

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF ALLIED TRACK SERVICES INC.,
A CORPORATION INCORPORATED UNDER THE LAWS
OF ONTARIO**

**MOTION RECORD OF ALLIED TRACK SERVICES INC.
(Returnable March 15, 2021)**

March 8, 2021

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TO THE SERVICE LIST:

ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY*
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OF ONTARIO

SERVICE LIST

As of March 8, 2021

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| B | Exhibit "B" – Stalking Horse Asset Purchase Agreement Dated January 21, 2021 |
| 3 | Approval and Vesting Order |
| 4 | Blackline to Model Receivership Approval and Vesting Order |
| 5 | Ancillary Order |

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF ALLIED TRACK SERVICES INC.,
A CORPORATION INCORPORATED UNDER THE LAWS
OF ONTARIO**

**NOTICE OF MOTION
(Returnable March 15, 2021)**

Allied Track Services Inc. (the "**Applicant**" or "**Allied Track**") will make a motion before the Honourable Justice Hailey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on March 15, 2021, at 2:00 p.m. or as soon after that time as the motion can be heard. Please refer to the videoconference details attached at Schedule "A" hereto in order to attend the motion and advise if you intend to join the motion by emailing Joshua Foster at fosterj@bennettjones.com.

PROPOSED METHOD OF HEARING: The motion is to be heard by videoconference as a result of the COVID-19 pandemic.

THE MOTION IS FOR:

1. An order substantially in the form attached at Tab 3 of the motion record (the "**Approval and Vesting Order**"), *inter alia*:

- (a) abridging the time for service of this notice of motion and the motion record and dispensing with service on any person other than those served;

- (b) approving the sale transaction (the "**Transaction**") contemplated by a stalking horse asset purchase agreement (the "**Stalking Horse Agreement**") between Allied Track and 2806401 Ontario Inc. (the "**Purchaser**") dated January 21, 2021, and vesting in the Purchaser, or as it may direct, all of the Allied Track's right, title and interest in and to the Purchased Assets (as defined in the Stalking Horse Agreement); and
 - (c) assigning and transferring the obligations of Allied Track under the contracts listed in schedule "B" to the Approval and Vesting Order, including any and all valid extensions, alterations and amendments thereto (collectively, the "**Assigned Contracts**") to the Purchaser, or as it may direct;
2. An order (the "**Ancillary Order**") substantially in the form attached at Tab 5 of the motion record, among other things:
- (a) extending the time for the Applicant to file a proposal under the BIA (as defined below) and the corresponding stay of proceedings (the "**Stay Extension**") to and including May 21, 2021;
 - (b) approving the First Report of the Proposal Trustee dated January 21, 2021, the Second Report of the Proposal Trustee, to be filed (the "**Second Report**"), and the activities of the Proposal Trustee referred to therein; and
 - (c) authorizing the Proposal Trustee to file an assignment in bankruptcy on behalf of Allied Track (which at that time will be 1958635 Ontario Inc.) and to act as the trustee in bankruptcy; and

3. Such further and other relief as this Honourable Court deems just;

THE GROUNDS FOR THE MOTION ARE:

Background

4. Allied Track is a full service railroad maintenance and construction provider incorporated under the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16 and headquartered in Grimsby, Ontario;

5. In 2017, to compliment Allied Track's service offering and reach, the Applicant's shareholder acquired Pittsburg Bottom Line LLC (together with Allied Track, the "**Allied Group**"), a Texas-based rail bridge contractor operating in several U.S. states;

6. As a result of sustained liquidity and cash flow issues, Allied Track was unable to satisfy obligations owing to its senior secured creditor, Bridging Finance Inc. ("**Bridging**");

7. To address its liquidity and cash flow issues, the Applicant filed a notice of intention to make a proposal (the "**NOI**") on January 21, 2021 pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"). KSV Restructuring Inc. was appointed as the proposal trustee under the NOI (in such capacity, the "**Proposal Trustee**");

8. In an effort to implement a consensual restructuring of its business, Allied Track sought and obtained an order on January 22, 2021, *inter alia*:

- (a) authorizing the Applicant and the Proposal Trustee to conduct a sale and investment solicitation process (the "**SISP**") and approving corresponding bid procedures (the "**Bid Procedures**");

- (b) approving the Stalking Horse Agreement solely for the purpose of acting as the stalking horse bidder in the SISP (the "**Stalking Horse Bid**");
- (c) authorizing the Applicant to enter into and otherwise approving a debtor-in-possession facility with Bridging (the "**DIP Lender**") in the maximum amount of \$3,000,000 (the "**DIP Loan**") and granting a super-priority charge on the current and future assets, undertakings and property of the Applicant in respect of amounts borrowed under the DIP Loan;
- (d) approving a super-priority Administration Charge and Directors' Charge (each as defined in the Stay Extension Order);
- (e) authorizing the Applicant to pay certain pre-filing amounts with the consent of the Proposal Trustee and the DIP Lender; and
- (f) extending the time for the Applicant to file a proposal under the BIA and the corresponding stay of proceedings to and including April 6, 2021;

The SISP and the Bid Procedures

9. The SISP and the Bid Procedures were developed by the Applicant, in consultation with the Proposal Trustee and Bridging. The SISP was intended to provide a broad, fair and transparent process to solicit interest in, and opportunities for the sale of, or investment in, the assets and business operations of the Allied Group;

10. In accordance with the SISP, the Proposal Trustee, in consultation with the Allied Group, prepared and circulated a process summary (the "**Teaser Letter**") to 106 prospective bidders. Twelve of the prospective bidders who received the Teaser Letter entered into non-disclosure

agreements and accessed the electronic data room established by the Proposal Trustee to facilitate prospective bidders' due diligence. Four of these parties engaged in discussions with Allied Group's management;

11. Of the limited offers received by 5:00 p.m. on February 24, 2021 (the "**Bid Deadline**"), none met the requirements of a Qualified Bid (as defined in the SISP), provided sufficient consideration to satisfy Bridging's secured debt or were otherwise acceptable to Bridging, acting within the discretion afforded to it in the SISP;

12. In accordance with the SISP, the Stalking Horse Bid was deemed to be the Successful Bid (as defined in the SISP) as no other Qualified Bid was submitted by the Bid Deadline;

The Stalking Horse Agreement

13. The Stalking Horse Agreement is the product of extensive negotiations between the Applicant and Bridging to ensure a value-maximizing and going-concern result;

14. In addition to customary conditions precedent and requisite approvals, the Stalking Horse Agreement is conditional upon the granting of the Approval and Vesting Order;

15. Among other things, the Stalking Horse Agreement and the Transaction contemplated thereby:

- (a) are superior to all of the non-compliant bids received in the Court-approved SISP;
- (b) continue Allied Track's ordinary course operations for the benefit of its customers, vendors and employees;

- (c) result in the Purchaser assuming Bridging's secured debt and paying the Priority Payables and Wind Down Amount (each as defined in the Stalking Horse Agreement); and
- (d) will provide greater recovery to Allied Track's stakeholders than could be obtained in a liquidation or bankruptcy;

16. The Proposal Trustee is supportive of the Stalking Horse Agreement and believes that the Transaction is the best possible outcome for Allied Track and its stakeholders in the circumstances;

The Assigned Contracts

17. With the assistance and oversight of the Proposal Trustee, the Applicant and the Purchaser have actively engaged in discussions with Allied Track's agreement counterparties in anticipation of the Transaction. These discussions have addressed, among other things, the transfer and assumption of Allied Track's right, title and interests in and to certain material agreements, including the Assigned Contracts;

18. To effect the transfer and assumption of the Assigned Contracts, the proposed Approval and Vesting Order assigns Allied Track's right, title and interest in the Assigned Contracts to the Purchaser upon closing the Transaction;

19. The Purchaser, who will continue Allied Track's ordinary course operations, is well equipped to perform the Applicant's obligations under the Assigned Contracts. The Purchaser is required under the terms of the Stalking Horse Agreement and the proposed Approval and Vesting Order to satisfy any Cure Payments (as defined in the Stalking Horse Agreement);

20. The Proposal Trustee is supportive of the proposed assignment of the Assigned Contracts;

The Stay Extension

21. The time for the Applicant to file a proposal and the corresponding stay of proceedings expires on April 6, 2021. Pursuant to the Order, the Applicant is seeking the Stay Extension to and including May 21, 2021;

22. The Applicant has acted, and continues to act in good faith and with due diligence in seeking to preserve its ordinary course operations, liaise with its stakeholders, address its liquidity issues, right-size its business and consummate a value-maximizing transaction in the SISP;

23. The Stay Extension will allow for the closing and post-closing steps necessitated by the Transaction to be completed efficiently without incurring the additional professional fees of another court attendance to further extend the time to file a proposal. To provide greater flexibility and maximize efficiency, the Ancillary Order also authorizes the Proposal Trustee to assign the Applicant into bankruptcy prior to the expiration of the Stay Extension;

24. The Proposal Trustee supports the granting of the Stay Extension and its authorization to assign the Applicant into bankruptcy. The Proposal Trustee believes that this relief will facilitate the closing of the Transaction and will not prejudice any creditor;

OTHER GROUNDS:

25. The provisions of the BIA, including sections 50.4, 50.4(9), 62, 65.13, 69 and 84.1 and the inherent and equitable jurisdiction of the Court;

26. Rules 1.04, 1.05, 2.03, 3.02, 16, 17, 37 and 39 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Reg. 194 and section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43; and

27. Such further and other grounds as counsel may advise and this honourable Court may permit;

DOCUMENTARY EVIDENCE:

28. The following documentary evidence will be used at the hearing of the motion:
- (a) the Affidavit of Andrew Stuart Jones sworn March 8, 2021, and the exhibits thereto;
 - (b) the Second Report and the appendices thereto; and
 - (c) such further and other evidence as counsel may advise and this Court may permit.

March 8, 2021

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Sean Zweig (LSO# 57307I)
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Lawyers for the Applicant

SCHEDULE "A"

Join Zoom Meeting

Time: Mar 15, 2021 02:00 PM America/Toronto

Join Zoom Meeting

<https://us02web.zoom.us/j/83906075875?pwd=WlNzaG1lZ2JORK1tZER1Tk5qWHdlcz09>

Meeting ID: 839 0607 5875

Passcode: 667607

One tap mobile

+16699009128,,83906075875#,,, *667607# US (San Jose)

+12532158782,,83906075875#,,, *667607# US (Tacoma)

Dial by your location

+1 669 900 9128 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 346 248 7799 US (Houston)

+1 646 558 8656 US (New York)

Meeting ID: 839 0607 5875

Passcode: 667607

Find your local number: <https://us02web.zoom.us/j/83906075875?pwd=WlNzaG1lZ2JORK1tZER1Tk5qWHdlcz09>

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF ALLIED TRACK SERVICES INC.,
A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

Estate/Court File No.: 32-2705503

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

Proceedings commenced in Toronto

NOTICE OF MOTION
(Returnable March 15, 2021)

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

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Lawyers for the Applicant

TAB 2

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c. B-3, AS AMENDED

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF ALLIED TRACK SERVICES INC.,
A CORPORATION INCORPORATED UNDER THE LAWS
OF ONTARIO

AFFIDAVIT OF ANDREW STUART JONES
(Sworn March 8, 2021)

I, Andrew Stuart Jones, of the City of Waterloo, in the State of Illinois, United States of America, **MAKE OATH AND SAY:**

1. I am the Chief Executive Officer of Allied Track Services Inc. ("**Allied Track**" or the "**Applicant**") and have served in this role since November 2019. Prior to that, I was the Applicant's Chief Operating Officer since March 2015. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources for information, I have so stated and I believe them to be true.

2. All references to monetary amounts in this affidavit are in Canadian dollars unless noted otherwise.

A. RELIEF REQUESTED

3. I swear this affidavit in support of a motion brought by Allied Track seeking an order (the "**Sale Approval and Vesting Order**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C.,

1985, c. B-3 (as amended, the "**BIA**"), substantially in the form attached as Tab 3 to the Applicant's Motion Record, among other things, approving the sale transaction (the "**Transaction**") contemplated by the stalking horse asset purchase agreement dated January 21, 2021 (as may be amended, the "**Stalking Horse Agreement**") between Allied Track and 2806401 Ontario Inc. (the "**Purchaser**"), pursuant to which the Purchaser will acquire substantially all of Allied Track's assets, property and undertakings, subject to the terms of the Stalking Horse Agreement.

4. I also swear this affidavit in support of the motion brought by Allied track seeking an Order substantially in the form attached as Tab 5 to the Applicant's Motion Record (the "**Ancillary Order**"), among other things, extending the timeline for the Applicant to make a proposal to and including May 21, 2021 in order to facilitate the closing of the Transaction (the "**Stay Extension**"), authorizing KSV Restructuring Inc. (the "**Proposal Trustee**") to file an assignment in bankruptcy on behalf of the Applicant, and permitting the Proposal Trustee to act as the trustee in bankruptcy in respect of same.

5. This affidavit should be read in conjunction with my affidavit sworn January 21, 2021 (the "**First Affidavit**"), the First Report of the Proposal Trustee dated January 21, 2021 (the "**First Report**"), and the Second Report of the Proposal Trustee, to be filed (the "**Second Report**"). A copy of the First Affidavit is attached hereto (without exhibits) as **Exhibit "A"**.

B. PROCEDURAL BACKGROUND

6. As detailed in my First Affidavit, Allied Track and its affiliate Pittsburg Bottom Line LLC ("**Bottom Line**", and together with Allied Track, the "**Allied Group**") offer full service railroad maintenance, repair, civil engineering, flagging, signalling and related services to customers throughout Canada and, through Bottom Line, several U.S. states. Following a period of sustained

liquidity and cash flow issues, Allied Track became unable to satisfy certain obligations owing to its senior secured creditor, Bridging Finance Inc. ("**Bridging**"). As a result, on January 21, 2021, Allied Track filed a notice of intention to make a proposal pursuant to section 50.4 of the BIA.

7. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued January 22, 2021 (the "**SISP Order**"), among other things:

- (a) the time afforded to the Applicant to file a proposal and the corresponding stay of proceedings was extended up to and including April 6, 2021;
- (b) a sale and investment solicitation process (the "**SISP**") and related bid and auction procedures were approved, and Allied Track and the Proposal Trustee were directed to carry out the SISP in accordance with its terms;
- (c) Allied Track was authorized to enter into the Stalking Horse Agreement with the Purchaser solely for the purpose of acting as the stalking horse bidder in the SISP (the "**Stalking Horse Bid**"); and
- (d) an administration charge (up to the maximum amount of \$500,000), DIP Lender's Charge (up to the maximum amount of \$3,000,000), and Directors' Charge (up to the maximum amount of \$1,500,000) were granted on the priorities set out in the SISP Order.

C. SALE PROCESS SUMMARY

8. The Applicant developed the SISP, in consultation with the Proposal Trustee, for the purpose of soliciting interest in, and opportunities for the sale of, or investment in, the assets and business operations of the Allied Group. The SISP, in conjunction with the Stalking Horse Bid,

was intended to provide a fair, flexible and transparent process for identifying and consummating a value-maximizing transaction and ensure a going concern result.

9. A comprehensive overview of the SISP and related bid and auction procedures was provided in my First Affidavit. Following the issuance of the SISP Order, Allied Track and the Proposal Trustee proceeded to administer the SISP in accordance with its terms. A summary of the Proposal Trustee's and Allied Track's efforts in the SISP is provided immediately below.

10. In accordance with the SISP, the Proposal Trustee, in consultation with the Allied Group, prepared a process summary (the "**Teaser Letter**") describing the Vendors' Assets (as defined in the SISP) and the bid and auction procedures. The Teaser Letter was distributed to approximately 106 prospective bidders.

11. Allied Track entered into non-disclosure agreements with 12 interested parties, who were then granted access to the electronic data room established by the Proposal Trustee. Of these 12 interested parties, three were entities engaged in the enterprise and asset liquidation business, and the remaining nine were operators and/or strategic investors. The Proposal Trustee, in consultation with the Allied Group, also prepared a confidential information memorandum that was distributed to nine of the interested parties.

12. Along with members of my management team, I engaged in discussions with four of the 12 interested parties that requested management meetings in connection with their assessment of the investment opportunity.

13. At the time of the SISP bid deadline, which was 5:00 p.m. (Eastern Time) on February 24, 2021, two non-binding written letters of intent were received, neither of which provided for

consideration in an amount sufficient to satisfy Bridging's secured debt. Despite the requirement in the SISP, no binding offers were received.

14. An additional written offer was submitted seeking to purchase certain of the heavy equipment owned by Allied Track Equipment Company LLC (as described in paragraphs 45-48 of my First Affidavit) for an amount significantly less than Bridging's secured debt.

15. Finally, I am advised by the Proposal Trustee and do believe that the Proposal Trustee received a verbal expression of interest for a potential transaction regarding the Bottom Line business only, however the indicative terms of such transaction were not acceptable to Bridging, and no formal offer was submitted.

16. In sum, none of the offers generated by the SISP were compliant with the terms of the SISP to be considered a "Qualified Bid". Additionally, none of the offers or expressions of interest received (either individually or in the aggregate) provided sufficient consideration to satisfy Bridging's secured debt, nor were they otherwise acceptable to Bridging, acting within the discretion afforded to it in the SISP.

17. Accordingly, none of the submitted offers were accepted, and the Stalking Horse Agreement was declared to be the Successful Bid (as defined in the SISP).

D. STALKING HORSE AGREEMENT

18. A copy of the Stalking Horse Agreement is attached hereto as **Exhibit "B"**. In this section, capitalized terms that are not defined will have the meanings ascribed to them in the Stalking Horse Agreement, unless otherwise indicated.

19. In accordance with the terms of the Stalking Horse Agreement, conditional upon the issuance of the Sale Approval and Vesting Order, the Purchaser (an affiliate of Bridging) will purchase the Purchased Assets, being effectively all tangible assets, intellectual property and undertakings of Allied Track, but excluding any Excluded Assets (as defined in the Stalking Horse Agreement).

20. The purchase price under the Stalking Horse Agreement is estimated to be \$104.873 million (the "**Purchase Price**"). The Purchase Price comprises of an amount equal to: the Bridging Debt (estimated to be \$88.653 million); the Installment Contract Debt; the Priority Payables; the Assumed Liabilities, including the DIP Facility, which is expected to be approximately \$1.6 million; and the Wind Down Amount (each as defined in the Stalking Horse Agreement). The Bridging Debt and the Assumed Debt will be assumed by the Purchaser. The Stalking Horse Agreement provides that the Purchaser will make a cash payment to Allied Track in an amount equal to the Priority Payables amount plus the Wind Down Amount.

21. The Priority Payables amount will be calculated by Allied Track, with the assistance of the Proposal Trustee. The Priority Payables amount will be calculated having regard to priority claims attaching to the Purchased Assets arising by way of statute or court order, including, among others, tax claims, amounts for employee source deductions, and amounts secured by the Administration Charge, and the Directors' Charge.

22. The Proposal Trustee has estimated the Wind Down Amount to be \$100,000. In accordance with the Stalking Horse Agreement, the Wind Down Amount will be paid to the Proposal Trustee, to be administered by the Proposal Trustee in connection with any remaining activities within these

proceedings. The Wind Down Amount includes an amount sufficient to effect the assignment of Allied Track into bankruptcy following the closing of the Transaction.

23. As part of the Transaction, the proposed Sale Approval and Vesting Order also approves the assignment of Allied Track's right, title and interests in and to certain agreements to the Purchaser upon closing the Transaction. Allied Track, Bridging, and the Proposal Trustee are actively engaged in discussions with the company's suppliers and other key stakeholders to ensure an orderly transition of ongoing services and supplies necessary to ensure uninterrupted service to Allied Track's existing customers and promote the long-term success of the Applicant.

24. The Stalking Horse Agreement, if approved by the Court and completed in accordance with its terms, will not provide sufficient consideration to provide any return to Allied Track's unsecured creditors. However, the Stalking Horse Agreement is the only bid received that complied with the Court-approved SISP. In addition, the consideration provided by the Stalking Horse Agreement is superior to all of the non-compliant bids received in the SISP, none of which were of an amount sufficient to satisfy Bridging's senior secured debt. I am advised that both Bridging and the Proposal Trustee are supportive of the Transaction and believe that it is the best option for Allied Track and its stakeholders in the circumstances. I understand that the Proposal Trustee will comment on the recovery to be obtained pursuant to the Transaction as compared to a disposition of Allied Track's assets in bankruptcy in the Second Report.

25. If approved by the Court and completed in accordance with its terms, the Transaction represents the best possible outcome available to Allied Track and its stakeholders. The Transaction will permit the Applicant to continue its operations as a going concern, thereby preserving the employment of approximately 21 employees, maintaining upstream and

downstream arrangements with a number of service providers and suppliers, and allowing the company to continue to provide valuable services to its customers, uninterrupted. The Transaction will also significantly strengthen the Applicant's balance sheet, thereby enhancing the prospect of its long-term success.

26. Should the Sale Approval and Vesting Order be granted, it is anticipated that the Transaction would close prior to April 6, 2021. Legal counsel to Allied Track is actively working with the Purchaser's and Proposal Trustee's respective counsel to prepare for closing.

27. In the event that closing is delayed for any reason, it is requested that the time to file a proposal and the corresponding stay of proceedings be extended to and including May 21, 2021. The proposed Stay Extension is discussed in detail below and will prevent the need for a further court attendance in the event that closing is delayed.

E. OPERATIONAL UPDATE

28. In order to best position the company for long-term success, in consultation with the Proposal Trustee, Allied Track has undertaken certain right-sizing initiatives during these BIA proposal proceedings (the "**Proposal Proceedings**").

29. With the consent of the Proposal Trustee, a notice of disclaimer was issued in respect of leased property in Calgary, Alberta. The disclaimer notice was issued on March 1, 2021 and is effective on March 31, 2021. This leased property was utilized in Allied Track's track business and is no longer required in light of Allied Track's strategic focus on more profitable and consistent work in Eastern Canada.

30. In addition, since the commencement of the Proposal Proceedings, in consultation and with the consent of the Proposal Trustee, Allied Track has terminated 10 employees as of the date hereof. Terminated employees have been paid all outstanding wages and vacation pay. Allied Track has also replaced its chief financial officer.

F. ANCILLARY ORDER

31. In addition to the Sale Approval and Vesting Order, the Applicant is seeking relief pursuant to the Ancillary Order that is intended to facilitate the closing of the Transaction and the termination of the Proposal Proceedings thereafter.

32. While the Transaction is expected to close prior to April 6, 2021, there are key administrative closing and post-closing steps that Allied Track will have to complete. To ensure that Allied Track has the time and breathing space necessary to complete these steps, the Applicant is seeking the Stay Extension.

33. To date, the Applicant has acted in good faith and with due diligence to, among other things, liaise with its stakeholders, negotiate the Stalking Horse Agreement, implement the SISP and right-size its business. The Applicant will continue its good faith efforts to advance the Proposal Proceedings and implement the Transaction over the course of the Stay Extension. The Applicant is forecast to have sufficient liquidity through the Stay Extension.

34. I understand that the Proposal Trustee is supportive of the Stay Extension given that it: (i) will afford Allied Track greater flexibility to close the Transaction in the best interest of its stakeholders; (ii) obviate the need to incur additional professional costs associated with a further attendance; and (iii) is not expected to prejudice any of the Applicant's creditors.

35. The Ancillary Order also authorizes KSV Restructuring Inc. to assign Allied Track (who at that time will be 1958635 Ontario Inc.) into bankruptcy, and to act as trustee in bankruptcy in any such process. Given that following the completion of the Transaction, Allied Track is not expected to have any remaining employees and potentially no directors, this relief is prudent in the circumstances. Should a bankruptcy become necessary or desirable, the Proposal Trustee will be enabled to make the necessary assignment into bankruptcy and facilitate the wind-down steps contemplated by the BIA.

36. I understand that the Proposal Trustee is supportive of its proposed authorization to assign Allied Track into bankruptcy.

G. APPROVAL OF THE PROPOSAL TRUSTEE'S ACTIVITIES

37. As set out in the Second Report, the Proposal Trustee is seeking the approval of its activities as described in the First Report and Second Report. The Proposal Trustee has been closely involved in all material activities in the Proposal Proceedings to-date, including in particular administering the SISP and assisting with a number of transition issues in connection with the Transaction.

H. CONCLUSION

38. Having regard to the outcome of the SISP described above, and in particular the fact that no compliant bids were received pursuant to the Court-approved SISP and the bids that were received would not provide sufficient value to satisfy Bridging's secured debt, the Stalking Horse Agreement represents the highest and best offer for Allied Track's assets. The SISP and the inclusion of the Stalking Horse Bid therein, was approved by the Court and the SISP was carried out by Allied Track and the Proposal Trustee in accordance with its terms. I therefore believe that

the consideration Allied Track will receive under the Stalking Horse Agreement is fair and reasonable, and the Transaction is in the best interests of Allied Track and its stakeholders as a whole.

39. Should the Court grant the Sale Approval and Vesting Order and the Transaction be completed, the purpose of the Proposal Proceedings will have been fulfilled, and it will be appropriate to terminate the Proposal Proceedings and discharge the Proposal Trustee. It is therefore appropriate to issue the Ancillary Order at this time, including the requested stay extension to and including May 21, 2021 in order that this motion be the final attendance before the Court in the Proposal Proceedings, absent unanticipated circumstances.

40. This affidavit is sworn in connection with Allied Track's motion seeking the Sale Approval and Vesting Order and the Ancillary Order and for no other or improper purpose.

SWORN BEFORE ME over)
videoconference on this 8th day of March,)
2021. The affiant was located in the City of)
Waterloo, in the State of Illinois and the)
Commissioner was located in the City of)
Oakville, in the Province of Ontario. This)
affidavit was commissioned remotely as a)
result of COVID-19 and the declaration was)
administered in accordance with Ontario)
Regulation 431/20.)



JOSHUA FOSTER

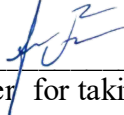
A Commissioner for Oaths in and for the
Province of Ontario



ANDREW STUART JONES

TAB A

THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW STUART JONES
SWORN BEFORE ME THIS 8th DAY OF MARCH, 2021



A Commissioner for taking Affidavits, etc.

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c. B-3, AS AMENDED

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF ALLIED TRACK SERVICES INC.,
A CORPORATION INCORPORATED UNDER THE LAWS
OF ONTARIO

AFFIDAVIT OF ANDREW STUART JONES

I, Andrew Stuart Jones, of the City of Waterloo, in the State of Illinois, United States of America, **MAKE OATH AND SAY:**

1. I am the Chief Executive Officer of Allied Track Services Inc. ("**Allied Track**" or the "**Applicant**") and have served in this role since November 2019. Prior to that, I was the Applicant's Chief Operating Officer since March 2015. I have been actively engaged in the discussions and negotiations surrounding the proposed restructuring of Allied Track. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources for information, I have so stated and I believe them to be true.

2. All references to monetary amounts in this affidavit are in Canadian dollars unless noted otherwise.

A. RELIEF REQUESTED

3. I swear this affidavit in support of a motion by Allied Track for an order (the "**Order**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 as amended (the "**BIA**"), *inter alia*:

- (a) extending the time afforded to the Applicant to file a proposal and the corresponding stay of proceedings to and including April 6, 2021;
- (b) authorizing the Applicant and the Proposal Trustee (as defined below) to conduct a sale and investment solicitation process (the "**SISP**") and approving corresponding bid procedures substantially in accordance with the terms set out in **Exhibit "A"** hereto (the "**Bid Procedures**");
- (c) in connection with the SISP, approving the Stalking Horse Agreement (as defined below) solely for the purpose of acting as the stalking horse bidder in the SISP (the "**Stalking Horse Bid**");
- (d) authorizing the Applicant to enter into and otherwise approving a debtor-in-possession credit facility in the maximum amount of \$3,000,000, substantially in the form attached hereto as **Exhibit "B"** (the "**DIP Loan**") and a charge on the assets, undertakings and property of the Applicant (collectively, the "**Property**") to secure amounts advanced under the DIP Loan (the "**DIP Lender's Charge**");
- (e) approving a charge in the aggregate amount of \$500,000 (the "**Administration Charge**") on the Property in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Applicant;

- (f) approving a charge in the aggregate amount of \$1,500,000 (the "**Directors' Charge**") on the Property in favour of the Applicant's directors and officers; and
- (g) authorizing the Applicant to pay certain pre-filing amounts with the consent of the Proposal Trustee and the DIP Lender (as defined below).

B. OVERVIEW

4. Allied Track is a full service railroad maintenance and construction provider specializing in track maintenance and repair, construction, bridging, civil engineering, flagging, signaling, and related services to customers in Canada. Originally founded in Ontario in 1987 as a family business, Allied Track has since grown significantly both organically and through a series of acquisitions. In 2017, to compliment Allied Track's service offering and reach, the Applicant's shareholder acquired Pittsburg Bottom Line LLC ("**Bottom Line**" and together with Allied Track, the "**Allied Group**"), a Texas-based rail bridge contractor operating in several U.S. states. Bottom Line is a sister company to Allied Track, and is not an applicant in these proceedings (the "**Proposal Proceedings**").

5. The Allied Group operates three business segments: (i) track production; (ii) signal maintenance, rehabilitation and construction; and (iii) industrial track maintenance and installation and bridge maintenance. While the Allied Group's signal maintenance, rehabilitation and construction, industrial track maintenance and installation and bridge maintenance segments are profitable, Allied Track's track production business segment has incurred unsustainable losses that has resulted in liquidity and cash flow issues.

6. As a result of these sustained liquidity and cash flow issues, and as discussed in further detail below, Allied Track has been unable to satisfy certain obligations owing to its senior secured

creditor, Bridging Finance Inc. ("**Bridging**"). As a result, on January 21, 2021, Allied Track filed a notice of intention to make a proposal (the "**NOI**") pursuant to section 50.4 of the BIA. KSV Restructuring Inc. is the proposal trustee under the NOI (in such capacity, the "**Proposal Trustee**"). I understand that a copy of the Certificate of Filing of a Notice of Intention to Make a Proposal will be attached to the First Report of the Proposal Trustee.

7. The Applicant has engaged in discussions regarding a consensual restructuring of its business with its senior secured lender, Bridging. These discussions culminated in the proposed DIP Loan and Stalking Horse Agreement. The DIP Loan will provide the Applicant with sufficient liquidity to continue its ordinary course business operations during the Proposal Proceedings while the SISP is conducted for the benefit of Allied Track and its stakeholders.

8. These proceedings are intended to stabilize Allied Track's business while the SISP is carried out, with a view to facilitating Allied Track's emergence from the Proposal Proceedings as a going concern or developing a viable proposal with the sale proceeds generated by the SISP.

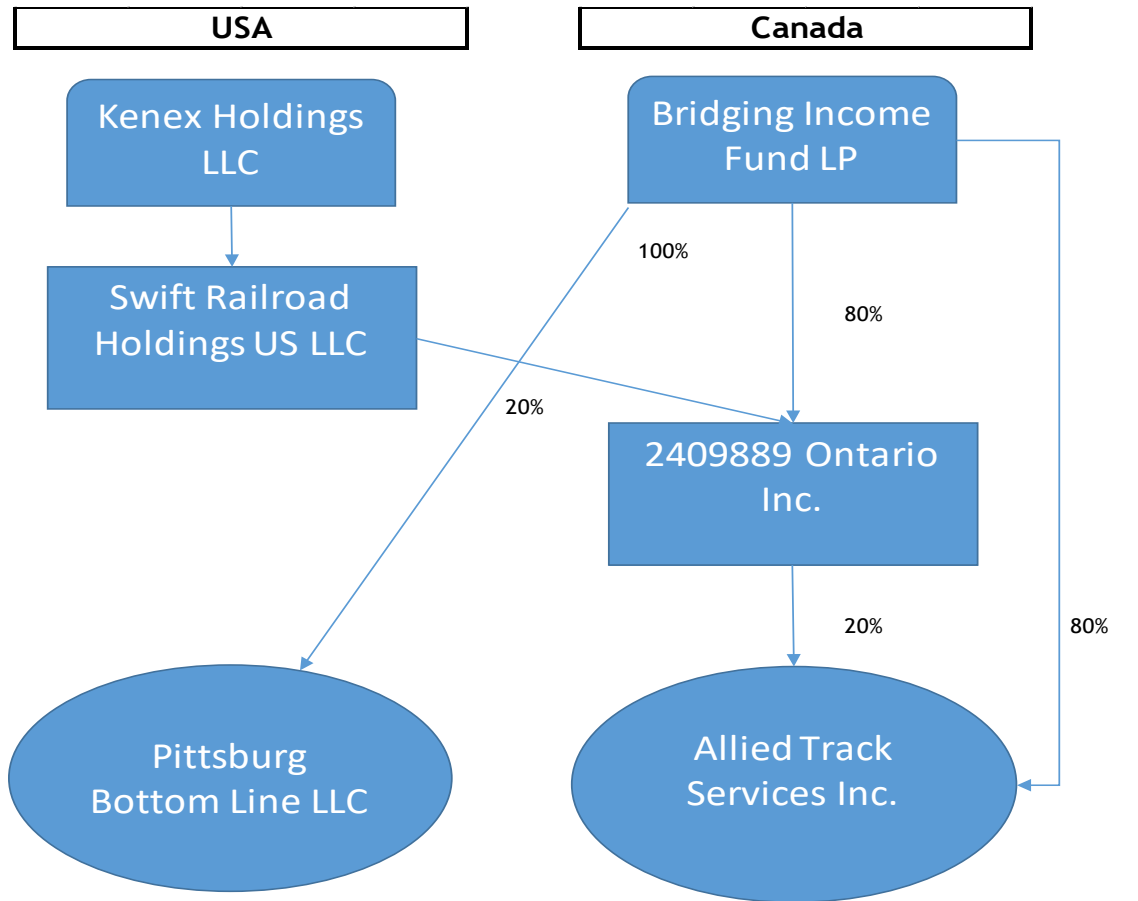
9. The Proposal Proceedings and the relief requested herein are in the best interests of the Applicant and its stakeholders and, in light of the Applicant's acute cash flow constraints, present the only practical means of continuing Allied Track's business as a going concern.

C. CORPORATE STRUCTURE

10. Allied Track is a privately held company that was incorporated under the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16 (the "**OBCA**"). Allied Track's registered head office is located in Grimsby, Ontario. A copy of Allied Track's Ontario corporate profile report is attached hereto as **Exhibit "C"**.

11. To facilitate the operation of its business, Allied Track is also extra-provincially registered under the laws of Alberta, British Columbia, Manitoba and Saskatchewan.

12. Allied Track has two shareholders, 2409889 Ontario Inc. ("240") and Bridging Income Fund LP. 240 is a private company incorporated under the OBCA, which directly owns 20% of Allied Track's shares. 240 has two shareholders, Bridging Income Fund LP and Swift Railway Holdings U.S. LLC ("Swift"), the latter of which is wholly owned by Kenex Holdings LLC. Bridging Income Fund LP directly owns 80% of Allied Track's shares and indirectly owns a further 16% of Allied Track's shares through 240. As a result, Bridging Income Fund LP, directly and indirectly, owns 96% of the shares of Allied Track. A copy of Allied Track's organizational chart is reproduced below.



D. ALLIED TRACK'S BUSINESS

(a) Business

13. The Allied Group provides railroad and rail-served clients with a full service offering of construction and maintenance needs for track, bridge, signals and communications. The Allied Group specializes in all types of track, rail bridge rehabilitation and maintenance, signals and construction projects, with its business being separated into the following three segments:

- (a) *Track Production* – tie and rail production, surfacing, flash butt welding support, track installation, turnouts, abandonments and emergency track repairs;
- (b) *Signals* – signal maintenance, rehabilitation and new construction, flagging services, crossing replacement, switch installations and hotbox detectors; and
- (c) *Industrial and Bridge* – industrial track maintenance and installation and bridge maintenance.

14. The Allied Group provides services to a number of customers including, among others, Canadian National Railway, Canadian Pacific Railway, Vale Canada Limited, VIA Rail Canada Inc. and Ontario Northland Railway.

15. As is typical in the rail services industry, the majority of the Allied Group's customer contracts are annual services agreements for work to be carried out during the warmer months.

(b) Employees

16. Due to the seasonal nature of Allied Track's operations, its employee base fluctuates throughout the year. Allied Track currently employs 27 employees on a salaried, full-time basis

and 20 employees on an hourly, part-time basis (collectively, the "**Employees**"). Employment levels fluctuate considerably between off-season and peak season. For example, over the 2020 calendar year, Allied Track employed a maximum of approximately 200 and a minimum of approximately 45 employees at various times. The majority of the Employees are located in Ontario, with certain other of the Employees located in Alberta, British Columbia, Manitoba and Saskatchewan.

17. At present, Allied Track's monthly payroll obligations are approximately \$300,000 for salaried employees. All salaried and hourly employees are paid weekly. As of the date of this affidavit, Allied Track is current on its payroll obligations, including all source deductions. However, Allied Track is not current with respect to union dues for the month of November 2020, which were due on December 15, 2021.

18. The part-time Employees within Allied Track's production track and industrial maintenance and installation and bridge divisions located in Alberta, British Columbia, Manitoba, Ontario and Saskatchewan are unionized, as are the part-time Employees within Allied Track's signals and communications division located in Ontario. All of the remaining Employees are non-unionized. In the case of the part-time Employees located in British Columbia, Alberta and Ontario, Allied Track makes contributions to the Construction and Specialized Workers Medical and Benefit Plan of B.C., the B.C. Labourers' Pension Plan and the Labourers' Pension Fund of Western Canada and Labourers International Union of North America, Ontario Provincial District Council respectively.

19. Through its benefits provider, The Canada Life Assurance Company, Allied Track offers health, dental, life and disability benefits to all of the non-union Employees. Additionally, Allied

Track has established a group registered retirement savings plan and deferred profit sharing plan for the non-union Employees each issued by London Life Insurance Company.

(c) Leased and Owned Property

20. Allied Track does not own any real property and operates from the following leased facilities:

- (a) premises located at 169A South Service Road West, Grimsby, Ontario, which is approximately 8611 square feet and is used as Allied Track's head office, storage and maintenance space;
- (b) premises located at 1891 Seymour Street, Nipissing, Ontario, which is approximately 12,000 square feet and is used for the maintenance of rail equipment;
- (c) premises located at 3828 15A Street SE, Calgary, Alberta, which is approximately 7,000 square feet on 1.12 acres and is used as office, warehousing and equipment servicing space;
- (d) premises located 3828 15A Street SE, Calgary, Alberta, which is approximately 0.5 acres and is used for warehousing and equipment servicing space;
- (e) premises located at 2-22 Don Valley Parkway, Springfield, Manitoba, which is approximately 2,000 square feet and is used for office and warehouse space; and
- (f) premises located at 9995 Dallas Drive, Kamloops, British Columbia, which is approximately 12,000 square feet and is used for office, warehouse and equipment maintenance space.

21. Additionally, Allied Track leases outdoor storage space located at 760 Highway 17 East, North Bay, Ontario.

22. Allied Track is current on all of its lease obligations with respect to the above referenced premises.

(d) Cash Management

23. Allied Track uses a cash management system to collect, manage and distribute funds used in its business and to facilitate cash monitoring, forecasting and reporting (the "**Cash Management System**"). Specifically, Allied Track maintains 2 blocked/control deposit accounts (collectively, the "**Blocked Accounts**") with Bank of Montreal ("**BMO**"). Funds received by Allied Track, including accounts receivable payments, cash sales receipts, credit card payments, any and all refunds received from any source whatsoever and any proceeds or any advances or other loans are deposited into the Blocked Accounts. All amounts received in the Blocked Accounts are applied by Bridging firstly to the Facility A Loan and then to the Facility B Loan (each as defined and described below).

24. Allied Track's ability to draw on the Blocked Accounts – the Facility A Loan Availability (as defined below) – is determined on a weekly basis by Bridging in accordance with the Credit Agreement (as defined below). Allied Track also maintains two disbursement accounts with BMO, one in Canadian currency and the other in U.S. currency, from which all of Allied Track's payments and disbursements are made.

25. The Cash Management System provides Allied Track and Bridging with a means of efficiently and accurately tracking corporate funds and ensuring cash availability. Allied Track requires the continued use of the Cash Management System during the Proposal Proceedings.

Accordingly, the proposed Order authorizes Allied Track to continue to use the Cash Management System in accordance with the terms of the Credit Agreement.

(e) Credit and Fuel Cards

26. The Applicant has a single credit card in its name and has provided numerous pre-paid credit cards to the Employees (collectively, the "**Credit Cards**") for business expenses incurred on behalf of Allied Track. In addition to the Credit Cards, Allied Track also provides certain of the Employees with pre-paid Mastercard credit cards for the sole purpose of purchasing fuel (collectively, the "**Fuel Cards**"). Given that the Credit Cards and Fuel Cards are pre-paid, no amounts are accrued and unpaid under either.

E. FINANCIAL POSITION OF ALLIED TRACK

27. As of the date of this affidavit, Allied Track has a nominal amount of cash on hand.

28. A copy of Allied Track's internally prepared and unaudited balance sheet for the period ended October 31, 2020, is attached hereto as **Exhibit "D"**. Certain information contained in this internally prepared and unaudited balance sheet is summarized below.

(a) Assets

29. As at October 31, 2020, the assets of Allied Track had an unaudited book value of approximately \$36,462,842 and consist of the following:

| Current Assets: \$15,469,088 | |
|-------------------------------------|-------------|
| Cash | \$0.00 |
| Accounts receivable | \$2,732,697 |
| Inventory | \$995,281 |

| | |
|---|---------------------|
| Deposits | \$3,679,505 |
| Prepaid expenses | \$991,383 |
| Due from related party | \$3,953,822 |
| Unbilled revenue | \$3,116,400 |
| Non-Current Assets: \$20,993,754 | |
| Property and equipment | \$20,993,754 |
| Total Assets | \$36,462,842 |

(b) Liabilities

30. As at October 31, 2020, the liabilities of Allied Track had an unaudited book value of approximately \$132,526,658, consisting of the following:

| | |
|--|----------------------|
| Current Liabilities: \$79,434,820 | |
| Bank Indebtedness | \$219,470 |
| Accounts payable and accrued liabilities | \$8,297,253 |
| Current portion of long-term debt | \$60,423,363 |
| Current portion due to related parties | \$3,930,316 |
| Capital lease obligation | \$6,564,418 |
| Non-Current Liabilities: \$53,091,838 | |
| Long-term debt | \$36,988,762 |
| Due to related parties | \$9,974,934 |
| Capital Lease obligation | \$6,128,142 |
| Total Liabilities | \$132,526,658 |

(c) Bridging Debt

31. Allied Track is a party to a credit agreement with Bridging, as administrative agent for certain lenders from time to time (collectively, the "**Lenders**") dated March 8, 2017 and amended and restated on November 15, 2017 (the "**Credit Agreement**"). Each of 240 and Swift are parties to the Credit Agreement as guarantors. Pursuant to a Joinder Agreement between Bridging, Bottom

Line, Allied Track, Swift and 240 (the "**Joinder Agreement**"), Bottom Line was added as a guarantor under the Credit Agreement. Capitalized terms used in this section and not otherwise defined herein have the meaning ascribed to them in the Credit Agreement. Copies of the Credit Agreement and the Joinder Agreement are attached hereto as **Exhibits "E"** and **"F"**, respectively.

32. Among other things, the Credit Agreement provides for:

- (a) A term non-revolving subordinated debt facility of up to \$18,500,000 (the "**Facility B Loan**"), bearing interest at 16% per annum calculated and payable on the daily outstanding balance of the Facility B Loan and compounded monthly. Pursuant to the Credit Agreement, a non-refundable work fee equal to 2% of each advance applies to all advances under the Facility B Loan.
- (b) A demand revolving loan of up to \$22,000,000 (the "**Facility A Loan**" and together with the Facility B Loan, the "**Loan Facilities**"), with a sublimit in US Dollars for advances to Bottom Line from Allied Track up to the lesser of (i) \$2,000,000, (ii) the value of Bottom Line's eligible assets included in the Loan Availability Formula, and (iii) the amount of intercompany indebtedness owing by Bottom Line to Allied Track from time to time. The Facility A Loan is interest-bearing at BMO's applicable prime rate of interest plus 11% per annum calculated and payable on the daily outstanding balance of the Facility A Loan and compounded monthly.

33. The amount available under the Facility A Loan at any time, and from time to time (the "**Facility A Loan Availability**") is determined by Bridging based on the amount determined pursuant to the Loan Availability Formula less the aggregate amount of the Facility A Loan outstanding (including principal, interest, costs, fees and expenses).

34. The Loan Facilities mature on the earlier of a demand and an Event of Default (as defined in the Credit Agreement) and a term ending on the first anniversary date of the date of the Credit Agreement in respect of the Facility B Loan. A monitoring fee of \$2,000, plus applicable taxes is due and payable to Bridging on the last business day of each month until the Loan Facilities mature. No enforcement action has been taken with respect to the Facility B Loan to date.

35. As of the date of this affidavit, approximately \$88,700,000 (inclusive of accrued interest) is owing to Bridging under the Loan Facilities.

36. As general continuing collateral security for the payment of all of Allied Track's obligations under the Credit Agreement, among other things, the following security was provided to Bridging (collectively, the "**Bridging Security**"):

- (a) a General Security Agreement dated March 8, 2017 pursuant to which Allied Track granted a continuing security interest in favour of Bridging in all of its present and after acquired personal property, wherever located and whether, including, without limitation, all present and future investment property, accounts and book debts, inventory, equipment, intellectual property, money maintained in a deposit or other account in Allied Track's name, contracts and agreements, and cash and cash equivalents;
- (b) a General Security Agreement dated March 8, 2017 pursuant to which 240 granted a security interest in favour of Bridging in all of its present and after acquired personal property, wherever located and whether, including, without limitation, all present and future investment property, accounts and book debts, inventory,

equipment, intellectual property, money maintained in a deposit or other account in 240's name, contracts and agreements, and cash and cash equivalents;

- (c) a General Security Agreement dated November 27, 2017 (the "**Bottom Line GSA**") pursuant to which Bottom Line collaterally assigned and pledged to Bridging and the Lenders, and granted a security interest to Bridging and the Lenders in all of its right title and interest in and to the Collateral (as defined in the Bottom Line GSA) to secure the prompt and complete payment, observance and performance of any and all obligations, indebtedness and liability of Bottom Line to Bridging, for and on behalf of itself and the Lenders;
- (d) a Guaranty dated November 27, 2017 pursuant to which Bottom Line unconditionally and irrevocably guaranteed to Bridging and the Lenders, the due and punctual payment of all present and future, direct or indirect, contingent or absolute, indebtedness, liabilities and obligations of Allied Track to Bridging and the Lenders;
- (e) a Limited Recourse Guarantee dated March 8, 2017 pursuant to which Swift, among other things, irrevocably and unconditionally guaranteed to Bridging and the Lenders the due and punctual payment and the due performance of (i) any and all debts, liabilities and obligations, present and future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by Allied Track to Bridging and the Lenders, and (ii) the due performance and compliance by Allied Track with all terms and conditions of the Credit Agreement and related Bridging Security documents;

- (f) a Securities Pledge Agreement dated March 8, 2017, pursuant to which 240 pledged all of its right, title and interest in, among other things, all of the equity interests of 240, including in Allied Track, to Bridging on behalf of itself and as agent for the Lenders to secure all of 240's debts, indebtedness, liabilities and obligations, thereto in connection with the Credit Agreement and certain of the Bridging Security documents; and
- (g) a Securities Pledge Agreement dated November 27, 2017, pursuant to which Swift pledged its equity interest in the shares of 240 and Bottom Line to Bridging, for the benefit of itself and the Lenders, to secure all of Swift's obligations, indebtedness and liability thereto.

37. A copy of the Bridging Security is attached hereto as **Exhibit "G"**.

38. In addition to the Bridging Security, Allied Track executed an Assignment of Debt and Security dated November 27, 2017 in favour of Bridging, as agent (the "**Assignment Agreement**"). A copy of the Assignment Agreement is attached hereto as **Exhibit "H"**.

39. Under the Assignment Agreement, Allied Track unconditionally pledged, assigned, transferred and set over to Bridging, and granted a security interest in, all of its right, title and interest in and to, among other things:

- (a) the Assigned Debt (as defined in the Assignment Agreement);
- (b) the Intercompany Grid Promissory Note dated November 27, 2017 issued by Bottom Line in favour of Allied Track (the "**Promissory Note**"), as amended, supplemented, restated or replaced from time to time, all benefit, power and

advantage of Allied Track to be derived therefrom and all covenants, obligations, agreements and undertakings of the parties thereunder;

- (c) all mortgages, charges and security agreements granted from time to time by Bottom Line or any other grantor in favour of Allied Track over all or any of Bottom Line's or any such other grantor's property, assets and undertakings from to time, and the mortgages, charges and security interests granted thereby, all benefit, power and advantage of Allied Track to be derived therefrom and all covenants, obligations, agreements and undertakings of the parties thereunder;
- (d) all principal and interest payments and other moneys due and payable to Allied Track under the Assigned Debt, the Promissory Note and the Security (as defined in the Assignment Agreement) or in connection with any of them; and
- (e) all proceeds of or from any of the foregoing, including all personal property in any form derived directly or indirectly from any dealing with any of the foregoing or that indemnifies any of the foregoing.

(d) Other Secured Debt

40. Attached as **Exhibit "I"** are search results from searches conducted against Allied Track under the *Personal Property Security Act*, R.S.O. 1990, c. P. 10 (Ontario) (the "**PPSA**"), *Personal Property Security Act*, R.S.B.C. 1996, c. 359 (British Columbia), *Personal Property Security Act*, R.S.A. 2000, c. P-7 (Alberta) and the *Personal Property Security Act*, C.C.S.M. c. P35 (Manitoba) effective December 21, 2020. Collectively, nineteen parties have registered financing statements against Allied Track. The details of these search results are discussed below.

(i) **Progress Rail Equipment Leasing Corporation**

41. On February 28, 2017, Allied Track entered into an Installment Sale Contract (the "**Sale Contract**") with Progress Rail Equipment Leasing Corporation ("**Progress**") pursuant to which Allied Track purchased 33 pieces of rail equipment (the "**Purchased Equipment**") for USD \$10,560,051 (the "**Purchase Price**"). Pursuant to the Sale Contract, the Purchase Price less the deposit of USD \$775,000 is to be paid by 84 equal monthly installments of USD \$149,153.59 beginning on March 1, 2017 and ending on March 1, 2024. The Purchase Price is subject to an implicit interest rate of 7.5% over the 84 month term under the Sale Contract.

42. Pursuant to the terms of the Sale Contract, Allied Track granted a first priority security interest in the Purchased Equipment to secure, among other things, the payment of the Purchase Price. Under an Assignment and Assumption Agreement dated June 6, 2019 (the "**First Assignment Agreement**"), Progress agreed to sell and Bridging agreed to purchase, Progress' interest in the Sale Contract for USD \$7,612,645.50, including, among other things, all of Progress' rights, claims, demands and causes of action, which Progress has under the Sale Contract, at law or under the provisions of the PPSA (collectively, the "**Assigned Assets**"). Bridging subsequently conveyed the Assigned Assets to 2700902 Ontario Inc. pursuant to an Assignment and Assumption Agreement dated June 11, 2019 (the "**Second Assignment Agreement**").

43. As contemplated by the First Assignment Agreement and the Second Assignment Agreement, Progress' interests and rights under the PPSA were assigned to 2700902 Ontario Inc. Copies of the First Assignment Agreement and the Second Assignment Agreement are attached hereto as **Exhibits "J"** and **"K"**, respectively.

44. Notably, Allied Track is not current with respect to its obligations under the Sale Contract. As of the date of this affidavit, approximately USD \$3,400,000 is overdue and owing under the Sale Contract.

(ii) Allied Track Equipment Company LLC

45. At the time of entering into the Sale Contract, it was the intention of Bridging, Allied Track and Allied Track Equipment Company LLC ("ATEC") that ATEC would be the purchaser of the Purchased Equipment and lease same to Allied Track. To this end: (i) ATEC, at the request of Allied Track, paid Progress the sum of USD \$2,750,000, which was treated as a loan advance to Allied Track (the "**Loan Advance**"); and (ii) Allied Track and ATEC entered into a Master Lease Agreement dated March 8, 2017 pursuant to which ATEC purported to lease the Purchased Equipment to Allied Track. However, at the time of executing the Sale Contract, Progress would not consent to the substitution of ATEC for Allied Track as purchaser.

46. To give effect to their original intentions and address a default arising under the Sale Contract, Bridging, Allied Track and ATEC entered into a Settlement Agreement on April 5, 2018 (the "**Settlement Agreement**"). A copy of the Settlement Agreement is attached hereto as **Exhibit "L"**.

47. The following steps were completed in accordance with the Settlement Agreement:

- (a) Allied Track executed a Promissory Note dated April 5, 2018 (the "**ATEC Promissory Note**") in favour of ATEC for the amount of USD \$3,000,000 (representing the Loan Advance, plus interest thereon at 7.5% per annum plus the legal expenses incurred by ATEC to the date of the Settlement Agreement);

- (b) Bridging, Allied Track and ATEC executed a Priorities Agreement dated April 5, 2018 (the "**Priorities Agreement**"), pursuant to which Bridging postponed its security interest in the Equipment Lender Collateral (as defined below);
- (c) Allied Track and ATEC executed an Equipment Security Agreement dated April 5, 2018 (the "**Equipment Security Agreement**"), granting to ATEC a security interest in the Purchased Equipment and certain related assets (collectively, the "**Equipment Lender Collateral**") to secure, among other things, all obligations owing by Allied Track to ATEC in connection with the ATEC Equipment Financing (as defined in the Equipment Security Agreement), the ATEC Promissory Note and the Settlement Agreement; and
- (d) Allied Track, Bridging and ATEC entered into a Use Agreement dated April 5, 2018 (the "**Use Agreement**") pursuant to which Bridging was granted the right to use the Equipment Lender Collateral in the event of any enforcement action in respect of Allied Track for a period not to exceed 180 days (or such greater period as ATEC may agree or a Court may order) from the date of receipt of written notice by Bridging of ATEC's intention to enforce its security in and to the Equipment Lender Collateral, or any intention of ATEC to repossess or remove the Equipment Lender Collateral from the possession of Allied Track provided certain conditions enumerated within the Use Agreement are satisfied.

48. Copies of the ATEC Promissory Note, the Priorities Agreement, the Equipment Security Agreement and the Use Agreement are attached hereto as **Exhibits "M", "N", "O" and "P"**, respectively.

(iii) BMO

49. Bank of Montreal has registered two financing statements in respect of Accounts and Other, with the following collateral descriptions "LF269 Pledge of Instrument and Assignment of Proceeds. Collateral described as BMO Redeemable Short Term Investment Certificate #0002 9627-499 in the principal amount of \$45,000" and "LF269 Pledge of and Assignment of Proceeds. Collateral described as BMO Redeemable Short Term Investment Certificate #0002 9627-499 in the principal amount of \$9500". Each registration by Bank of Montreal is in respect of a letter of credit issued to secure surety bonds provided by Allied Track's former insurers.

(iv) Other

50. Allied Track leases numerous vehicles, equipment and heavy machinery to conduct its business beyond the Purchased Equipment. Twelve of the nineteen parties that have registered financing statements in respect of Allied Track are in connection with such vehicles, equipment and heavy machinery. Allied Track is not current with respect to all such lease obligations. As of the date of this affidavit, approximately \$653,000 is outstanding under Allied Track's vehicle, equipment and heavy machinery leases.

(e) Unsecured Indebtedness

(i) Employee Liabilities

51. Gross payroll is approximately \$300,000 monthly. As discussed above, while Allied Track is current with respect to its payroll obligations and source deductions, it is not current with respect to union dues for the month of November 2020. The amount of union dues presently outstanding is approximately \$107,000.

(ii) Promissory Notes

52. Allied Track has issued the following promissory notes to Swift (240's 20% shareholder) on an unsecured basis (collectively, the "**Swift Promissory Notes**"):

| Date of Issue | Key Terms |
|----------------------|---|
| January 15, 2016 | <u>Principal Amount:</u> USD \$1,295,000 <u>Interest Rate:</u> 15% per annum <u>Maturity Date:</u> January 31, 2022 |
| September 8, 2016 | <u>Principal Amount:</u> USD \$1,600,000 <u>Interest Rate:</u> 20% per annum <u>Maturity Date:</u> September 30, 2021 |
| September 8, 2016 | <u>Principal Amount:</u> USD \$775,000 <u>Interest Rate:</u> 15% per annum <u>Maturity Date:</u> September 30, 2021 |
| October 31, 2016 | <u>Principal Amount:</u> USD \$1,591,920 <u>Interest Rate:</u> 15% per annum <u>Maturity Date:</u> January 31, 2022 |

53. Copies of the Swift Promissory Notes are attached hereto as **Exhibit "Q"**. The entirety of the amounts owing under the Swift Promissory Notes, plus interest thereon, remain outstanding.

(iii) Other Unsecured Creditors

54. Along with the aforementioned obligations, the Applicant's additional unsecured creditors include:

- (a) ***Third Party Service Providers*** – Allied Track relies on a number of third party service providers in conducting its business. Allied Track is not current with all such providers and currently owes approximately \$798,000 for services rendered.
- (b) ***Canada Revenue Agency*** – Allied Track is not current with respect to its HST remittances. Allied Track was required to remit approximately \$1,514,131 to the Canada Revenue Agency, which as at the date of this affidavit, remains outstanding.
- (c) ***Litigation*** – Allied Track is the named defendant in a statement of claim filed on February 14, 2020 by Ovide Rouillard Inc. ("**Ovide**") in the Ontario Superior Court of Justice bearing Court File No.: 20-72183 (the "**Claim**"). In the Claim, Ovide asserts that it provided services to Allied Track relating to the destruction of old railroad ties for which the sum of \$172,636.80 remains outstanding. Allied Track has filed a statement of defence in response to the Claim. No further steps have been taken in the proceedings.

F. THE DIP LOAN

55. On January 21, 2021, Allied Track, as borrower (in such capacity, the "**Borrower**") and Bridging, as Agent (in such capacity the "**DIP Lender**"), entered into DIP term sheet in respect of the DIP Loan (the "**DIP Term Sheet**"). The DIP Loan is intended to provide Allied Track with the liquidity necessary to fund its ordinary course operations during the Proposal Proceedings.

56. The DIP Term Sheet provides for a super-priority DIP, non-revolving demand credit facility up to a maximum principal amount of \$3,000,000. The interest rate applicable to advances under the DIP Loan is 10% per annum, calculated on the daily outstanding balance owing under the DIP Loan and payable on the Maturity Date (as defined below).

57. The DIP Loan is conditional upon, among other things, the granting of the DIP Lender's Charge in the form proposed in the Order, and receipt of Court approval of the SISP and the Stalking Horse Agreement (solely for the purpose of acting as the Stalking Horse Bid in the SISP). In accordance with the DIP Term Sheet, the DIP Loan is to be used during the Proposal Proceedings to fund the following:

- (a) the working capital needs in accordance with the cash flow projections approved by the Proposal Trustee and the DIP Lender from time to time;
- (b) all fees and expenses incurred by the DIP Lender in connection with the preparation, registration and ongoing administration of the DIP Term Sheet, the Order and the DIP Lender's Charge, and with the enforcement of the DIP Lender's rights and remedies thereunder or at law or in equity, including, without limitation, all reasonable legal fees and disbursements incurred by the DIP Lender, on a full indemnity basis;
- (c) the professional fees and expenses incurred by the Borrower and the Proposal Trustee in respect of the Proposal Proceedings; and
- (d) such other costs and expenses of the Borrower as may be agreed to by the DIP Lender, in writing.

58. The DIP Loan is subject to customary covenants, conditions precedent and representations and warranties made by the Borrower to the DIP Lender. The DIP Loan must be repaid in full by the date (the "**Maturity Date**") that is the earliest of:

- (a) the date demand for payment is made by the DIP Lender;
- (b) the occurrence of an Event of Default (as defined in the DIP Term Sheet);
- (c) the date on which the period for the Borrower to file a proposal in the Proposal Proceedings is not extended or is terminated;
- (d) the date on which the Borrower becomes bankrupt;
- (e) the date on which a sale of substantially all of the business and assets of the Borrower is completed; and
- (f) April 6, 2021.

59. Given the Applicant's significant liquidity constraints described above, the DIP Loan is required to ensure that Allied Track is able to continue its ordinary course business operations while the SISP is conducted for the benefit of its stakeholders. I understand that the Proposal Trustee is supportive of the proposed DIP Loan and believes that it is necessary and appropriate in the circumstances.

G. THE SISP AND THE STALKING HORSE AGREEMENT

60. As discussed above, in an effort to address its liquidity and cash flow issues, Allied Track entered into discussions with Bridging, its senior secured lender regarding the restructuring of its business. These discussions culminated in an agreement to pursue a consensual restructuring

within the Proposal Proceedings that will result in the sale of the Allied Group's assets or businesses. To this end, the Applicant developed the SISP and the Bid Procedures, in consultation with the Proposal Trustee and Bridging, for the purpose of soliciting interest in, and opportunities for the sale of, or investment in, the assets and business operations of the Allied Group.

61. To facilitate the SISP and establish an appropriate floor for bids submitted therein, Allied Track, in consultation with the Proposal Trustee, also entered into an asset purchase agreement dated January 21, 2021 with 2806401 Ontario Inc., a nominee of Bridging (the "**Stalking Horse Agreement**"). The Stalking Horse Agreement will act as the Stalking Horse Bid in the SISP and will be subject to higher or otherwise better offers received.

62. While the SISP has been developed to identify and consummate a value-maximizing transaction, the Stalking Horse Agreement ensures that Allied Track's business will emerge from these proceedings as a going-concern. Further, in combination with the DIP Loan, the Stalking Horse Agreement will ensure uninterrupted business operations throughout the pendency of the Proposal Proceedings for the benefit of all stakeholders, including the Employees and the Applicant's customers.

63. The SISP and the Stalking Horse Agreement are described in greater detail immediately below.

(a) **The SISP and Bid Procedures**

64. The SISP provides that the Proposal Trustee, with the assistance of the Applicant, will solicit interest in, and opportunities for, a sale or investment in the Allied Group's assets and businesses, in whole or in part. Specifically, the proposed SISP will solicit offers for the following:

- (a) the assets, undertakings and interests of or shares in Bottom Line (the "**Bottom Line Assets**"); and
- (b) the assets, undertakings and interests of Allied Track (the "**Allied Track Assets**", and together with the Bottom Line Assets, the "**Vendors' Assets**").

65. While the Allied Group prefers to sell the Vendors' Assets pursuant to en bloc bid (an "**En Bloc Bid**"), separate bids to acquire some but not all of the Vendors' Assets, including, bids solely to acquire the Allied Track Assets or a portion thereof will be considered (each a "**Piecemeal Bid**"). In accordance with the SISP, a Piecemeal Bid will be considered if a combination of one or more Piecemeal Bids in the aggregate meet the requirements to be a Qualified Bid (as defined below).

66. In addition to seeking an En Bloc Bid or Piecemeal Bids, the Allied Group will also consider a bid that contemplates a plan of restructuring, recapitalization or other form of reorganization of the business and affairs of the Allied Group, as a going concern or a NOI proposal (an "**Investment Bid**"). Any such Investment Bid will only be considered a Qualified Bid under the SISP if it:

- (a) provides for the indefeasible payment in full of the amounts owing to Bridging or any affiliate or subsidiary thereof, or such lesser amount acceptable to Bridging, including without limitation the secured indebtedness owing to Bridging or any affiliate or subsidiary thereof, or such lesser amount acceptable to Bridging, on or before the Outside Date (as defined in the Stalking Horse Bid) regardless of the timeline for such Investment Bid;

- (b) has conditions that, in the reasonable opinion of the Allied Group and the Proposal Trustee, are likely to be satisfied; and
- (c) includes a fully-funded commitment to provide any additional interim financing required by the Allied Group to complete all steps required to implement such Investment Bid, any security in respect of such financing to be subordinate to the Administration Charge, Directors' Charge and DIP Lender's Charge.

67. The SISP is to be conducted in accordance with the timelines set out immediately below:

| Key Date ¹ | SISP Step |
|---|--|
| January 25, 2021 | Delivery of Teaser Letter and sales packages |
| January 25, 2021 | Confidential data – site to be established |
| February 24, 2021 at 5:00 p.m. (Eastern Time) | Bid Deadline – due date for bids and deposits |
| February 26, 2021 at 5:00 p.m. (Eastern Time) | Proposal Trustee to provide the Stalking Horse Bidder and each Qualified Bidder a schedule setting forth either or both (i) the highest or otherwise best fully binding offer for all of the Vendors' Assets and (ii) the highest or otherwise best fully binding offer(s) for all or any combination of the Vendors' Assets |
| March 1, 2021 at 10:00 a.m. (Eastern Time) | Auction (if any) |
| March 5, 2021 (Eastern Time) (pending the Court's availability) | Approval and Vesting Order hearing (no Auction) |

¹ Capitalized terms not otherwise defined within this table have the meaning ascribed to them in the Bid Procedures.

| | |
|--|------------------------------------|
| March 10, 2021 (Eastern Time) (pending the Court's availability) | Approval and Vesting Order hearing |
|--|------------------------------------|

68. I am advised that the Proposal Trustee believes the aforementioned SISP timelines are appropriate in the circumstances and will provide sufficient opportunity to solicit interest for a sale of, or investment in, the Vendors' Assets. As set out above, the solicitation process will commence by no later than January 25, 2021, by which time:

- (a) the Proposal Trustee, with the assistance of the Allied Group, will prepare a list of potential bidders who may be interested in acquiring the Vendors' Assets in whole or in part (collectively, "**Known Potential Bidders**");
- (b) the Proposal Trustee will arrange for a notice of the SISP (and such other relevant information the Proposal Trustee considers appropriate) to be published as soon as reasonably practicable after the date hereof in *The Globe and Mail (National Edition)* and any other newspaper or journal as the Proposal Trustee considers appropriate, if any; and
- (c) the Proposal Trustee, in consultation with the Allied Group, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Vendors' Assets, outlining the Bid Procedures and inviting recipients of the Teaser Letter to express their interest pursuant to the Bid Procedures; and (ii) a non-disclosure agreement in form and substance satisfactory to the Allied Group (an "**NDA**").

69. The Proposal Trustee will send the Teaser Letter and NDA to each Known Potential Bidder by no later than January 25, 2021. Further, the Proposal Trustee will also send the Teaser Letter

and NDA to any other party who requests a copy or who is identified by the Allied Group as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

70. The solicitation of higher and better offers for the Vendors' Assets in the SISP is governed by the Bid Procedures. The principal terms of the Bid Procedures are as follows:

| Subject ² | Details |
|---|---|
| Bid Deadline | A Qualified Bidder that desires to make a bid shall deliver written copies of its bid and the Required Bid Terms and Materials to the Proposal Trustee no later than 5:00 p.m. (Eastern Time) on February 24, 2021. |
| Qualified Bidder | To be a "Qualified Bidder", a potential bidder must submit a bid in substantially the same form as the Stalking Horse Bid, providing for a cash purchase price of the Purchase Price (as defined in the Stalking Horse Bid) (approximately, CAD\$104.873 million), or such lesser amount otherwise acceptable to Bridging and satisfy the Required Bid Terms and Materials. Any bid meeting these criteria that is received by the Proposal Trustee before the Bid Deadline is a qualified bid (" Qualified Bid "). Bridging retains discretion to not accept any Qualified Bid that does not provide for cash repayment in full of the secured debt owing to Bridging and any affiliate or subsidiary thereof. |
| Required Bid Terms and Materials | All bids (other than the Stalking Horse Bid) must include the following requirements, among others, unless such requirement is waived by the Proposal Trustee and Bridging after consultation with the Allied Group: <ul style="list-style-type: none"> <li data-bbox="500 1304 1422 1444">i. a base cash purchase price equal to or greater than (the "Base Purchase Price"): (a) the Purchase Price (being approximately CAD\$104.773 million), and CAD\$100,000 bid increment; or (b) such lesser amount otherwise acceptable to Bridging; <li data-bbox="500 1486 1422 1665">ii. a description of the Vendors' Assets to be included in the transaction, including, without limitation, a description of which, if any, of the Bottom Line Assets are expected to be included in the transaction and an allocation of the Base Purchase Price to such Bottom Line Assets; <li data-bbox="500 1707 1422 1801">iii. written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Proposal Trustee and the Allied Group to make |

² Capitalized terms not otherwise defined within this table have the meaning ascribed to them in the Bid Procedures.

| | |
|-----------------------------------|--|
| | <p>a determination as to the bidder's financial and other capabilities to consummate the proposed transaction;</p> <p>iv. an assumption of liabilities and other economic terms pursuant to the Modified APA that are at least as favorable in the aggregate as those in the Stalking Horse Agreement; and</p> <p>v. a cash deposit in the amount of not less than ten percent (10%) of the amount of the Base Purchase Price, in the form of a wire transfer, certified cheque or such other form acceptable to the Proposal Trustee, acting reasonably (the "Bid Deposit"), which shall be held in a trust account established by the Proposal Trustee (the "Escrow Account"). Funds shall be disbursed from the Escrow Account only as follows: (a) if the Qualified Bidder is the Successful Bidder, its Bid Deposit will be disbursed in accordance with its binding transaction agreement; and (b) if the Qualified Bidder is not the Successful Bidder, then its Bid Deposit shall be returned to it, without interest, forthwith following the expiration of its offer (which in the case of the Back-Up Bid shall be following closing of the sale to the Successful Bidder).</p> |
| Sale and Auction | <p>If more than one Qualified Bid (other than that submitted by the Stalking Horse Bidder) has been received by the Proposal Trustee on or before the Bid Deadline, the Proposal Trustee shall advise all Qualified Bidders of the Lead Bid and invite all Qualified Bidders (including the Stalking Horse Bidder) to attend the Auction to be conducted by the Proposal Trustee in accordance with the Auction Procedures. The Auction will be conducted by videoconference due to the COVID-19 pandemic. If only one Qualified Bid is submitted by the Bid Deadline, other than the Stalking Horse Bid, the SISP shall not proceed to an Auction, and the Vendors and Bridging, in consultation with the Proposal Trustee, may engage with such Qualified Bidder to negotiate a binding offer, which offer, subject to acceptance by the Vendors, in consultation with the Proposal Trustee and Bridging, shall be the Successful Bid. The Stalking Horse Bidder shall not participate in the Auction.</p> |
| Approval and Vesting Order | <p>Subject to Court availability and the terms of the SISP and the Bid Procedures, Allied Track shall bring a motion on or before March 5, 2021 seeking the granting of an order by the Court authorizing Allied Track to proceed with the sale of the Vendors' Assets or a portion thereof to the Qualified Bidder making the Successful Bid.</p> |

71. I believe that the SISP and Bid Procedures will result in a fair and equitable process that will appropriately canvass the market in order to maximize value for the Vendors' Assets and recovery for Allied Track's stakeholders.

(b) The Stalking Horse Agreement

72. At this time, approval of the Stalking Horse Agreement is only being sought for the purposes of approving it as the Stalking Horse Bid under the SISP. To the extent the Stalking Horse Agreement is ultimately designated as the Successful Bid, further approval will be sought from the Court to consummate the transactions contemplated therein.

73. A Copy of the Stalking Horse Agreement is attached hereto as **Exhibit "R"** The salient terms of the Stalking Horse Agreement are summarized below:

| Term³ | Details |
|-------------------------|---|
| Purchase Price | The aggregate purchase price for the Purchased Assets (as defined below) shall comprise of the following amounts, in each case, exclusive of Transfer Taxes: (a) an amount equal to the Bridging Debt; (b) an amount equal to the Installment Contract Debt; (c) an amount required to satisfy the Priority Payables; (d) an amount equal to the Assumed Liabilities (as defined below); and (e) an amount required to satisfy the Wind Down Amount. |
| Purchased Assets | Subject to the terms and conditions of the Stalking Horse Agreement, except for the Excluded Assets (as defined below), the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor, on the Closing Date, effective as of the Time of Closing, all undertakings, property and assets of the Vendor, including any and all assets that relate to or are used in connection with the operation of the Business |

³ Capitalized terms not otherwise defined within this table have the meaning ascribed to them in the Stalking Horse Agreement.

| | |
|----------------------------|---|
| | (collectively, the " Purchased Assets "), free and clear of all Encumbrances (other than Permitted Encumbrances). |
| Excluded Assets | <p>The Purchaser shall not purchase the Vendor's right, title and interest in and to the following assets (collectively, the "Excluded Assets"): </p> <ul style="list-style-type: none">(a) the benefit of any contracts, agreements and/or understandings to which the Vendor is a party other than those contracts that are assigned to the Purchaser pursuant to Article 4 of the Stalking Horse Agreement or an Assignment Order; and(b) original tax records and books and records pertaining thereto, minute books, corporate seals, taxpayer and other identification numbers and other documents relating to the organization, maintenance, capitalization or existence of the Vendor. |
| Assumed Liabilities | <p>Subject to the Closing, and except for the Excluded Liabilities, the Purchaser agrees to assume, as of the Time of Closing, all of the Vendor's obligations and Liabilities (and no other obligations or Liabilities) relating to (collectively, the "Assumed Liabilities"): </p> <ul style="list-style-type: none">(a) the Purchased Assets arising and accruing in respect of the period after the Time of Closing and not related to any default existing at, prior to or as a consequence of Closing (which excludes all obligations and Liabilities in connection with the Assigned Contracts, the assumption of obligations and Liabilities of which is dealt with pursuant to Article 4 of the Stalking Horse Agreement);(b) the obligations and Liabilities of the Vendor with respect to the Transferred Employees that are expressly assumed by the Purchaser pursuant to the Stalking Horse Agreement;(c) the DIP Facility and all security with respect thereto, either, in the sole discretion of Bridging Finance Inc., as agent, in its capacity as lender thereunder, by assumption thereof or refinancing thereof pursuant to exit financing; and(d) any other Liability which the Purchaser agrees in writing to assume on or before the Closing Date. |
| Employee Matters | <p>Effective as of the Closing Date, the Purchaser shall become the successor employer under the Collective Agreements and shall continue the employment of all Unionized Employees and shall: (i) recognize from and after the Closing Date the unions set forth in Schedule "D" of the Stalking Horse Agreement as the sole and exclusive collective bargaining agents for the Unionized Employees; and (ii) accept and be bound by the terms and conditions of the Collective Agreements applicable to the Unionized Employees, except that the Purchaser and the applicable collective bargaining agent shall be free (upon</p> |

| | |
|------------------------------|--|
| | <p>mutual agreement) to change the terms and conditions of the Unionized Employees or otherwise modify the applicable Collective Agreement.</p> <p>No less than three (3) Business Days in advance of the Closing Date, the Purchaser may, but shall not be obligated to offer employment to any of Allied Track's employees (other than Unionized Employees) to be effective on the Closing Date, conditional on Closing, on terms and conditions that are, in the aggregate, no less favourable than the terms and conditions on which such employees are employed immediately before the Closing Date. Such offers of employment shall recognize the non-union employee's past service with the Vendor for all purposes.</p> |
| Conditions to Closing | <p>The purchase and sale of the Purchased Assets is conditional upon, among other things:</p> <ul style="list-style-type: none">(a) no provision of any applicable Law and no judgment, injunction, order or decree that prohibits the consummation of the purchase of the Purchased Assets pursuant to the Stalking Horse Agreement shall be in effect;(b) the Approval and Vesting Order shall have been issued and entered and shall not have been stayed, amended, modified, reversed or dismissed as at the Closing Date;(c) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the transactions contemplated by the Stalking Horse Agreement;(d) the representations and warranties of the Vendor contained in the Stalking Horse Agreement shall be true and correct as of the Closing Date in all material respects, with the same force and effect as if such representations and warranties had been made on and as of such date;(e) the Vendor shall have fulfilled or complied with all covenants contained in the Stalking Horse Agreement required to be fulfilled or complied with by it in all material respects at or prior to the Closing Date, including delivery by the Vendor of the documents and instruments contemplated by Section 11.2 of the Stalking Horse Agreement;(f) the Vendor shall not be and shall not have become a bankrupt under the BIA;(g) the Vendor shall have obtained consents from the counterparties to the Consent Required Contracts that have been designated as Assigned |

| | |
|--|--|
| | <p>Contracts from the counterparties to those agreements and shall have delivered such consents to the Purchaser;</p> <p>(h) the Assignment Order, if requested by the Purchaser, shall have been issued and entered in form and substance satisfactory to the Purchaser;</p> <p>(i) the representations and warranties of the Purchaser contained in the Stalking Horse Agreement shall be true and correct as of the Closing Date in all material respects, with the same force and effect as if such representations and warranties had been made on and as of such date; and</p> <p>(j) the Purchaser shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it in all material respects at or prior to the Closing Date, including delivery by the Purchaser of the documents and instruments contemplated by Section 11.3 of the Stalking Horse Agreement.</p> |
|--|--|

74. While the Applicant is optimistic that the SISP will result in a competitive bidding process in furtherance of a value maximizing transaction, the Stalking Horse Agreement assures the preservation and continuity of Allied Track's business as a going concern and the continued employment of substantially all of the Employees. Moreover, the Stalking Horse Agreement ensures that Allied Track can continue to participate and remain competitive in the tendering processes that are essential to its business. I believe that the consideration provided under the Stalking Horse Agreement for the acquisition of Allied Track's assets and business is both fair and reasonable to Allied Track and its stakeholders, and reflects the product of extensive arms'-length, good faith negotiations.

75. I understand that the Proposal Trustee is supportive of the Stalking Horse Agreement.

H. OTHER RELIEF SOUGHT

(a) Stay Extension

76. Allied Track is seeking an extension of the time required to file a proposal and the stay of proceedings to April 6, 2021.

77. Allied Track has been acting, and continues to, act in good faith and with due diligence for the benefit of its stakeholders. Prior to and since commencing the Proposal Proceedings, Allied Track has engaged in the following activities with a view to preserving and maximizing value:

- (a) with the assistance of the Proposal Trustee and the Applicant's legal advisors, undertaking an analysis of its restructuring options for the benefit of Allied Track's stakeholders, including its customers, suppliers and employees;
- (b) developing the SISP in consultation with the Proposal Trustee;
- (c) negotiating the Stalking Horse Agreement to serve as the Stalking Horse Bid in the SISP;
- (d) arranging for the DIP Loan to ensure that Allied Track has the necessary liquidity to fund the Proposal Proceedings, continue its ordinary course business operations, and meet its obligations while the SISP is conducted; and
- (e) continuing to engage in tendering processes to secure new contracts that will provide revenue throughout the Proposal Proceedings.

78. The proposed extension will stabilize and preserve the value of Allied Track's business and provide it with the breathing space necessary to conduct the SISP with a view to maximizing value

for its stakeholders. Having regard to the circumstances, the granting of the extension is in the best interests of the Applicant and its stakeholders, and I do not believe any creditor would be materially prejudiced by the extension.

79. Obtaining the extension at this time will also reduce professional and other costs associated with returning to Court for a further extension within thirty (30) days.

(b) The DIP Lender's Charge

80. The DIP Term Sheet provides, among other things, that the DIP Loan is contingent on granting the DIP Lender's Charge over the Property in favour of the DIP Lender up to the maximum amount of \$3,000,000. The proposed Order contemplates that the DIP Lender's Charge will rank subordinate to the Administration Charge and the Directors' Charge and in priority to all other encumbrances on the Property.

81. Pursuant to the proposed Order, the DIP Lender's Charge will secure all of the credit advanced under the DIP Loan. The DIP Lender's Charge will not secure obligations incurred prior to the Proposal Proceedings.

82. The DIP Lender's Charge is commensurate with the maximum available borrowings under the DIP Loan. I understand that the Proposal Trustee is supportive of the DIP Lender's Charge and its quantum.

(c) Administration Charge

83. The proposed Order provides the Administration Charge to secure the fees and disbursements of the Proposal Trustee, along with its counsel and Allied Track's counsel, incurred in connection with the Proposal Proceedings up to a maximum of \$500,000. The Administration

Charge is proposed to have first ranking priority over all other charges and encumbrances on the Property.

84. The Applicant requires the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the Proposal Proceedings. Each of the beneficiaries of the Administration Charge will have distinct roles in the Proposal Proceedings.

85. The quantum of the proposed Administration Charge was estimated by the Applicant with the assistance of the Proposal Trustee. I believe that the Administration Charge is fair and reasonable in the circumstances. I understand that the Proposal Trustee and the DIP Lender are also supportive of the Administration Charge.

(d) Directors' Charge

86. I am advised by Sean Zweig of Bennett Jones LLP, counsel to Allied Track, and believe that, in certain circumstances, directors can be held liable for certain obligations of a company owing to employees and government entities, which may include unpaid accrued wages and unpaid accrued vacation pay, together with unremitted excise, sales, goods and services, and harmonized sales taxes.

87. Allied Track maintains an insurance policy in respect of the potential liability of its directors and officers (the "**D&O Policy**"). While the D&O Policy insures directors and officers for certain claims that may arise against them in their capacity as directors and/or officers of the Applicant, that coverage is not absolute. Rather, it is subject to several exclusions and limitations, which may result in there being insufficient coverage for potential director and officer liabilities. The directors and officers of Allied Track have expressed a desire for certainty with respect to their potential personal liability if they continue in their current roles in the Proposal Proceedings.

88. Allied Track requires the active involvement of its directors and officers during the Proposal Proceedings. Given the uncertainty surrounding available indemnities and insurance, Allied Track's directors and officers have indicated that their continued service and involvement in the Proposal Proceedings is conditional upon the granting of an Order under the BIA approving the proposed Directors' Charge in the amount of \$1,500,000. The Directors' Charge would be subordinate to the proposed Administration Charge but will rank in priority to all other encumbrances.

89. The Applicant believes that the Directors' Charge is reasonable in the circumstances, especially in light of the aforementioned risks. I understand that the Proposal Trustee and the DIP Lender are supportive of the Directors' Charge and its quantum.

(e) Authorization to Pay Certain Pre-Filing Amounts

90. During the course of the Proposal Proceedings, Allied Track intends to make payments for goods and services supplied to it post-filing in the ordinary course, as set out in the Cash Flow Statement (as defined below) and requested in the proposed Order.

91. Pursuant to the Order, Allied Track is also requesting authorization to make certain pre-filing payments with the consent of both the Proposal Trustee and the DIP Lender for goods and services actually supplied to Allied Track prior to the NOI. Payment for goods and services supplied to Allied Track prior to the date of the NOI is fundamental to preserving key supplier relationships and the continued operation of Allied Track's business. Any disruption to the provision of such goods and services could jeopardize the value of Allied Track's business and the viability of a sale transaction within the SISF.

(f) Cash Flow Statement

92. I understand that a projected consolidated cash flow statement for Allied Track for the 13-week period from January 18, 2021, to April 6, 2021 (the "**Cash Flow Statement**"), will be attached to the First Report of the Proposal Trustee.

93. The Cash Flow Statement has been prepared with the assistance of the Proposal Trustee and is accompanied by the prescribed representations in accordance with the BIA.

I. CONCLUSION

94. The proposed Order is in the best interests of Allied Track and its stakeholders.

95. Allied Track is actively engaging with, and has the support of its senior secured creditor, Bridging, and is entering the Proposal Proceedings on a consensual basis with the primary goal of consummating a sale transaction through the SISP for the benefit of all of its stakeholders. I believe that the Proposal Proceedings provide a process to maximize value for all of Allied Track's stakeholders, and that the relief sought in the Order is necessary at this time to ensure Allied Track's continued operation in the ordinary course of business.

96. For the reasons expressed herein, I am of the view that Allied Track is acting in good faith and with due diligence in seeking approval of the SISP, the Stalking Horse Agreement, an extension of time to file a proposal and the Court-ordered charges.

SWORN BEFORE ME over)
videoconference on this 21st day of January,)
2021. The affiant was located in the City of)
Grain Valley, in the State of Missouri and the)
Commissioner was located in the City of)
Oakville, in the Province of Ontario. This)
affidavit was commissioned remotely as a)
result of COVID-19 and the declaration was)
administered in accordance with Ontario)
Regulation 431/20.)



JOSHUA FOSTER

A Commissioner for Oaths in and for the
Province of Ontario



ANDREW STUART JONES

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF ALLIED TRACK SERVICES INC.,
A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

Estate/Court File No.: 32-2705503

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

Proceedings commenced in Toronto

AFFIDAVIT OF ANDREW STUART JONES

BENNETT JONES LLP
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Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

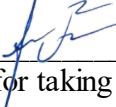
Sean Zweig (LSO# 57307I)
Jesse Mighton (LSO# 62291J)
Joshua Foster (LSO# 79447K)

Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicant

TAB B

THIS IS **EXHIBIT "B"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW STUART JONES
SWORN BEFORE ME THIS 8th DAY OF MARCH, 2021



A Commissioner for taking Affidavits, etc.

STALKING HORSE ASSET PURCHASE AGREEMENT

This stalking horse asset purchase agreement is dated January 21, 2021 between Allied Track Services Inc. (the "**Vendor**") and 2806401 Ontario Inc. (the "**Purchaser**", collectively with the Vendor, the "**Parties**" and either one, a "**Party**").

RECITALS:

- (a) The Vendor has or will file a notice of intention to make a proposal (the "**NOI**") under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**");
- (b) The Vendor wishes to sell substantially all of the assets used in the Business and to assign certain Liabilities and the Purchaser has agreed to purchase such assets and assume such Liabilities upon the terms and conditions contained in this Agreement; and
- (c) The Vendor intends to seek an order from the Court pursuant to the BIA in form and substance attached as Schedule "C" that, among other things, authorizes the Vendor to enter into this Agreement and to conduct a marketing and sale process in accordance with the Stalking Horse Sales Process (the "**Sale Process Order**").

In consideration of the above and for other good and valuable consideration, the Parties agree as follows.

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions.

As used in this Agreement, including the recitals hereto, the following terms have the following meanings:

"**Accounts Receivable**" shall have the meaning defined in Section 2.1(c).

"**Administration Charge**" means the charge, if granted by the Court, to secure the fees and expenses of the Administrative Professionals;

"**Administrative Professionals**" means the Vendor's legal counsel, the Proposal Trustee, the Proposal Trustee's legal counsel, and a Trustee in Bankruptcy and its counsel, if one is appointed.

"**Agreement**" means this asset purchase agreement, including all schedules annexed hereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"**Approval and Vesting Order**" means an approval and vesting order of the Court in form and substance acceptable to the Parties, acting reasonably, that, among other

things, approves this Agreement and the transactions contemplated hereby, and vests in and to the Purchaser the Purchased Assets free and clear of and from any and all Encumbrances other than Permitted Encumbrances.

"Assigned Contract" means:

- (a) each Collective Agreement; and
- (b) any other contract to which the Vendor is a party and the benefit of which is assigned to the Purchaser in accordance with Article 4 or by way of an Assignment Order.

"Assignment Order" means an order of the Court requiring the assignment to the Purchaser of contracts (designated by the Purchaser) to which the Vendor is a party, in form and substance satisfactory to the Purchaser and the Vendor, each acting reasonably.

"Assumed Liabilities" shall have the meaning defined in Section 3.1.

"Bankruptcy Costs" means the costs of any bankruptcy of the Vendor under the BIA that may be required on the termination of the Proposal Proceedings.

"BIA" shall have the meaning defined in the Recitals.

"Bid Deadline" means 5:00 p.m. on February 15, 2021, extendable at the discretion of Proposal Trustee for up to ten (10) days, as set out in Schedule "A".

"Bridging Debt" means all indebtedness of the Vendor owing to Bridging Finance Inc., as agent, whether pursuant to: (i) a letter agreement dated March 8, 2017 as amended and restated by letter agreement dated November 15, 2017, as amended; or (ii) otherwise.

"Business" means the businesses operated by the Vendor, which consists of (i) track production, repair and installation, and (ii) signal maintenance, rehabilitation and construction.

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are closed for business in Toronto, Ontario.

"Closing" shall have the meaning defined in Section 11.1.

"Closing Date" means the date that is three (3) Business Days after the conditions of Closing in Article 10 of this Agreement are satisfied or waived, or such earlier or later date that the Parties, acting reasonably, may mutually agree.

"Collective Agreement" means any collective agreement, letter of understanding, letter of intent or other written communication or contract with any trade union, association that may qualify as a trade union, council of trade unions, employee

bargaining agent or affiliated bargaining agent, which would cover any of the employees of the Vendor.

“Consent Required Contracts” means the contracts to which the Vendor is a party and which are not assignable in whole or in part without the consent, approval or waiver of the party or parties thereto other than the Vendor.

“Contract Assumed Liabilities” shall have the meaning defined in Section 4.1(2).

“Court” means the Ontario Superior Court of Justice (Commercial List).

“Cure Payment” means a payment solely required to comply with subsection 84.1(5) of the BIA to cure any existing monetary default or breach of the Vendor under any contract which is to become an Assigned Contract as at the date such contract becomes an Assigned Contract.

“Directors” means collectively, anyone who is or was, or may be deemed to be or have been, whether by statute, operation of Law or otherwise, a director or a *de facto* director of the Vendor;

“Directors’ Charge” means the charge, if granted by the Court, in favour of the Vendor’s Directors and Officers securing the Vendor’s indemnity obligations to those Directors and Officers;

“DIP Charge” means the charge, if granted by the Court, to secure all amounts owed to Bridging Finance Inc., as agent, pursuant to the terms of the DIP Facility;

“DIP Facility” means the credit facility made available to the Vendor pursuant to a DIP Term Sheet between Bridging Finance Inc., as agent, and the Vendor, as borrower, dated January 21, 2021;

“Employee Plans” means all the employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, retirement, pension, registered retirement savings, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the current or former directors, officers or employees of the Vendor maintained, sponsored or funded by the Vendor, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered.

“Encumbrances” means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), easement, license, right of first refusal or first offer, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant, execution, levies, or other financial or monetary claims or encumbrances of any nature (whether at Law or equity), and any contract, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

“ETA” shall have the meaning defined in Section 6.1.

“Excluded Assets” shall have the meaning defined in Section 2.2.

“Excluded Liabilities” shall have the meaning defined in Section 3.2(1).

“Governmental Authority” means: (i) any governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, tribunal, board, bureau, agency, commissioner or instrumentality, whether international, multinational, national, federal, provincial, state, county, municipal, local, or other; (ii) any subdivision or authority of any of the above; and (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

“GST/HST” means all goods and services tax and harmonized sales tax imposed under Part IX of the ETA.

“Installment Contract Debt” means all indebtedness of the Vendor owing to 2700902 Ontario Inc., pursuant to an Installment Sale Contract No. 4915 between the Vendor and Progress Rail Equipment Leasing Corporation which was subsequently assigned by Progress Equipment Leasing Corporation to Bridging Finance Inc., as agent, pursuant to an Assignment and Assumption Agreement dated June 6, 2019 and further assigned by Bridging Finance Inc., as agent, to 2700902 Ontario Inc. pursuant to an Assignment and Assumption Agreement dated June 11, 2019.

“Intellectual Property” means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; and (viii) any other intellectual property and industrial property.

“ITA” shall have the meaning defined in Section 6.3.

“Laws” means any principle of common law and all applicable: (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and by-laws; (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Authority; and (iii) to the extent that they are treated

as binding by the Governmental Authority or have the force of law, policies, guidelines, notices and protocols of any Governmental Authority.

“Liability” means any debt, loss, damage, adverse claim, fines, penalties, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, and whether in or under statute, contract, tort, strict liability or otherwise), and includes all costs and expenses relating thereto (including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation) (collectively, **“Liabilities”**).

“Material Contracts” means, collectively:

- (a) the contracts, licenses and agreements listed in Schedule “B”; and
- (b) any other contract, license or agreement to which the Vendor is at any time a party or pursuant to which the Vendor has at any time acquired rights and would reasonably be expected to be material to the Business.

“NOI” shall have the meaning defined in the Recitals.

“Notice” shall have the meaning defined in Section 13.1.

“Officers” means collectively, anyone who is or was, or may be deemed to be or have been, whether by statute, operation of Law or otherwise, an officer or a *de facto* officer of the Vendor;

“Ordinary Course” means, with respect to the Vendor, an action consistent with the past practices of the Vendor prior to the filing of the NOI and taken in the ordinary course of the normal day-to-day business and operations of the Vendor, provided that such action is in compliance, in all material respects, with applicable Laws (provided that it is required to comply with the requirements of the NOI proceedings).

“Outside Date” means April 5, 2021, or such later date as may be agreed to in writing by the Parties.

“Parties” shall have the meaning defined in the Recitals.

“Permitted Encumbrances” means all security interests and other interests arising exclusively from the Assumed Liabilities, Contract Assumed Liabilities, the Bridging Debt and the Installment Contract Debt.

“Person” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status.

“Proposal Proceedings” means the NOI proceedings that have been or will be commenced by the Vendor under the BIA.

“Proposal Trustee’s Certificate” shall have the meaning defined in Section 11.1(3).

“Priority Payables” means all amounts owing (including all amounts accrued but not yet payable) by the Vendor as of the Closing Date which rank *pari passu* or in priority to either of the Bridging Debt or the Installment Contract Debt, including, without limitation:

- (a) all source deductions relating to salary, wages, bonuses and other compensation of all employees;
- (b) all GST/HST related to the Business;
- (c) any amounts secured by, or to be secured by, the DIP Charge;
- (d) any amounts secured by, or to be secured by, the Administration Charge; and
- (e) any amounts secured by, or to be secured by, the Directors’ Charge

“Proposal Trustee” means KSV Restructuring Inc., pursuant to its proposed appointment as proposal trustee of the Vendor under the BIA.

“Purchase Price” shall have the meaning defined in Section 5.1.

“Purchased Assets” shall have the meaning defined in Section 2.1.

“Purchaser” shall have the meaning defined in the Recitals.

“Qualified Bid” has the meaning given in the Stalking Horse Sales Process.

“Stalking Horse Sales Process” means the sales process attached as Schedule “A”

“Sales Process Order” shall have the meaning defined in the Recitals.

“Stalking Horse Bid” shall have the meaning defined in Section 10.1(a).

“Tangible Personal Property” means, collectively, all furniture, fixtures, equipment, inventory, leasehold improvements, machinery, tools, vehicles, office equipment, racking, supplies, computers, telephones and other tangible personal property.

“Tax” means: (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services,

harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Party.

"Time of Closing" means 12:01 a.m. (Toronto time) on the Closing Date, or such other time as the Parties may agree.

"Transfer Taxes" shall have the meaning defined in Section 6.2.

"Transferred Employees" means all Unionized Employees and all non-union employees of the Vendor who accept offers of employment given in accordance with this Agreement from the Purchaser.

"Trustee in Bankruptcy" means the trustee (as defined in the BIA) appointed over the estate of the Vendor pursuant to the BIA, in the event that the Vendor makes or is deemed to have made an assignment in bankruptcy, or where an application for a bankruptcy order concerning the Vendor is made by a party other than the Vendor.

"Unionized Employees" means employees of the Vendor who are employed under the terms of a Collective Agreement.

"Vendor" shall have the meaning defined in the Recitals.

"Wind Down Amount" means the amount necessary to fund the costs to wind down and complete the Proposal Proceedings after the Closing Date, including, without limitation, any Bankruptcy Costs.

"Wind Down Estimate" means an estimate of the Wind Down Amount that is prepared by the Proposal Trustee, in form and substance satisfactory to the Purchaser, acting reasonably.

"Winning Bidder" shall have the meaning defined in Section 10.1(c).

Section 1.2 Date for Any Action.

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

Section 1.3 Gender and Number.

Any reference in this Agreement to gender includes all genders. Words importing the singular number only shall include the plural and vice versa.

Section 1.4 Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect its interpretation.

Section 1.5 Currency.

All references in this Agreement to dollars or to \$ are expressed in Canadian currency unless otherwise specifically indicated.

Section 1.6 Certain Phrases, etc.

In this Agreement (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", and (ii) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". Unless otherwise specified, the words "Article" and "Section" followed by a number mean and refer to the specified Article or Section of this Agreement.

Section 1.7 Statutes.

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

Section 1.8 Schedules.

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

**ARTICLE 2
PURCHASED ASSETS**

Section 2.1 Purchased Assets.

Subject to the terms and conditions of this Agreement, except for the Excluded Assets, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor, on the Closing Date, effective as of the Time of Closing,

all undertakings, property and assets of the Vendor, including any and all assets that relate to or are used in connection with the operation of the Business (collectively, the “**Purchased Assets**”), including but not limited to the following assets, free and clear of all Encumbrances (other than Permitted Encumbrances):

- (a) all cash on hand, cash equivalents and bank deposits;
- (b) all Tangible Personal Property;
- (c) all accounts receivable, notes receivable and other debts due or accruing due to the Vendor (the “**Accounts Receivable**”);
- (d) all prepaid expenses and deposits;
- (e) all customer files;
- (f) the benefit of all of the Assigned Contracts, provided that such benefit shall not be sold, transferred and assigned until the relevant Assigned Contract becomes an Assigned Contract in accordance with Article 4 or pursuant to an Assignment Order;
- (g) all Intellectual Property owned or licensed by the Vendor;
- (h) the proceeds of any and all refunds that may be due to the Vendor from Canada Revenue Agency and from any provincial tax authorities;
- (i) all consents, whether express or implied, granted in favour of the Vendor in accordance with *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act* (Canada) (commonly known as “Canada’s Anti-Spam Law” or “CASL”);
- (j) to the extent transferrable, all orders, authorizations, approvals, licenses or permits of any Governmental Authority, owned, held or used by the Vendor;
- (k) all information in any form relating to, or used in connection with, the Business, including books of account, financial and accounting information and records, personnel records (other than records with respect to former employees or employees who do not become Transferred Employees), sales and purchase records, customer and supplier lists, business reports, operating guides and manuals, plans and projections, marketing and advertising materials, corporate records, and all other documents, files, correspondence and other information (whether in written, printed, electronic or computer printout form, or stored on computer discs or other data and software storage and media devices), which for greater certainty, shall not include the books and records set out in Section 2.2;

- (l) all customer guarantees, customer notes, security agreements, financing statements under applicable personal property security legislation, customer deposits or collateral, filings or property securing customer obligations;
- (m) all claims, actions, causes of action, indemnities, warranties (including supplier warranties), guarantees, rights of recovery, rights of set-off and rights of recoupment of the Vendor;
- (n) all telephone numbers;
- (o) all proceeds payable to the Vendor upon any policies of insurance; and
- (p) the goodwill of the Business, including the exclusive right of the Purchaser to represent itself as carrying on the Business in continuation of and in succession to the Vendor (including all business names related thereto).

Section 2.2 Excluded Assets.

Notwithstanding anything herein contained to the contrary, the Purchaser shall not purchase the Vendor's right, title and interest in and to the following assets (collectively, the "**Excluded Assets**"):

- (a) the benefit of any contracts, agreements and/or understandings to which the Vendor is a party other than those contracts that are assigned to the Purchaser pursuant to Article 4 or an Assignment Order; and
- (b) original tax records and books and records pertaining thereto, minute books, corporate seals, taxpayer and other identification numbers and other documents relating to the organization, maintenance, capitalization or existence of the Vendor.

The Purchaser may, at its option, prior to Closing, exclude any of the Purchased Assets from the transactions contemplated hereby by delivering to the Vendor written notice of same, whereupon such asset(s) shall be deemed to form part of the Excluded Assets provided, however, that there shall be no reduction in the Purchase Price as a result of such exclusion.

ARTICLE 3 ASSUMED LIABILITIES

Section 3.1 Assumed Liabilities.

Subject to the Closing, and except for the Excluded Liabilities, the Purchaser agrees to assume, as of the Time of Closing, all of the Vendor's obligations and Liabilities (and no other obligations or Liabilities) relating to (collectively, the "**Assumed Liabilities**"):

- (a) the Purchased Assets arising and accruing in respect of the period after the Time of Closing and not related to any default existing at, prior to or as a consequence of Closing (which excludes all obligations and Liabilities in

connection with the Assigned Contracts, the assumption of obligations and Liabilities of which is dealt with pursuant to Article 4);

- (b) the obligations and Liabilities of the Vendor with respect to the Transferred Employees that are expressly assumed by the Purchaser pursuant to this Agreement;
- (c) the DIP Facility and all security with respect thereto, either, in the sole discretion of Bridging Finance Inc., as agent, in its capacity as lender thereunder, by assumption thereof or refinancing thereof pursuant to exit financing; and
- (d) any other Liability which the Purchaser agrees in writing to assume on or before the Closing Date.

Section 3.2 Excluded Liabilities.

- (1) Other than the Assumed Liabilities and the Contract Assumed Liabilities, the Purchaser shall not assume and shall have no obligation to discharge, perform or fulfill any Liability or obligation of the Vendor or in connection with the Purchased Assets or the Business (the “**Excluded Liabilities**”), whether known, unknown, direct, indirect, absolute, contingent or otherwise arising out of facts, circumstances or events, in existence on or prior to the Time of Closing (with respect to the Assumed Liabilities) or, subject to Article 4, on or prior to the date on which a contract to which the Vendor is a party becomes an Assigned Contract, respectively (with respect to the Contract Assumed Liabilities).
- (2) Without limiting the generality of Section 3.2(1), the Purchaser shall not assume and shall have no obligation in respect of (i) any of the Excluded Assets or (ii) except as expressly provided herein, any Liabilities of the Vendor for Taxes other than as set out in Section 6.1 and Section 6.2.

ARTICLE 4

ASSIGNMENT AND ASSUMPTION OF CONTRACTS AND LEASES

Section 4.1 Assignment of Assigned Contracts.

- (1) On or prior to Closing, the Purchaser may, in its sole discretion, designate any contract to which the Vendor is a party to become an Assigned Contract, provided however that any Consent Required Contract shall be so designated by the Purchaser no later than seven (7) days prior to obtaining the Approval and Vesting Order.
- (2) Subject to Section 4.2, on Closing the Vendor shall be deemed to have assigned the benefit of any Assigned Contract and the Purchaser shall be deemed to have assumed, all of the Vendor’s obligations and Liabilities relating to such Assigned Contract arising and accruing in respect of the period after Closing and not related to any default existing at, prior to or as a consequence of the Closing or of the

assignment of such Assigned Contract (collectively, the “**Contract Assumed Liabilities**”), in each case without payment of any additional consideration.

Section 4.2 Consent Required Contracts.

- (1) Nothing in this Agreement shall be construed as an agreement to assign any Consent Required Contract, unless the consent, approval or waiver required to assign such Consent Required Contract has been given or an Assignment Order has been made with respect to such Consent Required Contract.
- (2) The Vendor and the Purchaser shall use reasonable commercial efforts to obtain the consents, approvals and waivers required for the assignment of the Consent Required Contracts that are designated as Assigned Contracts. Other than the payment of Cure Payments in accordance with this Agreement, which the Purchaser shall be required to pay, the Purchaser and the Vendor shall be under no obligation to pay any money, incur any obligations, commence any legal proceedings, or offer or grant any accommodation (financial or otherwise) to any third party in order to obtain any consent, approval or waiver for any Consent Required Contract.
- (3) Upon request by the Purchaser, such request to be made no later than seven (7) days prior to obtaining the Approval and Vesting Order, the Vendor shall obtain the Assignment Order, should the Purchaser and Vendor not otherwise obtain any of the consents provided for in Section 4.2(2) above.

ARTICLE 5 PURCHASE PRICE

Section 5.1 Purchase Price.

The aggregate purchase price for the Purchased Assets shall be made up of the following amounts (in the aggregate, the “**Purchase Price**”), in each case exclusive of Transfer Taxes:

- (a) an amount equal to the Bridging Debt;
- (b) an amount equal to the Installment Contract Debt;
- (c) an amount required to satisfy the Priority Payables;
- (d) an amount equal to the Assumed Liabilities; and
- (e) an amount required to satisfy the Wind Down Amount.

Section 5.2 Payment of Purchase Price.

The Purchase Price shall be satisfied by the Purchaser as follows, and the Vendor hereby directs the Purchaser to make the payments of the Purchase Price in accordance with this Section 5.2 and this shall be the Purchaser’s good and sufficient authority for so doing:

- (a) as to the amounts referred to in Section 5.1(a) and Section 5.1(b), by the Purchaser assuming the Bridging Debt and the Installment Contract Debt;
- (b) as to the amount referred to in Section 5.1(c), by:
 - (i) wire transfer of immediately available funds to the Vendor on Closing; or
 - (ii) with the consent of the Vendor and the Proposal Trustee, which may be withheld at the discretion of either party (acting reasonably), by assumption of any Priority Payables not paid in such manner on Closing, assumed in a priority position superior to any and all other indebtedness of the Purchaser, as reasonably determined among the Purchaser, the Vendor and the Proposal Trustee;
- (c) as to the amount referred to in Section 5.1(d), by the Purchaser assuming the Assumed Liabilities; and
- (d) as to the amount referred to in Section 5.1(e), payable by wire transfer of immediately available to the Proposal Trustee funds on Closing.

Section 5.3 Allocation of Purchase Price.

The Parties shall agree upon the allocation of the Purchase Price in respect of the Purchased Assets, both acting reasonably, prior to Closing. The Parties shall each report the purchase and sale of the Purchased Assets for all federal, provincial and local tax purposes in accordance with the agreed upon allocation and this Agreement.

Section 5.4 Wind Down Amount.

Prior to Closing, the Proposal Trustee will deliver to the Purchaser the Wind Down Estimate. If the Wind Down Amount exceeds the Wind Down Estimate, the Purchaser shall deliver to the Vendor by wire transfer such additional funds as are required to fund the Wind Down Amount within three (3) Business Days of written request by the Vendor to the Purchaser. If the Wind Down Amount is lower than the Wind Down Estimate, the Vendor shall notify the Purchaser of such excess and deliver to the Purchaser by wire transfer such excess funds as soon as reasonably practicable.

Section 5.5 Adjustment of Purchase Price.

Except as otherwise provided in this Agreement, the Purchase Price shall not be adjusted in any manner whatsoever.

ARTICLE 6 TAX MATTERS

Section 6.1 ETA Elections.

The Purchaser and the Vendor shall, if applicable, jointly elect under subsection 167(1) of the *Excise Tax Act* (Canada) (the “ETA”) and any equivalent or comparable corresponding provision under any applicable provincial or territorial legislation, in the form prescribed for the purposes of each such provision, in respect of the sale and transfer of the Purchased Assets and the Purchaser shall file such elections with the applicable tax authorities within the time and in the manner required by the applicable Law. Notwithstanding such elections, in the event it is determined by a Governmental Authority that there is a Liability of the Purchaser to pay, or of the Vendor to collect and remit, GST/HST (or similar provincial or territorial value-added or multi-staged Tax) in respect of the purchase and sale of the Purchased Assets hereunder, the Purchaser shall forthwith pay such GST/HST (and any similar provincial or territorial value-added or multi-staged Tax) to the applicable Governmental Authority, or to the Vendor for remittance to the appropriate Governmental Authority, as the case may be, and shall indemnify and save harmless the Vendor from any penalties and interest which may be payable by or assessed against the Vendor (or its representatives, agents, employees, directors or officers) under the ETA (and any applicable provincial or territorial legislation) in respect thereof.

Section 6.2 Transfer Taxes.

Subject to any available elections or exemptions contemplated by Section 6.1, the Purchaser shall be liable for and shall pay all federal and provincial sales taxes, transfer taxes, excise taxes, value-added taxes and all other similar Taxes or other like charges of any jurisdiction (“Transfer Taxes”) (for greater certainty, excluding all income or capital taxes of the Vendor) properly payable in connection with the transfer of the Purchased Assets by the Vendor to the Purchaser.

Section 6.3 Income Tax Elections.

- (1) The Purchaser and the Vendor shall, if applicable, elect jointly in the prescribed form under section 22 of the *Income Tax Act* (Canada) (the “ITA”) and the corresponding provisions of any other applicable provincial Tax statute as to the sale of the Accounts Receivable forming part of the Purchased Assets and designate in such election an amount equal to the portion of the Purchase Price allocated to the Accounts Receivable pursuant to Section 5.3. This election, or these elections, shall be made within the time prescribed for such elections.
- (2) The Purchaser and the Vendor shall, if applicable, jointly execute and file an election under subsection 20(24) of the ITA in the manner required by subsection 20(25) of the ITA and under the equivalent or corresponding provisions of any other applicable provincial or territorial statute, in the prescribed forms and within the time period permitted under the ITA and under any other applicable provincial statute as to such amount paid by the Vendor to the Purchaser for assuming future obligations. In this regard, the Purchaser and the Vendor acknowledge that a portion

of the Purchased Assets transferred by the Vendor pursuant to this Agreement and having a value equal to the amount elected under subsection 20(24) of the ITA and the equivalent provisions of any applicable provincial or territorial statute, is being transferred by the Vendor as a payment for the assumption of such future obligations by the Purchaser.

- (3) The Purchaser and the Vendor shall also execute and deliver such other Tax elections and forms as they may mutually agree upon.

ARTICLE 7 EMPLOYEE MATTERS

Section 7.1 Successor Employer

Effective as of the Closing Date, the Purchaser shall become the successor employer under the Collective Agreements, shall continue the employment of all Unionized Employees, and shall: (i) recognize from and after the Closing Date the unions set forth in Schedule "D" as the sole and exclusive collective bargaining agents for the Unionized Employees; and (ii) accept and be bound by the terms and conditions of the Collective Agreements applicable to the Unionized Employees, except that the Purchaser and the applicable collective bargaining agent shall be free (upon mutual agreement) to change the terms and conditions of the Unionized Employees or otherwise modify the applicable Collective Agreement.

Section 7.2 Offers to Non-Union Employees.

- (1) No less than three (3) Business Days in advance of the Closing Date, the Purchaser may, but shall not be obligated to offer employment to any of the Vendor's employees (other than Unionized Employees) to be effective on the Closing Date, conditional on Closing, on terms and conditions that are, in the aggregate, no less favourable than the terms and conditions on which such employees are employed immediately before the Closing Date. Such offers of employment shall recognize the non-union employee's past service with the Vendor for all purposes.
- (2) Nothing in this Section 7.2, express or implied, (i) is intended to or shall confer upon any Person, including any employee of the Vendor, other than the Parties and their respective successors and assigns, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, (ii) shall establish or constitute an amendment, termination or modification of, or an undertaking to establish, amend, terminate or modify, any Employee Plan, or (iii) shall create any obligation on the part of the Purchaser to employ any Transferred Employee for any period following the Closing Date.

Section 7.3 Employee Plans.

- (1) The Purchaser shall assume the Employee Plans. The Purchaser, on the one hand, and the Vendor, on the other, shall take such actions as are necessary and reasonably requested by the other Party to cause the Purchaser to assume sponsorship of and

responsibility for administration and operation of such Employee Plans as of the Closing and to effect the transfer of all assets and benefit liabilities of the Employee Plans together with all related trust, insurance policies and administrative services agreements, effective as soon as practicable following the Closing. The Vendor and Purchaser shall reasonably cooperate in all matters reasonably necessary to effect the transactions contemplated by this Section 7.3(1) including exchanging information and data relating to workers' compensation, employee benefits and employee benefit plan coverage, and in obtaining any governmental approvals required, except as would result in the violation of any applicable Law, including without limitation, any Law relating to the safeguarding of data privacy.

- (2) Nothing in the provisions of this Section 7.3 express or implied, (i) is intended to or shall confer upon any Person, including any employee of the Vendor, other than the Parties and their respective successors and assigns, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, (ii) shall establish or constitute an amendment, termination or modification of, or an undertaking to establish, amend, terminate or modify, any Employee Plan, or (iii) shall create any obligation on the part of the Purchaser to employ any Transferred Employee for any period following the Closing Date.

Section 7.4 Employee Liability.

- (1) The Vendor shall be liable for all salary, wages, bonuses, commissions, vacation pay, and other compensation relating to employment of all employees of the Vendor for the period prior to the Closing Date.
- (2) The Vendor shall be liable for statutory notice of termination or payment in lieu of notice obligations and statutory severance obligations in respect of any non-union employees of the Vendor who do not accept the Purchaser's offer of employment.
- (3) Without limiting the Purchaser's obligations in respect of the Transferred Employees, the Purchaser shall be responsible for:
 - (a) all liabilities for salary, wages, bonuses, commissions, vacation pay, and other compensation relating to employment of the Transferred Employees by the Purchaser for the period on and after the Closing Date; and
 - (b) all statutory notice of termination or payment in lieu of notice obligations and statutory severance obligations in respect of the termination by the Purchaser of the employment of any Transferred Employee arising on or after the Closing Date.

**ARTICLE 8
REPRESENTATIONS AND WARRANTIES**

Section 8.1 Vendor Representations and Warranties.

The Vendor represents and warrants as follows to the Purchaser at the date of this Agreement and at the Closing Date and acknowledges and confirms that the Purchaser is relying upon such representations and warranties in connection with the purchase of the Purchased Assets and the assumption of the Assumed Liabilities and the Contract Assumed Liabilities:

- (1) **Incorporation and Qualification.** The Vendor is a corporation duly incorporated and existing under the Laws of its jurisdiction of incorporation and, subject to the granting of the Sale Process Order, has the corporate power to enter into and perform its obligations under this Agreement.
- (2) **Authority to Complete.** Subject to obtaining the Approval and Vesting Order prior to Closing, on Closing the Vendor shall have the power and authority to complete the transactions contemplated hereby, in accordance with the terms and conditions of this Agreement and the Approval and Vesting Order.
- (3) **Enforceability of Obligations.** Subject to the entry of the Sale Process Order, the Approval and Vesting Order and any other orders required by the Court in connection with the transactions contemplated hereby, this Agreement constitutes a valid and legally binding obligation of the Vendor enforceable against the Vendor in accordance with its terms.
- (4) **Residence.** The Vendor is not a non-resident of Canada for purposes of the ITA.
- (5) **Registration.** The Vendor is registered under Part IX of the ETA and its registration number is 105104392 RT0001.
- (6) **Brokers and Finders.** There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Vendor.

Section 8.2 Purchaser's Representations and Warranties.

The Purchaser represents and warrants as follows to the Vendor at the date of this Agreement and at the Closing Date and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with the sale by the Vendor of the Purchased Assets:

- (1) **Incorporation and Qualification.** The Purchaser is an entity duly incorporated and existing under the Laws of its jurisdiction of incorporation and has the corporate power to enter into and perform its obligations under this Agreement.

- (2) **Corporate Authority.** The execution and delivery of and performance by the Purchaser of this Agreement and the consummation of the transactions contemplated by it have been authorized by all necessary corporate action on the part of the Purchaser.
- (3) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser, enforceable against it in accordance with its terms subject only to: (A) as of the date hereof, any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar Laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction; and (B) as of the Closing Date, the issuance of the Approval and Vesting Order.
- (4) **Registration.** The Purchaser will, prior to Closing, be registered under Part IX of the ETA and under comparable provincial legislation in each other province where the Purchaser is required to be registered for purposes of any election to be made pursuant to Section 6.1.
- (5) **Brokers and Finders.** There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Purchaser.

Section 8.3 Survival.

The representations and warranties contained in this Agreement shall merge on Closing.

Section 8.4 No Other Representations or Warranties of the Vendor; "As Is, Where Is".

- (1) The representations and warranties given by the Vendor in Article 8 are the sole and exclusive representations and warranties of the Vendor in connection with this Agreement and the transactions contemplated by it. Except for the representations and warranties given by the Vendor in Article 8, the Purchaser did not rely upon any statements, representations, promises, warranties, conditions or guarantees whatsoever, whether express or implied (by operation of Law or otherwise), oral or written, legal, equitable, conventional, collateral or otherwise, regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith.
- (2) The Purchaser hereby acknowledges and agrees as follows:
 - (a) except as expressly provided herein, the Purchased Assets are being purchased on an "as is, where is" basis; and

- (b) except as expressly set forth in this Agreement, the Vendor and the Proposal Trustee make no representations, or warranties in favour of the Purchaser concerning the Purchased Assets, which the Purchaser acknowledges are being acquired on an “as is, where is” basis, whether express or implied, statutory or collateral, arising by operation of Laws or otherwise, including express or implied warranties of merchantability, fitness for a particular purpose, title, description, quantity, condition or quality, and that any and all conditions and warranties expressed or implied by the *Sale of Goods Act* (Ontario) or other Laws do not apply to the transactions contemplated herein and are hereby waived by the Purchaser.

ARTICLE 9 COVENANTS

Section 9.1 Conduct of Business in the Ordinary Course.

During the period up to the Closing Date, the Vendor shall use commercially reasonable efforts to (i) conduct the Business in the Ordinary Course consistent with past practice; (ii) maintain and preserve intact its current Business organization and operations; and (iii) preserve the rights, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having relationships with the Business, in each case except to the extent required to allow the Vendor to comply with any of its obligations under this Agreement, subject in all cases to any limitation imposed by being subject to the commercial proposal process under the BIA and any Court order relating thereto. Except with the prior written consent of the Purchaser, the Vendor shall not enter into, amend, disclaim, restate or allow there to occur a default under any Material Contract.

Section 9.2 Actions to Satisfy Closing Conditions.

The Vendor and the Purchaser agree to use their respective commercially reasonable efforts to take, or cause to be taken, all actions and make all such filings and submissions, and obtain such authorizations, which are necessary or advisable in order to (i) fulfil their respective obligations under this Agreement; and (ii) assist with the satisfaction of and ensure all conditions for the benefit of the other Party provided for in Section 10.2, Section 10.3 and Section 10.4 are satisfied.

Section 9.3 Access.

Subject to applicable Laws, the Vendor shall (i) upon reasonable notice, permit the Purchaser and its employees, agents, counsel, accountants or other representatives, to have reasonable access during normal business hours to (A) the Purchased Assets, including all books and records whether retained by the Vendor or otherwise, (B) all contracts and leases to which the Vendor is a party, (C) personnel files relating to the employees of the Vendor (which shall be maintained in strict confidence by the Purchaser and only used for the purpose of considering and/or making employment offers to employees), and (D) the senior personnel of the Vendor, so long as the access does not unduly interfere with the ordinary conduct of the Business; and (ii) furnish to the Purchaser or its employees, agents, counsel, accountants or other such representatives such financial and operating data and other

information with respect to the Purchased Assets as the Purchaser from time to time reasonably requests.

Section 9.4 Access to Books and Records.

For a period of 6 years from the Closing Date or for such longer period as may be required by Law, the Purchaser will use its reasonable commercial effects, without any Liability to the Vendor, to retain all original books and records relating to the Purchased Assets that are transferred to the Purchaser under this Agreement. So long as any such books and records are retained by the Purchaser pursuant to this Agreement, the Vendor, the Proposal Trustee, any receiver or Trustee in Bankruptcy appointed in respect of the Vendor and their respective representatives shall have the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser. The Purchaser has the right to have its representatives present during any such inspection.

Section 9.5 Use of Business Name.

On or promptly following the Closing Date, and except as may be required for purposes of the NOI proceedings, the Vendor shall discontinue use of the name "Allied Track" and any variation thereof, except where legally required to advise that its name has been changed to another name or to refer to the historical fact that the Vendor previously conducted the Business under the "Allied Track" name, and the Vendor shall, subject to the Court's approval, as soon as reasonably practicable following Closing, file articles of reorganization to change the corporate name of the Vendor to another name not confusingly similar to its present name. Subject to the Court's approval, the Approval and Vesting Order shall authorize and direct the appropriate Governmental Authority to accept such articles of reorganization, notwithstanding the insolvency of the Vendor.

Section 9.6 Post-Closing Accounts Receivable.

Within three (3) Business Days following the Closing Date, and prior to any assignment in bankruptcy, the Vendor shall deliver a notice, in a form satisfactory to the Purchaser and duly executed by the Vendor, to the account debtors of the Accounts Receivable included in the Purchased Assets regarding the transfer of the accounts receivable and directing that all further payments thereunder be made to the Purchaser. Any Accounts Receivable forming part of the Purchased Assets collected by the Vendor or any trustee-in-bankruptcy appointed with respect to the Vendor (or other proceeds collected or derived from a Purchased Asset by the Vendor or such trustee-in-bankruptcy), other than the Purchase Price paid hereunder, from and after the Closing Date shall be held in trust for the benefit of the Purchaser, and such funds shall not form part of the Vendor's estate or otherwise made available to the Vendor's stakeholders, and, upon receipt following the Closing, shall promptly be paid to, and for the benefit of, the Purchaser in accordance with its rights under this Agreement.

ARTICLE 10
SALES PROCESS AND CONDITIONS OF CLOSING

Section 10.1 Sales Process

- (a) The Vendor shall bring a motion for the Sales Process Order on or before January 22, 2021. The Sales Process Order shall recognize the within offer by the Purchaser and Purchase Price as a baseline or "stalking horse bid" (the "**Stalking Horse Bid**"). The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a Qualified Bid (in addition to the Stalking Horse Bid) can be obtained for the Purchased Assets.
- (b) In the event that one or more Persons submits a Qualified Bid on or before the Bid Deadline, the Proposal Trustee shall conduct an auction for the determination and selection of a Winning Bid (the Person submitting such bid being the "**Winning Bidder**"). Upon the selection of the Winning Bidder, there shall be a binding agreement of purchase and sale between the Winning Bidder and the Vendor (subject to Court approval). The Vendor shall forthwith bring a motion following the selection of the Winning Bidder for an order approving the agreement reached with the Winning Bidder and to vest the purchased assets contemplated by such agreement in the Winning Bidder and, if granted, shall proceed with closing the transaction forthwith.
- (c) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Winning Bidder, then upon the making of the order by the Court contemplated in Section 10.1(b) above to approve a transaction with such Winning Bidder, this Agreement shall be terminated and neither Party hereto shall have any further Liability or obligation, except as expressly provided for in this Agreement.
- (d) If no Qualified Bids are received by the Bid Deadline (other than the Stalking Horse Bid), then the Stalking Horse Bid shall be deemed to be the Winning Bid, and the Vendor shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the transactions contemplated hereby forthwith.

Section 10.2 Conditions for the Benefit of both Parties.

The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date:

- (1) **No Court Orders.** No provision of any applicable Law and no judgment, injunction, order or decree that prohibits the consummation of the purchase of the Purchased Assets pursuant to this Agreement shall be in effect;

- (2) **Approval and Vesting Order.** The Approval and Vesting Order shall have been issued and entered and shall not have been stayed, amended, modified, reversed or dismissed as at the Closing Date; and
- (3) **Proceedings by Governmental Authority.** No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the transactions contemplated by this Agreement.

Section 10.3 Conditions for the Benefit of the Purchaser.

The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (1) **Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement shall be true and correct as of the Closing Date in all material respects, with the same force and effect as if such representations and warranties had been made on and as of such date;
- (2) **Covenants.** The Vendor shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it in all material respects at or prior to the Closing Date, including delivery by the Vendor of the documents and instruments contemplated by Section 11.2;
- (3) **No Bankruptcy.** The Vendor shall not be and shall not have become a bankrupt under the BIA;
- (4) **Consents.** The Vendor shall have obtained consents from the counterparties to the Consent Required Contracts that have been designated as Assigned Contracts from the counterparties to those agreements and shall have delivered such consents to the Purchaser; and
- (5) **Assignment Order.** The Assignment Order, if requested by the Purchaser, shall have been issued and entered in form and substance satisfactory to the Purchaser.

Section 10.4 Conditions for the Benefit of the Vendor.

The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date, which are for the exclusive benefit of the Vendor and which may be waived, in whole or in part, by the Vendor in its sole discretion:

- (1) **Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement shall be true and correct as of the Closing Date in all material respects, with the same force and effect as if such representations and warranties had been made on and as of such date; and

- (2) **Covenants.** The Purchaser shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it in all material respects at or prior to the Closing Date, including delivery by the Purchaser of the documents and instruments contemplated by Section 11.3.

ARTICLE 11 CLOSING

Section 11.1 General.

- (1) The completion of the transactions of purchase, sale and assumption contemplated by this Agreement (the “**Closing**”) shall take place electronically on the Closing Date.
- (2) As soon as practicable following the determination that this Agreement is the Winning Bid pursuant to the Stalking Horse Sales Process, the Vendor shall file motion materials seeking the issuance of the Approval and Vesting Order, provided that the Purchaser has had a reasonable opportunity to review and comment upon such materials, acting reasonably, in advance of filing with the Court. The Vendor shall serve notice of the motion seeking the issuance and entry of the Approval and Vesting Order on all Persons determined reasonably necessary by the Purchaser and shall provide reasonable advance notice of any Court appearances so that the Purchaser may make arrangements to attend if it so desires.
- (3) The Parties hereby acknowledge and agree that the Proposal Trustee shall be entitled in accordance with the Approval and Vesting Order to file a certificate, substantially in the form attached to the Approval and Vesting Order (the “**Proposal Trustee’s Certificate**”), with the Court upon receiving written confirmation from the Vendor and the Purchaser that all conditions of Closing have been satisfied or waived.

Section 11.2 Vendor’s Closing Deliveries.

At the Closing, the Vendor shall execute and/or deliver or cause to be delivered to the Purchaser the following:

- (a) the Purchased Assets, which shall be delivered *in situ* wherever located as of the Closing;
- (b) a true and complete copy of the Approval and Vesting Order, as entered by the Court;
- (c) if requested by the Purchaser, a true and complete copy of the Assignment Order, as entered by the Court;
- (d) true and complete copies of the Assigned Contracts to which the Vendor is a party, to the extent not delivered prior to Closing;
- (e) such executed Tax elections as are required pursuant to Article 6;

- (f) an executed assignment and assumption agreement evidencing the assumption by the Purchaser of the Assumed Liabilities;
- (g) a true and complete copy of the Proposal Trustee's Certificate executed by the Proposal Trustee (such Proposal Trustee's Certificate to be filed with the Court by the Proposal Trustee following Closing and a copy of such filed Proposal Trustee's Certificate shall be delivered to the Purchaser promptly thereafter); and
- (h) any other documents necessary or desirable in the opinion of the Purchaser, acting reasonably.

Section 11.3 Purchaser's Closing Deliveries.

At the Closing, the Purchaser shall execute and/or deliver or cause to be delivered to the Vendor, or as the Vendor may direct, the following:

- (a) the payments contemplated by Section 5.2(a), Section 5.2(b), Section 5.2(c) and Section 5.2(d);
- (b) evidence of payment of any applicable Transfer Taxes;
- (c) such executed Tax elections as are required pursuant to Article 6;
- (d) an executed assignment and assumption agreement evidencing the assumption by the Purchaser of the Assumed Liabilities; and
- (e) any other documents necessary or desirable in the opinion of the Vendor, acting reasonably.

**ARTICLE 12
TERMINATION**

Section 12.1 Termination of Agreement.

This Agreement may by notice in writing given prior to or on the Closing Date be terminated:

- (a) by mutual consent of the Vendor and the Purchaser;
- (b) by either Party upon written notice to the other Party if the conditions set out in Section 10.2 are not satisfied performed or mutually waived on or before the Outside Date;
- (c) by the Purchaser or the Vendor if the Approval and Vesting Order, once granted, shall have been amended or modified in a manner adverse to such Party, or if it is stayed, reversed, dismissed or ceases to be in full force and effect;

- (d) by the Purchaser if the Assignment Order, if requested and once granted, shall have been amended or modified in a manner adverse to the Purchaser, or if it is stayed, reversed or ceases to be in full force and effect;
- (e) automatically if the Closing has not occurred by 11:59 p.m. on the Outside Date.

Section 12.2 Effect of Termination.

- (1) In the event that the Agreement is terminated in accordance with Section 12.1, then each of the Parties shall be relieved of its duties and obligations arising under this Agreement, effective as of the date of such termination and such termination shall be without Liability to the Purchaser and the Vendor, including without limitation in respect of any Liabilities accrued from the date of execution of this Agreement to the date of termination.
- (2) Under no circumstances shall either of the Parties, their representatives or their respective directors, officers, employees or agents be liable for any special, punitive, exemplary, consequential or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the transactions contemplated herein.

Section 12.3 Dispute Resolution.

If any dispute arises with respect to any matter related to the transactions contemplated herein or the interpretation or enforcement of this Agreement such dispute will be determined by the Court, or by such other Person or in such other manner as the Court may direct.

**ARTICLE 13
MISCELLANEOUS**

Section 13.1 Notices.

Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a “**Notice**”) must be in writing, sent by personal delivery, courier or electronic mail and addressed:

- (a) to the Vendor:

Allied Track Services Inc.
169 S Service Rd,
Grimsby, ON L5M 4H6

Attention: Andy Jones
Email: andy.jones@alliedtrack.ca

with a copy to Vendor’s counsel:

Bennett Jones LLP
100 King Street West, Suite 3400
Toronto, ON M5X 1A5

Attention: Sean Zweig and Jesse Mighton
Email: zweigs@bennettjones.com
mightonj@bennettjones.com

with a copy to the Proposal Trustee:

KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, ON M5H 1J9

Attention: Noah Goldstein
Email: ngoldstein@ksvadvisory.com

with a copy to the Proposal Trustee's counsel:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000
Toronto, ON M5L 1A9

Attention: Chris Burr
Email: chris.burr@blakes.com

(b) to the Purchaser:

Bridging Finance Inc.
77 King Street West, Suite 2925
Toronto, ON M5K 1K7

Attention: Graham Marr, Senior Managing Director
Email: gmarr@bridgingfinance.ca

with a copy to Purchaser's counsel:

Chaitons LLP
5000 Yonge Street
Toronto, ON M2N 7E9

Attention: Harvey Chaiton and Seth Mandell
Email: harvey@chaitons.com
seth@chaitons.com

A Notice is deemed to be given and received if sent by personal delivery, courier or electronic mail, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a Party.

Section 13.2 Assignment.

Neither this Agreement nor any of the rights or obligations under this Agreement may be assigned or transferred, in whole or in part, by any Party without the prior written consent of the other Parties. Notwithstanding the foregoing, on Closing the Purchaser shall be entitled to direct title to any of the Purchased Assets to one or more Persons provided that such persons shall agree to be jointly and severally liable with the Purchaser in respect of its liabilities and obligations under this Agreement.

Section 13.3 Survival.

Any provision of this Agreement which contemplates performance or the existence of obligations after the Closing Date shall not be deemed to be merged into or waived by the execution, delivery or performance of this Agreement or documents delivered in connection herewith or Closing, but shall expressly survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement and shall be binding upon the Party or Parties obligated thereby (including any trustee-in-bankruptcy appointed in respect of such Party) in accordance with the terms of this Agreement.

Section 13.4 Time of the Essence.

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser.

Section 13.5 Enurement.

This Agreement becomes effective when executed by the Vendor and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Parties and their respective successors, legal representatives and permitted assigns.

Section 13.6 Entire Agreement.

This Agreement and the other documents executed in connection herewith constitutes the entire agreement between the Parties with respect to the transactions contemplated in this Agreement and supersede all prior agreements, understandings,

negotiations and discussions, whether oral or written, of the Parties with respect to such transactions. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 13.7 Waiver.

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right it may have.

Section 13.8 Amendments.

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Vendor and the Purchaser.

Section 13.9 Further Assurances.

- (1) From the Closing Date, each of the Parties covenants and agrees to do such things, to attend such meetings and to execute such further conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively transfer the Purchased Assets, the Assumed Liabilities and the Contract Assumed Liabilities to the Purchaser and carry out the terms and conditions of this Agreement in accordance with their true intent.
- (2) Notwithstanding Section 13.9(1) or anything else contained in this Agreement, after Closing the Vendor shall not be required to delay making an assignment in bankruptcy under the BIA if it determines, in its sole discretion, to do so.

Section 13.10 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable, by any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 13.11 Governing Law.

This Agreement is governed by, and will be interpreted and construed in accordance with, the Laws of the Province of Ontario and the federal Laws of Canada applicable therein.

Section 13.12 Jurisdiction.

The Parties hereby irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising under or related to this Agreement.

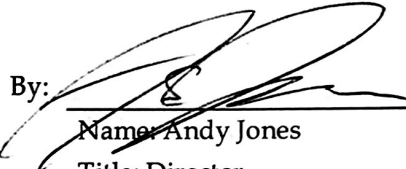
Section 13.13 Counterparts.

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by email or other electronic means is as effective as a manually executed counterpart of this Agreement.

[signature page follows]

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement as of the date first written above.

ALLIED TRACK SERVICES INC.

By: 
Name: Andy Jones
Title: Director

2806401 ONTARIO INC.

By: 
Name: Graham Marr
Title:

Schedule "A"

Stalking Horse Sales Process

See attached.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ALLIED TRACK SERVICES INC., A CORPORATION INCORPORATED UNDER
THE LAWS OF ONTARIO**

Bid Procedures

On January 21, 2021 Allied Track Services Inc. ("**Allied Track**") filed a notice of intention to make a proposal (the "**NOI**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"). KSV Restructuring Inc. was named as the proposal trustee under the NOI (in such capacity, the "**Proposal Trustee**").

On January 22, 2021, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an order (the "**Order**") pursuant to the BIA, among other things: authorizing Allied Track to conduct a sale and investment solicitation process (the "**SISP**"); approving an interim financing facility pursuant to subsection 50.6(1) of the BIA (the "**DIP Facility**"); approving and accepting for the purpose of conducting the SISP the asset purchase agreement dated January 21, 2021 (the "**Stalking Horse Bid**") between Allied Track and 2806401 Ontario Inc., a nominee of Bridging Finance Inc. ("**Bridging**" and the stalking horse bidder entity, in such capacity, the "**Stalking Horse Bidder**"); and approving the Bid Procedures (as defined below).

Set forth below are the bid procedures (the "**Bid Procedures**") to be employed with respect to the sale of Allied Track's and Pittsburg Bottom Line LLC's ("**Bottom Line**", and together with Allied Track, the "**Vendors**") assets, interests, undertakings, and shares (in the case of Bottom Line), pursuant to the Court-approved SISP.

Subject to Court availability and the terms hereof, Allied Track shall bring a motion (the "**Approval and Vesting Order Motion**") on or before March 5, 2021 seeking the granting of an order by the Court (the "**Approval and Vesting Order**") authorizing Allied Track to proceed with the sale of the Vendors' Assets or a portion thereof to the Qualified Bidder making the Successful Bid (each as defined below) (the "**Successful Bidder**").

Key Dates

| | |
|--|--|
| January 25, 2021 | Delivery of Teaser Letter and sales packages |
| January 25, 2021 | Confidential data – site to be established |
| February 24, 2021 at 5:00 p.m. (Eastern Time) | Bid Deadline – due date for bids and deposits |
| February 26, 2021 at 5:00 p.m. (Eastern Time) | Proposal Trustee to provide the Stalking Horse Bidder and each Qualified Bidder a schedule setting forth either or both (i) the highest or otherwise best fully binding offer for all of the Vendors' Assets and (ii) the highest or otherwise best fully binding offer(s) for all or any combination of the Vendors' Assets |
| March 1, 2021 at 10:00 a.m. (Eastern Time) | Auction (if any) |
| March 5, 2021 (Eastern Time) (pending the Court's availability) | Approval and Vesting Order hearing (no Auction) |
| March 10, 2021 (Eastern Time) (pending the Court's availability) | Approval and Vesting Order hearing |

Solicitation of Interest: Notice of the SISP and Bid Procedures

As soon as reasonably practicable, but in any event no later than January 25, 2021:

- a) the Proposal Trustee, with the assistance of the Vendors, will prepare a list of potential bidders who may be interested in acquiring the Vendors' Assets in whole or in part (collectively, "**Known Potential Bidders**");
- b) the Proposal Trustee will arrange for a notice of the SISP (and such other relevant information the Proposal Trustee considers appropriate) to be published as soon as reasonably practicable after the date hereof in *The Globe and Mail (National Edition)* and any other newspaper or journal as the Proposal Trustee considers appropriate, if any; and
- c) the Proposal Trustee, in consultation with the Vendors, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Vendors' Assets, outlining the Bid Procedures and inviting recipients of the Teaser Letter to express their interest pursuant to the Bid Procedures; and (ii) a non-disclosure agreement in form and substance satisfactory to the Vendors (an "**NDA**").

The Proposal Trustee will send the Teaser Letter and NDA to each Known Potential Bidder by no later than January 25, 2021 and to any other party who requests a copy of the Teaser Letter and NDA or who is identified by the Vendors as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Assets to Be Sold En Bloc or Piecemeal

The Vendors are offering for sale: (i) the assets, undertakings and interests of or shares in Bottom Line (the "**Bottom Line Assets**"); and (ii) the assets, undertakings and interests of Allied Track (the "**Allied Track Assets**", and together with the Bottom Line Assets, the "**Vendors' Assets**").

The Vendors will consider (i) a bid for all of the Vendors' Assets (an "**En Bloc Bid**"); or (ii) separate bids to acquire some but not all of the Vendors' Assets, including, without limitation, bids to acquire solely the Allied Track Assets or a portion thereof (each a "**Piecemeal Bid**"), provided that the Vendors will only consider Piecemeal Bids if a combination of one or more Piecemeal Bids in the aggregate meet the requirements to be a Qualified Bid (as defined below). The Proposal Trustee will be responsible for conducting the SISP and an auction (the "**Auction**"), if any, on behalf of the Vendors. The Vendors' preferred transaction structure is an En Bloc Bid.

Although the Vendors are seeking bids to purchase some or all of the Vendors' Assets, the Vendors will also consider a bid that contemplates a plan of restructuring, recapitalization or other form of reorganization of the business and affairs of the Vendors, as a going concern or a NOI proposal (an "**Investment Bid**"), provided that an Investment Bid will only be considered a Qualified Bid if it: (i) provides for the indefeasible payment in full of the amounts owing to Bridging or any affiliate or subsidiary thereof, or such lesser amount acceptable to Bridging, including without limitation the secured indebtedness owing to Bridging or any affiliate or subsidiary thereof, or

such lesser amount acceptable to Bridging, on or before the Outside Date (as defined in the Stalking Horse Bid) regardless of the timeline for such Investment Bid; (ii) has conditions that, in the reasonable opinion of the Vendors and the Proposal Trustee, are likely to be satisfied; and (iii) includes a fully-funded commitment to provide any additional interim financing required by the Vendors to complete all steps required to implement such Investment Bid, any security in respect of such financing to be subordinate to the Administration Charge, Directors' Charge and DIP Lender's Charge (each as defined in the Order).

The Bidding Process

The Proposal Trustee, in consultation with the Vendors, shall be responsible for the marketing and sale of the Vendors' Assets pursuant to the Bid Procedures. The Proposal Trustee, with the consent of the Vendors, shall have the right to adopt such other rules for the Bid Procedures (including rules that may depart from those set forth herein) that in its reasonable business judgment will better promote the goals of the SISP, *provided, however*, that the adoption of any rule that materially deviates from the Bid Procedures shall require the prior written consent of the Stalking Horse Bidder or a further Order of the Court.

Participation Requirements

Any interested party that wishes to participate in the process detailed by these Bid Procedures (a "**Potential Bidder**") must provide to the Proposal Trustee:

- a) an NDA executed by it, which shall enure to the benefit of any purchaser of the Vendors' Assets, or any portion thereof, and
- b) a letter setting forth the identity of the Potential Bidder, and the contact information for such Potential Bidder.

To be a "**Qualified Bidder**", a Potential Bidder must submit a bid in substantially the same form as the Stalking Horse Bid, providing for a cash purchase price of the Purchase Price (as defined in the Stalking Horse Bid) (approximately CAD\$104.873 million), or such lesser amount otherwise acceptable to Bridging, and satisfy the Required Bid Terms and Materials (as defined below). Any bid meeting these criteria that is received by the Proposal Trustee before the Bid Deadline is a qualified bid ("**Qualified Bid**").

Bid Deadline

A Qualified Bidder that desires to make a bid shall deliver written copies of its bid and the Required Bid Terms and Materials to the Proposal Trustee no later than 5:00 p.m. (Eastern Time) on February 24, 2021 (the "**Bid Deadline**"). Written copies of bids and the Required Bid Terms and Materials shall be delivered by the Bid Deadline by email to the Proposal Trustee:

KSV Restructuring Inc. 150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9
Attention: Eli Brenner
Email: ebrenner@ksvadvisory.com

The Proposal Trustee shall forthwith provide copies of any bids received to the Vendors and Bridging.

Interested parties requesting information about the bid process, should contact the Proposal Trustee at the address noted above.

Bid Requirements

All bids (other than the Stalking Horse Bid) must include the following requirements, unless such requirement is waived by the Proposal Trustee after consultation with the Vendors and Bridging (collectively, the "**Required Bid Terms and Materials**"):

- a) the identity of each entity or person and representatives thereof who are authorized to appear and act on behalf of the bidder for all purposes regarding the transaction;
- b) a base cash purchase price equal to or greater than (the "**Base Purchase Price**"):
 - (i) the Purchase Price (being approximately CAD\$104.773 million) and CAD\$100,000 bid increment; or
 - (ii) such lesser amount otherwise acceptable to Bridging;
- c) a description of the Vendors' Assets to be included in the transaction, including, without limitation, a description of which, if any, of the Bottom Line Assets (including any shares) are expected to be included in the transaction and an allocation of the Base Purchase Price to such Bottom Line Assets;
- d) a provision stating that the Potential Bidder's offer is irrevocably open for acceptance until the earlier of (i) the date that the Vendors' Assets have been sold pursuant to the closing of the transaction(s) approved by the Court; and (ii) the Outside Date;
- e) there shall be no provision making the Potential Bidder's offer conditional on obtaining financing or any internal approval or on the outcome of unperformed due diligence or any other contingencies more burdensome than those set forth in the Stalking Horse Agreement;

- f) a duly authorized and executed copy of a proposed purchase agreement and a redline of the bidder's proposed purchase agreement reflecting variations from the Stalking Horse Bid (the "**Modified APA**");
- g) there shall be no provision within the Modified APA requesting or entitling the Potential Bidder to any termination or break-up fee, expense reimbursement or similar type of payment;
- h) written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Proposal Trustee and the Vendors to make a determination as to the bidder's financial and other capabilities to consummate the proposed transaction;
- i) an assumption of liabilities and other economic terms pursuant to the Modified APA that are at least as favorable in the aggregate as those in the Stalking Horse Agreement; and
- j) a cash deposit in the amount of not less than ten percent (10%) of the amount of the Base Purchase Price, in the form of a wire transfer, certified cheque or such other form acceptable to the Proposal Trustee, acting reasonably (the "**Bid Deposit**"), which shall be held in a trust account established by the Proposal Trustee (the "**Escrow Account**"). Funds shall be disbursed from the Escrow Account only as follows: (i) if the Qualified Bidder is the Successful Bidder, its Bid Deposit will be disbursed in accordance with its binding transaction agreement; and (ii) if the Qualified Bidder is not the Successful Bidder, then its Bid Deposit shall be returned to it, without interest, forthwith following the expiration of its offer (which in the case of the Back-Up Bid (as defined below) shall be following closing of the sale to the Successful Bidder).

For the purposes of these Bid Procedures, the Proposal Trustee shall provide all Potential Bidders with an estimate of the anticipated amount owing under the DIP Facility as of the Closing Date (as defined in the Stalking Horse Bid), provided however that the Successful Bidder must agree to adjust its bid (either higher or lower) to reflect the actual amount owing under the DIP Facility on Closing.

A bid received from a Potential Bidder that includes all of the Required Bid Terms and Materials and has been received by the Bid Deadline is a "Qualified Bid". The Proposal Trustee shall notify each Potential Bidder with respect to whether it has submitted a Qualified Bid as soon as practicable after the Bid Deadline. In consultation with the Vendors and Bridging, the Proposal Trustee may waive compliance with any one or more of the Required Bid Terms and Materials and deem such non-compliant bid to be a Qualified Bid.

The Proposal Trustee shall review the Qualified Bids and shall recommend to the Vendors and Bridging which Qualified Bid is the best offer, if any. The Vendors, in consultation with the Proposal Trustee, reserve the right to determine the value of any Qualified Bid, and which Qualified Bid will constitute the lead bid in the Auction (such Qualified Bid, the "**Lead Bid**"). Details of the Lead Bid will be provided by the Proposal Trustee to all Qualified Bidders after the Bid Deadline and no later than 5:00p.m. (Eastern Time) two (2) days before the date scheduled for the Auction.

Notwithstanding the Required Bid Terms and Materials detailed above, the Stalking Horse Bid shall be deemed to be a Qualified Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder, however the Stalking Horse Bidder shall not participate in the Auction, if any.

If no Qualified Bids are submitted by the Bid Deadline other than the Stalking Horse Bid, the Stalking Horse Bid shall be deemed to be the Successful Bid, and the SISF shall not proceed to an Auction. If only one Qualified Bid is submitted by the Bid Deadline, other than the Stalking Horse Bid, the SISF shall not proceed to an Auction, and the Vendors and Bridging, in consultation with the Proposal Trustee, may engage with such Qualified Bidder to negotiate a binding offer, which offer, subject to acceptance by the Vendors, in consultation with the Proposal Trustee and Bridging, shall be the Successful Bid.

The Sale and Auction Process

If more than one Qualified Bid (other than that submitted by the Stalking Horse Bidder) has been received by the Proposal Trustee on or before the Bid Deadline, the Proposal Trustee shall advise all Qualified Bidders of the Lead Bid and invite all Qualified Bidders (including the Stalking Horse Bidder) to participate in the Auction to be conducted by the Proposal Trustee in accordance with the Auction Procedures attached hereto as Schedule "A" (the "**Auction Procedures**"). The Auction will be conducted by video conference due to the COVID-19 pandemic.

Determination of Highest and/or Best Bid: The Proposal Trustee shall determine after each round of offers in the Auction, in its reasonable business judgment, the best bid and shall recommend such bid to the Vendors and Bridging as the Lead Bid for the following round. In making such determination, the Proposal Trustee, the Vendors and Bridging may consider, without limitation: (i) the amount and nature of the consideration; (ii) the proposed assumption of liabilities, if any, and the related implied impact on recoveries for creditors; (iii) the ability of the Qualified Bidder in question to close the proposed transaction; (iv) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (v) any purchase price adjustment; (vi) the net economic effect of any changes made to the Stalking Horse Bid; and (vii) such other considerations as the Proposal Trustee, the Vendors or Bridging deem relevant in their reasonable business judgment. At the end of each round of offers, the Proposal Trustee shall advise the Qualified Bidders of the material terms of the then highest and/or best bid, and the basis for

calculating the total consideration offered in such offer. If at the end of any round of bidding a Qualified Bidder has elected not to submit a further bid meeting the criteria set out herein (including the Minimum Overbid Increment (as defined in the Auction Procedures)), then such Qualified Bidder shall not be entitled to continue to participate in the next round of offers or in any subsequent round.

If only one Qualified Bid is submitted after a round of offers then that Qualified Bid shall be the Successful Bidder. The next highest offer, as determined by the Vendors based on the Proposal Trustee's recommendation (the "**Back-up Bid**"), shall be required to keep its offer open and available for acceptance until the closing of the Court-approved sale of the Vendors' Assets to the Successful Bidder.

Notwithstanding the foregoing, Bridging shall retain the discretion to not accept any Qualified Bid that does not provide for cash repayment in full of the secured debt owing to Bridging and any affiliate or subsidiary thereof.

Highest versus Best Offer

In determining the Lead Bid, the highest and/or best sale offer during each round of offers, and the Successful Bid, the Proposal Trustee and the Vendors, in consultation with Bridging, are not required to select the offer with the highest purchase price and may, exercising their reasonable business judgment, select another offer on the basis that it is the best offer even though not the highest purchase price. Without limiting the foregoing, the Proposal Trustee and the Vendors, in consultation with Bridging, may give such weight to the non-monetary considerations as they determine, exercising their reasonable business judgment, are appropriate and reasonable, including those considerations described above under "Determination of the Highest and/or Best Bid".

Acceptance of Qualified Bids

The sale of the Vendors' Assets to any Successful Bidder by the Vendors is expressly conditional upon the approval of such bid (the "**Successful Bid**") by the Court at the hearing of the Approval and Vesting Order Motion. The presentation of the Successful Bid to the Court for approval does not obligate the Vendors to close the transaction contemplated by such Successful Bid unless and until the Court approves the Successful Bid. The Vendors will be deemed to have accepted a bid only when the bid has been approved by the Court at the hearing on the Approval and Vesting Order Motion.

"As Is, Where Is, With All Faults"

The sale of the Vendors' Assets or any portion thereof shall be on an "as is, where is" and "with all faults" basis and without representations, warranties, or guarantees, express, implied or statutory,

written or oral, of any kind, nature, or description by the Proposal Trustee or the Vendors or their agents, representatives, partners or employees, or any of the other parties participating in the sales process pursuant to these Bid Procedures, except as may otherwise be provided in a definitive purchase agreement with the Vendors. By submitting a bid, each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Vendors' Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Vendors' Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express, implied, statutory or otherwise, regarding the Vendors' Assets, the financial performance of the Vendors' Assets or the physical condition or location of the Vendors' Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures or as set forth in a definitive purchase agreement with the Vendors.

Free of Any and All Liens

Except as otherwise provided in the Stalking Horse Bid or another Successful Bidder's purchase agreement, and subject to any permitted encumbrances therein, all of Allied Track's right, title and interest in and to the Vendors' Assets shall be sold free and clear of all liens and encumbrances pursuant to the Approval and Vesting Order except for Permitted Encumbrances (as defined in the Stalking Horse Bid).

Approval and Vesting Order Motion Hearing

If there is no Auction, the Approval and Vesting Order Motion shall, subject to the Court's availability take place on or before March 5, 2021. In the case of an Auction, the Approval and Vesting Order Motion shall, subject to the Court's availability, take place on or before March 10, 2021. Allied Track, with the consent of the Proposal Trustee, reserves its right to the extent consistent with the Stalking Horse Bid to change the date of the hearing of the Approval and Vesting Order Motion in order to achieve the maximum value for the Vendors' Assets.

Miscellaneous

The solicitation process and these Bid Procedures are solely for the benefit of the Vendors and nothing contained in the Order or these Bid Procedures shall create any rights in any other person (including, without limitation, any bidder or Qualified Bidder, and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the Order. The bid protections incorporated in these Bid Procedures are solely for the benefit of the Stalking Horse Bidder.

Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Qualified Bid, due diligence activities, and any further

negotiations or other actions whether or not they lead to the consummation of a transaction, including, without limitation, any actions within the Auction.

Except as provided in the Order and Bid Procedures, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Order, the SISP and the Bid Procedures.

The Proposal Trustee may consult with Bridging, the Vendors' senior secured creditor, throughout the SISP.

SCHEDULE "A"

Auction Procedures

Auction

1. If the Vendors, based on the recommendation of the Proposal Trustee, in consultation with Bridging, determine to conduct an Auction pursuant to the Bid Procedures to which these Auction Procedures are appended, the Proposal Trustee will notify the Qualified Bidders who made a Qualified Bid that an Auction will be conducted. The Auction will be convened by the Proposal Trustee and conducted by video conference at 10:00 a.m. (Eastern Time) on March 1, 2021, or such other place and time as the Proposal Trustee may advise. Capitalized terms used but not defined have the meaning ascribed to them in the Bid Procedures. The Stalking Horse Bidder shall not participate in the Auction. The Auction shall be conducted in accordance with the following procedures:
 - a) Participation at the Auction. Only a Qualified Bidder is eligible to participate in the Auction. The Proposal Trustee shall provide all Qualified Bidders with the amount of the Lead Bid by 5:00 p.m. (Eastern Time) two (2) Days before the date scheduled for the Auction. Each Qualified Bidder must inform the Proposal Trustee whether it intends to participate in the Auction no later than 12:00 p.m. (Eastern Time) on the business day prior to the Auction. Only the authorized representatives of each of the Qualified Bidders, the Proposal Trustee, the Vendors, Bridging, and their respective counsel and other advisors shall be permitted to attend the Auction.
 - b) Bidding at the Auction. Bidding at the Auction shall be conducted in rounds. The Lead Bid shall constitute the "**Opening Bid**" for the first round and the highest Overbid (as defined below) at the end of each round shall constitute the Opening Bid for the following round. In each round, a Qualified Bidder may submit no more than one Overbid. Any Qualified Bidder who bids in a round (including the Qualified Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction.

- c) Proposal Trustee Shall Conduct the Auction. The Proposal Trustee and its advisors shall direct and preside over the Auction. At the start of each round of the Auction, the Proposal Trustee shall provide the terms of the Opening Bid to all participating Qualified Bidders at the Auction. The determination of which Qualified Bid constitutes the Opening Bid for each round shall take into account any factors that the Proposal Trustee and the Vendors, in consultation with Bridging, reasonably deem relevant to the value of the Qualified Bid, including, among other things, the following: (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities and the related implied impact on recoveries for creditors; (iii) the Proposal Trustee's and the Vendors' assessment of the certainty of the Qualified Bidder to close the proposed transaction on or before the Outside Date; (iv) the likelihood, extent and impact of any potential delays in closing; (v) the net economic effect of any changes from the Opening Bid of the previous round; and (vi) such other considerations as the Proposal Trustee or the Vendors deem relevant in their reasonable business judgment (collectively, the "**Bid Assessment Criteria**"). All bids made after the Opening Bid shall be Overbids, and shall be made and received on an open basis, and all material terms of the highest and best Overbid shall be fully disclosed to all other Qualified Bidders that are participating in the Auction. The Proposal Trustee shall maintain a record of the Opening Bid and all Overbids made and announced at the Auction.
- d) Terms of Overbids. An "**Overbid**" is any bid made at the Auction subsequent to the Proposal Trustee's announcement of the Opening Bid. To submit an Overbid, in any round of the Auction, a Qualified Bidder must comply with the following conditions:
- (i) *Minimum Overbid Increment:* Any Overbid shall be made in minimum cash purchase price increments of \$100,000 above the Opening Bid, or such increments as the Proposal Trustee, in consultation with the Vendors, may determine in order to facilitate the Auction (the "**Minimum Overbid Increment**"). The amount of the cash purchase price consideration or value of any Overbid shall not be less than the cash purchase price consideration or value of the Opening Bid, plus the Minimum Overbid Increment(s) at that time, plus any additional Minimum Overbid Increments.
 - (ii) *The Bid Requirements same as for Qualified Bids:* Except as modified herein, an Overbid must comply with the Required Bid Terms and Materials, provided, however, that the Bid Deadline shall not apply. Any Overbid made by a Qualified Bidder must provide that it remains irrevocable and binding on the Qualified Bidder and open for acceptance as a Back-Up Bid until the closing of the Successful Bid.
 - (iii) *Announcing Overbids:* At the end of each round of bidding, the Proposal Trustee shall announce the identity of the Qualified Bidder and the material terms of the then highest and/or best Overbid, including the nature of the transaction, the assets and/or business proposed to be acquired and the obligations proposed to be assumed, the basis for calculating the total

consideration offered in such Overbid based on, among other things, the Bid Assessment Criteria.

- (iv) *Consideration of Overbids:* The Proposal Trustee, in consultation with the Vendors and Bridging, reserves the right to make one or more adjournments in the Auction in durations set by the Proposal Trustee to, among other things: (A) allow individual Qualified Bidders to consider how they wish to proceed; (B) consider and determine the current highest and/or best Overbid at any given time during the Auction; and (C) give Qualified Bidders the opportunity to provide the Proposal Trustee or the Vendors with such additional evidence as it may require that the Qualified Bidder has obtained all required internal corporate approvals, has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount. The Proposal Trustee may have clarifying discussions with a Qualified Bidder, and the Proposal Trustee may allow a Qualified Bidder to make technical clarifying changes to its Overbid following such discussions. **BIDDERS MUST OBTAIN ALL NECESSARY APPROVALS AND FUNDING COMMITMENTS IN ADVANCE OF THE AUCTION.**
 - (v) *Failure to Bid:* If at the end of any round of bidding a Qualified Bidder (other than the Qualified Bidder that submitted the then highest and/or best Overbid or Opening Bid, as applicable) fails to submit an Overbid, then such Qualified Bidder shall not be entitled to continue to participate in the next round of the Auction.
- e) Additional Procedures. The Proposal Trustee, in consultation with the Vendors and Bridging, may adopt additional or alternative rules for the Auction at or prior to the Auction that will better promote the goals of the SISF, including rules pertaining to the structure of the Auction, the order of bidding provided they are not inconsistent with any of the provisions of the Bid Procedures and provided further that no such rules may change the requirement that all material terms of the then highest and/or best Overbid at the end of each round of bidding will be fully disclosed to all other Qualified Bidders.
 - f) Closing the Auction. The Auction shall be closed once the Vendors, after considering the Proposal Trustee's recommendation, and in consultation with Bridging, have: (i) reviewed the final Overbid of each Qualified Bidder on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the proposed sale; and (ii) identified the Successful Bid and the Back-Up Bid and the Proposal Trustee has advised the Qualified Bidders participating in the Auction of such determination.
 - g) Finalizing Documentation. Promptly following a Bid of a Qualified Bidder being declared the Successful Bid or the Back-Up Bid, the Qualified Bidder shall execute

and deliver such revised and updated definitive transaction agreements as may be required to reflect and evidence the Successful Bid or Back-Up Bid. For greater certainty, every bid made at Auction is deemed to be a signed and binding bid based on the bidder's original Qualified Bid.

information with respect to the Purchased Assets as the Purchaser from time to time reasonably requests.

Section 9.4 Access to Books and Records.

For a period of 6 years from the Closing Date or for such longer period as may be required by Law, the Purchaser will use its reasonable commercial effects, without any Liability to the Vendor, to retain all original books and records relating to the Purchased Assets that are transferred to the Purchaser under this Agreement. So long as any such books and records are retained by the Purchaser pursuant to this Agreement, the Vendor, the Proposal Trustee, any receiver or Trustee in Bankruptcy appointed in respect of the Vendor and their respective representatives shall have the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser. The Purchaser has the right to have its representatives present during any such inspection.

Section 9.5 Use of Business Name.

On or promptly following the Closing Date, and except as may be required for purposes of the NOI proceedings, the Vendor shall discontinue use of the name "Allied Track" and any variation thereof, except where legally required to advise that its name has been changed to another name or to refer to the historical fact that the Vendor previously conducted the Business under the "Allied Track" name, and the Vendor shall, subject to the Court's approval, as soon as reasonably practicable following Closing, file articles of reorganization to change the corporate name of the Vendor to another name not confusingly similar to its present name. Subject to the Court's approval, the Approval and Vesting Order shall authorize and direct the appropriate Governmental Authority to accept such articles of reorganization, notwithstanding the insolvency of the Vendor.

Section 9.6 Post-Closing Accounts Receivable.

Within three (3) Business Days following the Closing Date, and prior to any assignment in bankruptcy, the Vendor shall deliver a notice, in a form satisfactory to the Purchaser and duly executed by the Vendor, to the account debtors of the Accounts Receivable included in the Purchased Assets regarding the transfer of the accounts receivable and directing that all further payments thereunder be made to the Purchaser. Any Accounts Receivable forming part of the Purchased Assets collected by the Vendor or any trustee-in-bankruptcy appointed with respect to the Vendor (or other proceeds collected or derived from a Purchased Asset by the Vendor or such trustee-in-bankruptcy), other than the Purchase Price paid hereunder, from and after the Closing Date shall be held in trust for the benefit of the Purchaser, and such funds shall not form part of the Vendor's estate or otherwise made available to the Vendor's stakeholders, and, upon receipt following the Closing, shall promptly be paid to, and for the benefit of, the Purchaser in accordance with its rights under this Agreement.

Schedule "B"

Material Contracts

See attached.

ASSIGNED CONTRACTS

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|--|
| Contract #CW2246774 - New Westminster Signals Project | CANADIAN NATIONAL RAILWAY 12th Floor, Station 20A 935 de la Gauchetière Street West, Montréal, QB H3B 2M9 Attention: Manmit Aujla |
| Amendment Agreement Number 4 for Contract 5600019497 dated Jan 1, 2021 between Canadian Pacific Railway Company and Allied Track Services - Signals TR&E | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Amendment Agreement Number 4 (Signals Construction Support) for Contract 5600019619 dated Jan 1, 2021 between Canadian Pacific Railway Company and Allied Track Services | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Amendment Agreement Number 4 (Signals Maintainer Support) for Contract 5600019619 dated Jan 1, 2021 between Canadian Pacific Railway Company and Allied Track Services | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Purchase Order dated Feb 13, 2020 between Canadian Pacific Railway and Allied Track Services - 2020 TR&E Support New | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |

| <u>Contract Description</u> | <u>Counterparty</u> |
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| Services Agreement (Flagging Mac Tunnel) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Supply of Services Agreement for Track Maintenance, and Surfacing, when and as required between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700004625 (Thermite welding support Cochrane) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700004797 (2021 TR&E Support West) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700004924 (Rail Train Support - Cascade Sub) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700005030 (Crossing Warning System Testing) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |

| <u>Contract Description</u> | <u>Counterparty</u> |
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| Contract ID #700005345 (CTC & Crossing hardware installation) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700006329 (Broken Rail Detection - Wetaskiwin/Hardisty) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700006847 (TR&E Support Central) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700007197 (TR&E Support Ontario) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700007216 (Broken Rail Detection - Prairie North Line Weta) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Service Agreement dated April 27, 2020 between Ontario Northland Track Commission and Allied Track Services Inc. | ONTARIO NORTHLAND TRACK COMMISSION 555 Oak Street East North Bay, ON P1B 8L3 Attention: Julie Piche |

| <u>Contract Description</u> | <u>Counterparty</u> |
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| Construction Services Agreement dated Mar 2, 2020 between Vale Canada Limited and Allied Track Services | <p>VALE CANADA LIMITED 18 Rink St Copper Cliff, ON P0M 1N0</p> <p>Attention: Daniel da Matta</p> |
| Lease Agreement dated February 24, 2015 between Auto Gene Industries North Bay Inc. (as landlord) and Allied Track Services Inc. (as tenant) re: 1891 Seymour Street (North Section), North Bay, ON | <p>Auto Gene Industries North Bay Inc. c/o Lucienti, Orlando & Ellis LLP 373 Main Street West North Bay, ON</p> <p>Attention: Sandro Orlando (orlando@loelaw.ca)</p> |
| Lease Agreement dated December 1, 2020 between McNeil Family Holdings Inc. (as landlord) and Allied Track Services Inc. (as tenant) re: 169 South Service Road West, Grimsby, ON | <p>McNeil Family Holdings Inc.</p> <p>Attention: Robert McNeil (1bobmneil@gmail.com)</p> |
| Lease Agreement between Cal. A. Farmer Holdings Ltd. (as landlord) and Allied Track Services Inc. (as tenant) re: 760 Highway 17 East, North Bay, ON (storage area) | <p>Cal. A. Farmer P.O. Box 1251, 760 Highway 17 East North Bay, ON P1B 8K5</p> <p>Fax: 705-472-3697</p> |
| Lease Agreement re: #3-7450 Dallas Drive, Kamloops British Columbia (Office) | <p>J&N GUINN HOLDINGS LTD. 7450 Dallas Drive Kamloops, British Columbia, V2C 6X2</p> <p>Attention: Jim Guinn (jimguinn@gmail.com)</p> |
| Lease Agreement re: 8170 Dallas Drive, Kamloops British Columbia (Storage Yard) | <p>WINMOR PROPERTIES LTD. 103B-1428 Lorne Street Kamloops, British Columbia, V2C 1X4</p> <p>Attention: Derek Moroz (derek@minmore.ca)</p> |

| <u>Contract Description</u> | <u>Counterparty</u> |
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| Lease Agreement re: 2-22 Don Valley Parkway, Springfield, Manitoba | MJ ROOFING LTD Attention: (marc@mjroofing.net) |
| Service Agreement (monthly inspections) between Stanpac Inc. and Allied Track Services Inc. | STANPAC INC. 2660 Industrial Park Rd Smithville, ON L0R 2A0 Attention: Spencer Brown |
| Service Agreement (monthly inspections) between Sanimax and Allied Track Services Inc. | SANIMAX 800 Parkdale Ave N Hamilton, ON L8H 7T6 Attention: Mark Lynch |
| Service Agreement (monthly inspections) between SLM Recycling and Allied Track Services Inc. | SLM RECYCLING 555 Brown Rd, Welland, ON L3B 5N4 Attention: Kyle Duncan |
| Service Agreement (monthly inspections) between CNC Can Roof Corporation Inc. and Allied Track Services Inc. | CANROOF CORPORATION INC. 560 Commissioners St Toronto, ON M4M 1A7 Attention: John Cordeiro |
| Service Agreement (monthly inspections) between Atlas Roofing Toronto and Allied Track Services Inc. | ATLAS ROOFING CORP 55 Akron Rd, Etobicoke, ON M8W 1T3 Attention: Peter Hardat |
| Service Agreement (monthly inspections) between Verbio Diesel and Allied Track Services Inc. | VERBIO DIESEL CANADA 1 St Clair Dr Welland, ON L3B 6A7 Attention: Yvan Parent |

| <u>Contract Description</u> | <u>Counterparty</u> |
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| Maintenance Agreement between CGC Inc. and Allied Track Services Inc. | CGC INC. 55 3rd Line Hagersville, ON N0A 1H0 Attention: Tracey Bartlett |
| Maintenance Agreement between Birla Carbon and Allied Track Services Inc. | BIRLA CARBON 755 Parkdale Ave N Hamilton, ON L8H Attention: Keri-Ann Higgins |
| General Maintenance Agreement between Vale Canada Ltd. and Allied Track Services Inc. | VALE CANADA LIMITED 187 Davis St Port Colborne, ON L3K 5W2 Attention: Jim McCollum |
| General Maintenance and Switching Agreement between Ingenia Polymers and Allied Track Services Inc. | INGENIA POLYMERS 565 Greenwich St Brantford, ON N3T 5M8 Attention: Anwar Hussain |
| Design Purchase Order between Brenntag Canada and Allied Track Services Inc. | BRENNTAG CANADA 43 Jutland Rd Etobicoke, ON M8Z 2G6 Attention: Meghan Wakeling |
| Equipment Lease Agreement dated August 1, 2016 between LMS Rail Services Limited and Allied Track Services Inc., including all current leases entered into in connection therewith | LMS RAIL SERVICES 1304 Front Street Hearst, ON P0L 1N0 Attention: Sylvain Couture (sc@lmsford.com) |
| Purchase Order #00023969 dated April 23, 2020 between A&L Line Construction o/b 454001 Ontario Limited and Allied Track Services | A&L LINE CONSTRUCTION o/b 454001 ONTARIO LIMITED 431 Black Lake Rd. Lively, ON P3Y 1H8 Attention: Dianne Violette (office@violettelaw.com) |

| <u>Contract Description</u> | <u>Counterparty</u> |
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| <p>Master Equipment Lease dated March 5, 2020 between Railway Equipment Leasing and Maintenance, LLC (as successor to 1435 Rail, Inc., original lessor) and Allied Track Services, and all insurance certificates and leases entered into in accordance therewith, including without limitation:</p> <ul style="list-style-type: none"> • Lease Schedule No. 5672 • Lease Schedule No. 5673 • Lease Schedule No. 5703 • Lease Schedule No. 5704 • Lease Schedule No. 5698 • Lease Schedule No. 5699 | <p>RAILWAY EQUIPMENT LEASING AND MAINTENANCE, LLC 431 Black Lake Rd. Lively, ON P3Y 1H8</p> <p>Attention:</p> <p>Daniel Daugherty (ddaugherty@relaminc.com)</p> <p>Amanda Head (ahead@relaminc.com)</p> |
| <p>Equipment Rental Agreement dated April 1, 2020 between Danella Rental Systems Inc. and Allied Track Services Inc.</p> | <p>DANELLA RENTAL SYSTEMS, INC. 14101 East Moncrieff Place Aurora, Colorado, USA 80011</p> <p>Attention: Matt Wych (mwyche@danella.com)</p> |
| <p>Equipment Rental Agreement dated July 18, 2018 (Unit# N8077D, N8078D) between Danella Rental Systems Inc. and Allied Track Services Inc.</p> | <p>DANELLA RENTAL SYSTEMS, INC. 14101 East Moncrieff Place Aurora, Colorado, USA 80011</p> <p>Attention: Matt Wych (mwyche@danella.com)</p> |
| <p>Equipment Rental Agreement dated June 12, 2019 (Unit# N4200D, N4212D) between Danella Rental Systems Inc. and Allied Track Services Inc.</p> | <p>DANELLA RENTAL SYSTEMS, INC. 14101 East Moncrieff Place Aurora, Colorado, USA 80011</p> <p>Attention: Matt Wych (mwyche@danella.com)</p> |

| <u>Contract Description</u> | <u>Counterparty</u> |
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| Contract #C9697 - Rental Agreement dated April 24, 2017 | <p>CALMONT LEASING LTD. 2091 Logan Avenue Winnipeg, MB R2R 0J1</p> <p>Attention: Jennifer Tonne (jennifer.tonne@calmont.ca)</p> |
| Contract #C13083 - Rental Agreement dated March 23, 2018 | <p>CALMONT LEASING LTD. 2091 Logan Avenue Winnipeg, MB R2R 0J1</p> <p>Attention: Jennifer Tonne (jennifer.tonne@calmont.ca)</p> |
| Contract #800-503308-001 - Master Lease Agreement dated March 17, 2016 between LBC Capital (as successor to CIT Financial Ltd.) and Allied Track Services Inc. | <p>LBC Capital 5035 South Service Road P.O. Box 5060 Burlington, ON L7R 4C8</p> <p>Attention: Roberta Adams (insurance.tracking@lbccapital.ca)</p> |
| Vehicle Financing dated September 30, 2016, Reg #5322490 | <p>FORD CREDIT CANADA LIMITED P.O. Box 2400 Edmonton, AB T5J 5C7</p> <p>c/o</p> <p>GRIMSBY FORD 455 South Service Road Grimsby, ON L3M 4E8</p> <p>Fax: 289-309-1544</p> |
| Equipment Lease Agreement #445808 dated August 21, 2018 between Meridian OneCap Credit Corp. and Allied Track Services Inc. | <p>MERIDIAN ONECAP CREDIT CORP. 800-40 Sheppard Avenue West Toronto, ON M2N 6K9</p> <p>Attention: John Little (john.little@mlcap.ca)</p> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|--|
| <ul style="list-style-type: none"> • Equipment Invoice #310000398 dated August 12, 2020 • Equipment Invoice #310000398 dated August 12, 2020 • Equipment Invoice #310000400 dated October 28, 2020 | <p>FALCON EQUIPMENT LTD. 18412 96 Avenue Surrey, British Columbia V4N 3P8</p> <p>Attention: Eric Poersch (epoersch@falconequip.com)</p> |
| <ul style="list-style-type: none"> • Equipment Invoice #310000398 dated August 12, 2020 • Equipment Invoice #310000398 dated August 12, 2020 • Equipment Invoice #310000400 dated October 28, 2020 | <p>VAL105 / VALIANT FINANCIAL SERVICES 210th Street, Suite 426 Langley, British Columbia V1M 2Y2</p> <p>Attention: Andrew Mallory (amallory@valiantfinancial.ca)</p> |
| <p>Equipment Lease to Own Agreement (VIN 3GTU2PEJXJG336547) dated August 28, 2018</p> | <p>WHEATON CHEVROLET BUICK CADILLAC GMC LTD. 2867 Douglas Street Victoria, British Columbia V8T 4M7</p> <p>Attention: Mark Cofell (wheaton.markc@gmail.com)</p> |
| <p>Platinum Autocare Agreement #7580581 dated August 28, 2018</p> | <p>PLATINUM AUTOCARE 320 Sioux Road Sherwood Park, AB T8A 3X6</p> <p>Attention: Mark Cofell (wheaton.markc@gmail.com)</p> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|---|
| <p>All equipment and vehicle lease agreements and related ancillary agreements, undertakings and insurance policies between Queenston Chevrolet Buick GMC and Allied Track Services Inc. including without limitation:</p> <ul style="list-style-type: none"> • #114295 dated February 19, 2020 • #115610 dated June 16, 2020 • #114533 dated March 12, 2020 • #110147 dated April 29, 2019 • #110146 dated April 29, 2019 • #110917 dated June 7, 2019 • #111159 dated June 21, 2019 • #111576 dated July 17, 2019 • #111576 dated July 17, 2019 • #111966 dated August 14, 2019 • #114222 dated February 21, 2020 • #114295 dated February 21, 2020 • #114529 dated March 11, 2020 • #117395 dated October 28, 2020 • #112456 dated September 9, 2019 • #113562 dated December 12, 2019 • #111965 dated August 14, 2019 • #98385 dated April 26, 2017 • #99610 May 30, 2017 • #108923 dated February 5, 2019 | <p>QUEENSTON CHEVROLET BUICK GMC, A DIVISION OF SETAY MOTORS INC. 2260 Rymal Road East Heritage Group RPO, P.O. Box 99051 Hamilton, ON L8J 2P7</p> <p>Fax: 905-692-2597</p> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|---|
| <p>Agreement for Sentinel Network Support Program, Platinum Plan dated May 1, 2017 between Professional Computer Management Inc. and Allied Track Services Inc.</p> | <p>PROFESSIONAL COMPUTER MANAGEMENT INC. 1040 South Service Road, Suite 105 Stoney Creek, ON L8E 6G3</p> <p>Attention: Ed VanderLaan (evanderlaan@pcm.ca)</p> |

Schedule "C"
Sales Process Order

See attached.

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

| | | |
|--------------------|---|------------------------------|
| THE HONOURABLE MR. |) | FRIDAY, THE 22 nd |
| |) | |
| JUSTICE HAINEY |) | DAY OF JANUARY, 2021 |

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ALLIED TRACK SERVICES INC., A CORPORATION
INCORPORATED UNDER THE LAWS OF ONTARIO**

ORDER

THIS MOTION, made by Allied Track Services Inc. (the "**Applicant**") for an order pursuant to the *Bankruptcy and Insolvency Act* (Canada) R.S.C. 1985, c. C-36, as amended (the "**BIA**") was heard this day via video conference as a result of the COVID-19 pandemic.

ON READING the Notice of Motion, the affidavit of Andrew Stuart Jones sworn January 21, 2021 and the Exhibits thereto (the "**Jones Affidavit**"), filed, the First Report of KSV Restructuring Inc. in its capacity as Proposal Trustee (the "**Proposal Trustee**"), dated January 21, 2021 (the "**First Report**"), filed, and on reading the Applicant's cash-flow statement, appended to the First Report, and on being advised that the secured creditors of the Applicant who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel to the Applicant, counsel for the Proposal Trustee, counsel for Bridging Finance Inc. ("**Bridging**"), and such other counsel appearing on the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service of Joshua Foster sworn January 21, 2021;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the First Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF TIME TO MAKE A PROPOSAL

2. **THIS COURT ORDERS** that the time within which to make a proposal pursuant to section 62(1) of the BIA and the corresponding stay of proceedings provided for in section 69 of the BIA, be and are hereby extended in accordance with section 50.4(9) of the BIA to and including April 6, 2021.

SALE PROCESS

3. **THIS COURT ORDERS** that the sale and investment solicitation process (the "**SISP**") and corresponding bid and auction procedures in the form attached hereto as Schedule "A" (the "**Bid Procedures**") are hereby approved. The Proposal Trustee, the Applicant and their advisors, are hereby authorized to perform their obligations under and in accordance with the SISP and the Bid Procedures and to take such further steps as they consider necessary or desirable in carrying out the SISP and the Bid Procedures, subject to prior approval of this Court being obtained before completion of any transaction(s) under the SISP.

4. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Proposal Trustee, the Applicant and each of their respective representatives are hereby authorized and permitted to disclose and transfer to each potential bidder (the "**Potential Bidders**") and to their representatives, if requested by such Potential Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Applicant's records pertaining to the Applicant's past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale pursuant to the SISP (a "**Sale**"). Each Potential Bidder or representative 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 for the purpose of effecting a Sale, and if it does not complete a Sale, shall return all such information to the Proposal Trustee, or in the

alternative destroy all such information and provide confirmation of its destruction if requested by the Proposal Trustee.

STALKING HORSE AGREEMENT

5. **THIS COURT ORDERS** that the Applicant's execution of the Stalking Horse Agreement between the Applicant, as vendor, and 2806401 Ontario Inc., as purchaser (in such capacity, the "**Purchaser**"), dated January 21, 2021 (the "**Stalking Horse Agreement**") and attached to the Jones Affidavit as Exhibit "R" is hereby authorized and approved, with such minor amendments as the Applicant (with the consent of the Proposal Trustee) and the Purchaser may agree to in writing, and the bid made by the Purchaser pursuant to the Stalking Horse Agreement is hereby approved as the stalking horse bid (the "**Stalking Horse Bid**"), provided that nothing herein approves the sale and vesting of the assets to the Purchaser pursuant to the Stalking Horse Agreement and that the approval of the sale and vesting of such assets shall be considered by this Court on a subsequent motion made to this Court following completion of the SISP if the Stalking Horse Bid is the Successful Bid (as defined in the Bid Procedures).

CASH MANAGEMENT

6. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the cash management system currently in place as described in the Jones Affidavit or, with the consent of the Proposal Trustee and the DIP Lender (as defined below), replace it with a substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as defined below) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor with regard to any claims or expenses it may suffer or incur in connection with the provisions of the Cash Management System.

ADMINISTRATION CHARGE

7. **THIS COURT ORDERS** that that the Proposal Trustee, the Proposal Trustee's counsel, and the Applicant's counsel, shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings, both before and after the making of this Order. The Applicant is hereby authorized to pay the accounts of the Proposal Trustee, the Proposal Trustee's counsel and the Applicant's counsel on a weekly basis, provided that the accounts of the Proposal Trustee and the Proposal Trustee's counsel as paid are passed from time to time, and for this purpose the accounts are hereby referred to a judge of the Ontario Superior Court of Justice (Commercial List) at Toronto, Ontario.

8. **THIS COURT ORDERS** that the Proposal Trustee, the Proposal Trustee's counsel and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the current and future assets, undertakings and properties of the Applicant of every nature and kind whatsoever (including all real and personal property), and wherever situate including all proceeds thereof (collectively, the "**Property**"), which charge shall not exceed an aggregate amount of \$500,000, as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order. The Administration Charge shall have the priority set out in paragraphs 19 and 21 herein.

DIP FINANCING

9. **THIS COURT ORDERS** that the execution by the Applicant of the DIP Term Sheet (as defined below) is hereby approved, and the Applicant is hereby authorized and empowered to perform its obligations under the DIP Term Sheet and to obtain and borrow under the DIP Term Sheet among the Applicant, as borrower, and Bridging as lender (in such capacity, the "**DIP Lender**"), in order to finance the Applicant's working capital requirements (including those of its operating facilities), and other general corporate purposes and capital expenditures, provided that borrowing under such credit facility shall not exceed \$3,000,000.

10. **THIS COURT ORDERS** that such credit facility shall be on substantially the terms and subject to the conditions set forth in the DIP Term Sheet dated January 21, 2021, and attached as Exhibit "B" to the Jones Affidavit (the "**DIP Term Sheet**"), together with such modifications as may be agreed upon by the Applicant and the DIP Lender and consented to by the Proposal Trustee.

11. **THIS COURT ORDERS** that the Applicant and the DIP Lender are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (such documents, together with the DIP Term Sheet, collectively, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof together with such modifications as may be agreed upon by the Applicant and the DIP Lender and consented to by the Proposal Trustee, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

12. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which charge shall not exceed an aggregate amount of \$3,000,000, and which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 19 and 21 herein.

13. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge: (i) the DIP Lender may cease making advances to the Applicant, and (ii) the DIP Lender may make demand, accelerate payment and give other notices, and upon three (3) days' notice to the Applicant and the Proposal Trustee, exercise any and all of their rights and remedies against the Applicant or the Property under or pursuant to the Definitive Documents, including, without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant and not have to wait ten (10) days to bring such a motion pursuant to section 243 of the BIA; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

14. **THIS COURT ORDERS AND DECLARES** that all claims of the DIP Lender pursuant to the Definitive Documents are not claims that may be compromised pursuant to any proposal filed by the Applicant or any plan filed by the Applicant under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "CCAA"), without the consent of the DIP Lender and, except as contemplated in the Definitive Documents, the DIP Lender shall be treated as unaffected in any proposal or plan or other restructuring with respect to any obligations outstanding to the DIP Lender under or in respect of the Definitive Documents.

15. **THIS COURT ORDERS** that except to the extent contemplated by the Definitive Documents, the Applicant shall not file a proposal or plan in these proceedings or proceed with any other restructuring that does not provide for the indefeasible payment in full in cash of the obligations outstanding under the Definitive Documents as a pre-condition to the implementation of any such proposal or plan or any other restructuring without the prior written consent of the DIP Lender.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

16. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings provided that the occurrence giving rise to the indemnified obligations and liabilities shall have occurred after the effective time of this Order, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

17. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$1,500,000, as security for the indemnity provided in paragraph 16 of this Order. The Directors' Charge shall have the priority set out in paragraphs 19 and 21 herein.

18. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary: (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 16 of this Order.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

19. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge and the DIP Lenders' Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First - Administration Charge (up to the maximum amount of \$500,000);

Second - Directors' Charge (up to the maximum amount of \$1,500,000); and

Third - DIP Lenders' Charge (up to the maximum amount of \$3,000,000).

20. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

21. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") notwithstanding the order of perfection or attachment.

22. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that ranks in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains

the prior written consent of the Proposal Trustee and the chargees entitled to the benefit of such Charges (collectively, the "**Chargees**"), or further Order of this Court.

23. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

24. **THIS COURT ORDERS** that any of the Charges created by this Order over leases of real property in Canada shall only be a charge in the Applicant's interest in such real property leases.

ADDITIONAL PROTECTIONS

25. **THIS COURT ORDERS** that nothing herein contained shall require the Proposal Trustee to occupy or to take control, care, charge, possession or management (separately and/or

collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Proposal Trustee from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Proposal Trustee shall not, as a result of this Order or anything done in pursuance of the Proposal Trustee's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal shall be commenced or continue against the Proposal Trustee except with the written consent of the Proposal Trustee or with leave of this Court.

27. **THIS COURT ORDERS** that the Proposal Trustee shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Proposal Trustee under the BIA or any applicable legislation.

PAYMENT FOR PRE-FILING GOODS AND SERVICES

28. **THIS COURT ORDERS** that the Applicant, with the consent of the Proposal Trustee and the DIP Lender, shall be entitled but not required to pay amounts owing for goods and services supplied to the Applicant prior to the date of this Order by any supplier or other Person with whom the Applicant deals with in the ordinary course of business.

SERVICE AND NOTICE

29. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of

documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a case website shall be established in accordance with the Protocol with the following URL – <https://www.ksvadvisory.com/insolvency-cases/case/Allied-Track-Services>.

30. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable (including, without limitation, due to COVID-19), the Applicant and the Proposal Trustee are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

31. **THIS COURT ORDERS** that the Applicant and the Proposal Trustee and each of their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

32. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

33. **THIS COURT ORDERS** that the Applicant or the Proposal Trustee may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties under this Order or in the interpretation or application of this Order.

34. **THIS COURT ORDERS** that nothing in this Order shall prevent the Proposal Trustee from acting as an interim receiver, receiver, receiver and manager, or trustee in bankruptcy of the Applicant or the Property or acting as monitor if the proceeding is continued under the CCAA.

35. **THIS COURT REQUESTS** the aid and recognition of any court or any judicial, regulatory, or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory, or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states of other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

36. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Applicant, the Proposal Trustee, the DIP Lender and any other party or parties likely to be affected by the Order sought or upon such other notice as this Court may order.

37. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order whether or not this Order is formally entered.

SCHEDULE "A"

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ALLIED TRACK SERVICES INC., A CORPORATION INCORPORATED UNDER
THE LAWS OF ONTARIO**

Bid Procedures

On January 21, 2021 Allied Track Services Inc. ("**Allied Track**") filed a notice of intention to make a proposal (the "**NOI**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"). KSV Restructuring Inc. was named as the proposal trustee under the NOI (in such capacity, the "**Proposal Trustee**").

On January 22, 2021, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an order (the "**Order**") pursuant to the BIA, among other things: authorizing Allied Track to conduct a sale and investment solicitation process (the "**SISP**"); approving an interim financing facility pursuant to subsection 50.6(1) of the BIA (the "**DIP Facility**"); approving and accepting for the purpose of conducting the SISP the asset purchase agreement dated January 21, 2021 (the "**Stalking Horse Bid**") between Allied Track and 2806401 Ontario Inc., a nominee of Bridging Finance Inc. ("**Bridging**" and the stalking horse bidder entity, in such capacity, the "**Stalking Horse Bidder**"); and approving the Bid Procedures (as defined below).

Set forth below are the bid procedures (the "**Bid Procedures**") to be employed with respect to the sale of Allied Track's and Pittsburg Bottom Line LLC's ("**Bottom Line**", and together with Allied Track, the "**Vendors**") assets, interests, undertakings, and shares (in the case of Bottom Line), pursuant to the Court-approved SISP.

Subject to Court availability and the terms hereof, Allied Track shall bring a motion (the "**Approval and Vesting Order Motion**") on or before March 5, 2021 seeking the granting of an order by the Court (the "**Approval and Vesting Order**") authorizing Allied Track to proceed with the sale of the Vendors' Assets or a portion thereof to the Qualified Bidder making the Successful Bid (each as defined below) (the "**Successful Bidder**").

Key Dates

| | |
|--|--|
| January 25, 2021 | Delivery of Teaser Letter and sales packages |
| January 25, 2021 | Confidential data – site to be established |
| February 24, 2021 at 5:00 p.m. (Eastern Time) | Bid Deadline – due date for bids and deposits |
| February 26, 2021 at 5:00 p.m. (Eastern Time) | Proposal Trustee to provide the Stalking Horse Bidder and each Qualified Bidder a schedule setting forth either or both (i) the highest or otherwise best fully binding offer for all of the Vendors' Assets and (ii) the highest or otherwise best fully binding offer(s) for all or any combination of the Vendors' Assets |
| March 1, 2021 at 10:00 a.m. (Eastern Time) | Auction (if any) |
| March 5, 2021 (Eastern Time) (pending the Court's availability) | Approval and Vesting Order hearing (no Auction) |
| March 10, 2021 (Eastern Time) (pending the Court's availability) | Approval and Vesting Order hearing |

Solicitation of Interest: Notice of the SISF and Bid Procedures

As soon as reasonably practicable, but in any event no later than January 25, 2021:

- a) the Proposal Trustee, with the assistance of the Vendors, will prepare a list of potential bidders who may be interested in acquiring the Vendors' Assets in whole or in part (collectively, "**Known Potential Bidders**");
- b) the Proposal Trustee will arrange for a notice of the SISP (and such other relevant information the Proposal Trustee considers appropriate) to be published as soon as reasonably practicable after the date hereof in *The Globe and Mail (National Edition)* and any other newspaper or journal as the Proposal Trustee considers appropriate, if any; and
- c) the Proposal Trustee, in consultation with the Vendors, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Vendors' Assets, outlining the Bid Procedures and inviting recipients of the Teaser Letter to express their interest pursuant to the Bid Procedures; and (ii) a non-disclosure agreement in form and substance satisfactory to the Vendors (an "**NDA**").

The Proposal Trustee will send the Teaser Letter and NDA to each Known Potential Bidder by no later than January 25, 2021 and to any other party who requests a copy of the Teaser Letter and NDA or who is identified by the Vendors as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Assets to Be Sold En Bloc or Piecemeal

The Vendors are offering for sale: (i) the assets, undertakings and interests of or shares in Bottom Line (the "**Bottom Line Assets**"); and (ii) the assets, undertakings and interests of Allied Track (the "**Allied Track Assets**", and together with the Bottom Line Assets, the "**Vendors' Assets**").

The Vendors will consider (i) a bid for all of the Vendors' Assets (an "**En Bloc Bid**"); or (ii) separate bids to acquire some but not all of the Vendors' Assets, including, without limitation, bids to acquire solely the Allied Track Assets or a portion thereof (each a "**Piecemeal Bid**"), provided that the Vendors will only consider Piecemeal Bids if a combination of one or more Piecemeal Bids in the aggregate meet the requirements to be a Qualified Bid (as defined below). The Proposal Trustee will be responsible for conducting the SISP and an auction (the "**Auction**"), if any, on behalf of the Vendors. The Vendors' preferred transaction structure is an En Bloc Bid.

Although the Vendors are seeking bids to purchase some or all of the Vendors' Assets, the Vendors will also consider a bid that contemplates a plan of restructuring, recapitalization or other form of reorganization of the business and affairs of the Vendors, as a going concern or a NOI proposal (an "**Investment Bid**"), provided that an Investment Bid will only be considered a Qualified Bid if it: (i) provides for the indefeasible payment in full of the amounts owing to Bridging or any affiliate or subsidiary thereof, or such lesser amount acceptable to Bridging, including without limitation the secured indebtedness owing to Bridging or any affiliate or subsidiary thereof, or

such lesser amount acceptable to Bridging, on or before the Outside Date (as defined in the Stalking Horse Bid) regardless of the timeline for such Investment Bid; (ii) has conditions that, in the reasonable opinion of the Vendors and the Proposal Trustee, are likely to be satisfied; and (iii) includes a fully-funded commitment to provide any additional interim financing required by the Vendors to complete all steps required to implement such Investment Bid, any security in respect of such financing to be subordinate to the Administration Charge, Directors' Charge and DIP Lender's Charge (each as defined in the Order).

The Bidding Process

The Proposal Trustee, in consultation with the Vendors, shall be responsible for the marketing and sale of the Vendors' Assets pursuant to the Bid Procedures. The Proposal Trustee, with the consent of the Vendors, shall have the right to adopt such other rules for the Bid Procedures (including rules that may depart from those set forth herein) that in its reasonable business judgment will better promote the goals of the SISP, *provided, however*, that the adoption of any rule that materially deviates from the Bid Procedures shall require the prior written consent of the Stalking Horse Bidder or a further Order of the Court.

Participation Requirements

Any interested party that wishes to participate in the process detailed by these Bid Procedures (a "**Potential Bidder**") must provide to the Proposal Trustee:

- a) an NDA executed by it, which shall enure to the benefit of any purchaser of the Vendors' Assets, or any portion thereof, and
- b) a letter setting forth the identity of the Potential Bidder, and the contact information for such Potential Bidder.

To be a "**Qualified Bidder**", a Potential Bidder must submit a bid in substantially the same form as the Stalking Horse Bid, providing for a cash purchase price of the Purchase Price (as defined in the Stalking Horse Bid) (approximately CAD\$104.873 million), or such lesser amount otherwise acceptable to Bridging, and satisfy the Required Bid Terms and Materials (as defined below). Any bid meeting these criteria that is received by the Proposal Trustee before the Bid Deadline is a qualified bid ("**Qualified Bid**").

Bid Deadline

A Qualified Bidder that desires to make a bid shall deliver written copies of its bid and the Required Bid Terms and Materials to the Proposal Trustee no later than 5:00 p.m. (Eastern Time) on February 24, 2021 (the "**Bid Deadline**"). Written copies of bids and the Required Bid Terms and Materials shall be delivered by the Bid Deadline by email to the Proposal Trustee:

KSV Restructuring Inc. 150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9
Attention: Eli Brenner
Email: ebrenner@ksvadvisory.com

The Proposal Trustee shall forthwith provide copies of any bids received to the Vendors and Bridging.

Interested parties requesting information about the bid process, should contact the Proposal Trustee at the address noted above.

Bid Requirements

All bids (other than the Stalking Horse Bid) must include the following requirements, unless such requirement is waived by the Proposal Trustee after consultation with the Vendors and Bridging (collectively, the "**Required Bid Terms and Materials**"):

- a) the identity of each entity or person and representatives thereof who are authorized to appear and act on behalf of the bidder for all purposes regarding the transaction;
- b) a base cash purchase price equal to or greater than (the "**Base Purchase Price**"):
 - (i) the Purchase Price (being approximately CAD\$104.773 million) and CAD\$100,000 bid increment; or
 - (ii) such lesser amount otherwise acceptable to Bridging;
- c) a description of the Vendors' Assets to be included in the transaction, including, without limitation, a description of which, if any, of the Bottom Line Assets (including any shares) are expected to be included in the transaction and an allocation of the Base Purchase Price to such Bottom Line Assets;
- d) a provision stating that the Potential Bidder's offer is irrevocably open for acceptance until the earlier of (i) the date that the Vendors' Assets have been sold pursuant to the closing of the transaction(s) approved by the Court; and (ii) the Outside Date;
- e) there shall be no provision making the Potential Bidder's offer conditional on obtaining financing or any internal approval or on the outcome of unperformed due diligence or any other contingencies more burdensome than those set forth in the Stalking Horse Agreement;

- f) a duly authorized and executed copy of a proposed purchase agreement and a redline of the bidder's proposed purchase agreement reflecting variations from the Stalking Horse Bid (the "**Modified APA**");
- g) there shall be no provision within the Modified APA requesting or entitling the Potential Bidder to any termination or break-up fee, expense reimbursement or similar type of payment;
- h) written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Proposal Trustee and the Vendors to make a determination as to the bidder's financial and other capabilities to consummate the proposed transaction;
- i) an assumption of liabilities and other economic terms pursuant to the Modified APA that are at least as favorable in the aggregate as those in the Stalking Horse Agreement; and
- j) a cash deposit in the amount of not less than ten percent (10%) of the amount of the Base Purchase Price, in the form of a wire transfer, certified cheque or such other form acceptable to the Proposal Trustee, acting reasonably (the "**Bid Deposit**"), which shall be held in a trust account established by the Proposal Trustee (the "**Escrow Account**"). Funds shall be disbursed from the Escrow Account only as follows: (i) if the Qualified Bidder is the Successful Bidder, its Bid Deposit will be disbursed in accordance with its binding transaction agreement; and (ii) if the Qualified Bidder is not the Successful Bidder, then its Bid Deposit shall be returned to it, without interest, forthwith following the expiration of its offer (which in the case of the Back-Up Bid (as defined below) shall be following closing of the sale to the Successful Bidder).

For the purposes of these Bid Procedures, the Proposal Trustee shall provide all Potential Bidders with an estimate of the anticipated amount owing under the DIP Facility as of the Closing Date (as defined in the Stalking Horse Bid), provided however that the Successful Bidder must agree to adjust its bid (either higher or lower) to reflect the actual amount owing under the DIP Facility on Closing.

A bid received from a Potential Bidder that includes all of the Required Bid Terms and Materials and has been received by the Bid Deadline is a "Qualified Bid". The Proposal Trustee shall notify each Potential Bidder with respect to whether it has submitted a Qualified Bid as soon as practicable after the Bid Deadline. In consultation with the Vendors and Bridging, the Proposal Trustee may waive compliance with any one or more of the Required Bid Terms and Materials and deem such non-compliant bid to be a Qualified Bid.

The Proposal Trustee shall review the Qualified Bids and shall recommend to the Vendors and Bridging which Qualified Bid is the best offer, if any. The Vendors, in consultation with the Proposal Trustee, reserve the right to determine the value of any Qualified Bid, and which Qualified Bid will constitute the lead bid in the Auction (such Qualified Bid, the "**Lead Bid**"). Details of the Lead Bid will be provided by the Proposal Trustee to all Qualified Bidders after the Bid Deadline and no later than 5:00p.m. (Eastern Time) two (2) days before the date scheduled for the Auction.

Notwithstanding the Required Bid Terms and Materials detailed above, the Stalking Horse Bid shall be deemed to be a Qualified Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder, however the Stalking Horse Bidder shall not participate in the Auction, if any.

If no Qualified Bids are submitted by the Bid Deadline other than the Stalking Horse Bid, the Stalking Horse Bid shall be deemed to be the Successful Bid, and the SISF shall not proceed to an Auction. If only one Qualified Bid is submitted by the Bid Deadline, other than the Stalking Horse Bid, the SISF shall not proceed to an Auction, and the Vendors and Bridging, in consultation with the Proposal Trustee, may engage with such Qualified Bidder to negotiate a binding offer, which offer, subject to acceptance by the Vendors, in consultation with the Proposal Trustee and Bridging, shall be the Successful Bid.

The Sale and Auction Process

If more than one Qualified Bid (other than that submitted by the Stalking Horse Bidder) has been received by the Proposal Trustee on or before the Bid Deadline, the Proposal Trustee shall advise all Qualified Bidders of the Lead Bid and invite all Qualified Bidders (including the Stalking Horse Bidder) to participate in the Auction to be conducted by the Proposal Trustee in accordance with the Auction Procedures attached hereto as Schedule "A" (the "**Auction Procedures**"). The Auction will be conducted by video conference due to the COVID-19 pandemic.

Determination of Highest and/or Best Bid: The Proposal Trustee shall determine after each round of offers in the Auction, in its reasonable business judgment, the best bid and shall recommend such bid to the Vendors and Bridging as the Lead Bid for the following round. In making such determination, the Proposal Trustee, the Vendors and Bridging may consider, without limitation: (i) the amount and nature of the consideration; (ii) the proposed assumption of liabilities, if any, and the related implied impact on recoveries for creditors; (iii) the ability of the Qualified Bidder in question to close the proposed transaction; (iv) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (v) any purchase price adjustment; (vi) the net economic effect of any changes made to the Stalking Horse Bid; and (vii) such other considerations as the Proposal Trustee, the Vendors or Bridging deem relevant in their reasonable business judgment. At the end of each round of offers, the Proposal Trustee shall advise the Qualified Bidders of the material terms of the then highest and/or best bid, and the basis for

calculating the total consideration offered in such offer. If at the end of any round of bidding a Qualified Bidder has elected not to submit a further bid meeting the criteria set out herein (including the Minimum Overbid Increment (as defined in the Auction Procedures)), then such Qualified Bidder shall not be entitled to continue to participate in the next round of offers or in any subsequent round.

If only one Qualified Bid is submitted after a round of offers then that Qualified Bid shall be the Successful Bidder. The next highest offer, as determined by the Vendors based on the Proposal Trustee's recommendation (the "**Back-up Bid**"), shall be required to keep its offer open and available for acceptance until the closing of the Court-approved sale of the Vendors' Assets to the Successful Bidder.

Notwithstanding the foregoing, Bridging shall retain the discretion to not accept any Qualified Bid that does not provide for cash repayment in full of the secured debt owing to Bridging and any affiliate or subsidiary thereof.

Highest versus Best Offer

In determining the Lead Bid, the highest and/or best sale offer during each round of offers, and the Successful Bid, the Proposal Trustee and the Vendors, in consultation with Bridging, are not required to select the offer with the highest purchase price and may, exercising their reasonable business judgment, select another offer on the basis that it is the best offer even though not the highest purchase price. Without limiting the foregoing, the Proposal Trustee and the Vendors, in consultation with Bridging, may give such weight to the non-monetary considerations as they determine, exercising their reasonable business judgment, are appropriate and reasonable, including those considerations described above under "Determination of the Highest and/or Best Bid".

Acceptance of Qualified Bids

The sale of the Vendors' Assets to any Successful Bidder by the Vendors is expressly conditional upon the approval of such bid (the "**Successful Bid**") by the Court at the hearing of the Approval and Vesting Order Motion. The presentation of the Successful Bid to the Court for approval does not obligate the Vendors to close the transaction contemplated by such Successful Bid unless and until the Court approves the Successful Bid. The Vendors will be deemed to have accepted a bid only when the bid has been approved by the Court at the hearing on the Approval and Vesting Order Motion.

"As Is, Where Is, With All Faults"

The sale of the Vendors' Assets or any portion thereof shall be on an "as is, where is" and "with all faults" basis and without representations, warranties, or guarantees, express, implied or statutory,

written or oral, of any kind, nature, or description by the Proposal Trustee or the Vendors or their agents, representatives, partners or employees, or any of the other parties participating in the sales process pursuant to these Bid Procedures, except as may otherwise be provided in a definitive purchase agreement with the Vendors. By submitting a bid, each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Vendors' Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Vendors' Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express, implied, statutory or otherwise, regarding the Vendors' Assets, the financial performance of the Vendors' Assets or the physical condition or location of the Vendors' Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures or as set forth in a definitive purchase agreement with the Vendors.

Free of Any and All Liens

Except as otherwise provided in the Stalking Horse Bid or another Successful Bidder's purchase agreement, and subject to any permitted encumbrances therein, all of Allied Track's right, title and interest in and to the Vendors' Assets shall be sold free and clear of all liens and encumbrances pursuant to the Approval and Vesting Order except for Permitted Encumbrances (as defined in the Stalking Horse Bid).

Approval and Vesting Order Motion Hearing

If there is no Auction, the Approval and Vesting Order Motion shall, subject to the Court's availability take place on or before March 5, 2021. In the case of an Auction, the Approval and Vesting Order Motion shall, subject to the Court's availability, take place on or before March 10, 2021. Allied Track, with the consent of the Proposal Trustee, reserves its right to the extent consistent with the Stalking Horse Bid to change the date of the hearing of the Approval and Vesting Order Motion in order to achieve the maximum value for the Vendors' Assets.

Miscellaneous

The solicitation process and these Bid Procedures are solely for the benefit of the Vendors and nothing contained in the Order or these Bid Procedures shall create any rights in any other person (including, without limitation, any bidder or Qualified Bidder, and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the Order. The bid protections incorporated in these Bid Procedures are solely for the benefit of the Stalking Horse Bidder.

Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Qualified Bid, due diligence activities, and any further

negotiations or other actions whether or not they lead to the consummation of a transaction, including, without limitation, any actions within the Auction.

Except as provided in the Order and Bid Procedures, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Order, the SISP and the Bid Procedures.

The Proposal Trustee may consult with Bridging, the Vendors' senior secured creditor, throughout the SISP.

SCHEDULE "A"

Auction Procedures

Auction

1. If the Vendors, based on the recommendation of the Proposal Trustee, in consultation with Bridging, determine to conduct an Auction pursuant to the Bid Procedures to which these Auction Procedures are appended, the Proposal Trustee will notify the Qualified Bidders who made a Qualified Bid that an Auction will be conducted. The Auction will be convened by the Proposal Trustee and conducted by video conference at 10:00 a.m. (Eastern Time) on March 1, 2021, or such other place and time as the Proposal Trustee may advise. Capitalized terms used but not defined have the meaning ascribed to them in the Bid Procedures. The Stalking Horse Bidder shall not participate in the Auction. The Auction shall be conducted in accordance with the following procedures:
 - a) Participation at the Auction. Only a Qualified Bidder is eligible to participate in the Auction. The Proposal Trustee shall provide all Qualified Bidders with the amount of the Lead Bid by 5:00 p.m. (Eastern Time) two (2) Days before the date scheduled for the Auction. Each Qualified Bidder must inform the Proposal Trustee whether it intends to participate in the Auction no later than 12:00 p.m. (Eastern Time) on the business day prior to the Auction. Only the authorized representatives of each of the Qualified Bidders, the Proposal Trustee, the Vendors, Bridging, and their respective counsel and other advisors shall be permitted to attend the Auction.
 - b) Bidding at the Auction. Bidding at the Auction shall be conducted in rounds. The Lead Bid shall constitute the "**Opening Bid**" for the first round and the highest Overbid (as defined below) at the end of each round shall constitute the Opening Bid for the following round. In each round, a Qualified Bidder may submit no more than one Overbid. Any Qualified Bidder who bids in a round (including the Qualified Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction.

- c) Proposal Trustee Shall Conduct the Auction. The Proposal Trustee and its advisors shall direct and preside over the Auction. At the start of each round of the Auction, the Proposal Trustee shall provide the terms of the Opening Bid to all participating Qualified Bidders at the Auction. The determination of which Qualified Bid constitutes the Opening Bid for each round shall take into account any factors that the Proposal Trustee and the Vendors, in consultation with Bridging, reasonably deem relevant to the value of the Qualified Bid, including, among other things, the following: (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities and the related implied impact on recoveries for creditors; (iii) the Proposal Trustee's and the Vendors' assessment of the certainty of the Qualified Bidder to close the proposed transaction on or before the Outside Date; (iv) the likelihood, extent and impact of any potential delays in closing; (v) the net economic effect of any changes from the Opening Bid of the previous round; and (vi) such other considerations as the Proposal Trustee or the Vendors deem relevant in their reasonable business judgment (collectively, the "**Bid Assessment Criteria**"). All bids made after the Opening Bid shall be Overbids, and shall be made and received on an open basis, and all material terms of the highest and best Overbid shall be fully disclosed to all other Qualified Bidders that are participating in the Auction. The Proposal Trustee shall maintain a record of the Opening Bid and all Overbids made and announced at the Auction.
- d) Terms of Overbids. An "**Overbid**" is any bid made at the Auction subsequent to the Proposal Trustee's announcement of the Opening Bid. To submit an Overbid, in any round of the Auction, a Qualified Bidder must comply with the following conditions:
- (i) *Minimum Overbid Increment:* Any Overbid shall be made in minimum cash purchase price increments of \$100,000 above the Opening Bid, or such increments as the Proposal Trustee, in consultation with the Vendors, may determine in order to facilitate the Auction (the "**Minimum Overbid Increment**"). The amount of the cash purchase price consideration or value of any Overbid shall not be less than the cash purchase price consideration or value of the Opening Bid, plus the Minimum Overbid Increment(s) at that time, plus any additional Minimum Overbid Increments.
 - (ii) *The Bid Requirements same as for Qualified Bids:* Except as modified herein, an Overbid must comply with the Required Bid Terms and Materials, provided, however, that the Bid Deadline shall not apply. Any Overbid made by a Qualified Bidder must provide that it remains irrevocable and binding on the Qualified Bidder and open for acceptance as a Back-Up Bid until the closing of the Successful Bid.
 - (iii) *Announcing Overbids:* At the end of each round of bidding, the Proposal Trustee shall announce the identity of the Qualified Bidder and the material terms of the then highest and/or best Overbid, including the nature of the transaction, the assets and/or business proposed to be acquired and the obligations proposed to be assumed, the basis for calculating the total

consideration offered in such Overbid based on, among other things, the Bid Assessment Criteria.

- (iv) *Consideration of Overbids:* The Proposal Trustee, in consultation with the Vendors and Bridging, reserves the right to make one or more adjournments in the Auction in durations set by the Proposal Trustee to, among other things: (A) allow individual Qualified Bidders to consider how they wish to proceed; (B) consider and determine the current highest and/or best Overbid at any given time during the Auction; and (C) give Qualified Bidders the opportunity to provide the Proposal Trustee or the Vendors with such additional evidence as it may require that the Qualified Bidder has obtained all required internal corporate approvals, has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount. The Proposal Trustee may have clarifying discussions with a Qualified Bidder, and the Proposal Trustee may allow a Qualified Bidder to make technical clarifying changes to its Overbid following such discussions. **BIDDERS MUST OBTAIN ALL NECESSARY APPROVALS AND FUNDING COMMITMENTS IN ADVANCE OF THE AUCTION.**
 - (v) *Failure to Bid:* If at the end of any round of bidding a Qualified Bidder (other than the Qualified Bidder that submitted the then highest and/or best Overbid or Opening Bid, as applicable) fails to submit an Overbid, then such Qualified Bidder shall not be entitled to continue to participate in the next round of the Auction.
- e) Additional Procedures. The Proposal Trustee, in consultation with the Vendors and Bridging, may adopt additional or alternative rules for the Auction at or prior to the Auction that will better promote the goals of the SISF, including rules pertaining to the structure of the Auction, the order of bidding provided they are not inconsistent with any of the provisions of the Bid Procedures and provided further that no such rules may change the requirement that all material terms of the then highest and/or best Overbid at the end of each round of bidding will be fully disclosed to all other Qualified Bidders.
 - f) Closing the Auction. The Auction shall be closed once the Vendors, after considering the Proposal Trustee's recommendation, and in consultation with Bridging, have: (i) reviewed the final Overbid of each Qualified Bidder on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the proposed sale; and (ii) identified the Successful Bid and the Back-Up Bid and the Proposal Trustee has advised the Qualified Bidders participating in the Auction of such determination.
 - g) Finalizing Documentation. Promptly following a Bid of a Qualified Bidder being declared the Successful Bid or the Back-Up Bid, the Qualified Bidder shall execute

and deliver such revised and updated definitive transaction agreements as may be required to reflect and evidence the Successful Bid or Back-Up Bid. For greater certainty, every bid made at Auction is deemed to be a signed and binding bid based on the bidder's original Qualified Bid.

Schedule "D"

Unions

See attached.

1. Labourers International Union of North America, Ontario Provincial District Council on behalf of its affiliated Local Unions 183, 493, 527, 607, 625, 837, 1036, 1059 and 1089

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF ALLIED TRACK SERVICES INC.,
A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

Estate/Court File No.: 32-2705503

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

Proceedings commenced in Toronto

AFFIDAVIT OF ANDREW STUART JONES
(Sworn March 8, 2021)

BENNETT JONES LLP
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Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

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Lawyers for the Applicant

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

| | | |
|--------------------|---|------------------------------|
| THE HONOURABLE MR. |) | MONDAY, THE 15 th |
| |) | |
| JUSTICE HAINEY |) | DAY OF MARCH, 2021 |

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ALLIED TRACK SERVICES INC., A CORPORATION
INCORPORATED UNDER THE LAWS OF ONTARIO**

APPROVAL AND VESTING ORDER

THIS MOTION, made by Allied Track Services Inc. (the "**Applicant**" or the "**Vendor**") for an order pursuant to the *Bankruptcy and Insolvency Act* (Canada) R.S.C. 1985, c. C-36, as amended (the "**BIA**") approving the sale transaction (the "**Transaction**") contemplated by a stalking horse asset purchase agreement (the "**Sale Agreement**") between the Vendor and 2806401 Ontario Inc. (the "**Purchaser**") dated January 21, 2021, and vesting in the Purchaser, or as it may direct, all of the Vendor's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement), was heard this day via video conference as a result of the COVID-19 pandemic.

ON READING the Notice of Motion, the affidavit of Andrew Stuart Jones sworn March 8, 2021 and the Exhibits thereto (the "**Jones Affidavit**"), the Second Report of KSV Restructuring Inc. in its capacity as Proposal Trustee (the "**Proposal Trustee**"), dated March 8, 2021 (the "**Second Report**"), and on hearing the submissions of counsel to the Applicant, the Proposal Trustee, the Purchaser, and such other counsel appearing on the counsel slip, no one appearing for

any other party although duly served as appears from the affidavit of service of Joshua Foster sworn March 8, 2021:

DEFINITIONS

1. **THIS COURT ORDERS** that all capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Sale Agreement or the Jones Affidavit, as applicable.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Second Report is hereby abridged and validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.

THE SALE TRANSACTION

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

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Proposal Trustee's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Proposal Trustee's Certificate**"), all of the Vendor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, cautions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any

encumbrances or charges created by the Order of the Honourable Justice Hainey dated January 22, 2021; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the Permitted Encumbrances) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

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

7. **THIS COURT ORDERS** that the Proposal Trustee may rely on written notice from the Vendor and the Purchaser regarding fulfillment of the conditions to closing under the Sale Agreement and shall incur no liability with respect to the delivery of the Proposal Trustee's Certificate.

8. **THIS COURT ORDERS** that upon delivery of the Proposal Trustee's Certificate to the Purchaser, the name of the Vendor shall be immediately changed to 1958635 Ontario Inc.

9. **THIS COURT ORDERS** that immediately following the delivery of the Proposal Trustee's Certificate to the Purchaser, the style of cause in this proceeding shall be changed to the following without the need for any further action by any Person:

"IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1958635 ONTARIO INC., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO"

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

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

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of the Vendor and any bankruptcy order issued pursuant to any such applications or otherwise; and
- (c) any assignment in bankruptcy made in respect of the Vendor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendor and shall not be void or voidable by creditors of the Vendor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

12. **THIS COURT ORDERS** that for a period of not less than two (2) years from the Closing Date, the Purchaser shall provide the Proposal Trustee and any trustee in bankruptcy of the Vendor with access to the books and records of the Vendor in the possession of the Purchaser during normal business hours upon request, and shall not thereafter alter or destroy such books and records without providing the Proposal Trustee or and any trustee in bankruptcy of the Vendor with 30 days prior written notice.

ASSIGNMENT OF CONTRACTS

13. **THIS COURT ORDERS** that upon the delivery of the Proposal Trustee's Certificate: (i) all of the obligations of the Vendor under the contracts listed in Schedule "B" hereto, including any and all valid extensions, alterations and amendments thereto (collectively, the "**Assigned Contracts**") shall be assigned and transferred to the Purchaser pursuant to section 84.1 of the BIA; and (ii) the Vendor's right, title and interest in the Assigned Contracts shall vest absolutely in the Purchaser free and clear of all Encumbrances.

14. **THIS COURT ORDERS** that the assignment to the Purchaser of the rights and obligations of the Vendor under the Assigned Contracts pursuant to the BIA and this Order is valid and binding upon all of the counterparties to the Assigned Contracts notwithstanding any restriction or prohibition in any such Assigned Contracts relating to the assignment thereof, including any provision requiring the consent of any party to the assignment.

15. **THIS COURT ORDERS** that each counterparty to the Assigned Contracts is prohibited from exercising any right or remedy under the Assigned Contracts by reason of any defaults thereunder arising from the assignment of the Assigned Contracts, the insolvency of the Vendor, the commencement of these proceedings under the BIA or any failure of the Vendor to perform a non-monetary obligation under the Assigned Contracts.

16. **THIS COURT ORDERS** that the Purchaser shall pay any Cure Payments with respect to each applicable Assigned Contract by no later than the day that is ten (10) Business Days from the date that the Purchaser receives wire remittance instructions or other payment instructions from such counterparty.

GENERAL

17. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Vendor and the Proposal Trustee and their 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 Vendor and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this

Order or to assist the Vendor and the Proposal Trustee and their agents in carrying out the terms of this Order.

18. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this order is effective from the date it is made, and it is enforceable without any need for entry and filing. In accordance with Rules 77.06(6) and 1.04, no formal order need to be entered and filed unless an appeal or motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be.

Schedule "A" – Form of Proposal Trustee's Certificate

Estate / Court File No.: 32-2705503

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ALLIED TRACK SERVICES INC., A CORPORATION
INCORPORATED UNDER THE LAWS OF ONTARIO**

PROPOSAL TRUSTEE'S CERTIFICATE

RECITALS

- A. Allied Track Services Inc. (the "**Allied Track**") filed a notice of intention to make a proposal (the "**NOI**") on January 21, 2021, pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**Proposal Proceedings**");
- B. KSV Restructuring Inc. was appointed as proposal trustee under the NOI (in such capacity, the "**Proposal Trustee**") in the Proposal Proceedings;
- C. Pursuant to an Order of the Court dated March 15, 2020 (the "**Approval and Vesting Order**"), the Court approved the agreement of purchase and sale made as of January 21, 2021 (the "**Sale Agreement**") between the Vendor and 2806401 Ontario Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Vendor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 10 of the Sale Agreement have been satisfied or waived by the Vendor and Purchaser (as applicable); and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

D. Pursuant to the Approval and Vesting Order, the Proposal Trustee may rely on written notice from the Vendor and the Purchaser regarding fulfillment of conditions to closing under the Sale Agreement.

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

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Vendor and the Purchaser have each delivered written notice to the Proposal Trustee that all applicable conditions under the Sale Agreement have been satisfied and/or waived, as applicable;
2. The Proposal Trustee has received the Wind Down Amount; and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at _____ [TIME] on _____ [DATE].

**KSV Restructuring Inc., solely in its capacity
as Proposal Trustee of Allied Track Services
Inc., and not in its personal capacity**

Per: _____

Name:

Title:

Schedule "B" – Assigned Contracts

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|---|
| <p>Contract #CW2246774 - New Westminster Signals Project</p> | <p>CANADIAN NATIONAL RAILWAY 12th Floor, Station 20A 935 de la Gauchetière Street West, Montréal, QB H3B 2M9 Attention: Manmit Aujla</p> |
| <p>Amendment Agreement Number 4 for Contract 5600019497 dated Jan 1, 2021 between Canadian Pacific Railway Company and Allied Track Services - Signals TR&E</p> | <p>CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose</p> |
| <p>Amendment Agreement Number 4 (Signals Construction Support) for Contract 5600019619 dated Jan 1, 2021 between Canadian Pacific Railway Company and Allied Track Services</p> | <p>CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose</p> |
| <p>Amendment Agreement Number 4 (Signals Maintainer Support) for Contract 5600019619 dated Jan 1, 2021 between Canadian Pacific Railway Company and Allied Track Services</p> | <p>CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose</p> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|--|
| Purchase Order dated Feb 13, 2020 between Canadian Pacific Railway and Allied Track Services - 2020 TR&E Support New | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Services Agreement (Flagging Mac Tunnel) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Supply of Services Agreement for Track Maintenance, and Surfacing, when and as required between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700004625 (Thermite welding support Cochrane) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700004797 (2021 TR&E Support West) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|--|
| | Attention: Kim Primrose |
| Contract ID #700004924 (Rail Train Support - Cascade Sub) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700005030 (Crossing Warning System Testing) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700005345 (CTC & Crossing hardware installation) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700006329 (Broken Rail Detection - Wetaskiwin/Hardisty) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|---|
| Contract ID #700006847 TR&E Support Central) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700007197 (TR&E Support Ontario) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Contract ID #700007216 (Broken Rail Detection - Prairie North Line Weta) between Canadian Pacific Rail and Allied Track Services Inc. | CANADIAN PACIFIC RAILWAY 7550 Ogden Dale Rd SE Calgary, AB T2C 4X9 Attention: Kim Primrose |
| Service Agreement dated April 27, 2020 between Ontario Northland Track Commission and Allied Track Services Inc. | ONTARIO NORTHLAND TRACK COMMISSION 555 Oak Street East North Bay, ON P1B 8L3 Attention: Julie Piche |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|--|
| Construction Services Agreement dated Mar 2, 2020 between Vale Canada Limited and Allied Track Services | <p>VALE CANADA LIMITED</p> <p>18 Rink St</p> <p>Copper Cliff, ON P0M 1N0</p> <p>Attention: Daniel da Matta</p> |
| Lease Agreement dated February 24, 2015 between Auto Gene Industries North Bay Inc. (as landlord) and Allied Track Services Inc. (as tenant) re: 1891 Seymour Street (North Section), North Bay, ON | <p>Auto Gene Industries North Bay Inc.</p> <p>c/o Lucienti, Orlando & Ellis LLP</p> <p>373 Main Street West</p> <p>North Bay, ON</p> <p>Attention: Sandro Orlando (orlando@loelaw.ca)</p> |
| Lease Agreement dated December 1, 2020 between McNeil Family Holdings Inc. (as landlord) and Allied Track Services Inc. (as tenant) re: 169 South Service Road West, Grimsby, ON | <p>McNeil Family Holdings Inc.</p> <p>Attention: Robert McNeil (1bobmneil@gmail.com)</p> |
| Lease Agreement between Cal. A. Farmer Holdings Ltd. (as landlord) and Allied Track Services Inc. (as tenant) re: 760 Highway 17 East, North Bay, ON (storage area) | <p>Cal. A. Farmer</p> <p>P.O. Box 1251, 760 Highway 17 East</p> <p>North Bay, ON P1B 8K5</p> <p>Fax: 705-472-3697</p> |
| Lease Agreement re: #3-7450 Dallas Drive, Kamloops British Columbia (Office) | <p>J&N GUINN HOLDINGS LTD.</p> <p>7450 Dallas Drive</p> <p>Kamloops, British Columbia, V2C 6X2</p> <p>Attention: Jim Guinn (jimguinn@gmail.com)</p> |
| Lease Agreement re: 8170 Dallas Drive, Kamloops British Columbia (Storage Yard) | <p>WINMOR PROPERTIES LTD.</p> <p>103B-1428 Lorne Street</p> <p>Kamloops, British Columbia, V2C 1X4</p> <p>Attention: Derek Moroz (derek@minmore.ca)</p> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|--|
| Lease Agreement re: 2-22 Don Valley Parkway, Springfield, Manitoba | MJ ROOFING LTD Attention: (marc@mjroofing.net) |
| Service Agreement (monthly inspections) between Stanpac Inc. and Allied Track Services Inc. | STANPAC INC. 2660 Industrial Park Rd Smithville, ON L0R 2A0 Attention: Spencer Brown |
| Service Agreement (monthly inspections) between Sanimax and Allied Track Services Inc. | SANIMAX 800 Parkdale Ave N Hamilton, ON L8H 7T6 Attention: Mark Lynch |
| Service Agreement (monthly inspections) between SLM Recycling and Allied Track Services Inc. | SLM RECYCLING 555 Brown Rd, Welland, ON L3B 5N4 Attention: Kyle Duncan |
| Service Agreement (monthly inspections) between CNC Can Roof Corporation Inc. and Allied Track Services Inc. | CANROOF CORPORATION INC. 560 Commissioners St Toronto, ON M4M 1A7 Attention: John Cordeiro |
| Service Agreement (monthly inspections) between Atlas Roofing Toronto and Allied Track Services Inc. | ATLAS ROOFING CORP 55 Akron Rd, |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|--|
| | <p>Etobicoke, ON M8W 1T3</p> <p>Attention: Peter Hardat</p> |
| <p>Service Agreement (monthly inspections) between Verbio Diesel and Allied Track Services Inc.</p> | <p>VERBIO DIESEL CANADA</p> <p>1 St Clair Dr</p> <p>Welland, ON L3B 6A7</p> <p>Attention: Yvan Parent</p> |
| <p>Maintenance Agreement between CGC Inc. and Allied Track Services Inc.</p> | <p>CGC INC.</p> <p>55 3rd Line</p> <p>Hagersville, ON N0A 1H0</p> <p>Attention: Tracey Bartlett</p> |
| <p>Maintenance Agreement between Birla Carbon and Allied Track Services Inc.</p> | <p>BIRLA CARBON</p> <p>755 Parkdale Ave N</p> <p>Hamilton, ON L8H</p> <p>Attention: Keri-Ann Higgins</p> |
| <p>General Maintenance Agreement between Vale Canada Ltd. and Allied Track Services Inc.</p> | <p>VALE CANADA LIMITED</p> <p>187 Davis St</p> <p>Port Colborne, ON L3K 5W2</p> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|--|
| | Attention: Jim McCollum |
| General Maintenance and Switching Agreement between Ingenia Polymers and Allied Track Services Inc. | INGENIA POLYMERS 565 Greenwich St Brantford, ON N3T 5M8 Attention: Anwar Hussain |
| Design Purchase Order between Brenntag Canada and Allied Track Services Inc. | BRENNTAG CANADA 43 Jutland Rd Etobicoke, ON M8Z 2G6 Attention: Meghan Wakeling |
| Equipment Lease Agreement dated August 1, 2016 between LMS Rail Services Limited and Allied Track Services Inc., including all current leases entered into in connection therewith | LMS RAIL SERVICES 1304 Front Street Hearst, ON P0L 1N0 Attention: Sylvain Couture (sc@lmsford.com) |
| Purchase Order #00023969 dated April 23, 2020 between A&L Line Construction o/b 454001 Ontario Limited and Allied Track Services | A&L LINE CONSTRUCTION o/b 454001 ONTARIO LIMITED 431 Black Lake Rd. Lively, ON P3Y 1H8 |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|---|
| | Attention: Dianne Violette (office@violette.com) |
| <p>Master Equipment Lease dated March 5, 2020 between Railway Equipment Leasing and Maintenance, LLC (as successor to 1435 Rail, Inc., original lessor) and Allied Track Services, and all insurance certificates and leases entered into in accordance therewith, including without limitation:</p> <ul style="list-style-type: none">• Lease Schedule No. 5672• Lease Schedule No. 5673• Lease Schedule No. 5703• Lease Schedule No. 5704• Lease Schedule No. 5698• Lease Schedule No. 5699 | <p>RAILWAY EQUIPMENT LEASING AND MAINTENANCE, LLC</p> <p>431 Black Lake Rd. Lively, ON P3Y 1H8</p> <p>Attention:</p> <p>Daniel Daugherty (ddaugherty@relaminc.com)</p> <p>Amanda Head (ahead@relaminc.com)</p> |
| <p>Equipment Rental Agreement dated April 1, 2020 between Danella Rental Systems Inc. and Allied Track Services Inc.</p> | <p>DANELLA RENTAL SYSTEMS, INC.</p> <p>14101 East Moncrieff Place Aurora, Colorado, USA 80011</p> <p>Attention: Matt Wych (mwych@danella.com)</p> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|--|
| Equipment Rental Agreement dated July 18, 2018 (Unit# N8077D, N8078D) between Danella Rental Systems Inc. and Allied Track Services Inc. | DANELLA RENTAL SYSTEMS, INC. 14101 East Moncrieff Place Aurora, Colorado, USA 80011 Attention: Matt Wych (mwyche@danella.com) |
| Equipment Rental Agreement dated June 12, 2019 (Unit# N4200D, N4212D) between Danella Rental Systems Inc. and Allied Track Services Inc. | DANELLA RENTAL SYSTEMS, INC. 14101 East Moncrieff Place Aurora, Colorado, USA 80011 Attention: Matt Wych (mwyche@danella.com) |
| Contract #C9697 - Rental Agreement dated April 24, 2017 | CALMONT LEASING LTD. 2091 Logan Avenue Winnipeg, MB R2R 0J1 Attention: Jennifer Tonne (jennifer.tonne@calmont.ca) |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|--|
| Contract #C13083 - Rental Agreement dated March 23, 2018 | CALMONT LEASING LTD. 2091 Logan Avenue Winnipeg, MB R2R 0J1 Attention: Jennifer Tonne (jennifer.tonne@calmont.ca) |
| Contract #800-503308-001 - Master Lease Agreement dated March 17, 2016 between LBC Capital (as successor to CIT Financial Ltd.) and Allied Track Services Inc. | LBC Capital 5035 South Service Road P.O. Box 5060 Burlington, ON L7R 4C8 Attention: Roberta Adams (insurance.tracking@lbccapital.ca) |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|--|
| Vehicle Financing dated September 30, 2016, Reg #5322490 | FORD CREDIT CANADA LIMITED P.O. Box 2400 Edmonton, AB T5J 5C7 c/o GRIMSBY FORD 455 South Service Road Grimsby, ON L3M 4E8 Fax: 289-309-1544 |
| Equipment Lease Agreement #445808 dated August 21, 2018 between Meridian OneCap Credit Corp. and Allied Track Services Inc. | MERIDIAN ONECAP CREDIT CORP. 800-40 Sheppard Avenue West Toronto, ON M2N 6K9 Attention: John Little (john.little@mlcap.ca) |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|---|
| <ul style="list-style-type: none"> • Equipment Invoice #310000398 dated August 12, 2020 • Equipment Invoice #310000398 dated August 12, 2020 • Equipment Invoice #310000400 dated October 28, 2020 | <p>FALCON EQUIPMENT LTD.</p> <p>18412 96 Avenue Surrey, British Columbia V4N 3P8</p> <p>Attention: Eric Poersch (epoersch@falconequip.com)</p> |
| <ul style="list-style-type: none"> • Equipment Invoice #310000398 dated August 12, 2020 • Equipment Invoice #310000398 dated August 12, 2020 • Equipment Invoice #310000400 dated October 28, 2020 | <p>VAL105 / VALIANT FINANCIAL SERVICES</p> <p>210th Street, Suite 426 Langley, British Columbia V1M 2Y2</p> <p>Attention: Andrew Mallory (amallory@valiantfinancial.ca)</p> |
| <p>Equipment Lease to Own Agreement (VIN 3GTU2PEJXJG336547) dated August 28, 2018</p> | <p>WHEATON CHEVROLET BUICK CADILLAC GMC LTD.</p> <p>2867 Douglas Street Victoria, British Columbia V8T 4M7</p> <p>Attention: Mark Cofell (wheaton.markc@gmail.com)</p> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|--|
| Platinum Autocare Agreement #7580581 dated August 28, 2018 | PLATINUM AUTOCARE 320 Sioux Road Sherwood Park, AB T8A 3X6 Attention: Mark Cofell (wheaton.markc@gmail.com) |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|--|
| <p>All equipment and vehicle lease agreements and related ancillary agreements, undertakings and insurance policies between Queenston Chevrolet Buick GMC and Allied Track Services Inc. including without limitation:</p> <ul style="list-style-type: none"> • #114295 dated February 19, 2020 • #115610 dated June 16, 2020 • #114533 dated March 12, 2020 • #110147 dated April 29, 2019 • #110146 dated April 29, 2019 • #110917 dated June 7, 2019 • #111159 dated June 21, 2019 • #111576 dated July 17, 2019 • #111576 dated July 17, 2019 • #111966 dated August 14, 2019 • #114222 dated February 21, 2020 • #114295 dated February 21, 2020 • #114529 dated March 11, 2020 • #117395 dated October 28, 2020 • #112456 dated September 9, 2019 • #113562 dated December 12, 2019 • #111965 dated August 14, 2019 • #98385 dated April 26, 2017 • #99610 May 30, 2017 • #108923 dated February 5, 2019 | <p>QUEENSTON CHEVROLET BUICK GMC, A DIVISION OF SETAY MOTORS INC.</p> <p>2260 Rymal Road East</p> <p>Heritage Group RPO, P.O. Box 99051 Hamilton, ON L8J 2P7</p> <p>Fax: 905-692-2597</p> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|--|
| Agreement for Sentinel Network Support Program, Platinum Plan dated May 1, 2017 between Professional Computer Management Inc. and Allied Track Services Inc. | PROFESSIONAL COMPUTER MANAGEMENT INC. 1040 South Service Road, Suite 105 Stoney Creek, ON L8E 6G3 Attention: Ed VanderLaan (evanderlaan@pcm.ca) |

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED
IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF ALLIED TRACK SERVICES INC.,
A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

Estate/Court File No.: 32-2705503

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

Proceedings commenced in Toronto

APPROVAL AND VESTING ORDER

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Sean Zweig (LSO# 57307I)

Jesse Mighton (LSO# 62291J)

Joshua Foster (LSO# 79447K)

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Lawyers for the Applicant

TAB 4

Revised: January 21, 2014

Estate/Court File No. —: 32-2705503

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

THE HONOURABLE —MR.) ~~WEEKDAY~~MONDAY, THE #15th
JUSTICE —HAINES)
DAY OF ~~MONTH~~MARCH,
20YR2021

~~BETWEEN:~~

PLAINTIFF

Plaintiff

—and—

DEFENDANT

Defendant

IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT,*
R.S.C. 1985, c. B-3, AS AMENDED

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ALLIED TRACK SERVICES INC., A CORPORATION
INCORPORATED UNDER THE LAWS OF ONTARIO

APPROVAL AND VESTING ORDER

agreement ~~of purchase and sale~~ (the "Sale Agreement") between the ~~Receiver~~ Vendor and ~~[NAME OF PURCHASER]~~ 2806401 Ontario Inc. (the "Purchaser") dated ~~[DATE]~~ and ~~appended to the Report of the Receiver dated [DATE]~~ (the "Report") January 21, 2021, and vesting in the Purchaser, or as it may direct, all of the ~~DV~~ Vendor's right, title and interest in and to the ~~assets described~~ Purchased Assets (as defined in the Sale Agreement ~~(the "Purchased Assets"))~~, was heard this day ~~at 330 University Avenue, Toronto, Ontario~~ via video conference as a result of the COVID-19 pandemic.

ON READING the ~~Report~~ Notice of Motion, the affidavit of Andrew Stuart Jones sworn March 8, 2021 and the Exhibits thereto (the "Jones Affidavit"), the Second Report of KSV Restructuring Inc. in its capacity as Proposal Trustee (the "Proposal Trustee"), dated March 8, 2021 (the "Second Report"), and on hearing the submissions of counsel ~~for to~~ the ~~Receiver, [NAMES OF OTHER PARTIES APPEARING]~~ Applicant, the Proposal Trustee, the Purchaser, and such other counsel appearing on the counsel slip, no one appearing for any other ~~person on the service list,~~ party although ~~properly~~ duly served as appears from the affidavit of ~~[NAME]~~ service of Joshua Foster sworn ~~[DATE]~~ filed[†] March 8, 2021:

DEFINITIONS

1. THIS COURT ORDERS that all capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Sale Agreement or the Jones Affidavit, as applicable.

SERVICE

2. THIS COURT ORDERS that the time for service of the Notice of Motion, the Motion Record and the Second Report is hereby abridged and validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.

[†] ~~This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

THE SALE TRANSACTION

3. ~~1.~~ **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved,² and the execution of the Sale Agreement by the ~~Receiver~~³Vendor is hereby authorized and approved, with such minor amendments as the ~~Receiver~~Vendor and the Purchaser, with the approval of the Proposal Trustee, may deem necessary. The ~~Receiver~~is Vendor and the Proposal Trustee are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

4. ~~2.~~ **THIS COURT ORDERS AND DECLARES** that upon the delivery of a ~~Receiver~~²Proposal Trustee's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "~~Receiver~~Proposal Trustee's Certificate"), all of the ~~Debtor's~~Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement ~~[and listed on Schedule B hereto]~~⁴ shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, cautions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"⁵) including, without limiting the generality of the foregoing: (i) any

² ~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

³ ~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

⁴ ~~To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

⁵ ~~The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.~~

encumbrances or charges created by the Order of the Honourable Justice ~~[NAME]~~ Hainey dated ~~[DATE]~~ January 22, 2021; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; ~~and (iii) those Claims listed on Schedule C hereto~~ (all of which are collectively referred to as the "Encumbrances", which term shall not include the ~~permitted encumbrances, easements and restrictive covenants listed on Schedule D~~ Permitted Encumbrances) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

~~3. THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver][Land Titles Division of {LOCATION} of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act]⁶, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.~~

5. ~~4.~~ **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the ~~Receiver~~ Proposal Trustee's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale⁸, as if the Purchased Assets had not been sold and remained in the

~~⁶ Elect the language appropriate to the land registry system (Registry vs. Land Titles).~~

~~⁷ The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".~~

~~⁸ This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

possession or control of the person having that possession or control immediately prior to the sale.

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

7. **THIS COURT ORDERS that the Proposal Trustee may rely on written notice from the Vendor and the Purchaser regarding fulfillment of the conditions to closing under the Sale Agreement and shall incur no liability with respect to the delivery of the Proposal Trustee's Certificate.**

8. **THIS COURT ORDERS that upon delivery of the Proposal Trustee's Certificate to the Purchaser, the name of the Vendor shall be immediately changed to 1958635 Ontario Inc.**

9. **THIS COURT ORDERS that immediately following the delivery of the Proposal Trustee's Certificate to the Purchaser, the style of cause in this proceeding shall be changed to the following without the need for any further action by any Person:**

"IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1958635 ONTARIO INC., A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO"

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

11. ~~7.~~ THIS COURT ORDERS that, notwithstanding:

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

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the ~~D~~Vendor and shall not be void or voidable by creditors of the ~~D~~Vendor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the ~~Bankruptcy and Insolvency Act (Canada)~~ BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

12. THIS COURT ORDERS that for a period of not less than two (2) years from the Closing Date, the Purchaser shall provide the Proposal Trustee and any trustee in bankruptcy of the Vendor with access to the books and records of the Vendor in the possession of the Purchaser during normal business hours upon request, and shall not thereafter alter or destroy such books and records without providing the Proposal Trustee or and any trustee in bankruptcy of the Vendor with 30 days prior written notice.

ASSIGNMENT OF CONTRACTS

13. THIS COURT ORDERS that upon the delivery of the Proposal Trustee's Certificate: (i) all of the obligations of the Vendor under the contracts listed in Schedule "B" hereto, including any and all valid extensions, alterations and amendments thereto (collectively, the "Assigned Contracts") shall be assigned and transferred to the Purchaser

pursuant to section 84.1 of the BIA; and (ii) the Vendor's right, title and interest in the Assigned Contracts shall vest absolutely in the Purchaser free and clear of all Encumbrances.

14. THIS COURT ORDERS that the assignment to the Purchaser of the rights and obligations of the Vendor under the Assigned Contracts pursuant to the BIA and this Order is valid and binding upon all of the counterparties to the Assigned Contracts notwithstanding any restriction or prohibition in any such Assigned Contracts relating to the assignment thereof, including any provision requiring the consent of any party to the assignment.

15. THIS COURT ORDERS that each counterparty to the Assigned Contracts is prohibited from exercising any right or remedy under the Assigned Contracts by reason of any defaults thereunder arising from the assignment of the Assigned Contracts, the insolvency of the Vendor, the commencement of these proceedings under the BIA or any failure of the Vendor to perform a non-monetary obligation under the Assigned Contracts.

16. THIS COURT ORDERS that the Purchaser shall pay any Cure Payments with respect to each applicable Assigned Contract by no later than the day that is ten (10) Business Days from the date that the Purchaser receives wire remittance instructions or other payment instructions from such counterparty.

GENERAL

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

18. THIS COURT ORDERS that, notwithstanding Rule 59.05, this order is effective from the date it is made, and it is enforceable without any need for entry and filing. In accordance with Rules 77.06(6) and 1.04, no formal order need to be entered and filed unless an appeal or motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be.

Schedule "A—" – Form of ~~Receiver's~~ Proposal Trustee's Certificate

Estate / Court File No. _____: 32-2705503

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

~~BETWEEN:~~

~~PLAINTIFF~~

~~Plaintiff~~

~~—and—~~

~~DEFENDANT~~

~~Defendant~~

~~RECEIVER'S~~

IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT,*
R.S.C. 1985, c. B-3, AS AMENDED

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ALLIED TRACK SERVICES INC., A CORPORATION
INCORPORATED UNDER THE LAWS OF ONTARIO

PROPOSAL TRUSTEE'S CERTIFICATE

RECITALS

A. ~~Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "Court") dated [DATE OF ORDER], [NAME OF RECEIVER] was appointed as the receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor").~~

Allied Track Services Inc. (the "Allied Track") filed a notice of intention to make a proposal (the "NOI") on January 21, 2021, pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "Proposal Proceedings");

B. KSV Restructuring Inc. was appointed as proposal trustee under the NOI (in such capacity, the "Proposal Trustee") in the Proposal Proceedings;

C. Pursuant to an Order of the Court dated ~~[DATE]~~ March 15, 2020 (the "Approval and Vesting Order"), the Court approved the agreement of purchase and sale made as of ~~[DATE OF AGREEMENT]~~ January 21, 2021 (the "Sale Agreement") between the ~~Receiver [Debtor] and [NAME OF PURCHASER]~~ Vendor and 2806401 Ontario Inc. (the "Purchaser") and provided for the vesting in the Purchaser of the ~~Debtor's~~ right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the ~~Receiver~~ Proposal Trustee to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in ~~section~~ Article 10 of the Sale Agreement have been satisfied or waived by the ~~Receiver~~ Vendor and ~~the~~ Purchaser (as applicable); and (iii) the Transaction has been completed to the satisfaction of the ~~Receiver~~ Proposal Trustee.

E

D. Pursuant to the Approval and Vesting Order, the Proposal Trustee may rely on written notice from the Vendor and the Purchaser regarding fulfillment of conditions to closing under the Sale Agreement.

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

THE ~~RECEIVER~~ PROPOSAL TRUSTEE CERTIFIES the following:

1. The Vendor and the Purchaser ~~has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to~~ have each delivered

written notice to the Proposal Trustee that all applicable conditions under the Sale Agreement;

~~2. The conditions to Closing as set out in section 2 of the Sale Agreement~~ have been satisfied and/or waived ~~by the Receiver and the Purchaser,~~ as applicable;

2. The Proposal Trustee has received the Wind Down Amount; and

3. The Transaction has been completed to the satisfaction of the ~~Receiver~~ Proposal Trustee.

4. This Certificate was delivered by the ~~Receiver~~ Proposal Trustee at _____ [TIME] on _____ [DATE].

~~[NAME OF RECEIVER],~~ KSV Restructuring Inc., solely in its capacity as Receiver of the undertaking, property and assets of [DEBTOR] Proposal Trustee of Allied Track Services Inc., and not in its personal capacity

Per: _____

Name:

Title:

Schedule "~~B—Purchased Assets~~" – Assigned Contracts

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|--|
| <u>Contract #CW2246774 - New Westminster Signals Project</u> | <u>CANADIAN NATIONAL RAILWAY</u> <u>12th Floor, Station 20A</u> <u>935 de la Gauchetière Street West,</u> <u>Montréal, QB H3B 2M9</u> <u>Attention: Manmit Aujla</u> |
| <u>Amendment Agreement Number 4 for Contract 5600019497 dated Jan 1, 2021 between Canadian Pacific Railway Company and Allied Track Services - Signals TR&E</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Amendment Agreement Number 4 (Signals Construction Support) for Contract 5600019619 dated Jan 1, 2021 between Canadian Pacific Railway Company and Allied Track Services</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Amendment Agreement Number 4 (Signals Maintainer Support) for Contract 5600019619 dated Jan 1, 2021 between Canadian Pacific Railway Company and Allied Track Services</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|---|
| | <u>Attention: Kim Primrose</u> |
| <u>Purchase Order dated Feb 13, 2020 between Canadian Pacific Railway and Allied Track Services - 2020 TR&E Support New</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Services Agreement (Flagging Mac Tunnel) between Canadian Pacific Rail and Allied Track Services Inc.</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Supply of Services Agreement for Track Maintenance, and Surfacing, when and as required between Canadian Pacific Rail and Allied Track Services Inc.</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Contract ID #700004625 (Thermite welding support Cochrane) between Canadian Pacific Rail and Allied Track Services Inc.</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Contract ID #700004797 (2021 TR&E Support West) between Canadian Pacific</u> | <u>CANADIAN PACIFIC RAILWAY</u> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|---|
| <u>Rail and Allied Track Services Inc.</u> | <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Contract ID #700004924 (Rail Train Support - Cascade Sub) between Canadian Pacific Rail and Allied Track Services Inc.</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Contract ID #700005030 (Crossing Warning System Testing) between Canadian Pacific Rail and Allied Track Services Inc.</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Contract ID #700005345 (CTC & Crossing hardware installation) between Canadian Pacific Rail and Allied Track Services Inc.</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Contract ID #700006329 (Broken Rail Detection - Wetaskiwin/Hardisty) between Canadian Pacific Rail and Allied Track Services Inc.</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|--|
| | <u>Attention: Kim Primrose</u> |
| <u>Contract ID #700006847 TR&E Support Central) between Canadian Pacific Rail and Allied Track Services Inc.</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Contract ID #700007197 (TR&E Support Ontario) between Canadian Pacific Rail and Allied Track Services Inc.</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Contract ID #700007216 (Broken Rail Detection - Prairie North Line Weta) between Canadian Pacific Rail and Allied Track Services Inc.</u> | <u>CANADIAN PACIFIC RAILWAY</u> <u>7550 Ogden Dale Rd SE</u> <u>Calgary, AB T2C 4X9</u> <u>Attention: Kim Primrose</u> |
| <u>Service Agreement dated April 27, 2020 between Ontario Northland Track Commission and Allied Track Services Inc.</u> | <u>ONTARIO NORTHLAND TRACK COMMISSION</u> <u>555 Oak Street East</u> <u>North Bay, ON P1B 8L3</u> <u>Attention: Julie Piche</u> |
| <u>Construction Services Agreement dated Mar 2, 2020 between Vale Canada Limited and Allied Track Services</u> | <u>VALE CANADA LIMITED</u> <u>18 Rink St</u> <u>Copper Cliff, ON P0M 1N0</u> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|---|
| | <u>Attention: Daniel da Matta</u> |
| <u>Lease Agreement dated February 24, 2015 between Auto Gene Industries North Bay Inc. (as landlord) and Allied Track Services Inc. (as tenant) re: 1891 Seymour Street (North Section), North Bay, ON</u> | <u>Auto Gene Industries North Bay Inc.</u> <u>c/o Lucienti, Orlando & Ellis LLP</u> <u>373 Main Street West</u> <u>North Bay, ON</u> <u>Attention: Sandro Orlando</u> <u>(orlando@loelaw.ca)</u> |
| <u>Lease Agreement dated December 1, 2020 between McNeil Family Holdings Inc. (as landlord) and Allied Track Services Inc. (as tenant) re: 169 South Service Road West, Grimsby, ON</u> | <u>McNeil Family Holdings Inc.</u> <u>Attention: Robert McNeil</u> <u>(1bobmneil@gmail.com)</u> |
| <u>Lease Agreement between Cal. A. Farmer Holdings Ltd. (as landlord) and Allied Track Services Inc. (as tenant) re: 760 Highway 17 East, North Bay, ON (storage area)</u> | <u>Cal. A. Farmer</u> <u>P.O. Box 1251, 760 Highway 17 East</u> <u>North Bay, ON P1B 8K5</u> <u>Fax: 705-472-3697</u> |
| <u>Lease Agreement re: #3-7450 Dallas Drive, Kamloops British Columbia (Office)</u> | <u>J&N GUINN HOLDINGS LTD.</u> <u>7450 Dallas Drive</u> <u>Kamloops, British Columbia, V2C 6X2</u> <u>Attention: Jim Guinn</u> <u>(jimguinn@gmail.com)</u> |
| <u>Lease Agreement re: 8170 Dallas Drive, Kamloops British Columbia (Storage Yard)</u> | <u>WINMOR PROPERTIES LTD.</u> <u>103B-1428 Lorne Street</u> <u>Kamloops, British Columbia, V2C 1X4</u> <u>Attention: Derek Moroz</u> <u>(derek@minmore.ca)</u> |
| <u>Lease Agreement re: 2-22 Don Valley Parkway, Springfield, Manitoba</u> | <u>MJ ROOFING LTD</u> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|---|
| | <u>Attention: (marc@mjroofing.net)</u> |
| <u>Service Agreement (monthly inspections) between Stanpac Inc. and Allied Track Services Inc.</u> | <u>STANPAC INC.</u> <u>2660 Industrial Park Rd</u> <u>Smithville, ON L0R 2A0</u> <u>Attention: Spencer Brown</u> |
| <u>Service Agreement (monthly inspections) between Sanimax and Allied Track Services Inc.</u> | <u>SANIMAX</u> <u>800 Parkdale Ave N</u> <u>Hamilton, ON L8H 7T6</u> <u>Attention: Mark Lynch</u> |
| <u>Service Agreement (monthly inspections) between SLM Recycling and Allied Track Services Inc.</u> | <u>SLM RECYCLING</u> <u>555 Brown Rd, Welland, ON L3B 5N4</u> <u>Attention: Kyle Duncan</u> |
| <u>Service Agreement (monthly inspections) between CNC Can Roof Corporation Inc. and Allied Track Services Inc.</u> | <u>CANROOF CORPORATION INC.</u> <u>560 Commissioners St</u> <u>Toronto, ON M4M 1A7</u> <u>Attention: John Cordeiro</u> |
| <u>Service Agreement (monthly inspections) between Atlas Roofing Toronto and Allied Track Services Inc.</u> | <u>ATLAS ROOFING CORP</u> <u>55 Akron Rd,</u> <u>Etobicoke, ON M8W 1T3</u> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|---|
| | <u>Attention: Peter Hardat</u> |
| <u>Service Agreement (monthly inspections) between Verbio Diesel and Allied Track Services Inc.</u> | <u>VERBIO DIESEL CANADA</u> <u>1 St Clair Dr</u> <u>Welland, ON L3B 6A7</u> <u>Attention: Yvan Parent</u> |
| <u>Maintenance Agreement between CGC Inc. and Allied Track Services Inc.</u> | <u>CGC INC.</u> <u>55 3rd Line</u> <u>Hagersville, ON N0A 1H0</u> <u>Attention: Tracey Bartlett</u> |
| <u>Maintenance Agreement between Birla Carbon and Allied Track Services Inc.</u> | <u>BIRLA CARBON</u> <u>755 Parkdale Ave N</u> <u>Hamilton, ON L8H</u> <u>Attention: Keri-Ann Higgins</u> |
| <u>General Maintenance Agreement between Vale Canada Ltd. and Allied Track Services Inc.</u> | <u>VALE CANADA LIMITED</u> <u>187 Davis St</u> <u>Port Colborne, ON L3K 5W2</u> <u>Attention: Jim McCollum</u> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|--|
| <u>General Maintenance and Switching Agreement between Ingenia Polymers and Allied Track Services Inc.</u> | <u>INGENIA POLYMERS</u> <u>565 Greenwich St</u> <u>Brantford, ON N3T 5M8</u> <u>Attention: Anwar Hussain</u> |
| <u>Design Purchase Order between Brenntag Canada and Allied Track Services Inc.</u> | <u>BRENNTAG CANADA</u> <u>43 Jutland Rd</u> <u>Etobicoke, ON M8Z 2G6</u> <u>Attention: Meghan Wakeling</u> |
| <u>Equipment Lease Agreement dated August 1, 2016 between LMS Rail Services Limited and Allied Track Services Inc., including all current leases entered into in connection therewith</u> | <u>LMS RAIL SERVICES</u> <u>1304 Front Street</u> <u>Hearst, ON P0L 1N0</u> <u>Attention: Sylvain Couture</u> <u>(sc@lmsford.com)</u> |
| <u>Purchase Order #00023969 dated April 23, 2020 between A&L Line Construction o/b 454001 Ontario Limited and Allied Track Services</u> | <u>A&L LINE CONSTRUCTION o/b 454001</u> <u>ONTARIO LIMITED</u> <u>431 Black Lake Rd.</u> <u>Lively, ON P3Y 1H8</u> <u>Attention: Dianne Violette</u> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|--|
| | <u>(office@violettelaw.com)</u> |
| <u>Master Equipment Lease dated March 5, 2020 between Railway Equipment Leasing and Maintenance, LLC (as successor to 1435 Rail, Inc., original lessor) and Allied Track Services, and all insurance certificates and leases entered into in accordance therewith, including without limitation:</u> <ul style="list-style-type: none">• <u>Lease Schedule No. 5672</u>• <u>Lease Schedule No. 5673</u>• <u>Lease Schedule No. 5703</u>• <u>Lease Schedule No. 5704</u>• <u>Lease Schedule No. 5698</u>• <u>Lease Schedule No. 5699</u> | <u>RAILWAY EQUIPMENT LEASING AND MAINTENANCE, LLC</u> <u>431 Black Lake Rd.</u> <u>Lively, ON P3Y 1H8</u> <u>Attention:</u> <u>Daniel Daugherty</u> <u>(ddaugherty@relaminc.com)</u> <u>Amanda Head (ahead@relaminc.com)</u> |
| <u>Equipment Rental Agreement dated April 1, 2020 between Danella Rental Systems Inc. and Allied Track Services Inc.</u> | <u>DANELLA RENTAL SYSTEMS, INC.</u> <u>14101 East Moncrieff Place</u> <u>Aurora, Colorado, USA 80011</u> <u>Attention: Matt Wych</u> <u>(mwyche@danella.com)</u> |
| <u>Equipment Rental Agreement dated July 18, 2018 (Unit# N8077D, N8078D) between Danella Rental Systems Inc. and Allied Track Services Inc.</u> | <u>DANELLA RENTAL SYSTEMS, INC.</u> <u>14101 East Moncrieff Place</u> <u>Aurora, Colorado, USA 80011</u> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|--|
| | <u>Attention: Matt Wych</u> <u>(mwyche@danella.com)</u> |
| <u>Equipment Rental Agreement dated June 12, 2019 (Unit# N4200D, N4212D) between Danella Rental Systems Inc. and Allied Track Services Inc.</u> | <u>DANELLA RENTAL SYSTEMS, INC.</u> <u>14101 East Moncrieff Place</u> <u>Aurora, Colorado, USA 80011</u> <u>Attention: Matt Wych</u> <u>(mwyche@danella.com)</u> |
| <u>Contract #C9697 - Rental Agreement dated April 24, 2017</u> | <u>CALMONT LEASING LTD.</u> <u>2091 Logan Avenue</u> <u>Winnipeg, MB R2R 0J1</u> <u>Attention: Jennifer Tonne</u> <u>(jennifer.tonne@calmont.ca)</u> |
| <u>Contract #C13083 - Rental Agreement dated March 23, 2018</u> | <u>CALMONT LEASING LTD.</u> <u>2091 Logan Avenue</u> <u>Winnipeg, MB R2R 0J1</u> <u>Attention: Jennifer Tonne</u> <u>(jennifer.tonne@calmont.ca)</u> |
| <u>Contract #800-503308-001 - Master Lease</u> | |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|--|
| <u>Agreement dated March 17, 2016 between LBC Capital (as successor to CIT Financial Ltd.) and Allied Track Services Inc.</u> | <u>LBC Capital</u> <u>5035 South Service Road</u> <u>P.O. Box 5060</u> <u>Burlington, ON L7R 4C8</u> <u>Attention: Roberta Adams</u> <u>(insurance.tracking@lbccapital.ca)</u> |
| <u>Vehicle Financing dated September 30, 2016, Reg #5322490</u> | <u>FORD CREDIT CANADA LIMITED</u> <u>P.O. Box 2400</u> <u>Edmonton, AB T5J 5C7</u> <u>c/o</u> <u>GRIMSBY FORD</u> <u>455 South Service Road</u> <u>Grimsby, ON L3M 4E8</u> <u>Fax: 289-309-1544</u> |
| <u>Equipment Lease Agreement #445808 dated August 21, 2018 between Meridian OneCap Credit Corp. and Allied Track Services Inc.</u> | <u>MERIDIAN ONECAP CREDIT CORP.</u> <u>800-40 Sheppard Avenue West</u> <u>Toronto, ON M2N 6K9</u> <u>Attention: John Little</u> <u>(john.little@mlcap.ca)</u> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|--|--|
| <ul style="list-style-type: none">• <u>Equipment Invoice #310000398 dated August 12, 2020</u>• <u>Equipment Invoice #310000398 dated August 12, 2020</u>• <u>Equipment Invoice #310000400 dated October 28, 2020</u> | <p><u>FALCON EQUIPMENT LTD.</u></p> <p><u>18412 96 Avenue</u></p> <p><u>Surrey, British Columbia V4N 3P8</u></p> <p><u>Attention: Eric Poersch</u> <u>(epoersch@falconequip.com)</u></p> |
| <ul style="list-style-type: none">• <u>Equipment Invoice #310000398 dated August 12, 2020</u>• <u>Equipment Invoice #310000398 dated August 12, 2020</u>• <u>Equipment Invoice #310000400 dated October 28, 2020</u> | <p><u>VAL105 / VALIANT FINANCIAL SERVICES</u></p> <p><u>210th Street, Suite 426</u></p> <p><u>Langley, British Columbia V1M 2Y2</u></p> <p><u>Attention: Andrew Mallory</u> <u>(amallory@valiantfinancial.ca)</u></p> |
| <p><u>Equipment Lease to Own Agreement (VIN 3GTU2PEJXJG336547) dated August 28, 2018</u></p> | <p><u>WHEATON CHEVROLET BUICK</u> <u>CADILLAC GMC LTD.</u> <u>2867 Douglas Street</u></p> <p><u>Victoria, British Columbia V8T 4M7</u></p> <p><u>Attention: Mark Cofell</u> <u>(wheaton.markc@gmail.com)</u></p> |
| <p><u>Platinum Autocare Agreement #7580581</u></p> | |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|--|
| <u>dated August 28, 2018</u> | <u>PLATINUM AUTOCARE</u> <u>320 Sioux Road</u> <u>Sherwood Park, AB T8A 3X6</u> <u>Attention: Mark Cofell</u> <u>(wheaton.markc@gmail.com)</u> |
| <u>All equipment and vehicle lease agreements and related ancillary agreements, undertakings and insurance policies between Queenston Chevrolet Buick GMC and Allied Track Services Inc. including without limitation:</u> <ul style="list-style-type: none">• <u>#114295 dated February 19, 2020</u>• <u>#115610 dated June 16, 2020</u>• <u>#114533 dated March 12, 2020</u>• <u>#110147 dated April 29, 2019</u>• <u>#110146 dated April 29, 2019</u>• <u>#110917 dated June 7, 2019</u>• <u>#111159 dated June 21, 2019</u>• <u>#111576 dated July 17, 2019</u>• <u>#111576 dated July 17, 2019</u>• <u>#111966 dated August 14, 2019</u>• <u>#114222 dated February 21, 2020</u>• <u>#114295 dated February 21,</u> | <u>QUEENSTON CHEVROLET BUICK GMC, A DIVISION OF SETAY MOTORS INC.</u> <u>2260 Rymal Road East</u> <u>Heritage Group RPO, P.O. Box 99051</u> <u>Hamilton, ON L8J 2P7</u> <u>Fax: 905-692-2597</u> |

| <u>Contract Description</u> | <u>Counterparty</u> |
|---|---|
| <p><u>2020</u></p> <ul style="list-style-type: none">• <u>#114529 dated March 11, 2020</u>• <u>#117395 dated October 28, 2020</u>• <u>#112456 dated September 9, 2019</u>• <u>#113562 dated December 12, 2019</u>• <u>#111965 dated August 14, 2019</u>• <u>#98385 dated April 26, 2017</u>• <u>#99610 May 30, 2017</u>• <u>#108923 dated February 5, 2019</u> | |
| <p><u>Agreement for Sentinel Network Support Program, Platinum Plan dated May 1, 2017 between Professional Computer Management Inc. and Allied Track Services Inc.</u></p> | <p><u>PROFESSIONAL COMPUTER MANAGEMENT INC.</u></p> <p><u>1040 South Service Road, Suite 105 Stoney Creek, ON L8E 6G3</u></p> <p><u>Attention: Ed VanderLaan (evanderlaan@pcm.ca)</u></p> |

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED

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

~~Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property~~

~~(unaffected by the Vesting Order)~~

IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF ALLIED TRACK SERVICES INC.,
A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO

Estate/Court File No.: 32-2705503

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

Proceedings commenced in Toronto

APPROVAL AND VESTING ORDER

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Sean Zweig (LSO# 57307I)
Jesse Mighton (LSO# 62291J)
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| Moved from | 0 |
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| Style changes | 0 |
| Format changes | 0 |
| Total changes | 642 |

TAB 5

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

THE HONOURABLE MR.) MONDAY, THE 15th
)
JUSTICE HAINEY) DAY OF MARCH, 2021
)

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ALLIED TRACK SERVICES INC., A CORPORATION
INCORPORATED UNDER THE LAWS OF ONTARIO**

ANCILLARY ORDER

THIS MOTION, made by Allied Track Services Inc. (the "**Applicant**") for an order pursuant to the *Bankruptcy and Insolvency Act* (Canada) R.S.C. 1985, c. C-36, as amended (the "**BIA**") was heard this day via video conference as a result of the COVID-19 pandemic.

ON READING the Notice of Motion, the affidavit of Andrew Stuart Jones sworn March 8, 2021 and the Exhibits thereto (the "**Jones Affidavit**"), the Second Report of KSV Restructuring Inc. in its capacity as Proposal Trustee (the "**Proposal Trustee**"), dated March 8, 2021 (the "**Second Report**"), and on hearing the submissions of counsel to the Applicant, the Proposal Trustee, Bridging Finance Inc. and such other counsel appearing on the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service of Joshua Foster sworn March 8, 2021:

DEFINITIONS

1. **THIS COURT ORDERS** that all capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Jones Affidavit.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Second Report is hereby abridged and validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF TIME TO MAKE A PROPOSAL

3. **THIS COURT ORDERS** that the time within which to make a proposal pursuant to subsection 62(1) of the BIA and the corresponding stay of proceedings provided for in section 69 of the BIA, be and are hereby extended in accordance with subsection 50.4(9) of the BIA to and including May 21, 2021.

APPROVAL OF PROPOSAL TRUSTEE'S REPORT AND ACTIVITIES

4. **THIS COURT ORDERS** that the First Report of the Proposal Trustee dated January 21, 2021, the Second Report, and the activities of the Proposal Trustee referred to therein, be and are hereby approved; provided however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

EXPANDED POWERS OF THE PROPOSAL TRUSTEE

5. **THIS COURT ORDERS** that, in addition to all of the powers of the Proposal Trustee under the BIA and pursuant to the Order of the Honourable Justice Hainey dated January 22, 2021, the Proposal Trustee is hereby expressly empowered and authorized to do the following:

(a) to file an assignment in bankruptcy on behalf of 1958635 Ontario Inc. (f/k/a Allied Track Services Inc.) pursuant to the BIA; and

(b) to act as the Trustee in Bankruptcy in relation to the bankruptcy of 1958635 Ontario Inc.

6. **THIS COURT ORDERS** that the Proposal Trustee may, from time to time, apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

GENERAL

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

8. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this order is effective from the date it is made, and it is enforceable without any need for entry and filing. In accordance with Rules 77.06(6) and 1.04, no formal order need to be entered and filed unless an appeal or motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be.

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED
IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF ALLIED TRACK SERVICES INC.,
A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

Estate/Court File No.: 32-2705503

**ONTARIO
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ANCILLARY ORDER

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Lawyers for the Applicant

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED
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Estate/Court File No.: 32-2705503

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND
INSOLVENCY)
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MOTION RECORD
(Returnable March 15, 2021)

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