or owns) approximately .07% of Q'Max Brazil's shares.
60. As discussed in the Second Report, Q'Max Brazil has no assets or operations. Insofar as the Receiver is aware, as of the granting of the Receivership Order there was nothing of value in Q'Max Brazil.
61. The Receiver understands that prior to the granting of the Receivership Order Q'Max Brazil was in litigation with a company called Carboflex Produtos E Serviços Especiais Ltda. ("**Carboflex**"), which litigation arose out of a contract dispute between Q'Max Brazil and Carboflex. This litigation resulted, in 2018, in a judgment in Brazil being granted in favour of Carboflex against Q'Max Brazil for approximately USD\$5,000,000 (the "**Q'Max Brazil Judgment**").
62. The Q'Max Brazil Judgment remains outstanding and remains an obligation of Q'Max Brazil. As noted above, Q'Max Brazil has no assets, and is itself insolvent. None of the Receivership Entities are debtors under the Q'Max Brazil Judgment, and the only connection with the Receivership Entities is that QSI and 1356760 were (or are – subject to the disclaimer discussed below) Q'Max Brazil shareholders.
63. Because Q'Max Brazil is insolvent, and the Q'Max Brazil shares owned by QSI and 1356760 therefore had no value, in March 2021 the Receiver applied for Court approval to disclaim the interest of QSI and 1356760 in those shares in Q'Max Brazil. The Court granted the Receiver's application on March 9, 2021 and ordered that: "The Receiver is hereby authorized and directed to disclaim any interest in

QSI's and 1356760's shares of QMax do Brasil Solucoes do Petroleo Ltda (Brazil NIRE 32201400487), and such disclaimer is hereby deemed to be effective.”

64. On June 21, 2021 the Receiver received a demand letter (the “**Carboflex Demand Letter**”) from counsel to Carboflex, which demanded that the Receiver and the Receivership Entities take steps to pay the amount of the Q’Max Brazil Judgment owing by Q’Max Brazil to Carboflex. A copy of the Carboflex Demand Letter is attached to this Third Report as **Appendix “D”**.
65. Given that none of the Receivership Entities have any amounts owing to Carboflex, and the fact that Q’Max Brazil Judgment does not name any of the Receivership Entities (and even if it did Carboflex would simply be an unsecured creditor in the Receivership Proceedings) counsel to the Receiver responded to the Carboflex Demand Letter on June 21, 2021 by letter pointing out (amongst other things) that: (a) Carboflex has no claim against QSI, 1356760 or the Receiver, (b) the Receiver has no management responsibilities with respect to Q’Max Brazil; (c) Q’Max Brazil’s obligations are not the obligations of QSI, 1356760 or the Receiver, (d) the Receivership Order grants a stay of proceedings against the Receiver, and (e) in any case there is insufficient funds in the receivership estates to make a distribution to unsecured creditors. A copy of the letter from the Receiver’s counsel’s responding to the Carboflex Demand Letter is attached to this Third Report as **Appendix “E”**.
66. Notwithstanding the foregoing, in October 2021 Carboflex commenced proceedings in the Brazilian courts seeking to pierce the Q’Max Brazil corporate veil and have the Q’Max Brazil Judgment recognized against QSI and 1356760. As a result, the Receiver has engaged counsel in Brazil to respond to Carboflex’s proceedings on the basis that there is no reason to pierce the corporate veil, and that QSI and 1356760 have no liability under the Q’Max Brazil Judgment.
67. It is the Receiver’s view that it is appropriate and in the best interests of the Receivership Entities to respond to the proceedings commenced in Brazil by Carboflex rather than let Carboflex’s allegations against various of the Receivership Entities go unopposed. The Receiver is confident of success in the Brazilian proceedings and will continue to respond to Carboflex’s claims. However, the Receiver notes that even if Carboflex is somehow able to convince a Brazilian court to pierce the corporate veil and make QSI and 1356760 liable on the Q’Max Brazil Judgment, and even if Carboflex were then able to have this judgment recognized in Canada, it would still be an unsecured creditor in estates where there will be no distribution to unsecured creditors because the secured lender is suffering a significant deficiency.
68. The Receiver will continue to act in the best interests of the Receivership Entities’ estates and will respond to the Carboflex claims as may be necessary.

Tri-Max Solutions Limited

69. Tri-Max Solutions Limited (“**Tri-Max**”) is a corporation existing under the laws of Trinidad and Tobago and was an entity in the Q’Max Group that was not operating and was in the process of being wound down at the time of the Receiver’s appointment.
70. The Receiver was approached by the former country manager of Tri-Max who had been assisting the Q’Max Group in winding down the operations prior to the Receiver’s appointment about purchasing QSI’s share in Tri-Max.
71. It had originally been the Receiver’s intention to enter into a share purchase agreement to transfer QSI’s shares in Tri-Max to the former country manager. However, upon further investigation the Receiver determined that QSI was never actually issued any shares in Tri-Max and hence never became a shareholder. The Receiver concluded that it would be cumbersome to have the Tri-Max shares issued and then transferred to the local country manager due to local requirements, and accordingly the transaction was structured as the purchase price being paid as a repayment of debt by the Tri-Max to QSI, and a mutual release, and the local country manager then assumed control of the Tri-Max business. The transaction closed on April 27, 2021. Given that both the purchase price payable pursuant to this transaction and the aggregate value of sale transactions undertaken by the Receiver without Court approval (approximately \$2.15 million, inclusive of the sale of Tri-Max) were below the thresholds set out in paragraph 3(1)(i) of the Receivership Order, the Receiver was not required to seek the Court’s approval of the sale.

5. M-I ACTION AND CHAPTER 15 PROCEEDINGS

72. As discussed in the First Report, shortly after the Receiver’s appointment, the Receiver became aware of the M-I Action (which is an action in the U.S. District Court in which QSI is named as a defendant). In the M-I Action, M-I alleged that a former employee named Sanjit Roy (a co-defendant in the M-I Action, and a former 20-year employee of M-I) misappropriated proprietary information when he left M-I’s employ, and then used that proprietary information to develop MAXSITE after he become a Q’Max Group employee.
73. For the reasons described in more detail in the First Report, in August 2020 the Receiver determined that it was necessary to seek recognition in respect of QSI pursuant to chapter 15 of the U.S. Bankruptcy Code in order to, among other things, have the stay in the Receivership Proceedings enforced in the United States in respect of the M-I Action. The various hearings and procedural steps in the Chapter 15 Proceedings are described in detail in the First Report, but ultimately Judge Isgur of the U.S. Bankruptcy Court entered the Recognition Order on October 29, 2020, a copy of which is attached at Appendix “M” to the First Report.
74. Amongst other things, the Recognition Order granted various stays of proceedings pursuant to section 1521 of the U.S. Bankruptcy Code of actions in the United States. However, based on jurisdictional rulings from each of this Court, the U.S. District Court, and the U.S. Bankruptcy Court, it was determined that the U.S. Bankruptcy Court would have, at least initially, jurisdiction to consider the merits of the M-I Action claims.
75. Initially, the Receiver believed that the existence of the M-I Action and the unresolved nature of M-I’s claim would be detrimental to the Receiver’s efforts to sell the Receivership Entities’ shares in the various foreign entities which formed part of the Q’Max Group, and that it would be necessary for the Receiver to provide an instance of MAXSITE subject to a license agreement to any purchaser of those businesses, so that the purchaser would be able to utilize MAXSITE to run those operations without disruption or loss of value. However, after filing the First Report, and in consultation with the Lenders, the Receiver determined that the resolution of the M-I Action, even on an expedited basis, would require an investment of time and money that the Receivership Entities (and the ongoing sales processes) could not afford. Moreover, apart from the significant costs which would have been associated with resolving the M-I Action, the Receiver concluded that it was possible that even with a successful outcome in the M-I Action, the resulting delay could, in and of itself, impede the Receiver’s ability to complete going-concern sales. In addition, the Receiver determined that sales of certain Q’Max Group entities might be possible even if MAXSITE was not transferred to the purchasers in

such transactions. Accordingly, the Receiver determined that it was not in the best interests of the estates of the Receivership Entities to incur further costs to pursue resolution of the M-I Action through U.S.-based litigation. Thereafter, various transactions (as detailed in the Second Report) were concluded by structuring those transactions in such a way as to make clear that MAXSITE was specifically excluded from those transactions.

76. Following the Receiver's decision not to pursue resolution of the M-I Action through the U.S. courts, M-I and the Receiver (as well as the U.S. Trustee for QAI) engaged in extensive and lengthy discussions about the consensual resolution of the M-I Action, which would permit the termination of the Chapter 15 Proceedings. Those discussions ultimately resulted in an agreed Stipulation and Settlement Agreement between and among M-I, the Receiver, and the U.S. Trustee (the "**Settlement Agreement**"). On April 21, 2022, the U.S. Bankruptcy Court entered an Agreed Order Granting Motion Approving Settlement (the "**Settlement Approval Order**"), which approved the Settlement Agreement. A copy of the Settlement Approval Order is attached to this Third Report as **Appendix "F"**. Following the Settlement Approval Order, the Receiver filed its motion to conclude the Chapter 15 Proceedings. As of the date of this Third Report that motion has not yet been heard or granted.

6. STATEMENT OF RECEIPTS AND DISBURSEMENTS

77. The Receiver’s interim statement of receipts and disbursements (“SRD”) for the period from the Receivership Date to April 30, 2022 is set out in the table below. A copy of the SRD with detailed notes is attached to this Third Report as **Appendix “G”**.

Receiver's Statement of Receipts and Disbursements	
For the period from May 28, 2020 to April 30, 2022	
USD (000's)	
Receipts	
Paragon sales proceeds	3,500
Proceeds from the sale of foreign entities	7,020
Auction proceeds	1,198
Real estate proceeds	696
Customer collections	606
Transfers from Q'Max Canada accounts	308
Other collections and realizations from foreign entities	105
Return of retainer	90
Rental income	49
Collection of transition service agreement charges	39
Interest income	1
Total receipts	13,611
Disbursements	
International funding	4,415
Investment banking fees	2,826
Insurance	1,852
U.S. contractors	1,416
Professional fees of the Receiver's Counsel	967
Centralized IT	752
Other legal fees	645
Receivership operating expenses	495
Interest	625
Canadian contractors	348
Other foreign disbursements	337
Payroll	60
Middle East contractors	170
Sales process expenses	45
Bank charges	43
Foreign exchange on internal transfers	18
Total disbursements	15,014
Net cash flow	(1,403)
Receiver's borrowings	5,200
Ending balance	3,797

78. The costs associated with the Receivership Proceedings have been funded by the funds on hand as at the Receivership Date, the funding provided by the Lenders pursuant to the Receiver’s Borrowing Charge, collection of accounts receivable, and the proceeds from the sale of various assets and shares owned by the Receivership Entities.

79. The Receiver's disbursements primarily relate to funding provided to foreign subsidiaries of the Receivership Entities to assist with working capital needs in order to maintain operations and to support the international subsidiaries through the respective sales processes, fees payable to investment bankers in relation to the sale of the Receivership Entities' share interests in certain foreign entities in the Q'Max Group, consultant fees, insurance costs, legal fees, and various operational expenses.
80. As of the date of this Third Report, the Receiver has approximately \$3.8 million of funds on hand, from which the Receiver intends to pay its accrued and outstanding professional fees and make a distribution to the Lenders as described further in this Third Report.

7. DISTRIBUTIONS TO THE LENDERS

81. As at the Receivership Date, there was approximately \$151 million owing to the Lenders. The Lenders have advanced a further \$5.2 million to the Receiver pursuant to the Receiver's Borrowing Charge.
82. While the Receiver expects there to be recoveries to the Lenders in full satisfaction of the Receiver's Borrowing Charge and some recoveries in respect of the Lenders pre-receivership debt, there will be a significant shortfall to the Lenders. Further, due to the contingent nature of some of the potential proceeds from the Mexico Transaction and the Colombia Transaction, the Receiver does not know the timing of receiving further proceeds and any potential proceeds may be received in smaller amounts over time.
83. For these reasons, the Receiver is seeking an order to allow the Receiver to repay amounts borrowed by the Receiver and secured by the Receiver's Borrowing Charge and to make one or more interim and periodic distributions to the Agent out of cash available to the Receiver in such amounts and at such times as the Receiver in its sole discretion may consider appropriate, up to the aggregate amount of \$35,000,000 without further Order of this Honourable Court.

Lenders' Security

84. The Receiver's counsel has reviewed the credit and security agreements described in paragraphs 15 to 17 of the First Report and has opined that, subject to standard qualifications and assumptions, the Lenders have valid and enforceable security over the Receivership Entities' assets securing the Indebtedness (as that term is defined in the First Report).

8. RECEIVER'S ACTIVITIES SINCE THE SECOND REPORT

QCOI

85. The Receiver continued to lease the Drayton Valley Property to a third-party tenant and collect monthly rent from that party until the closing of the sale of that property.
86. The Receiver continued to pay utilities and property tax, maintain insurance and on-site monitoring of the Drayton Valley Property until the closing of the sale and continues to do the above in respect of the Clairmont Property.
87. The Receiver continued to market the Drayton Valley Property, entered into a purchase and sale agreement in respect of the property, worked with the purchaser to satisfy the conditions to closing and closed the sale of the Drayton Valley Property on June 30, 2021.
88. The Receiver prepared and submitted to the AER all documentation required for the cancellation of the AER designation associated with the Clairmont Property and on January 26, 2022, the Receiver received notification of the cancellation of the AER designation.
89. The Receiver continued the required testing and monitoring of the site in accordance with the AER directive while awaiting cancellation of the AER designation.
90. The Receiver continued to market the Clairmont Property and has entered into the Clairmont PSA.

Q'Max Group Foreign Entities

91. The Receiver and its counsel worked with the IDEC Purchaser and its counsel to satisfy the conditions to closing and closed the IDEC Transaction on March 31, 2021.
92. The Receiver provided a transition services agreement to the IDEC Purchaser in respect of IT transition matters which terminated on April 30, 2021.
93. The Receiver collected the amounts owing pursuant to the promissory note from IDEC.
94. The Receiver and its counsel worked with the Colombia Purchaser and its counsel to satisfy the conditions to closing and closed the Colombia Transaction on April 20, 2021.
95. The Receiver provided a transition services agreement to the Colombia Purchaser in respect of IT transition matters which terminated on May 20, 2021.

96. The Receiver continued the sale process in respect of Environmental Solutions and entered into the ES SPA on May 3, 2021.
97. The Receiver and its counsel continue to work with the ES Purchasers and their counsel to meet the requirements of the Egyptian Stock Exchange and effect the share transfer process in Egypt.
98. The Receiver and its counsel worked with the Mexico Purchasers and their counsel to satisfy the conditions to closing and closed the Mexico Transaction on July 16, 2021.
99. The Receiver provided a transition services agreement to the Mexico Purchasers in respect of IT transition matters which terminated on September 15, 2021.
100. The Receiver continues to be in regular contact with the Mexico Purchasers in respect of accounts receivable collections that are subject to the provisions of the Mexico SPA and continues to collect amounts owing pursuant to the Mexico SPA from the Mexico Purchasers.
101. The Receiver continues to attend to matters relating to the operations of the Kuwait JV on behalf of its shareholder QSI, including adhering to tax requirements and providing IT and contractor support to the business.
102. The Receiver continues to be in regular dialogue with the Kuwait JV partner, United Oil Projects, in respect of matters relating to the Kuwait JV.
103. The Receiver continues to pursue a sale of QSI's share interest in the Kuwait JV.
104. The Receiver's counsel responded to the Carboflex Demand Letter.
105. The Receiver has engaged counsel in Brazil to respond to the claims being advanced by Carboflex against QSI and 1356760 in the Brazilian proceedings and has been responding to those claims as necessary.
106. The Receiver sold the shares of the Q'Max Group's Trinidadian entity, Tri-Max.
107. The Receiver recovered some accounts receivable owing to the Q'Max Group's Indian branch.
108. The Receiver continues to address matters relating to other non-operating foreign entities in the Q'Max Group.

M-I Action and the Chapter 15 Proceedings

109. The Receiver negotiated and entered into the Settlement Agreement and brought a motion in the U.S. Bankruptcy Court seeking approval of the Settlement Agreement.
110. The Receiver has filed a motion seeking to terminate the Chapter 15 Proceedings.

Chapter 7 Proceedings

111. The Receiver continues to liaise and work alongside the U.S. Trustees financial advisor, CR2, to help facilitate communication between the Chapter 7 estates of QAI and Anchor and the estates of the Receivership Entities, to the extent necessary.

Other Activities

112. The Receiver has continued to engage one Canadian contractor to assist with the maintenance and security of the Drayton Valley Property (until that sale closed) and the Clairmont Property and will continue to do so until the Clairmont Transaction has closed.
113. The Receiver has continued to engage certain U.S. and Middle East based contractors to assist the Receiver in undertaking its duties with respect to the foreign entities in the Q'Max Group.
114. The Receiver continues to maintain trust bank accounts on behalf of the Receivership Entities and attend to banking and related matters.
115. The Receiver continues to coordinate worldwide insurance policies, to the extent required, through one broker. As assets and operations are sold or wound down, the Receiver has reduced or cancelled insurance policies as appropriate, allowing the Receiver to incur lower insurance premiums, and receive partial refunds for premiums previously paid.
116. The Receiver continues to maintain the Receiver's Website and post information relevant to the Receivership Proceedings and the Chapter 15 Proceedings on the Receiver's Website.

Receiver's Conclusions and Recommendations

117. In the Receiver's view, the Receiver has undertaken its duties in the best interests of the estates of the Receivership Entities, with a view to maximizing recoveries to the estate and to the Lenders. Accordingly, the Receiver respectfully requests that the Court approve its activities from the date of the Second Report to the date of this Third Report.

9. RECEIVER'S RECOMMENDATIONS

118. The Receiver submits this Third Report in support of the Receiver's application respectfully requesting this Honourable Court to grant the following:
- a) The Clairmont Property Approval and Vesting Order;
 - b) An order:
 - i) Authorizing and directing the Receiver to repay amounts borrowed by the Receiver and secured by a Receiver's Borrowing Charge;
 - ii) Authorizing and directing the Receiver to make one or more interim and periodic distributions to the Agent out of cash available to the Receiver in such amounts and at such times as the Receiver in its sole discretion may consider appropriate, up to the aggregate amount of \$35,000,000 without further Order of this Honourable Court; and
 - iii) Approving the actions, conduct and activities of the Receiver since the date of the Second Report.
 - c) A restricted court access order in respect of the Third Report Confidential Supplement.

All of which is respectfully submitted this 2nd day of May 2022.

**KPMG INC.,
COURT-APPOINTED RECEIVER
AND MANAGER OF Q'MAX SOLUTIONS INC., FLUID HOLDINGS CORP., Q'MAX
SOLUTIONS HOLDINGS INC., 1356760 ALBERTA LTD AND Q'MAX CANADA
OPERATIONS INC.
and not in its personal or corporate capacity**



Per: Neil A. Honess
Senior Vice-President



Per: Anamika Gadia
Senior Vice-President

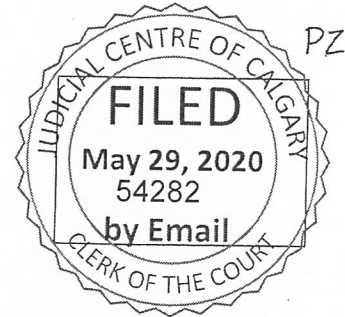
Appendix "A"

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

Dated this 19 day of March 2021

P6
for Clerk of the Court

Clerk's Stamp:



COURT FILE NUMBER
COURT
JUDICIAL CENTRE OF
APPLICANT:
RESPONDENTS:

DOCUMENT
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT:

2001-06722
COURT OF QUEEN'S BENCH OF ALBERTA
CALGARY
HSBC BANK CANADA, AS AGENT
Q'MAX SOLUTIONS INC., FLUID HOLDINGS
CORP., Q'MAX SOLUTIONS HOLDINGS INC.,
1356760 ALBERTA LTD. and QMAX CANADA
OPERATIONS INC.

CONSENT RECEIVERSHIP ORDER

Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2

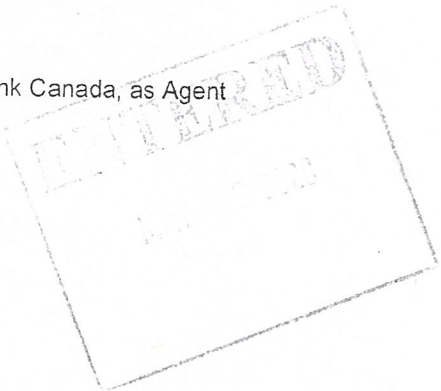
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Tel: 403-267-8222
Fax: 403-264-5973

Counsel for HSBC Bank Canada, as Agent
File No. 1001115678

DATE ON WHICH ORDER WAS
PRONOUNCED:
NAME OF JUDGE WHO MADE THIS
ORDER:
LOCATION OF HEARING:

MAY 28, 2020

GROSSE J.
CALGARY



UPON the application of HSBC Bank Canada, as Agent (the "Agent"), in respect of Q'Max Solutions Inc, Fluid Holdings Corp., Q'Max Solutions Holdings Inc., 1356760 Alberta Ltd. and QMax Canada Operations Inc. (collectively, the "Debtors"); AND UPON having read the Application, the Affidavit of Carmon Bailey, and the Affidavit of Service, filed; AND UPON reading the consent of KPMG Inc. to act as receiver and manager (the "Receiver") of the Debtors (excluding certain assets, as provided below), filed; AND UPON hearing counsel for the Agent, counsel for the Respondents, counsel for Encina

Business Credit, LLC ("Encina"), counsel for the proposed Receiver, and any other counsel or other interested parties present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order (the "Order") is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "BIA"), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2 and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7, KPMG Inc. is hereby appointed Receiver, without security, of all of the Debtors' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property"). For greater certainty, the Property does not include the current and future assets, undertakings or properties of any Defendants other than the Debtors, pending further Order of this Court. The Applicants reserve the right to bring future Applications with respect to Defendants other than the Debtors.

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property, which shall include the Receiver's ability to abandon, dispose of or otherwise release any interest in any of the Debtors' real property, or any right in any immovable, and any license or authorization issued by the Alberta Energy Regulator, or any other similar government authority, in respect of such interest in real property or immovable, including pursuant to section 14.06(4) of the BIA, notwithstanding the provisions of the *Oil and Gas Conservation Act*, RSA 2000, c O-6, the *Pipeline Act*, RSA 2000, or any other similar provincial legislation;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:

- (i) without the approval of this Court in respect of any transaction not exceeding \$1,500,000, provided that the aggregate consideration for all such transactions does not exceed \$2,500,000; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.

- (m) to apply for any vesting order or other orders (including, without limitation, confidentiality or sealing 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;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding Section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and

- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

- 4. (i) The Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
- 5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
- 6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the

Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of the Debtors or an action, suit or proceeding that is taken in respect of the Debtors by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "**Regulatory Body**" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtors or the Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, including, without limitation, any rights or remedies or provisions in any agreement, construction, ownership and operating agreement, joint venture agreement or any such similar agreement or agreements to which the Debtors are parties that purport to effect or cause a cessation of operatorship as a result of the occurrence of any default or non-performance by or the insolvency of the Debtors, the making or filing of these proceedings or any allegation, admission or evidence in these proceedings and under no circumstances shall the Debtors be replaced as operator pursuant to any such

agreements without further order of this Court provided, however, that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the BIA), and further provided that nothing in this Order shall:

- (a) empower the Debtors to carry on any business that the Debtors are not lawfully entitled to carry on;
 - (b) prevent the filing of any registration to preserve or perfect a security interest;
 - (c) prevent the registration of a claim for lien; or
 - (d) exempt the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment.
10. Nothing in this Order shall prevent any party from taking an action against the Applicant where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Debtor and the Receiver, or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract (as defined in the BIA) from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

12. All persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Debtors, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Debtors

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtors or exercising any other remedy provided under such agreements or arrangements. The Debtors shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtors in accordance with the payment practices of the Debtors, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtors and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

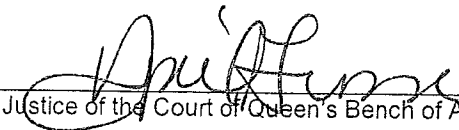
14. Subject to employees' rights to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("**WEPPA**").
15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such

GENERAL

27. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
28. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
29. The Receiver shall be permitted, at its exclusive discretion, to assign one or more of the Debtors into bankruptcy under the BIA. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.
30. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.
31. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
32. The Plaintiff shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, including legal costs on a solicitor-client full indemnity basis, to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.
33. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

34. The Receiver shall establish and maintain a website in respect of these proceedings at home.kpmg/ca/qmax (the "Receiver's Website") and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
35. Service of this Order shall be deemed good and sufficient by:
- (a) serving the same on:
 - (i) the persons listed on the service list created in these proceedings or otherwise served with notice of these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order; and
 - (b) posting a copy of this Order on the Receiver's Website
- and service on any other person is hereby dispensed with.
36. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.


Justice of the Court of Queen's Bench of Alberta

CONSENTED TO:

McCARTHY TETRAULT LLP

Per: 

Solicitors for Q'Max Solutions Inc, Fluid Holdings Corp., Q'Max Solutions Holdings Inc., 1356760 Alberta Ltd. and QMax Canada Operations Inc.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KPMG Inc., the receiver and manager (the "Receiver") of all of the assets, undertakings and properties of Q'Max Solutions Inc, Fluid Holdings Corp., Q'Max Solutions Holdings Inc., 1356760 Alberta Ltd. and QMax Canada Operations Inc., appointed by Order of the Court of Queen's Bench of Alberta (the "Court") dated the 28th day of May, 2020 (the "Order") made in action number [●], has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of [\$], being part of the total principal sum of \$8,000,000 that the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the ● day of each month] after the date hereof at a notional rate per annum equal to the rate of [●] per cent above the prime commercial lending rate of [●] from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at [●].
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

KPMG Inc., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____
Name:
Title:

Appendix “B”



OFFER TO PURCHASE AND INTERIM AGREEMENT
(hereinafter referred to as the "Offer")

FROM: T.J'S DETAILING LTD.
 10301 Lexington Street
 Grand Prairie, AB T8X 0G4
 Attention: Mr. Sean Leonard
 (hereinafter referred to as the "Purchaser")

TO: KPMG INC., solely in its capacity as court-appointed receiver for **Q'MAX SOLUTIONS INC.**
 3100, 205 5th Avenue SW
 Calgary, AB T2P 4B9
 Attention: Mr. Joe Sitholé – Senior Manager, Restructuring & Turnaround
 (hereinafter referred to as the "Vendor")

THROUGH: CMN CALGARY INC. O/A COLLIERS INTERNATIONAL
 330, 115 Quarry Park Road SE
 Calgary, AB T2C 5G9
 Attention: Mr. Blair McArthur
 (hereinafter referred to as the "Brokerage")

Subject to the terms and conditions herein, the Purchaser hereby offers to purchase the Property legally, municipally and otherwise described as Schedule "A" attached, together with all improvements located thereon (hereinafter referred to as the "Property").

1. PURCHASE PRICE

The purchase price (hereinafter referred to as the "Purchase Price") paid by the Purchaser to the Vendor shall be the sum of [REDACTED] dollars in lawful money of Canada to be paid in the following manner:

[REDACTED] deposit (hereinafter referred to as the "First Deposit") by way of certified cheque or wire transfer payable to CMN Calgary Inc., in trust, within FIVE (5) BANKING DAYS of conditional acceptance hereof.

[REDACTED] further deposit (hereinafter referred to as the "Second Deposit") by way of certified cheque payable to CMN Calgary Inc., in trust, within FIVE (5) BANKING DAYS after satisfaction of the conditions specified in Section 2 and Section 3 herein.

[REDACTED] (more or less) subject to adjustments shall be paid by solicitor's trust cheque or certified cheque on the Date of Closing.

Purchaser	Vendor
SL	JS

2. VENDOR'S CONDITIONS PRECEDENT

The obligations of the Purchaser and Vendor to complete this transaction shall be subject to the following conditions in favour of the Vendor being satisfied, as determined by the Vendor in its sole and unfettered discretion within THIRTY (30) BUSINESS DAYS of the Purchaser confirming in writing the satisfaction or waiver of the Purchaser's Conditions in accordance with section 3 below (the "Vendor's Condition Date"):

- a) the Vendor obtaining a sale approval and vesting order from the Court approving the sale of the Property to the Purchaser and vesting title to the Property in the name of the Purchaser. The Vendor will use its best efforts to have the matter heard as soon as reasonably possible. (the "Vendor's Condition").

In the event that the Vendor's Condition is not satisfied or waived, with written notice thereof being provided by the Vendor of such satisfaction or waiver, on or prior to the Vendor's Condition Date, the agreement created by the Vendor's acceptance of this Offer will be null and void and the Vendor shall forthwith return the First Deposit to the Purchaser. Any condition date may be extended by written agreement between the Vendor and the Purchaser.

3. PURCHASER'S CONDITIONS PRECEDENT

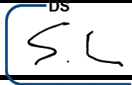

The obligations of the Purchaser and Vendor to complete this transaction shall be subject to the following conditions in favour of the Purchaser being satisfied, as determined by the Purchaser in its sole and unfettered discretion by June 3, 2022 (the "Purchaser's Condition Date"):

- a) the Purchaser arranging financing for this purchase. The terms, interest rate, and manner of financing will be at the Purchaser's sole and absolute discretion. (the "Purchaser's Conditions").

In the event that the Purchaser's Conditions are not satisfied or waived, with written notice thereof being provided by the Purchaser of such satisfaction or waiver, on or prior to the Purchaser's Condition Date, the agreement created by the Vendor's acceptance of this Offer will be null and void and the Vendor shall forthwith return the First Deposit to the Purchaser.

4. CLOSING DATE

The date of closing of this transaction shall be THIRTY (30) DAYS following the waiver of all conditions, or as otherwise agreed upon by both the Vendor and Purchaser in writing (hereinafter referred to as the "Date of Closing"). Vacant possession of the Property shall be given to the Purchaser on the Date of Closing free and clear of any leases or occupants.

Purchaser	Vendor
	

5. INCLUSIONS IN PURCHASE PRICE

The Purchase Price includes all buildings and improvements forming part of the Property, along with all installations, architectural plans, architectural models, engineering and environmental studies, development plans, etc., leases, privileges, signs, trade names, and appurtenances belonging to the Property and owned by the Vendor and used in the operation or ownership thereof.

6. ADJUSTMENTS

Adjustments shall be made as of the Date of Closing with respect to all items of revenue and expense including, but not limited to taxes, utilities, local improvement assessment and other items.

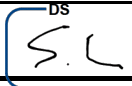

If, at the time of closing, there are any items which cannot be finally adjusted until a later date, all adjustments for such items shall be made on an estimated basis at the time of closing, and the Vendor and the Purchaser shall undertake at the time of closing to complete final adjustments of such items as soon as the necessary information becomes available.

7. REPRESENTATIONS AND WARRANTIES

The following representations and warranties of this Offer shall not be discharged by or merged in the Date of Closing of this transaction, but shall survive the same and continue thereafter as warranties and representations between the Vendor and the Purchaser.

The Vendor warrants and represents that as of the date hereof:

- a) The Vendor has been appointed by the Court as receiver of Q'Max Solutions Inc., and the Purchaser hereby acknowledges that the Vendor is acting solely in its capacity as the court-appointed receiver, and not in its personal capacity. Under no circumstances shall the Vendor or its representatives have or incur any liability pursuant to this transaction whether in contract, tort or otherwise;
- b) The Vendor is agreeing to sell and the Purchaser is agreeing to purchase the Property on an "as-is" basis with only the limited warranties and representations as set out herein.
- c) The Vendor is not now (nor will be on the Date of Closing) a non-resident of Canada within the meaning of the Income Tax Act of Canada;
- d) All municipal, school and other taxes and assessments, (general and special) affecting the Property have been fully paid to the appropriate taxing authorities up to and including the Date of Closing;

Purchaser	Vendor
	

- e) All public utility charges, all insurance premiums and all other costs and expenses relating to the Property shall have been fully paid to the persons properly entitled thereto, up to and including the Date of Closing;
- f) Subject to the Court granting an approval and vesting order with respect to the Property, the Vendor has full and absolute right and power to transfer to the Purchaser good and marketable title to the Property, free and clear of any lien, claim, charge, encumbrance or interest, other than the Permitted Encumbrances as noted on Schedule "B" attached hereto;

The Vendor and the Purchaser each acknowledge that, except as otherwise described in this Offer, there are no other warranties, representations or collateral agreements made by either the Vendor, the Purchaser, or the Brokerage about or in respect of the Property, any neighboring lands, the terms of this Offer, or this transaction, including any warranty, representation or collateral agreement relating to the size/measurements of the Property or the existence or non-existence of any environmental condition or problem.

The Purchaser acknowledges that it is purchasing the Property on an "as is, where is" and without recourse basis and that it is relying on its own judgement, inspection and investigation of the Property.

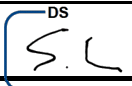

8. DELIVERY OF DOCUMENTS

The Vendor covenants, within THREE (3) BUSINESS DAYS of the acceptance of this Offer, to deliver to the Purchaser the following documents (collectively, the "Vendor's Deliveries"):

- a) Copies of any environmental audits or reports, in its possession.

9. COVENANTS, AGREEMENTS AND AUTHORIZATIONS

- a) The Vendor covenants and agrees with the Purchaser to do nothing to encumber the Property after the execution of this Offer and while the same is in effect and, in accordance with Section 10, the Vendor will deliver to the Purchaser a registrable transfer of title, subject only to the Permitted Encumbrances listed on Schedule "B" attached hereto. Such transfer shall be prepared at the expense of the Vendor;
- b) In connection with the inspection of the Property and the investigations which the Purchaser may determine to undertake, the Vendor shall permit and obtain the permission of any occupant or manager of the Property to allow the Purchaser and its servants, agents and consultants to enter upon the Property for such purpose and to render such assistance as may be necessary, including letters of authorization to obtain information relating thereto; and
- c) In order to fully apprise the Purchaser of the status of the Property, the Vendor hereby authorizes and directs all municipal, provincial, federal and other authorities

Purchaser	Vendor
	

having jurisdiction over the Property, to conduct such inspections and provide the Purchaser with such information, certificates, clearances and statements relating thereto, as the Purchaser may in writing request, all at the Purchaser's own expense.

10. CLOSING DOCUMENTATION

On or before the date that is TEN (10) BUSINESS DAYS prior to the Date of Closing, the Vendor shall deliver to the Purchaser's solicitor, in trust:

- a) a duly executed registrable Transfer of Land conveying the Property to the Purchaser free and clear of all liens, charges, encumbrances whatsoever save and except those permitted herein;
- b) a Statement of Adjustment approved by the Vendor;
- c) originals of all Vendor's Deliveries and an assignment of the same to the extent that the Purchaser desires to assume the same;
- d) a bill of sale in respect of any chattels necessary or used in relation to the operation of the Property;
- e) an assignment of all permits and licences that have been issued to the Vendor that are necessary to operate the Property;
- f) the Vendor's undertaking to re-adjust on the Statement of Adjustments, if necessary, after the Date of Closing; and
- g) such other documents as the Purchaser or his solicitors may reasonably require to give effect to the intent of this Offer.

The aforesaid shall be delivered to the Purchaser's solicitor upon reasonable and usual trust conditions which permit the use of the transfer documentation upon the Vendor's solicitor's receipt of the Purchase Price.

11. RISK

Until the Date of Closing, the Property shall be and remain at the risk of the Vendor. In the event of damage prior to completion of the transaction which is reasonably likely to cost more than FIFTY THOUSAND DOLLARS (\$50,000.00) to repair, the Purchaser shall have the right to elect to take the proceeds of any insurance and complete the purchase, or to terminate the Offer, whereupon the Vendor shall forthwith return all deposit monies to the Purchaser. In the event of lesser damage, the Vendor shall repair such damage prior to the Date of Closing or shall allow the Purchaser an abatement in the Purchase Price equal to the reasonable cost of such repair. In the event of any expropriation of all or part of the Property, or if the Vendor or Purchaser shall have any knowledge of any

Purchaser	Vendor
SL	JS

actual or contemplated expropriation, the Purchaser shall have the right to elect to take the proceeds of any such expropriation and complete the purchase, or to terminate the Offer, whereupon the Vendor shall forthwith return all deposit monies to the Purchaser without deduction or setoff.

12. NOTICES

Any notices required or permitted to be given hereunder or any tender or delivery of documents may be sufficiently given by delivery to the Purchaser at the following address:

T.J'S DETAILING LTD.
10301 Lexington Street
Grand Prairie, AB T8X 0G4
Attention: Mr. Sean Leonard

and

STRINGAM LLP
102, 10126 97 Avenue
Grand Prairie, AB T8V 7X6
Fax: 780-539-7975
Attention: Mr. Cliff Headon
Email: cheadon@stingam.ca

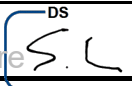

and to the Vendor at the following address:

KPMG INC., solely in its capacity as
court-appointed receiver for **Q'MAX SOLUTIONS INC.**
3100, 205 5th Avenue SW
Calgary, AB T2P 4B9
Attention: Mr. Joe Sitholé – Senior Manager, Restructuring & Turnaround

and

OSKER, HOSKIN & HARCOURT LLP
Suite 2700, Brookfield Place 225 – 6th Avenue SW
Calgary, AB T2P 1N2
Fax: 403-260-7024
Attention: Ms. Emily Paplawski
Email: epaplawski@osler.com

and

Purchaser	Vendor
 SL	 JS

CMN CALGARY INC. O/A COLLIERS INTERNATIONAL

330, 115 Quarry Park Road SE

Calgary, AB T2C 5G9

Fax: 403-705-0477

Attention: Mr. Blair McArthur

Email: Blair.McArthur@colliers.com

13. ASSIGNMENT

The Purchaser shall have the right to assign its interest in this Offer without the consent of the Vendor, provided that such assignment is to a wholly-owned, affiliated, or otherwise related corporation or entity. Upon such assignment, the assignor will be released from and the assignee will inherit all of, the Purchaser's rights, obligations and liabilities under the Offer. This Offer shall extend to and be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.

14. ELECTRONIC TRANSMISSION

This Offer or a counterpart hereof may be executed and transmitted by electronic means, with transmission confirmed as complete, and if so, executed and transmitted, this Offer shall be for all purposes as effective and binding upon such party as if such party had delivered an originally executed document.

15. AGENCY DISCLOSURE

The Brokerage hereby discloses that it is acting as a sole agent for the Vendor in this transaction. The Vendor and Purchaser hereby acknowledge this disclosure.

16. TIME

Specific times shall be in accordance with the system of standard or daylight saving time in effect where the Property are located. If the date for making of any payment hereunder or the date for doing any act shall be a Saturday, Sunday or holiday in the City of Calgary, such date shall be extended to the first business day next following such date. "Business Day" means a day other than a Saturday, Sunday, statutory or municipal holiday in the City of Calgary.

Time shall be of the essence in this Offer.

17. DEFAULT BY PURCHASER

If the Purchaser fails to fulfil its obligations under this Offer prior to the Date of Closing, through no fault of Brokerage, then the First Deposit and Second Deposit shall be forfeited

Purchaser	Vendor
S.L	JS

by the Purchaser to the Vendor as a genuine pre-estimate by the Vendor and Purchaser of the liquidated damages thereby suffered by the Vendor. This Offer shall be rendered null and void and the Vendor will have no further claim against the Purchaser. It is understood that the forfeiture of the First Deposit and Second Deposit will be split between the Vendor and the Brokerage up to the maximum Commission payable.

18. FINTRAC REQUIREMENTS

As part of the closing procedures the Purchaser hereby agrees to provide all such documentation and information, including identification to its counsel in order to ensure compliance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).

19. GOODS & SERVICES TAX

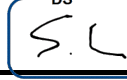

It is understood that any Goods and Services Taxes (GST) payable on the Purchase Price in respect of the Property shall be paid by the Purchaser and collected by the Vendor separate and in addition to the Purchase Price. The Purchaser intends to be a registrant for GST purposes on or before the Date of Closing. It is understood by the parties hereto that if the Purchaser is a registrant for GST purposes at the Date of Closing, then the Purchaser may deliver to the Vendor a statutory declaration stating the Purchaser's GST registration number and confirming the Purchaser's registration in lieu of making the aforesaid payment of GST.

20. LEGAL ADVICE

The parties to this Offer acknowledge that the Brokerage has recommended that they obtain advice from their legal counsel prior to signing this document. The parties further acknowledge that no information provided by the Brokerage is to be construed as expert legal or tax advice.

21. CONDITION OF PROPERTY ON CLOSING

The Vendor shall ensure that that Property is thoroughly cleaned, left in a broom swept condition, clear of any materials and debris as at the Date of Closing.

Purchaser	Vendor
	

22. IRREVOCABLE DATE

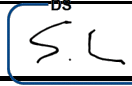

This Offer shall be open for acceptance by the Vendor and irrevocable by the Purchaser until 5:00 p.m. on the 22nd day of March, 2022.

DATED at the City of Grande prairie, in the Province of Alberta, this 18th day of March, 2022.

T.J'S DETAILING LTD.

DocuSigned by:
PER:  _____
577A9B41580E4FC...
Authorized Signature

PER: _____
Authorized Signature

Purchaser	Vendor
	

ACCEPTANCE

We, the undersigned Vendor of the Property, hereby accept the above Offer and agree to complete the sale on the terms and conditions in the Offer and should we fail to do so, the Purchaser may, at its option, cancel the Offer and withdraw any deposit monies or take whatever remedies the Purchaser may have at law, including specific performance, among others.

Any deposit monies shall always apply firstly to pay the Commission and we authorize CMN Calgary Inc. to deduct from any deposit monies the Commission payable.

We hereby irrevocably assign out of the proceeds of the sale any unpaid balance of the Commission and we direct our solicitor to pay the same to CMN Calgary Inc. upon the completion of the sale. WE HEREBY NOTIFY BOTH THE PURCHASER AND OUR SOLICITOR OF THIS ASSIGNMENT.

DATED AT the City of Calgary, in the Province of Alberta, this 21 day of March, 2022.

KPMG INC., solely in its capacity as court-appointed receiver for **Q'MAX SOLUTIONS INC.**

PER: Joseph Sitholé
Joseph Sitholé
Vice President

DATE OF ACCEPTANCE

This Offer was made (finalized) on March 21, 2022 (the "Date of Acceptance")

Initials of the person(s) who signed last. (JS)

Purchaser	Vendor
<u>SL</u>	<u>JS</u>

SCHEDULE "A"

The "Property"

Municipal Address

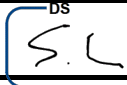

10304 84 Avenue
Clairmont, AB T0H 0W0

Description

± 38,000 square feet on 5.67 acres

Legal Description

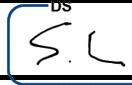

Plan 0425277
Block 2
Lot 2
Excepting Thereout All Mines And Minerals

Purchaser	Vendor
	

SCHEDULE "B"

Permitted Encumbrances

<u>Registration #</u>	<u>Date</u>	<u>Nature of Instrument</u>
042 411 114	22/09/2004	UTILITY RIGHT OF WAY
062 120 340	17/03/2006	CAVEAT RE: RIGHT OF WAY AGREEMENT CAVEATOR – ATCO ELECTIC LTD.

Purchaser	Vendor
	

**SCHEDULE C
OFFER TO PURCHASE AND INTERIM AGREEMENT**

This Schedule is attached to and forms part of the OFFER TO PURCHASE AND INTERIM AGREEMENT (the “Offer”) from T.J’S DETAILING LTD. (the “Purchaser”) to KPMG INC., solely in its capacity as court-appointed receiver for, Q’MAX SOLUTIONS INC. (the “Vendor”). For the purchase and sale of the Property municipally described as 10304 84 Avenue, Clairmont, Alberta and legally described as Plan 0425277, Block 2, Lot 2.

A. The last paragraph in Section 1 of the Offer is deleted and replaced with the following:

██████████ (more or less) the balance of the Purchase Price, subject to adjustments provided for herein, shall be paid by wire transfer on the Date of Closing.

The Purchaser agrees that no agreement for the purchase and sale of the Property shall result from this Offer unless and until this Offer has been executed by the Vendor and approved by the Court. If the Court approval of this Offer is not obtained then this Offer shall terminate and the Vendor and the Purchaser shall have no further liabilities or obligations to each other with respect to this Offer and the First Deposit and Second Deposit (if paid) shall be returned to the Purchaser.

The Vendor, in executing this Offer, is entering into this Offer solely in its capacity as the Court appointed receiver and manager of the assets, undertakings and properties of the Q’Max Solutions Inc. and not in its personal or any other capacity. Any claim against the Vendor shall be limited to and only enforceable against the property and assets then held by or available to it in its said capacity as Vendor and shall not apply to its personal property and assets held by it in any other capacity. The Vendor shall have no personal or corporate liability of any kind, whether in contract or in tort or otherwise. The term Vendor as used in this Offer shall have no inference or reference to the present registered owner of the Property.

B. The following paragraphs shall be added to the Offer after Section 2(a):

(b) In the event that the Vendor has not received a sale approval and vesting order (the “Vesting Order”) from the Court as provided for in Section 2(a), then the Vendor shall have the unilateral option to extend the date for satisfaction of the Vendor’s Condition by an additional SIXTY (60) BUSINESS DAYS.

The obligation of the Vendor to complete this Offer is subject to the satisfaction of the following terms and conditions on the Date of Closing, which conditions are for the sole benefit of the Vendor and which may be waived by the Vendor in its sole discretion:

- i. no action or proceeding at law or in equity shall be pending or threatened by any person, firm, government, governmental authority, regulatory body or agency to enjoin, restrict or prohibit the purchase and sale of the Property;
- ii. the Property shall not have been removed from the control of the Vendor by any means or process;

Buyer’s Initials:

DS
S.L.

Seller’s Initials:

JS

- iii. no third party shall take any action to redeem the Property;
- iv. the Court shall have granted the Vesting Order and no stay or appeal of the Vesting Order or application to vary or set aside the order shall be in effect, filed or outstanding as of the Date of Closing;
- v. the Purchaser shall have fulfilled or complied with all covenants contained in this Offer;
- vi. all amounts to be paid by the Purchaser to the Vendor on or before the Date of Closing pursuant hereto shall have been paid to the Vendor by the Purchaser in the form stipulated in this Offer; and
- vii. the Vendor shall have received from the Purchaser the closing deliveries contemplated in Section 10.

C. The second paragraph in Section 6 of the Offer is deleted and replaced with the following:

The Purchaser shall receive all of the income (if any) and pay all expenses for the entire Date of Closing.

D. Section 7 of the Offer is deleted in its entirety and replaced with the following:

7. Purchaser's Acknowledgments/Representations and Warranties

- (a) The Purchaser hereby acknowledges and agrees with and to be subject to the following:
 - (i) it is responsible for conducting its own searches and investigations of the current and past uses of the Property;
 - (ii) the Vendor makes no representation or warranty of any kind that the present use or future intended use by the Purchaser of the Property is or will be lawful or permitted;
 - (iii) it is purchasing the Property on an "as is, where is" and without recourse basis including without limitation, outstanding work orders, deficiency notices, compliance, requests, development fees, imposts, lot levies, sewer charges, zoning and building code violations and any outstanding requirements which have been or may be issued by any governmental authority having jurisdiction over the Property;
 - (iv) it relies entirely on its own judgment, inspection and investigation of the Property and any documentation relating to the Property obtained from the Vendor has been prepared or collected solely for the convenience of prospective purchasers and is not warranted to be complete or accurate and is not part of this Offer;

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- (v) it will provide the Vendor with all requisite information and materials, including proof respecting source of funds, at any time or times within forty-eight (48) hours of request by the Vendor so that the Vendor may determine the credit worthiness of the Purchaser;
 - (vi) the Vendor shall have no liability or obligation with respect to the value, state or condition of the Property, whether or not the matter is within the knowledge or imputed knowledge of the Vendor, its officers, employees, directors, agents, representations and contractors; and
 - (vii) the Vendor has made no representations, warranties or conditions with respect to or in any way related to the Property, including without limitation, the following: (i) the title, quality, quantity, marketability, zoning, fitness for any purpose, state, condition, encumbrances, description, present or future use, value, location or any other matter or thing whatsoever related to the Property, either stated or implied: and (ii) the environmental state of the Property, the existence, nature, kind, state or identity of any hazardous substances on, under, or about the Property, the existence, state, nature, kind, identity, extent and effect of any administrative order, control order, stop order, compliance order or any other orders, proceedings or actions under the *Environmental Protection and Enhancement Act* (Alberta), or any other statute, regulation, rule or provision of law now in force, the existence, state, nature, kind, identity, extent and effect of any liability to fulfill any obligation to compensate any third party for any costs incurred in connection with or damages suffered as a result of any discharge of any hazardous substances whether on, under or about the Property or elsewhere.
- (b) The Purchaser hereby represents and warrants to and in favour of the Vendor that as of the Date of Closing:
- (i) the Purchaser is a corporation duly existing and governed by the laws of its incorporating jurisdiction and has the necessary corporate authority, power and capacity, to own the Property and to enter into this Offer and to carry out the transactions contemplated by this Offer in the manner contemplated by this Offer;
 - (ii) the obligations of the Purchaser hereunder and the documents and transactions contemplated herein shall be duly and validly authorized by all requisite corporate proceedings on or before the Date of Closing;
 - (iii) neither the execution of this Offer nor its performance by the Purchaser will result in a breach of any term or provision or constitute a default under any of the constating documents or by-laws of the Purchaser or any other agreement to which the Purchaser is a party;

(iv) the Purchaser:

- (A) is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or the *Winding-up and Restructuring Act* (Canada);
- (B) is not a non-Canadian within the meaning of the *Investment Canada Act* (Canada); and
- (C) is or will be on the Date of Closing a GST registrant under the *Excise Tax Act* (Canada).

E. Section 9 of the Offer is deleted in its entirety and replaced with the following:

The Vendor shall deliver a written authorization authorizing the Purchaser to conduct a search of records at the municipal and provincial authorities relating to the Property within three (3) business days following written request from the Purchaser to deliver same. The Purchaser will, subject to any requirements of law or regulation, keep all information obtained from the records at the municipal and provincial authorities relating to the Property in strict confidence and will only make the same available to the Purchaser's employees, agents and professional advisors in strict confidence. The authorizations provided by the Vendor to conduct a search of records at the municipal and provincial authorities relating to the Property shall in no event authorize a physical inspection of the Property.

F. Section 10 of the Offer is deleted in its entirety and replaced with the following:

- (A) The Vendor shall execute and deliver or cause to be executed and delivered to the Purchaser on the Date of Closing, the following:
 - (i) a copy of the Vesting Order and if applicable, the Vendor's certificate contemplated in the Vesting Order executed by the Vendor;
 - (ii) a bill of sale conveying the personal property to the Purchaser, if any;
 - (iii) a statement of adjustments;
 - (iv) a certificate of the Vendor to the effect that it is not at the Date of Closing a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada); and
 - (v) keys that may be in the possession of the Vendor.

(B) The Purchaser shall execute and deliver to the Vendor on the Date of Closing the following:

- i. a wire transfer for the balance of the Purchase Price and any other monies required to be paid by the Purchaser pursuant to this Offer;
- ii. a true copy of its GST registration and GST declaration as required pursuant to this Offer;
- iii. a bring-down certificate executed by the Purchaser, in a form satisfactory to the Vendor, acting reasonably, certifying that all of the representations and warranties of the Purchaser hereunder remain true and correct in all material respects as of the Date of Closing; and
- iv. any other documents relative to the completion of this Offer as may reasonably be required by the Vendor or its solicitors.

The Parties agree that closing shall take place in accordance with such usual and customary trust conditions agreed to between the solicitors for the Vendor and the solicitors for the Purchaser as are applicable to similar transactions in Calgary, Alberta. The Purchaser shall obtain title insurance coverage with a reputable title insurance provider in order to allow for the unconditional release of the Purchase Price on the Date of Closing, notwithstanding that the Vesting Order may not be registered against title to the Property as at such date. The cost of obtaining title insurance in connection with the purchase of the Property shall be for the sole cost of the Purchaser. If the Purchase Price is not released on or before 12:00 o'clock noon, Calgary time on the Date of Closing then, the Purchaser shall pay interest on the entire Purchase Price at the prime rate of the Canadian Imperial Bank of Commerce plus 3% per annum from the Date of Closing to and including the date unconditionally paid. Interest on funds not paid by 12:00 o'clock noon on any business day shall bear interest until the next business day.

The Purchaser hereby covenants and agrees not to register this Offer, a caveat with respect to this Offer or notice of this Offer or a caution, certificate of pending litigation, or any other document providing evidence of this Offer against title to the Property. Should the Purchaser be in default of its obligations under this Section, the Vendor may (as agent and attorney of the Purchaser) cause the removal of such notice of this Offer, caveat, caution, certificate of pending litigation or other document providing evidence of this Offer or any assignment of this Offer from the title to the Property and the Purchaser irrevocably nominates, constitutes and appoints the Vendor as its agent and attorney in fact and in law to cause the removal of such notice of this Offer, any caution, certificate of pending litigation or any other document or instrument whatsoever from title to the Property.

In the event that any date established by or stipulated in this Offer, or any date of termination of a period of time set forth or referred to in this Offer, shall fall upon a day which is not a business day then such date shall be extended to the next following

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business day. For the purposes hereof, “**business day**” means a day other than a Saturday or Sunday or a statutory or civic holiday in the City of Calgary, Alberta.

G. Section 13 of the Offer is deleted in its entirety and replaced with the following:

All of the covenants and agreements contained in this Offer shall be binding upon the parties and their respective successors and permitted assigns and shall enure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns pursuant to the terms and conditions of this Offer. The Purchaser may assign this Offer upon prior written notice to the Vendor not less than five (5) business days prior to the granting of the Vesting Order provided that such assignment is to a wholly-owned, affiliated, or otherwise related corporation and provided however, the Purchaser shall not be released from any liability to observe and perform all of the terms and conditions contained herein.

H. The last sentence in Section 17 of the Offer is deleted in its entirety.

Appendix “C”

Appendix “D”

Rio de Janeiro, 21 de junho de 2021 / June 21, 2021.

Para/To:

QMax do Brasil Soluções do Petróleo Ltda.

Rodovia Governador Mario Covas, nº 3255, sala 207, Bairro Padre Mathias, Cariacica
CEP 29157-100, Vila Velha, Espírito Santo, Brasil

QMax Solutions Inc.

1700, 407 2nd Street S.W.

Calgary, Alberta, Canada, T2P 2Y3

A/C: Celina Carter and Rafael Andres Diaz-Granados (celina.carter@qmax.com and radg@qmax.com)

1356760 Alberta Ltda.

1700, 407 2nd Street S.W.

Calgary, Alberta, Canada, T2P 2Y3

A/C: Celina Carter and Rafael Andres Diaz-Granados (celina.carter@qmax.com and radg@qmax.com)

McCarthy Tétrault LLP

4000 421 - 7th Avenue S.W.

Calgary, Alberta, Canada, T2P 4K9

A/C: Walker MacLeod (wmacleod@mccarthy.ca); and Sean Collins (scollins@mccarthy.ca)

HSBC Bank Canada

7th Floor, 70 York Street

Toronto, Ontario, Canada, M5J 1S9

A/C: Paul Irving (paul.irving@hsbc.ca)

E/And

10th Floor, 407-8th Avenue S.W.

Calgary, Alberta, Canada, T2P 1E5

Norton Rose Fulbright Canada LLP

400 3rd Avenue SW, Suite 3700

Calgary, Alberta, Canada, T2P 4H2

A/C: Howard A. Gorman Q.C. (howard.gorman@nortonrosefulbright.com); and D. Aaron Stephenson (aaron.stephenson@nortonrosefulbright.com)

KPMG INC.

3100, 205 - 5 Ave. S.W.

Calgary, Alberta, Canada, T2P 4B9

A/C qmax@kpmg.ca; Cristina Pimienta (cpimienta@kpmg.ca); Andrew Brausen (abrausen@kpmg.ca); Neil Honess (neilhoness@kpmg.ca); and Anamika Gadia (agadia@kpmg.ca)

OSLER, HOSKIN & HARCOURT LLP

Suite 2700, Brookfield Place

225 - 6th Avenue SW

Calgary, Alberta, Canada, AB T2P 1N2

A/C: Randal Van de Mosselaer (rvandemosselaer@osler.com)

KPMG Brazil

Rua Arquiteto Olavo Redig de Campos, 105, Torre A, Chácara Santo Antônio

CEP 04711-904, São Paulo, São Paulo, Brasil

A/C: Ricardo Antunes (ricardoantunes@kpmg.com.br)

Prezados Senhores,

Dear Sirs,

Em 2018, a **QMax do Brasil Soluções do Petróleo Ltda.** (“QMax Brasil”) foi condenada a pagar à **Carboflex Produtos e Serviços Especiais Ltda.** (“Carboflex”) In 2018, **QMax do Brasil Soluções do Petróleo Ltda.** (“QMax do Brasil”) was ordered to pay **Carboflex Produtos e Serviços Especiais Ltda.** (“Carboflex”)

diversos valores a título de indenização e reembolsos e, também, honorários sucumbenciais aos patronos da Carboflex, **Souto Correa Sociedade de Advogados** (“Souto Correa Advogados”), conforme estabelecido na Sentença Parcial e na Sentença Final do Procedimento Arbitral nº 24/2016/SEC6 (doravante referidas conjuntamente como “Sentença Arbitral”).

A QMax Brasil foi intimada da Sentença Arbitral em 13 de agosto de 2018 [Anexo I], mas não efetuou o pagamento dos montantes devidos e também não impugnou a validade da Sentença Arbitral.

Em 02 de dezembro de 2019 a Carboflex enviou notificação extrajudicial à QMax Brasil [Anexo II], constituindo-a em mora acerca do pagamento da condenação.

Em janeiro de 2021, diante do não pagamento espontâneo, Carboflex e Souto Correa Advogados ajuizaram Cumprimento de Sentença Arbitral, requerendo que a QMax Brasil pague **R\$ 29.231.800,18** à Carboflex e **R\$ 1.492.587,92** em favor de Souto Correa Advogados (Processo nº 0018572-64.2021.8.19.0001 – Anexo III). Em abril de 2021, a QMax Brasil, por meio de seu administrador, **Sr. Thiago Calhau Teixeira Mendes** [Anexo IV], compareceu espontaneamente ao processo do cumprimento de sentença, requerendo sua habilitação nos autos, uma vez que esse tramita em segredo de justiça.

Nesse interim, a Carboflex, por meio de pesquisas próprias e de informações disponíveis no site da **KPMG Inc.** (“KPMG”), tomou conhecimento que o **HSBC Bank Canada** (“HSBC”), como agente de demais financiadores (Bank of Montreal, Business Development Bank of Canada, Export Development Canada e HSBC Bank USA), ajuizou pedido de falência em Calgary contra a **QMax Solutions Inc.** (“QMax Solutions”) e **1356760 Alberta Ltda.** (“Alberta”)², sendo a **KPMG INC.**

several amounts as indemnification and reimbursements, as well as to pay defeat fees to Carboflex's attorneys, **Souto Correa Sociedade de Advogados** (“Souto Correa Advogados”), as set forth in the Partial Award and Final Award of the Arbitral Proceeding nº 24/2016/SEC6 (hereinafter referred to jointly as the “Arbitral Award”).

QMax do Brasil was notified of the Arbitral Award on August 13, 2018 [Annex I], but did not pay the amounts owed and did not challenge the validity of the Arbitral Award either.

On December 2nd, 2019, Carboflex sent an extrajudicial notification to QMax do Brasil [Annex II], constituting it in default regarding the payment owed.

In January 2021, in the absence of spontaneous payment, Carboflex and Souto Correa Advogados filed an Enforcement Procedure of the Arbitral Award, in order for QMax do Brasil to pay BRL 29,231,800.18 to Carboflex and BRL 1,492,587.92 in favor of Souto Correa Advogados (Case No. 0018572-64.2021.8.19.0001 – Annex III). In April 2021, QMax do Brasil, through its administrator, **Mr. Thiago Calhau Teixeira Mendes** [Annex IV], spontaneously appeared in Court, requested to be included in the case. However, up to now, no payment was made to Carboflex or Souto Correa Advogados.

In the meanwhile, Carboflex, through a research provided for on its own and the information available on KPMG Inc.'s (“KPMG”) website, became aware that **HSBC Bank Canada** (“HSBC”), as agent for the other lenders (Bank of Montreal, Business Development Bank of Canada, Export Development Canada and HSBC Bank USA), filed a bankruptcy petition in Calgary against **QMax Solutions Inc.** (“QMax Solutions”) and **1356760 Alberta Ltda.** (“Alberta”), in

¹ <https://home.kpmg/ca/en/home/services/advisory/deal-advisory/creditorlinks/qmax-solutions-inc.html>. Último acesso em: 08/06/2021 / Last accessed on: 06/08/2021.

² <https://assets.kpmg/content/dam/kpmg/ca/pdf/creditorlinks/qmax-solutions-inc/sworn-affidavit-of-cameron-bailey-including-exhibits-filed-may-27-2020.pdf>. Último acesso em: 08/06/2021 / Last accessed on: 06/08/2021.

“KPMG”) nomeada como *Receiver* das empresas³.

Vale destacar que a QMax Brasil é subsidiária da QMax Solutions e da Alberta [Anexo IV]. Desse modo, a KPMG administra os bens, créditos e dívidas das duas empresas que compõem o quadro societário da QMax Brasil.

A KPMG, como administradora dos ativos e investimentos das duas empresas que controlam a QMax Brasil, tinha plena ciência da dívida dessa última, oriunda da Sentença Arbitral, conforme informado em relatório datado de 1º de março de 2021 [Anexo V], ou seja, após o ajuizamento do cumprimento de sentença pela Carboflex: “*A QMax Brasil não tem ativos ou operações. Até onde a Receiver está ciente, não há nada de valor na QMax Brasil. De fato, a Receiver entende que existe um julgamento no Brasil contra a QMax Brasil de aproximadamente USD 5.000.000*”⁴.

Diante da ausência de bens e das dívidas existentes em nome da QMax Brasil, o relatório informa que, diante da ausência de valor da subsidiária para a QMax Solutions e para Alberta, as empresas cogitaram o mero abandono da QMax Brasil, mas acabaram por requerer a renúncia de interesses nas quotas da QMax Brasil:

“Dada a falta de ativos ou operações na QMax Brasil, e o fato de que a QMax Brasil tem valor negativo, obviamente não faz sentido executar um processo de vendas em relação à QMax Brasil. De fato, a QMax Brasil possui algumas despesas e obrigações em curso e a QMax Brasil não é capaz de cumprir essas obrigações.

A Receiver investigou a possibilidade de simplesmente remover o representante legal e abandonar a QMax Brasil, mas a Receiver foi informada de que isso não seria possível sem uma liquidação formal da QMax Brasil.

which KPMG was appointed as Receiver of the companies.

It is worth highlighting that QMax do Brasil is a subsidiary of QMax Solution and of Alberta [Anexo IV]. Thus, KPMG manages the assets, credits and debts of the two companies that make up the corporate structure of QMax do Brasil.

KPMG, as administrator of the assets and investments of the two companies that control QMax Brasil, was fully aware of the debt of the latter, arising from the Arbitral Award, as informed in a report dated March 1, 2021 [Annex V], i.e., after the filing of the Enforcement Procedure: “*QMax Brazil has no assets or operations. Insofar as the Receiver is aware there is nothing of value in QMax Brazil. Indeed, the Receiver understands that there is a judgment in Brazil against QMax Brazil for approximately US\$5,000,000.*”

In light of the absence of assets and existing debts on QMax Brasil’s behalf, the report informs that, due to the lack of value in the subsidiary for QMax Solutions and Alberta, the companies considered simply abandoning QMax Brasil, but rather opted for requesting the disclaimer of interests in QMax Brasil’s shares:

“Given the lack of assets or operations in QMax Brazil, and the fact that QMax Brazil has significant negative value, there is obviously no point in running a sales process in respect of QMax Brazil. In fact, QMax Brazil has some ongoing expenses and obligations and QMax Brazil is unable to meet those obligations. The Receiver has investigated the possibility of simply removing the legal representative and abandoning QMax Brazil, but the Receiver has been advised that this is not possible without a formal winding up of QMax Brazil.

(...)

³ <https://home.kpmg/content/dam/kpmg/ca/pdf/creditorlinks/qmax-solutions-inc/consent-receivership-order-filed-may-29-2020.pdf>. Último acesso em: 08/06/2021 / Last accessed on: 06/08/2021.

⁴ Tradução livre/Free translation. <https://home.kpmg/content/dam/kpmg/ca/pdf/creditorlinks/qmax-solutions-inc/second-report-of-the-receiver-part-1.pdf>, p. 25, ¶ 89. Último acesso em: 08/06/2021 / Last accessed on: 06/08/2021.

(...)
Dada a falta de valor na QMax Brasil e nas ações da QMax Brasil, a Receiver é da opinião de que seria do melhor interesse das propriedades da QSI e da 1356760 que a Receiver renunciasse a qualquer interesse nas ações da QMax Brasil”⁵

Given the lack of value in QMax Brazil and in the shares of QMax Brazil, the Receiver is of the view that it would be in the best interests of the estates of QSI and 1356760 for the Receiver to disclaim any interest in the shares of QMax Brazil.”

Em 9 de março de 2021, o pedido de renúncia foi aceito pelo juiz do processo falimentar ⁶ [Anexo VI].

On March 9th, 2021, the disclaimer request was granted in the bankruptcy procedure [Annex VI].

Nesse cenário, até o momento, nada foi pago à Carboflex e ao Souto Correa Advogados, sendo que esses não foram informados sobre o procedimento falimentar, seus respectivos créditos não foram listados em nenhuma lista de credores e nem mesmo foram informados sobre a renúncia das ações e, conseqüentemente, da operação da QMax Brasil.

In this scenario, to date, nothing has been paid to Carboflex and Souto Correa Advogados, who were not informed of the bankruptcy proceeding, their respective credits were not listed on any list of creditors and they were not even informed of the disclaimer of the shares and, consequently, of the operation of QMax Brasil.

A dívida da QMax Brasil, apesar de confessada por suas sócias à KPMG e ao juízo falimentar e de se tratar de valor relevante que afeta o balanço de todo o grupo econômica da QMax, foi reiteradamente ignorada. Aparenta ser, infelizmente, uma tentativa da QMax Solutions e da Alberta de se esquivarem das suas responsabilidades perante o inadimplemento da QMax Brasil, violando a legislação brasileira.

QMax Brasil's debt, despite confessed by its partners to KPMG and to the bankruptcy court and of relevant amount which may affect the balance sheet of the entire QMax economic group, was repeatedly ignored. Unfortunately, this seems to be an attempt by QMax Solutions and Alberta to avoid their responsibilities in light of QMax Brasil's default, in violation of the Brazilian legislation.

Por tais motivos, servimo-nos da presente para solicitar que sejam adotadas as providências cabíveis para quitação do crédito da Carboflex e o de seus patronos, sob pena de adoção das medidas legais cabíveis.

For these reasons, we hereby request that the appropriate steps be taken to settle the amounts owed to Carboflex and its attorneys, under penalty of adoption of the appropriate legal measures.

Atenciosamente/Yours faithfully,

Carboflex Produtos e Serviços Especiais Ltda.
Souto Correa Sociedade de Advogados

Marcelo Gandelman
OAB/RJ 89.989

⁵ Tradução livre/Free translation. <https://home.kpmg/content/dam/kpmg/ca/pdf/creditorlinks/qmax-solutions-inc/second-report-of-the-receiver-part-1.pdf>, p. 25, ¶¶ 90-92. Último acesso em: 08/06/2021 / Last accessed on: 06/08/2021.

⁶ <https://home.kpmg/content/dam/kpmg/ca/pdf/creditorlinks/qmax-solutions-inc/application-sale-approval-and-vesting-orders-sealing-order-approval-of-disclaimer-and-approval-of-receiver-s-activities.PDF>, pp. 47-48. Último acesso em: 08/06/2021 / Last accessed on: 06/08/2021.

Appendix “E”

Osler, Hoskin & Harcourt LLP
Suite 2700, Brookfield Place
225 – 6th Avenue S.W.
Calgary, Alberta, Canada T2P 1N2
403.260.7000 MAIN
403.260.7024 FACSIMILE

OSLER

June 21, 2021

Randal Van de Mosselaer
Direct Dial: 403.260.7060
rvandemosselaer@osler.com
Our Matter Number: 1211096

Calgary

Toronto

Montréal

Ottawa

Vancouver

New York

SENT BY ELECTRONIC MAIL
marcelo.gandelman@soutocorrea.com.br

Souto Correa
Rua Visconde de Pirajá
250, 7º andar
Rio de Janeiro, Brazil

Attention: Marcelo Gandelman

Dear Sir:

Re: *In the matter of Q'Max Solutions Inc.*
Alberta Court of Queen's Bench File No. 2001-06722

This is to confirm that we are counsel to KPMG Inc. (the “**Receiver**”) in its capacity as Court-appointed receiver and manager of Q'Max Solutions Inc. (“**QMax Solutions**”) and 1356760 Alberta Inc. (“**Alberta**”). We confirm that you are attorneys representing Carboflex Produtos e Serviços Especiais Ltda. (“**Carboflex**”). We write in response to your letter of today's date addressed to our office, the Receiver, and numerous other parties.

Capitalized terms used in this letter and not otherwise defined shall have the same meaning as given to them in your June 21, 2021 letter.

Without making any admissions with respect to the validity of any claim that Carboflex may have against QMax do Brasil, it is clear that Carboflex has no claim whatsoever against QMax Solutions, Alberta, or the Receiver.

The Receiver has been appointed Receiver of QMax Solutions and Alberta (amongst other related companies). The Receiver has not been appointed Receiver of QMax do Brasil and accordingly has no management responsibilities for that company. You are correct in saying that QMax do Brasil is a subsidiary of QMax Solutions and Alberta; but your letter then goes on to make the incorrect assertion that any obligations of QMax do Brasil to Carboflex somehow have become the obligation of QMax Solutions and Alberta. This is patently false and contrary to Canadian law.

In the penultimate paragraph of your letter, you say that: “Unfortunately, this seems to be an attempt by QMax Solutions and Alberta to avoid their responsibilities in light of QMax Brasil's default, in violation of the Brazilian legislation.” To be clear, neither QMax Solutions nor Alberta have any “responsibilities” whatsoever to Carboflex. Any claim that Carboflex may

have against QMax do Brasil is a claim only against QMax do Brasil, and does not become the responsibility of QMax Solutions, Alberta, or the Receiver.

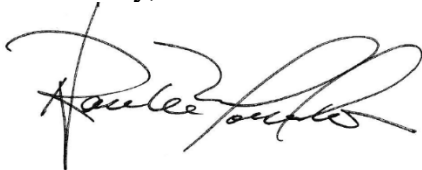
Accordingly, your demand that “appropriate steps be taken to settle the amounts owed to Carboflex and its attorneys” is hereby declined.

Finally, we take this opportunity to make two observations in the event your office or Carboflex wish to take any steps to attempt to enforce its claim against QMax do Brasil against QMax Solutions, Alberta, or the Receiver:

1. Firstly, as you may be aware there are Court-ordered stays of proceedings in place in both Canada and the United States which prevent Carboflex (or anyone else) from attempting to enforce alleged claims against QMax Solutions, Alberta or the Receiver without first obtaining leave of the appropriate court to do so. Accordingly, in the event that your office receives instructions from Carboflex to attempt to enforce its misguided and unmeritorious claim against QMax Solutions, Alberta or the Receiver, we would require that our office be provided with appropriate notice of any proceedings that your client may instruct you to bring;
2. Secondly, you should be aware that there are no funds available for unsecured creditors in these receivership estates. Even if somehow your client were permitted to pursue a claim against QMax Solutions, Alberta or the Receiver, (and we fail to see how that might be possible), the reality is that no recovery will be available to Carboflex or your office given that the senior secured lenders are realizing a significant shortfall. Accordingly there will be no distribution to unsecured creditors.

Accordingly, we trust that we will not be hearing further from either your office or Carboflex in connection with these matters.

Yours truly,



Randal Van de Mosselaer
RSV:ep

cc: *Receiver*
QMax do Brasil
McCarthy Tetreult
HSBC Bank Canada
Norton Rose Fulbright

Appendix “F”

ENTERED

April 21, 2022

Nathan Ochsner, Clerk

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	Chapter 15
	§	
Q'MAX SOLUTIONS INC.,	§	
	§	Case No. 20-34791 (MI)
	§	
Debtor in a Foreign Proceeding.	§	
	§	

**AGREED ORDER GRANTING MOTION PURSUANT TO BANKRUPTCY RULE 9019
FOR ENTRY OF AN ORDER APPROVING COMPROMISE AND SETTLEMENT**

CAME ON FOR CONSIDERATION the *Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving Compromise and Settlement* (this "Motion"), filed by KPMG Inc. ("KPMG"), solely in its capacity as court-appointed receiver and manager ("Receiver" or "Foreign Representative") of Q'Max Solutions Inc. ("QSI" or the "Debtor") and certain other related Canadian entities pursuant to the *Consent Receivership Order* dated May 28, 2020 (the "Receivership Order"), in the above captioned bankruptcy case, seeking entry of an order approving and authorizing the *Agreed Order, Stipulation, Settlement Agreement and General Release* (the "Settlement Agreement") attached to the Motion, among QSI and M-I L.L.C. d/b/a M-I SWACO ("M-I", collectively with QSI, the "Parties", and in their individual capacity, each a "Party"). Upon its consideration of the Motion and the entire record before it, this Court finds that service and notice of the Motion was sufficient and appropriate under the circumstances; no objections to the Motion, or to consummation of the Settlement Agreement, were timely filed or made; the Settlement Agreement is a good faith compromise negotiated by the parties at arms'-length; and for the reasons stated in the Motion good cause exists to grant the Motion and authorize


and approve the Settlement Agreement in the best interests of the Debtor's estate and its creditors.

Accordingly, it is hereby:

ORDERED, ADJUDGED, AND DECREED THAT:

- ~~1. The Motion is APPROVED.~~
2. The Settlement Agreement, as set forth in the Motion, is APPROVED and the Parties are authorized to proceed with the consummation thereof.
3. This Order binds all parties in interest in this proceeding, including the Debtors and their respective successors and assigns.
4. This Order constitutes the findings of fact and conclusions of law of this Court and shall take effect immediately upon execution hereof, and there shall be no stay of execution of effectiveness of this Order.
5. This Court retains jurisdiction to the maximum extent possible to interpret and enforce this Order and any dispute under the Settlement.

Signed: April 21, 2022



Marvin Isgur
United States Bankruptcy Judge

Appendix “G”

**Receiver's Statement of Receipts and Disbursements
for the period from May 28, 2020 to April 30, 2022**

Receiver's Statement of Receipts and Disbursements		
For the period from May 28, 2020 to April 30, 2022		
USD (000's)		
Receipts	Notes	
Paragon sales proceeds	1	3,500
Proceeds from the sale of foreign entities	2	7,020
Auction proceeds	3	1,198
Real estate proceeds	4	696
Customer collections	5	606
Transfers from Q'Max Canada accounts	6	308
Other collections and realizations from foreign entities	7	105
Return of retainer	8	90
Rental income	9	49
Collection of transition service agreement charges	10	39
Interest income	11	1
Total receipts		13,611
Disbursements		
International funding	12	4,415
Investment banking fees	13	2,826
Insurance	14	1,852
U.S. contractors	15	1,416
Professional fees of the Receiver's Counsel	16	967
Centralized IT	17	752
Other legal fees	18	645
Receivership operating expenses	19	495
Interest	20	625
Canadian contractors	21	348
Other foreign disbursements	22	337
Payroll	23	60
Middle East contractors	24	170
Sales process expenses	25	45
Bank charges		43
Foreign exchange on internal transfers		18
Total disbursements		15,014
Net cash flow		(1,403)
Receiver's borrowings	26	5,200
Ending balance		3,797

Notes to the Receiver's Statement of Receipts and Disbursements

1. Proceeds received from the U.S. Trustee in respect of the sale of QAI and Anchor's northeast business and assets to Paragon in the U.S.
2. Proceeds received from the IDEC Transaction, the Colombia Transaction, the Mexico Transaction, and the sale of Tri-Max.
3. Proceeds generated from the auction of QCOI inventory and equipment.
4. Proceeds, net of real estate commissions and other costs, received from the sale of the Drayton Valley Property.
5. Accounts receivable collections from certain customers in Canada.
6. Funds transferred from the Receivership Entities' bank accounts to the Receiver's trust accounts after the Receivership Order was granted.
7. Accounts receivable collections in respect of the Q'Max Group's Indian branch.
8. Return of legal retainer from Osler, Hoskin & Harcourt LLP.
9. Rental income collected on Drayton Valley Property.
10. Receipts related to transition services agreements provided by the Receiver.
11. Interest generated on surplus cash invested in a GIC.
12. Funding provided by the Receiver to international subsidiaries of the Receivership Entities to assist with working capital needs in order to maintain operations and to support the international subsidiaries through the respective sales processes.
13. The Receivership Entities hired Simmons Energy to assist with the sales process of the Middle Eastern entities and Lazard to assist with the sales processes of Q'Max Mexico and Q'Max Colombia prior to the Receiver's appointment. The amounts represent the success fees payable to those investment bankers on closing of the respective transactions.
14. Insurance premiums for Canada, the United States and terrorism policies benefiting the international subsidiaries.
15. The Receiver retained various former employees of the Q'Max Group based in the U.S. to assist with various matters, but primarily to support the continuation of the sales processes of the international subsidiaries.
16. Professional fees of the Receiver's counsel, Osler, Hoskin & Harcourt LLP.

17. Centralized IT costs relate to IT software and platforms that are centrally managed by QSI for the benefit of the U.S., Canadian and international entities.
18. Legal costs relate to engaging various legal firms to assist with matters in the U.S. and internationally. These legal costs do not include the professional fees of the Receiver's counsel.
19. Costs borne in Canada as part of the Receivership Proceedings, including environmental assessment and appraisal costs.
20. Interest on the Receiver's borrowings pursuant to the Receiver's Borrowing Charge.
21. Canadian contractors who have assisted the Receiver in realizing upon the assets located in Canada.
22. Costs incurred by the Receiver in relation to QSI's interest in the Kuwait JV.
23. Payroll associated with the continued use of certain employees based in Canada at the outset of the Receivership Proceedings.
24. QSI is contractually obligated to provide operational support to the Kuwait JV. The Receiver retained various former employees of the Q'Max Group based in Egypt to provide operational support to the Kuwait JV.
25. Costs ancillary to the sales process, primarily being data room hosting costs.
26. Funding provided to the Receiver by the Lenders pursuant to the Receiver's Borrowing Charge.