



COURT FILE NUMBER

COURT

JUDICIAL CENTRE

EDMONTON

IN THE MATTER OF THE BANKRUPTCY OF

DRILL RITE SYSTEMS INC.

DOCUMENT

**FIRST REPORT OF THE TRUSTEE,
MNP LTD., DATED MAY 10, 2017**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

MNP Ltd.
Attention: Karen Aylward
1300, 10235 – 101 Street
Edmonton, AB T5J 3G1
MNP Ltd., Trustees in Bankruptcy
Fax: 780.409.5415
Phone: 780.969.1491

Introduction and Purpose of the Report

1. Drill Rite Systems Inc. (hereinafter referred to as the "Bankrupt" or the "Company") filed an assignment in Bankruptcy on April 7, 2017 and MNP Ltd. was appointed as Trustee of the Bankrupt Estate.
2. The Bankrupt provided manufacturing, installation and distribution of helical screw piles in the Edmonton, Alberta area. The sole director and shareholder of the Company, Scott Patrick Blazenko ("Mr. Blazenko"), is deceased and therefore there are no active Directors of the Bankrupt.
3. John Blazenko, a related party to Mr. Blazenko, is acting as the Limited Administrator (the "Limited Administrator") of the deceased estate of Mr. Blazenko.
4. By way of an application to Court under the deceased estate proceedings (Court File No. ES03 147870) on March 23, 2017 the Court authorized the Limited Administrator to:
 - a. Execute the documents necessary to file an assignment in Bankruptcy on behalf of the Company; and,
 - b. Execute a lease agreement between a newly established company (Drill Rite Services Ltd. (hereinafter referred to as "Newco") and the Bankrupt, which includes rental of the equipment and subletting of the leased premises, with an option to purchase the Company's physical assets, subject to review and approval of the Trustee and the Court (the "Lease Agreement").
5. A copy of the March 23, 2017 Order referenced above is attached as **Schedule A**.
6. A copy of the Lease Agreement is attached as **Schedule B**.
7. This is the Trustee's First Report to the Court (the "First Report") and its purpose is to advise the Court with respect to the following matters:

- Activities of the Trustee;
- Proposed Sale to Newco;
- Other Assets;
- Priority Creditors and Secured Creditors; and,
- Recommendation.

Activities of Receiver

8. On Monday April, 10, 2017, a representative of the Trustee attended to the former business premises of the Company to meet with the representatives of Newco (formerly employees of the Bankrupt) for the purposes of collecting books and records and reviewing and reconciling an inventory of the Bankrupt's assets.
9. The Trustee confirmed that, aside from termination pay, all other wages had been paid to the former employees of the Company upon business operations ceasing.
10. The Trustee obtained information necessary to prepare claims for the employees under the Wage Earner Protection Program.
11. The Trustee contacted the former book keeper and obtained information necessary to provide each former employee of the Company with its Record of Employment and T4 for the 2017 taxation year.
12. Contact was made with the Company's banking institution and the bank account was set to deposit only status.
13. The Trustee contacted each of the Company's customers with outstanding invoices and requested that payment be made directly to the Trustee's office.
14. Insurance coverage has been placed by Newco over the assets of the Company in accordance with the terms of the Lease Agreement and Newco has provided Trustee with evidence of the same.
15. The Trustee called and chaired the First Meeting of Creditors in the bankruptcy administration on April 26, 2017. No inspectors were appointed to the Bankrupt estate.

Proposed Sale to Newco

16. As noted above, the Limited Administrator sought and obtained Court approval to enter into the Lease Agreement with Newco. The Lease Agreement was executed by both parties prior to the Bankruptcy on March 23, 2017 and became effective on April 3, 2017.
17. The Lease Agreement provides that Newco is entitled rent the Company's equipment at a rate of \$230.14 per day, less any payments on leased equipment made by Newco to third party lessors during the term of the Lease Agreement.
18. In addition to the equipment rental, the Lease Agreement contains a clause giving Newco an option to purchase all of the Company's unencumbered equipment, right and interest in the Company's leased equipment, inventory as well as the Company's rights in certain intangible assets (telephone numbers, websites, etc.).
19. The Lease Agreement provides that the option to purchase the equipment shall be at the fair market value, as provided for through an appraisal of the assets.

20. A fair market value appraisal of the Company's assets was obtained on March 13, 2017 by Miterra Corp (the "Miterra Appraisal") at the direction of the Company. A copy of the Miterra Appraisal is attached as **Schedule C**.
21. As the appraiser is known to the Trustee, the appraisal is current and as the equipment being appraised is not of a specialized nature, the Trustee does not believe there would be value added in incurring additional costs to obtain a further appraisal of the assets.
22. A listing of the owned equipment ("Owned Equipment") in which Newco is proposing to purchase under the Lease Agreement is attached as **Schedule D**. As detailed in Schedule "C", the fair market value of the Company's owned assets totals \$128,000.
23. A listing of the Company's leased equipment which Newco is proposing to assume (the "Leased Equipment") is attached as **Schedule E**. As detailed in Schedule "E", the equity in the Leased Equipment totals \$61,664.28. The valuation date of the equity is set at May 15, 2017 based on the payment schedules and balances owing provided by the respective leasing companies.
24. In addition to the equipment, the Company had inventory on hand valued at \$19,500.
25. Based on the combined values of the Owned Equipment, equity in the Leased Equipment and the inventory value, the total gross proposed purchase price of the assets is \$209,164.28 (\$128,000 + \$61,664.28 + \$19,500).
26. The per diem rent, to be deducted from the proposed gross purchase price to May 15, 2017 totals \$9,896.02 (43 days at a rental rate of \$230.14 per day).
27. Based on the lease payment schedules, the total lease payments to have been made by Newco from April 3, to May 15 on the Leased Equipment is estimated at \$4,169.93. Based on these estimates, the purchase price of the equipment as of May 15, 2017, (before GST, and subject to minor adjustments for actuals as at the date of closing) is estimated in Table 1 below:

Table 1

Description	Amount
Equity in Leased Equipment	61,664.28
Purchase of Owned Assets	128,000.00
Purchase of Inventory	19,500.00
Subtotal	209,164.28
<i>Less:</i>	
Accrued Equipment Rent	(9,896.02)
Third Party Lease Payments	(4,169.93)
Estimated Purchase Price	195,098.33

28. Given that the equipment is not specialized and the fact that Newco is willing to purchase the equipment for fair market value the Trustee is of the opinion that the offer to purchase is fair

and reasonable in the circumstances and will provide the highest value for the affected stakeholders.

29. The Trustee is of the opinion that the alternative to the offer to purchase from Newco is a liquidation (likely at auction) where realization will be limited to forced sale values and the bankrupt estate will incur additional fees including auction commission, holding costs and additional professional fees.

Other Assets

30. The Company owned four additional pieces of equipment which Newco elected not to include in its option to purchase (the "Remaining Equipment").
31. Two of the pieces of Remaining Equipment were being held at a third party facility, Fort Gary Industries ("FGI"), and had accrued storage fees of \$10,500 which FGI required to be paid before the equipment would be released. Based on the Miterra Appraisal, the combined fair market value of the two pieces was \$17,000. The Trustee contacted the appraiser to obtain the forced sale value for the equipment, which the appraiser advised totalled \$15,000. The Trustee received an offer of \$10,000 from a local auctioneer, Gary Hanna Auctions Ltd. ("GHA"), to purchase the equipment outright. In determining whether to accept the GHA offer, the Trustee considered GHA's auction commission of 20% (\$3,000 based on the \$15,000 forced sale value) and other costs such as towing fees and refurbishing and cleaning costs. The Trustee elected to take the outright purchase as it fair in circumstances and provided certainty to the value.
32. FGI agreed to reduce the storage fees owing to \$5,000 upon release of the above noted equipment, and the estate has realized net proceeds of sale of \$5,000 for the equipment (after payment of the storage costs by GHA directly to FGI).
33. The other two of the pieces of Remaining Equipment were being stored at the former premises of the Company. The Trustee engaged GHA to relocate the equipment to its yard for auction. The Trustee is currently awaiting an auction proposal (or outright purchase) to be made by the auctioneer, which is understood to be forthcoming.
34. Based on the Company's books and records, total outstanding accounts receivable ("AR") as at the date of bankruptcy was \$93,814.49. As of the date of the First Report, the Trustee has collected a sum of \$40,387.08 of the outstanding AR. Based on information provided by the Company, the AR is of good quality and should be collectible in its entirety.

Priority Creditors and Secured Creditors

35. In accordance with a verbal discussion with a representative of Canada Revenue Agency ("CRA") on April 18, 2017, a payroll source deduction debt estimated at of \$608,675 is owing to CRA. This total includes both the employee and employer portions of payroll arrears. CRA has scheduled a payroll trust examination of the Company's books and records for May 15, 2017, following which, a Deemed Trust Claim will be filed with the Trustee.
36. In accordance with a March 14, 2017 Personal Property Registry ("PPR") Search of the Bankrupt, Westcore Holdings Ltd. holds a General Security Agreements ("GSA") over all present and after acquired property of the Company. The Trustee currently does not have any detail on the security registration but has reached out to the registered office of the secured creditor for more detail.

37. Other registrations include the security registrations of the equipment lessors against certain of the Company's leased Equipment, including, Koch Ford Lincoln Sales (2003) Ltd, John Deere Financial Inc. and Ford Credit Canada Limited. The Trustee is reviewing the security documents of the lessors as they are filed. As part of the option to purchase Newco would be assuming the three Jon Deere Financial leases and one Koch Ford Lincoln Lease. The Trustee has released its interest in the asset associated with the Ford Credit Lease as this asset is not included in the offer to purchase and, based upon appraised values, did not have any estimated equity for the estate.

Conclusion

38. The Receiver has reviewed the offer to purchase by Newco with CRA (the only affected creditor under its deemed trust claim) and CRA has confirmed that it supports the sale.

39. As such, the Receiver submits this First Report to Court in support of an application for the following:

- Approval of the Trustee's Activities to date as outlined in the First Report;
- Authorization to accept the offer to purchase by Drill Rite Services Ltd. in accordance with the terms of the Lease Agreement; and
- Authorization to deliver the Owned Assets and any equity in the Leased Assets free and clear of any financial encumbrances or Deemed Trusts to Newco.

MNP Ltd.

In its capacity as Trustee in the Bankruptcy of
Drill Rite Systems Inc.
And not in its personal capacity

Per: 
Karen Aylward, CIRP, LIT
Vice President

COURT FILE NUMBER **ES03 147870**

COURT **Court of Queen's Bench of Alberta
(Surrogate Matter)**

JUDICIAL CENTRE **Edmonton**

ESTATE NAME **Scott Patrick Blazenko**

DOCUMENT **Order in respect of the Assignment into Bankruptcy of Drill Rite
Systems Inc.**



PARTIES

APPLICANT(S) **JOHN NIKYFOR BLAZENKO**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT: **Dentons Canada LLP
2900 Manulife Place
10180 – 101 Street
Edmonton, AB T5J 3V5
Attention: Erin Lafuente
Telephone: 780-423-7126
Fax: 780-423-7276**

DATE ON WHICH ORDER WAS MADE: March 23, 2017

LOCATION OF HEARING: **Edmonton**

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice Michalyshyn, J.

THE COURT HAS:

- Reviewed the affidavit and other documents filed in this application;
- Heard representations from counsel for the Limited Administrator, John Nikyfor Blazenko ("John Blazenko");
- Reviewed the Interim Order for a Limited Grant of Administration granted by Justice P.B. Michalyshyn on December 16, 2016 which granted John Blazenko full authority to operate Drill Rite Systems Inc. ("Drill Rite");
- Noted that pursuant to s. 49(1) of the *Bankruptcy and Insolvency Act*, an insolvent person may make an assignment of all the insolvent person's property for the general benefit of the insolvent person's creditors;

Been advised that the deceased, Scott Patrick Blazenko, was the sole shareholder and director of Drill Rite and that Drill Rite has no directors;

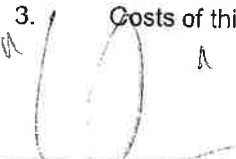
Satisfied itself that Drill Rite is an insolvent person and that it is in the interests of the administration of the Estate that John Blazenko be authorized to exercise the rights of the deceased as shareholder for purposes of assigning Drill Rite into bankruptcy;

Satisfied itself that it is in the interests of the Estate that John Blazenko be given the authority to enter into an agreement to lease with an option to purchase Drill Rite's equipment at fair market value, subject to further review and approval by the Bankruptcy Court;

Considered the Application;

AND THE COURT ORDERS:

1. John Blazenko, in his capacity as Limited Administrator of the Estate of Scott Patrick Blazenko, is hereby authorized to:
 - (a) exercise all the rights of the deceased with respect to making an assignment into bankruptcy of Drill Rite, including the execution of all documents on behalf of Drill Rite that may be required under and pursuant to the provisions of the *Bankruptcy and Insolvency Act*;
 - (b) authorized to execute a lease agreement with an option to purchase Drill Rite's equipment, provided that any option to purchase equipment is expressly subject to review and approval by the Bankruptcy Court, and must be presented to the Bankruptcy Court by MNP Ltd. as Drill Rite's Trustee in Bankruptcy.
2. John Blazenko does not, by this Order or the carrying out of this Order or by assigning Drill Rite into bankruptcy or entering into a lease agreement and option to purchase with Drill Rite Services Ltd., act as a director of Drill Rite or assume any personal liability for the liabilities of the estate or of the corporations owned by the estate.
3. Costs of this application shall be paid from the estate on a solicitor and his own client basis.



JUSTICE OF THE COURT OF QUEEN'S BENCH OF
ALBERTA

THIS Lease Agreement made as of the 3rd day of April, 2017.

BETWEEN:

DRILL RITE SYSTEMS INC., a corporation incorporated pursuant to the laws of Alberta,

("Drill Rite Systems")

- and -

DRILL RITE SERVICES LTD., a corporation incorporated pursuant to the laws of Alberta,

("Drill Rite Services")

In consideration of their respective covenants set out below, Drill Rite Systems and Drill Rite Services agree as follows:

ARTICLE 1 – LEASE OF EQUIPMENT

1.1 Lease of Equipment

Drill Rite Systems hereby agrees to lease to Drill Rite Services, and Drill Rite Services hereby leases from Drill Rite Systems, commencing on April 3, 2017, the "**Equipment Lease Commencement Date**", the equipment described in Schedule "A" together with all attachments, parts and/or accessories thereto and all replacements, substitutions, additions, or accessions thereof and thereto (collectively, the "**Equipment**"), upon the terms and conditions set out in Article 1 and Article 3 (the "**Equipment Lease**").

1.2 Title to Equipment

Title to the Equipment will at all times remain in Drill Rite Systems and Drill Rite Services' only right to the Equipment is the right to possess and use the Equipment subject to the terms of the Equipment Lease.

1.3 Term and Termination

The Equipment Lease shall continue in full force and effect until the earlier of the date that:

- (a) the Equipment is returned by Drill Rite Services to Drill Rite Systems and all amounts due hereunder have been paid;
- (b) Drill Rite Systems and Drill Rite Services have mutually agreed to terminate this Agreement; and
- (c) upon the transfer of the Equipment by Drill Rite Systems to Drill Rite Services if Drill Rite Services exercises the option set forth in Section.

Upon termination of the Equipment Lease pursuant to Sections 1.3(a) or 1.3(b), Drill Rite Services will surrender, at Drill Rite Services' cost and expense, the Equipment in good working order to Drill Rite Systems. Notwithstanding the termination of the Equipment Lease, Drill Rite

Services shall continue to be responsible for the payment of all charges and costs incurred in this Agreement through the date of termination.

1.4 Equipment

- (a) During the term of the Equipment Lease, Drill Rite Services will pay lease fees to Drill Rite Systems ("**Equipment Rent**") in the amount of \$230.14 per day, less any lease payments on leased Equipment made by Drill Rite Services to third party lessors during the term of the Equipment Lease. Equipment Rent shall be paid monthly, with each payment of Equipment Rent being payable in arrears on the first day of the month following the month in which the Equipment was utilized by Drill Rite Services, with the first payment being due and payable on May 1, 2017.
- (b) Drill Rite Services shall also pay to Drill Rite Systems when due under applicable law all sales, goods and services, use, harmonized sales and other taxes and governmental charges (including without limitation duties and fees) payable with respect to this Lease, Drill Rite Services' rental, lease, maintenance, servicing and/or use of the Equipment and/or any payment required hereunder.
- (c) Drill Rite Services' obligation to pay Equipment Rent and all other amounts under the Equipment Lease is absolute and unconditional in all circumstances. Equipment Rent payments shall be made without interruption, abatement, set-off or reduction for any claims of any kind which Drill Rite Services may have against Drill Rite Systems or against any other person or entity for any reason.
- (d) Any Equipment Rent or other payment required under the Equipment Lease not made when due shall bear interest from the due date to the date of payment, compounded monthly, at the annual rate of the prime rate posted by the Royal Bank of Canada from time to time, plus two percent (2%), both before and after default and judgment.

1.5 Use, Maintenance, and Return

- (a) Drill Rite Services shall, at its own expense, comply with all laws in any way relating to the ownership, possession, use or maintenance of the Equipment.
- (b) Drill Rite Services shall at all times and at its own expense maintain the Equipment in good working order, repair and condition. Drill Rite Services shall ensure that the Equipment is maintained and operated by competent and duly qualified personnel and in compliance with any manufacturer's or supplier's recommendations and instructions and with all terms of any applicable insurance policy.

1.6 Insurance, Risk, Indemnification

- (a) The Equipment will be at the risk of Drill Rite Services from and after its delivery to Drill Rite Services, and until return of the Equipment to Drill Rite Systems. Drill Rite Services assumes the entire risk of loss of or damage to the Equipment from any cause whatsoever and assumes full liability for any loss, damage, injury or death caused to any person or property directly or indirectly by the Equipment or its use prior to its return to Drill Rite Systems at the termination of the Equipment Lease.
- (b) Drill Rite Services shall indemnify and save Drill Rite Systems harmless against all claims, losses, damages, liabilities, fees, costs and expenses whatsoever Drill Rite Systems may incur resulting from:

- (i) any loss, damage, injury or death caused to any person or property directly or indirectly by the Equipment or its use prior to its return to Drill Rite Systems at the termination of the Equipment Lease;
- (ii) the possession, use, operation, maintenance, alteration, storage, repair, delivery, return or other disposition of the Equipment under or in breach of this Article 1; and
- (iii) any performance or non-performance of Drill Rite Services of its obligations under Article 1.

The obligation to indemnify under this section 1.6(a) shall survive the termination of this Agreement.

- (c) Drill Rite Services will place and maintain insurance on the Equipment for theft, damage or destruction of the Equipment, and for property damage and public liability, in amounts, on terms and with insurers satisfactory to Drill Rite Systems and will, at Drill Rite Systems' request, provide to Drill Rite Systems copies of all insurance policies placed on the Equipment.

1.7 Limitation of Lessor's Liability

- (a) DRILL RITE SERVICES ACKNOWLEDGES THAT THERE ARE NO WARRANTIES, CONDITIONS, TERMS, REPRESENTATIONS OR INDUCEMENTS, WRITTEN OR ORAL, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, MADE BY OR ON BEHALF OF DRILL RITE SYSTEMS OR OPERATING IN FAVOUR OF DRILL RITE SERVICES AS TO ANY ASPECT OF THE EQUIPMENT INCLUDING WITHOUT LIMITATION ITS CONDITION, OPERATION, FITNESS, DURABILITY OR MERCHANTABILITY, ALL OF WHICH ARE HEREBY EXPRESSLY EXCLUDED FROM THIS LEASE. TO THE EXTENT PERMITTED BY APPLICABLE LAW, DRILL RITE SERVICES HEREBY WAIVES ALL RIGHT TO ASSERT AGAINST DRILL RITE SYSTEMS ANY CLAIM CLAIMING THE BENEFIT OF ANY STATUTORY, REGULATORY OR OTHER IMPLIED OR IMPUTED STANDARD, WARRANTY, CONDITION, TERM OR REPRESENTATION WITH RESPECT TO THE EQUIPMENT OR THE EQUIPMENT LEASE, AND RELEASES DRILL RITE SYSTEMS FROM ALL LIABILITY WITH RESPECT THERETO.
- (b) DRILL RITE SYSTEMS SHALL NOT BE BOUND BY OR BE DEEMED TO HAVE MADE OR BE LIABLE FOR ANY REPRESENTATION, WARRANTY OR PROMISE BY ANY MANUFACTURER, SUPPLIER, VENDOR, OR DEALER OF THE EQUIPMENT.
- (c) DRILL RITE SYSTEMS SHALL NOT BE LIABLE FOR ANY FAILURE OF THE EQUIPMENT, INCLUDING ANY LATENT DEFECT.
- (d) DRILL RITE SYSTEMS SHALL HAVE NO LIABILITY FOR ANY DIRECT, INDIRECT, PUNITIVE, EXEMPLARY, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSS OF PROFITS, ACTUAL OR ANTICIPATED, OR FOR ANY DAMAGES BASED ON STRICT OR ABSOLUTE TORT OR CIVIL LIABILITY OR DRILL RITE SYSTEMS' NEGLIGENCE.

1.8 Option to Purchase

Provided that no Event of Default has occurred and is continuing, Drill Rite Services shall have the option to purchase the Equipment (including, with respect to Equipment that is

currently leased by Drill Rite Systems, all of Drill Rite Systems' right, title and interest in any lease agreements respecting such leased Equipment (the "**Assumed Lease Agreements**") as well as all of Drill Rite Systems' right, title estate and interest in the website domain name "*drillrite.ca*" and the telephone number "780.455.0071" (the "**Option**") at the fair market value thereof (as determined by an independent valuator), less the amount of Equipment Rent paid by Drill Rite Services to Drill Rite Systems, plus applicable taxes (the "**Option Price**"). The Option may be exercised by Drill Rite Services upon Drill Rite Services, on or before May 15, 2017, providing Drill Rite Systems with a written notice of Drill Rite Services' intent to exercise the Option. The sale of the Equipment pursuant to the Option shall be "as is, where is" (in its then actual state of repair, maintenance and location), at Drill Rite Services' own risk and peril and without any representations or warranties from Drill Rite Systems, save and except that the Equipment shall be free and clear of all mortgages, liens, charges, security interests or liabilities of whatever nature or kind ("**Encumbrances**"), except for any liabilities and obligations under the Assumed Lease Agreements arising following the closing of the purchase and sale of the Equipment in accordance with this Section 1.8 (the "**Assumed Obligations**"). For greater certainty, upon exercise of the Option and the closing of the purchase and sale of the Equipment and the Assumed Lease Agreements in accordance with this Section 1.8:

- (a) Drill Rite Services shall not be liable for any liabilities or obligations of Drill Rite Systems under any Assumed Lease Agreement (including, without limitation, of any of Drill Rite Systems' payment or performance obligations under any such Assumed Lease Agreement) arising up to and including the closing of the purchase and sale of the Equipment in accordance with this Section 1.8; and
- (b) except for the Assumed Obligations, Drill Rite Services shall not assume and shall not be responsible or liable for any liabilities or obligations of Drill Rite Systems of any nature whatsoever, whether absolute or contingent, liquidated or unliquidated.

The obligation of Drill Rite Services to purchase the Equipment and Assumed Lease Agreements is conditional upon Drill Rite Services being satisfied, in its sole discretion, that, upon closing of the purchase and sale of the Equipment and Assumed Lease Agreements, Drill Rite Services will not be assuming, and shall not be responsible or liable for, any liabilities or obligations of Drill Rite Systems of any nature whatsoever, whether absolute or contingent, liquidated or unliquidated, except for the Assumed Obligations. The aforementioned condition is inserted for the exclusive benefit of Drill Rite Services.

Upon payment of the Option Price by Drill Rite Services to Drill Rite Systems, title to the Equipment shall transfer to Drill Rite Services, free and clear of all Encumbrances, except for the Assumed Obligations.

Notwithstanding the foregoing, in the event of the bankruptcy of the Lessor, the Option shall be subject to review and approval by the Bankruptcy Court.

1.9 Default

- (a) The following events shall be a default under this Article 1:
 - (i) if Drill Rite Services fails to pay any payment of Equipment Rent in accordance with the terms of this Lease, when due, and such default continues for seven (7) days after notice thereof; or

- (ii) if Drill Rite Services fails to perform any obligations under this Article 1, other than payment of Equipment Rent, and Drill Rite Services fails to remedy such default with due diligence, and persists in such failure after ten (10) days' notice by Drill Rite Systems requiring that Drill Rite Services remedy, correct, desist or comply with such obligations.
- (b) In addition to all rights and remedies given by law or equity to Drill Rite Systems, Drill Rite Services agrees that in the event of any default by Drill Rite Services pursuant to 1.9(a) above, Drill Rite Systems shall have the following rights, namely:
- (i) Drill Rite Systems shall be entitled to terminate the Equipment Lease without prejudice to Drill Rite Systems' right to damages upon notice in writing to Drill Rite Services. Upon the giving of such notice, the Equipment Lease and the term of the Equipment Lease shall terminate immediately without the necessity of any legal process; and
 - (ii) Equipment Rent and any other payments for which Drill Rite Services is liable under the Equipment Lease shall be computed, apportioned and paid to the date of such termination, and Drill Rite Services shall immediately deliver up possession of the Premises to Drill Rite Systems.

1.10 Compliance with Laws/Regulations

Drill Rite Services shall at all times during the term of the Equipment Lease comply with all laws, regulations, permits, licenses and consents relating to the use, operation or possession of the Equipment or the ownership thereof by Drill Rite Systems, and those relating to the prevention of money laundering and terrorism.

ARTICLE 2 – SUBLEASE OF PREMISES

2.1 Sublease of Premises

Drill Rite Systems hereby subleases to Drill Rite Services the premises set forth in Schedule "B" (the "**Premises**") on a month-to-month basis, commencing on April 3, 2017, subject to the terms and conditions of Article 2 and Article 3 (the "**Premises Lease**").

2.2 Sublease of Premises

Drill Rite Systems hereby represents and warrants to Drill Rite Services that:

- (a) pursuant to a month-to-month Lease Agreement made between 1573974 Alberta Limited (the "**Head Landlord**") and Drill Rite Systems (the "**Head Lease**"), the Head Landlord, as landlord, did lease to Drill Rite Systems, as tenant, the Premises; and
- (b) the Head Lease remains in full force and effect.

2.3 Insurance

Drill Rite Services will comply with all provisions of the Head Lease regarding insurance to be taken out by the Tenant thereunder. All insurance required to be obtained by Drill Rite Services pursuant to the Head Lease in respect of the Premises shall be obtained by Drill Rite Services at its sole cost and expense on the same terms and conditions as contained in the Head Lease.

2.4 Premises Rent

Drill Rite Services shall, throughout the term of the Sublease, pay to Drill Rite Systems a per diem rent of \$333.16, inclusive of GST and property taxes, less any rent payments made by Drill Rite Services directly to the Head Landlord (the "**Premises Rent**"). Premises Rent shall be paid monthly, with each payment of Premises Rent being payable in arrears on the first day of the month following the month in which the Premises was utilized by Drill Rite Services, with the first payment being due and payable on May 1, 2017.

2.5 Subtenant's Covenants

Drill Rite Services covenants and agrees with Drill Rite Systems:

- (a) to pay the Premises Rent, without any deduction, set-off or abatement; and
- (b) to observe and perform all the covenants and obligations of Drill Rite Services under this Lease and not commit or permit to be committed on the Premises any act or omission which would violate any term or condition of the Head Lease or this Lease.

2.6 Acceptance of Subleased Premises

The Premises are hereby accepted and leased by Drill Rite Services on an "as is" basis, including, without limitation, all leasehold improvements contained therein.

2.7 Default

- (a) The following events shall be a default under this Article 2:
 - (i) If Drill Rite Services fails to pay any payment of Premises Rent in accordance with the terms of this Lease, when due, and such default continues for seven (7) days after notice thereof; or
 - (ii) If Drill Rite Services fails to perform any obligations under this Article 2, other than payment of Premises Rent, and Drill Rite Services fails to remedy such default with due diligence, and persists in such failure after ten (10) days' notice by Drill Rite Systems requiring that Drill Rite Services remedy, correct, desist or comply with such obligations.
- (b) In addition to all rights and remedies given by law or equity to Drill Rite Systems, Drill Rite Services agrees that in the event of any default by Drill Rite Services pursuant to 2.7(a) above, Drill Rite Systems shall have the following rights, namely:
 - (i) Drill Rite Systems shall be entitled to terminate the Premises Lease without prejudice to Drill Rite Systems' right to damages upon notice in writing to Drill Rite Services. Upon the giving of such notice, the Premises Lease and the term of the Premises Lease shall terminate immediately without the necessity of any legal process;
 - (ii) Premises Rent and any other payments for which Drill Rite Services is liable under the Premises Lease shall be computed, apportioned and paid to the date of such termination, and Drill Rite Services shall immediately deliver up possession of the Premises to Drill Rite Systems; and

- (iii) Drill Rite Systems, its agents and servants shall have the right to enter the Premises or any part thereof and may repossess and enjoy as of its former estate, and dispossess Drill Rite Services and remove any person or property therefrom without the necessity of any legal proceedings whatsoever and without being liable to Drill Rite Services therefor in damages or otherwise, and Drill Rite Systems shall have the right to thereupon terminate the Premises Lease.

2.8 Amounts Due on Termination

Where the Premises Lease is terminated under Section 2.7, the following amounts shall immediately become due and payable:

- (a) Premises Rent for the then current month; and
- (b) any Premises Rent in arrears.

2.9 Liability and Indemnification

The parties hereto agree that the indemnification provisions of the Head Lease will apply to the Premises Lease such that references to "Landlord" therein will refer to Drill Rite Systems and the references to "Tenant" therein will refer to Drill Rite Services for the purposes of application to the Premises Lease.

2.10 Miscellaneous

- (a) The provisions of the Head Lease will apply to the Premises Lease such that references to "Landlord" therein will refer to Drill Rite Systems and the references to "Tenant" therein will refer to Drill Rite Services for the purposes of application to the Premises Lease.
- (b) In the event that there is any conflict between the terms of the Head Lease and the terms and conditions contained in the Premises Lease, then the terms and conditions contained in the Premises Lease shall govern.

ARTICLE 3 – OTHER PROVISIONS

3.1 Lessee's Warranties

Drill Rite Services represents and warrants that it has the power to enter into this Lease and that this Lease has been duly authorized, executed and delivered by it, and constitutes a legal, valid and binding obligation of Drill Rite Services.

3.2 Amendment/Waiver

This Lease may only be amended by written agreement signed by Drill Rite Systems and Drill Rite Services. Any waiver of any provision of this Lease will be effective only if it is in writing and signed by the party to be bound thereby, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any party to exercise, and no delay in exercising, any right under this Lease will operate as a waiver of such right. No single or partial exercise of any such right will preclude any further or other exercise of such right.

3.3 Entire Agreement

This Lease, including Schedule "A" and Schedule "B", embodies the entire understanding between Drill Rite Systems and Drill Rite Services with respect to the subject matter addressed herein, and there are no agreements, understandings, conditions, warranties or representations, oral or written, expressed or implied, with reference to the subject matter hereof which are not merged herein. This Lease supersedes any and all oral or written agreements dealing with the same subject matter referenced herein prior to the date hereof.

3.4 General

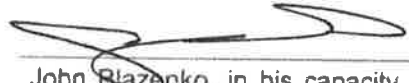
- (a) Time is of the essence of this Lease.
- (b) Drill Rite Services shall at its own expense do all further things which may from time to time be reasonably requested by Drill Rite Systems to give effect to or better protect the rights of Drill Rite Systems hereunder.
- (c) All references in this Lease to dollars or to "\$" are references to Canadian currency unless otherwise specifically indicated.
- (d) This Lease is governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein. Drill Rite Services and Drill Rite Systems hereby irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta with respect to any matter arising under or relating to this Lease.
- (e) This Lease may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Lease as of the date first written above.

DRILL RITE SYSTEMS INC.

Per:



John Blazenko, in his capacity as Limited Administrator of the Estate of Scott Patrick Blazenko pursuant to authority granted by Order of Mr. Justice P.B. Michalyshyn on March 23, 2017

I have the authority to bind the corporation

DRILL RITE SERVICES LTD.

Per:



Name: Shauna Kezak
Title: President

I have the authority to bind the corporation

SCHEDULE "A"

EQUIPMENT

Owned Equipment

Description	S/N	Fair Market Value
2012 Ford F350 SLT Super Duty Pickup	1FT8W3B63CEB34660	\$28,000
2009 GMC 2500 Pickup	3GTEK13M49G132028	\$10,000
2014 SWS Gooseneck 32' Trailer	4UGFG3027ED025541	\$7,500
2013 SWS Gooseneck 32' Trailer	4UGFG3022DD023257	\$6,500
2012 John Deere 326D Skid Steer Loader	1T0326DMKCG222507	\$23,000
2012 Kawasaki Model KVF750G ATV Quad	JKAVFDG10CB501841	\$4,500
2015 Trito ATV Trailer	4TCSU1887FH828816	\$1,300
ProDig T12K Drive Head, 400 cc Bi-Directional Speed Motor, 30 gpm, including auger drive boom	N/A	\$6,000
ProDig T12K Drive Head, 400 cc Bi-Directional Speed Motor, 30 gpm, including auger drive boom	N/A	\$6,000
ProDig T12K Drive Head, 500 cc Bi-Directional Speed Motor, 30 gpm, including auger drive boom	N/A	\$6,500
2 – ProDig T12K Drive Head and Drive Head (parts)	N/A	\$3,500
2 – JD Worksite Pro Cleanup Buckets	N/A	\$1,100
BVA Hydraulic Flight Press with Controls	N/A	\$2,100
Hydmech S-20P Horizontal Metal Band Saw	7G011S704	\$6,500
LE-918SSA 3" x 18" Hyd Metal Band Saw	13061012	\$2,000
3 – Lincoln 256 Power Mig Welders, 2 – Thermal Dynamic Plasma Cutter, Miller CP-300 Welder	M3120500879 M3140408104 M3110810118 HF847567	\$6,500
Oxy/Act Rack, Professional 7.75 Washer, Chains and Boomers, 16 Pipe Racks, 5 Roller Stands, 4 Tri Stands, Tool Box, 4 Shop Benches, 10 Inventory Parts Baskets, 2 Steel Stands, Yard Cart, 3 Shop Carts, 2 Wheel Dolly, Oxy/Act Set, Pallet Jack, Makita Cut Off, Rigid Drill Press, Canadian No. 18 Drill Press, Sanborn Air Compressor (2 stage, 80 Gallon), 30" Fan, Wheel Barrow, Honda EP2500CX Generator, Floor Jack, 2 Sections of Pallet Racking, ShopVac, Lights, Bottle Jacks, Fuel Cans, BBQ		\$7,000

Leased Equipment

Description	S/N	Fair Market Value
2017 Ford F350 Super Duty Crew Cab	1FT8W3BTGHEB49677	TBD
2012 John Deer 326D Skid Steer Loader	1T0326DMLCG234910	TBD
2012 John Deer 326D Skid Steer Loader	1T0326DMCCG235883	TBD
2012 John Deer 326D Skid Steer Loader	1T0326DMECG237521	TBD

Note: The net Fair Market Value of the Leased Equipment will be determined at the time of the purchase and sale contemplated by Section 1.8 and will be calculated as follows:

- (a) Gross Fair Market Value; minus
- (b) Remaining Lease Payments on the date of closing; minus
- (c) Buyout Amount of Leased Equipment; minus
- (d) Lease Payments made by Drill Rite Services directly to third party lessors.

For greater certainty, the Gross Fair Market Value of the Leased Equipment is as follows:

Description	S/N	Gross Fair Market Value
2017 Ford F350 Super Duty Crew Cab	1FT8W3BTGHEB49677	\$50,000
2012 John Deer 326D Skid Steer Loader	1T0326DMLCG234910	\$25,000
2012 John Deer 326D Skid Steer Loader	1T0326DMCCG235883	\$24,000
2012 John Deer 326D Skid Steer Loader	1T0326DMECG237521	\$25,000

SCHEDULE "B"

PREMISES

15211 - 119 Avenue NW
Edmonton, Alberta
T5V 1S4

APPRAISAL

OF



Report Date: March 13, 2017

Effective Date: March 13, 2017

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mirterra corp

PO Box 239 St. Albert, AB T8N 1N3

March 13, 2017

John Blazenko
99 Westmews Dr
Fort Saskatchewan, AB T8L 3X7

Via email: johnblazeko@shaw.ca

Attention: John Blazenko

Dear Mr. Blazenko:

RE: DRILLRITE SYSTEMS INC - ASSET APPRAISAL

At your request, we have prepared an appraisal of certain equipment owned by DRILLRITE SYSTEMS INC, a copy of which is enclosed. This restricted report is intended for exclusive use by John Blazenko and is intended only for establishing values of the listed equipment to determine corporate valuation purposes.

The cost and market approaches to value have been considered for this appraisal and have either been utilized where necessary or deemed inappropriate for the value conclusions found therein.

After a thorough analysis of the assets and information made available to us, it is our opinion that as of March 13, 2017, these assets have a Orderly Liquidation Value in Canadian Funds as shown on the certificate that we have prepared.

We certify that neither we nor any of our employees have any present or future interest in the appraised property. The fee charged for this appraisal was not contingent on the values reported.

If you require any additional information, please feel free to contact me at your convenience.

Yours truly,



Ron Victor, ASA CAI

ravtoday@gmail.com

WE CERTIFY

THAT ON THIS DATE GIVEN IN THIS CERTIFICATE, THE SPECIFIED ASSETS OF:

DRILLRITE SYSTEMS INC

HAS AN ORDERLY LIQUIDATION VALUE OF;

SCHEDULE – CONSTRUCTION ASSETS, ROLLING STOCK, SHOP AND INVENTORY

\$235,300.00

If you require any additional information, please feel free to contact me at your convenience.

Yours truly,

A handwritten signature in black ink, appearing to read 'Ron Victor', with a stylized flourish extending to the right.

Ron Victor, ASA CAI

ravtoday@gmail.com

COMPANY OVERVIEW | PRIMARY CONTACT INFORMATION

COMPANY NAME: DRILLRITE SYSTEMS INC
INDUSTRY: CONSTRUCTION
HEAD OFFICE: EDMONTON, AB

APPRAISAL OVERVIEW

VALUATION TYPE: ORDERLY LIQUIDATION VALUE
VALUATION DATE: March 13, 2017
INSPECTION DATE(S): March 2017
EFFECTIVE DATE: March 13, 2017

ASSET OVERVIEW

ASSET TYPE: CONSTRUCTION ASSETS
ASSET CONDITION: AVERAGE TO EXCELLANT
INSPECTION DATE(S): March 2017

mirterra corp

PO Box 239 St. Albert, AB T8N 1N3

March 13, 2017

John Blazenko
99 Westmews Dr
Fort Saskatchewan, AB T8L 3X7

Via email: johnblazeko@shaw.ca

Attention: John Blazenko

Dear Mr. Blazenko:

RE: DRILLRITE SYSTEMS INC - ASSET APPRAISAL

SUMMARY OF VALUE CONCLUSIONS:

Based upon my analysis and the methodology, I estimate the **ORDERLY LIQUIDATION VALUE** at **TWO HUNDRED AND THIRTY FIVE THOUSAND AND THREE HUNDRED DOLLARS (\$235,300)**, as of the Effective Date.

The scope of my work was an examination of information supplied by DRILLRITE.

The projections of value identified above are based upon an analysis of the Assets and the consideration of the **Cost Approach** and **Sales Comparison Approach**.

The value opinions expressed in this appraisal are contingent upon the analysis, facts, and conditions presented in the accompanying report.

Appraiser understands this valuation is being prepared for financing purposes.

ASSET OVERVIEW

As set out in the attached Schedule, the Assets appraised within this engagement include construction and rolling stock assets.

SCOPE OF WORK AND CONSIDERATIONS

METHODOLOGY

I employed the following procedures to determine the value conclusions rendered herein:

1. The appraiser obtained researched selling and asking prices from a number of asset web sites.
2. Utilization of certain data resources including, but not limited to, related auction houses, online database sites, original equipment manufacturers, and used machinery and equipment publications such as; Iron Planet, Ritchies, Machinery Trader, Brandt and Prodig.
3. Consideration of current market and geographical conditions for Assets of like kind.
4. Consideration of applicable functional and economic obsolescence factors.
5. Discussions regarding the following factors with dealers and manufactures:
 - a. marketability and timing issues,
 - b. general market conditions, and
 - c. market trends and prices.
6. Consideration of current auction, used machinery and equipment dealer, and alternate end user prices that may be realized for similar Assets, on an "as is condition, where is location" basis.
7. Consideration of the cost to acquire similar machinery and equipment, if available, and the expense and difficulty of removal of the Assets from their present location.

OBSERVATIONS AND COMMENTS

Available data and market comparables utilized were up to 120 days old. Increased weighting was given to recent regionally specific comparables when available.

DEFINITIONS AND TERMINOLOGY

ORDERLY LIQUIDATION VALUE – ("OLV")

The estimated amount, expressed in terms of cash in Canadian dollars, that could typically be realized from a liquidation sale, given a reasonable period of time to find a purchaser, with the seller being compelled to sell on an "as-is condition, where-is location basis" within 120 days from the date of this report.

PHYSICAL DETERIORATION

A form of depreciation where the loss in value or usefulness of a property is due to the using up or expiration of its useful life caused by wear and tear, deterioration, exposure to various elements, physical stresses, and similar factors.

FUNCTIONAL OBSOLESCENCE

A form of depreciation in which the loss in value or usefulness of an Asset is caused by inefficiencies or inadequacies of the Asset itself, when compared to a more efficient or less costly replacement property that new technology has developed. Symptoms suggesting the presence of functional obsolescence are excess operating cost, excess construction (excess capital cost), over-capacity, inadequacy, lack of utility, or similar conditions.

ECONOMIC OBSOLESCENCE

A form of depreciation or loss in value or usefulness of an Asset caused by factors external to the Asset. These may include such things as the economics of the industry; availability of financing; loss of material and/or labour sources; passage of new legislation; changes in ordinances; increased cost of raw materials; labour or utilities (without an offsetting increase in product price); reduced demand for the product; increased competition; inflation or high interest rates; or similar factors.

LIMITING CONDITIONS AND CRITICAL ASSUMPTIONS

This appraisal report and the above noted recovery values are based on and subject to the following conditions, qualifications, assumptions and limitations:

No investigation has been made into title to the assets and all items listed are assumed to be the property of the subject company unless otherwise noted. Conducting a title search is outside the scope of this appraisal assignment.

No allowance has been made for possible liens or encumbrances that may be against the property other than those discussed in the report.

No allowance has been made nor was any consideration given to potential environmental problems and the possible impact those problems would have on the findings within this appraisal. It is assumed that there is full compliance with all applicable environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.

This appraisal has been completed in accordance with the guidelines established by the Uniform Standards of Professional Appraisal Practice and the Association of Machinery and Equipment Appraisers and reflects the best judgment of the appraiser.

Since conclusions by the appraiser are based upon judgments, isolation of any single element as the sole basis for comparison to the whole appraisal may be inaccurate.

The effective date of the appraisal establishes the current value and is not prospective or retrospective.

CONFIDENTIALITY

This report and supporting file documentation are confidential. Neither all nor any part of the contents of this appraisal (including the report and the supporting file documentation) shall be disclosed to any party, or conveyed orally or in writing through advertising, public relations, news, sales, or in any other manner without the prior written consent and approval of mirterra.

This Appraisal Report provides a summary discussion of the data, analysis, and reasoning used by the appraiser to arrive at the opinions of value identified herein. A copy of this report and the data, reasoning, and analysis supporting our value conclusions shall remain in our files and be retained for a period of at least five (5) years after preparation, or at least two (2) years after final disposition of any judicial proceeding as required by the Records Keeping section of USPAP.

As this is an Appraisal Report, the conclusions and data contained herein may only be used by the Client for the purpose stated. The opinions and conclusions set forth in this report may not be understood properly by anyone else without additional information which is contained in the appraiser's work file. Neither this report, nor any data contained herein should be distributed to another party.

CERTIFICATION OF INSPECTION AND APPRAISAL

I, Ron Victor do hereby certify that:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions.

We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the Association of Machinery and Equipment Appraisers.

Our engagement was not contingent upon developing or reporting predetermined results.

Our compensation was not contingent upon the development of a predetermined value, the amount of the value determination or the occurrence of a subsequent event directly related to the intended use of the appraisal.

No person or persons other than those acknowledged below prepared the analysis, conclusions, and opinions within this report; however, in some instances industry professionals were consulted to provide assistance in reaching a value conclusion.

We have made an inspection of the personal property that is the subject of this report.

Yours truly;

Per:



Ron Victor, ASA CAI

Ron A. Victor, ASA, CAI
Phone: (780) 990-9444

EXPERIENCE Equipment Appraiser and Auctioneer since 1983.

2015 – Present **mirterra corp** – Auctioneer and Appraiser

1993 - 2014 **Century Services Inc.**
An industrial and commercial Appraisal / Auction firm providing valuations of inventory, Machinery & equipment, A/R; asset-based advisory services to lenders.

1987 - 1993 **Danbury Sales Inc.**
Accredited Machinery & Equipment Appraiser Auctioneer

1983 - 1989 **Victor Howards Transport Ltd.**
Project manager, Bid Estimator, Dispatcher, Consultant for Oilfield/Trucking Industry

Professional Affiliations: Member of the Alberta Auctioneers Association

Past President, 2004 - 2006

Director, 1990 -2003

Member of the National Auctioneers Association

Member of the Texas Auctioneers Association

Member of the Certified Auctioneers Institute

Certified Appraiser, **American Society of Appraisers (“ASA”)**

Certified Appraiser, **Canadian Personal Property Appraisers Group (“CPPA”)**

CAI Designation – **National Auctioneers Association Education Institute (“CAI”)**

EDUCATION Grant McEwan University - Business Administration







Certified Auctioneers Institute

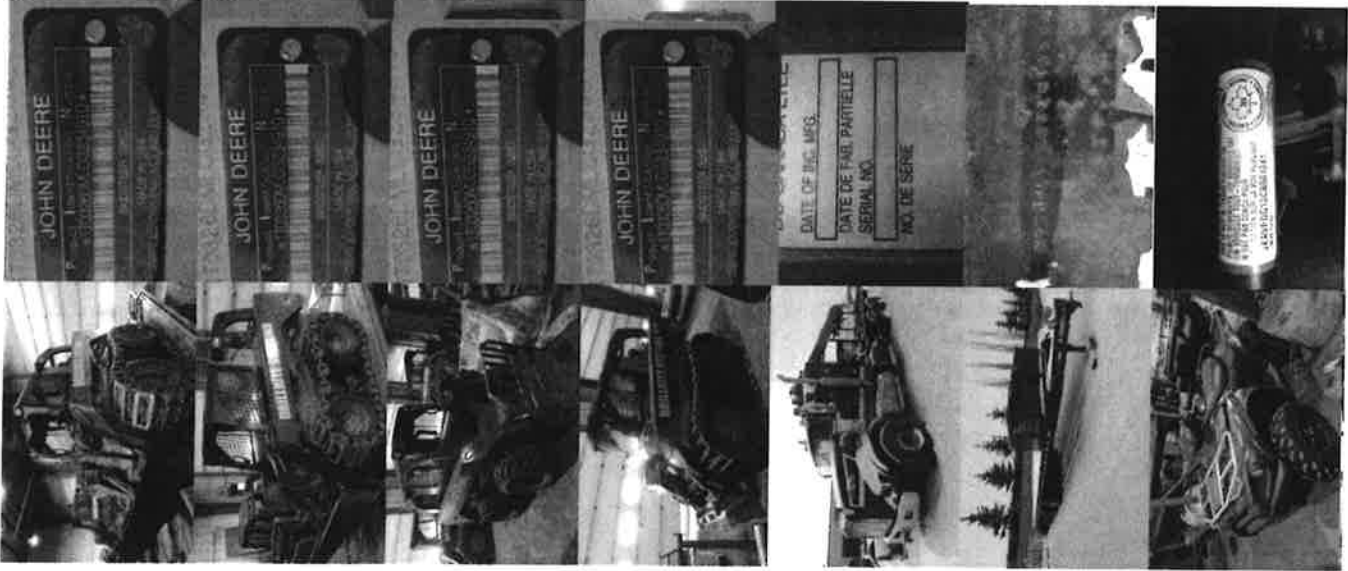
World Wide College of Auctioneering

Canadian Personal Property Appraisers Group

Uniform Standards of Professional Appraisal Practice (“USPAP”) Course



	DESCRIPTION	VIN	OLV
	<p>2012 Ford F350 SLT Super Duty pickup, 4 x 4, auto, diesel, 4 door, long box, 100758 km showing, fuel tank w/ pump, 5th wheel hitch, lic# BMK-6612</p>	28,000	
	<p>2009 GMC 2500 pickup, 4 x 4, auto, 4 door, short box, 189705 km showing, Roll N Lock box cover, lic# BKD-6918</p>	10,000	
	<p>2007 Ford F350 SLT Super Duty pickup, 4 x 4, auto, 4 door, long box, 232964 km showing, lic # SYD-352, 5th wheel hitch, (rough interior, dents on passenger side, no tail gate)</p>	7,000	
	<p>2014 SWS gooseneck 32' trailer, T/A, duals, beavertails, ramps, lic# 4WZ9-40</p>	7,500	
	<p>2013 SWS gooseneck 32' trailer, T/A, duals, beavertails, ramps, lic# 4WZ9-41</p>	6,500	
	<p>2008 PJ gooseneck trailer, 27', T/A, 7000 lb axles, beavertails, ramps, lic# 4WZ9-42</p>	5,000	



2012 John Deere 326D skid steer loader, 2 speed, 1279 hours showing, w/ digging bucket and steel tracks

2012 John Deere 326D skid steer loader, 2 speed, 1702 hours showing, w/ forks and steel tracks

2012 John Deere 326D skid steer loader, 2 speed, 2633 hours showing, w/ forks and steel tracks

2012 John Deere 326D skid steer loader, 2 speed, 1220 hours showing, w/ digging bucket and steel tracks

2001 Kenworth T800 TA drill support digger derrick truck, deck, 18 speed, w/ Terex telelect Commander 6000, Vin 2001215399 * appraised base on current condition, may require up to \$20,000 in repairs

2003 Trailtech pintle hitch equipment trailer, tridem, duals, beavertails, vin plate missing

2012 Kawasaki Model KVF750G ATV quad, Brute Force, V-Twin, 4 x 4, w/ box and winch, 701 km and 61.7 hours showing

1T0326DMLCG234910

1T0326DMCCG235883

1T0326DMKCG222507

1T0326DMECG237521

1NKDL60X71R963725

2CU4LLVS338013588

JKAVFDG10CB501841

25,000

24,000

23,000

25,000

7,500

9,500

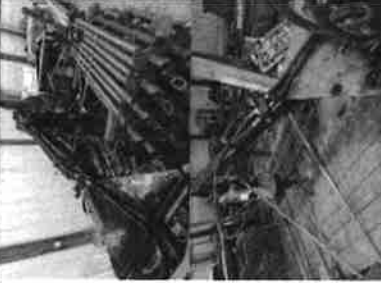
4,500



2015 Trito alum ATV trailer, S/A

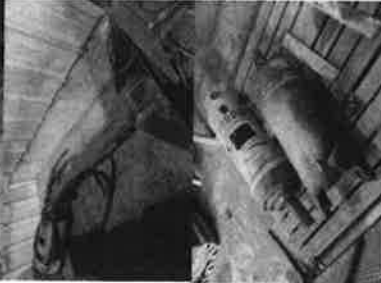
4TCSU1887FH828816

1,300



ProDig T12K drive head, DTC, 2 speed, 400 cc bi-directional obi speed motor, 30 gpm, w/ auger drive boom

6,000



ProDig T12K drive head, DTC, 2 speed, 400 cc bi-directional obi speed motor, 30 gpm, w/ auger drive boom

6,000



ProDig drive head, 2 speed, 500 cc bi-directional speed motor, w/ auger drive boom, model number unknown

6,500



2 units - ProDig T12K drive head and drive head (parts)

3,500

2 JD worksite Pro cleanup buckets

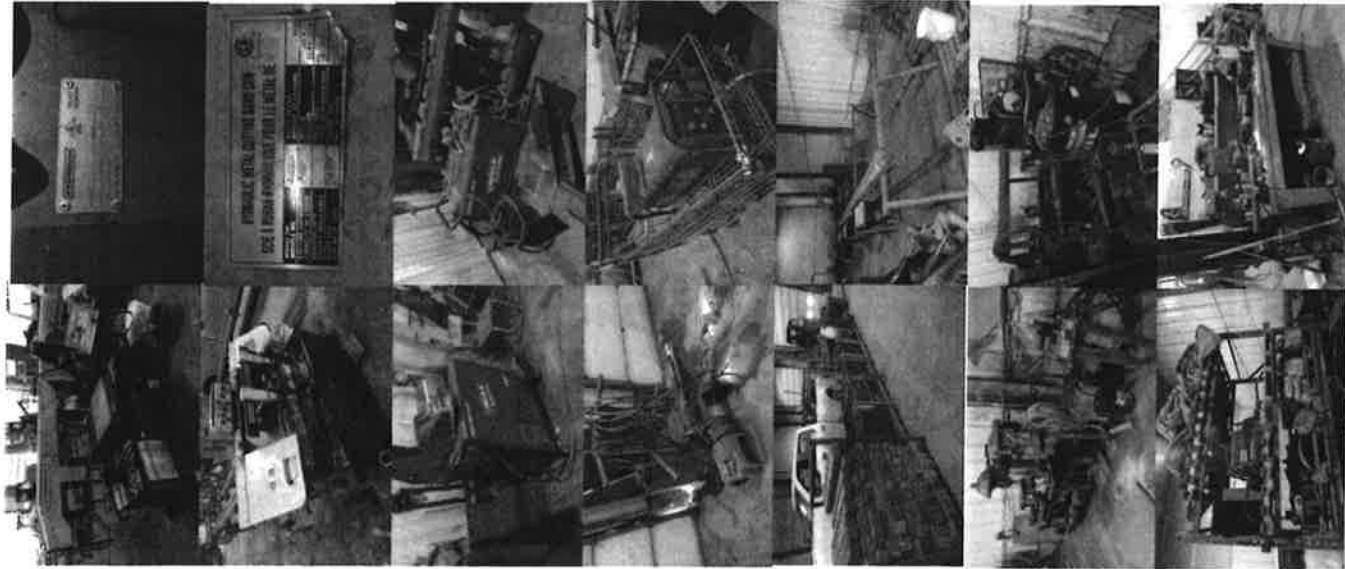
1,100

SHOP ASSETS



BVA hydraulic flight press with controls, unknow tonnage

2,100



Hydmech S-20P horizontal metal band saw

7G0115704

6,500

LE-918SSA, 3" X 18" Hyd metal band saw

13061012

2,000

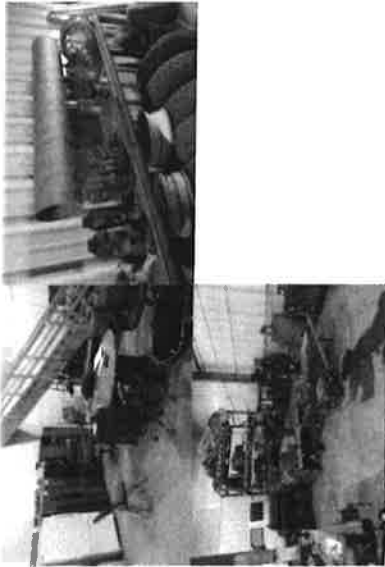
3 - Lincoln 256 power mig welders, 2 Thermal Dynamic plasma cutter, Miller CP-300 welder

lincoln vins
 M3120500879
 M3140408104
 M3110810118
 Miller vin HF847567

6,500

oxy / act rack, Professional 7.75 washer, chains and boomers, 16 pipe racks, 5 roller stands, 4 tri stands, tool box, 4 shop benches, 10 inventory parts baskets, 2 steel stands, yard cart, 3 shop carts, 2 wheel dolly, oxy / act set, pallet jack, makita cut off, ridgid drill press, canadian no 18 drill press, Sanborn air compressor 2 stage 80 gal, 30" fan, wheel barrow, Honda EP2500cx generator, floor jack, 2 sections of pallet racking, shopvac, lights, bottle jacks, fuel cans, BBQ

7,000



ANCHOR AND PIPE INVENTORY

qty of finished anchors, flight material, piping

3,000



OFFICES

OFFICES - assorted desks, chairs, cabinets, time clock

1,300



TOTAL OLV \$ 235,300

OWNED EQUIPMENT

SCHEDULE "D"

Description	S/N	Fair Market Value
2012 Ford F350 SLT Super Duty Pickup	1FT8W3B63CEB34660	\$28,000
2009 GMC 2500 Pickup	3GTEK13M49G132028	\$10,000
2014 SWS Gooseneck 32' Trailer	4UGFG3027ED025541	\$7,500
2013 SWS Gooseneck 32' Trailer	4UGFG3022DD023257	\$6,500
2012 John Deer 326D Skid Steer Loader	1T0326DMKCG222507	\$23,000
2012 Kawasaki Model KVF750G ATV Quad	JKAVFDG10CB501841	\$4,500
2015 Trito ATV Trailer	4TCSU1887FH828816	\$1,300
ProDig T12K Drive Head, 400 cc Bi-Directional Speed Motor, 30 gpm, including auger drive boom	N/A	\$6,000
ProDig T12K Drive Head, 400 cc Bi-Directional Speed Motor, 30 gpm, including auger drive boom	N/A	\$6,000
ProDig T12K Drive Head, 500 cc Bi-Directional Speed Motor, 30 gpm, including auger drive boom	N/A	\$6,500
2 – ProDig T12K Drive Head and Drive Head (parts)	N/A	\$3,500
2 – JD Worksite Pro Cleanup Buckets	N/A	\$1,100
BVA Hydraulic Flight Press with Controls	N/A	\$2,100
Hydmech S-20P Horizontal Metal Band Saw	7G011S704	\$6,500
LE-918SSA 3" x 18" Hyd Metal Band Saw	13061012	\$2,000
3 – Lincoln 256 Power Mig Welders, 2 – Thermal Dynamic Plasma Cutter, Miller CP-300 Welder	M3120500879	\$6,500
	M3140408104	
	M3110810118	
	HF847567	
Oxy/Act Rack, Professional 7.75 Washer, Chains and Boomers, 16 Pipe Racks, 5 Roller Stands, 4 Tri Stands, Tool Box, 4 Shop Benches, 10 Inventory Parts Baskets, 2 Steel Stands, Yard Cart, 3 Shop Carts, 2 Wheel Dolly, Oxy/Act Set, Pallet Jack, Makita Cut Off, Rigid Drill Press, Canadian No. 18 Drill Press, Sanborn Air Compressor (2 stage, 80 Gallon), 30" Fan, Wheel Barrow, Honda EP2500CX Generator, Floor Jack, 2 Sections of Pallet Racking, ShopVac, Lights, Bottle Jacks, Fuel Cans, BBQ		\$7,000

TOTAL

\$128,000

LEASED EQUIPMENT**SCHEDULE "E"**

Description	VIN (Last 6)	Fair Market Value	Lease Buyout (May 15, 2017)	Equity
2017 Ford 350	B49677	50,000.00	58,561.00	-
2012 John Deer Skid Steer	234910	25,000.00	3,455.28	21,544.72
2012 John Deer Skid Steer	235883	24,000.00	3,799.16	20,544.72
2012 John Deer Skid Steer	237251	25,000.00	5,425.16	19,574.84
			TOTAL	61,664.28