

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF DEL EQUIPMENT INC.**

Applicant

APPLICATION RECORD

(CCAA Application returnable October 22, 2019)

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Applicant

NOTICE OF APPLICATION

(CCAA Application returnable October 22, 2019)

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following pages.

THIS APPLICATION will come on for a hearing on Tuesday, October 22, 2019, at 10:00 a.m. or as soon after that time as the matter may be heard at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with the documents in the application, you or an Ontario lawyer acting for you must prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyers and file it, with proof of service, in the court office where the application is to be heard, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you and your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyers and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than two (2) days before the hearing.

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IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LEGAL AID OFFICE.

Date: October 22, 2019

Issued by: Local Registrar

Address of Court Office: 330 University Avenue
Toronto, ON M5G 1R7

APPLICATION

1. Del Equipment Inc. (the “**Company**” or “**DEL**”) makes this application for an initial order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) substantially in the form included in the Company’s Application Record, *inter alia*:¹
 - (a) abridging the time for and validating the service of this Notice of Application and the Application Record;
 - (b) declaring that DEL is a company to which the CCAA applies;
 - (c) authorizing the Company the carry on business in a manner consistent with the preservation of its business and property;
 - (d) authorizing the Company to pay the reasonable expenses incurred by the Company in carrying out its business in the ordinary course, including certain expenses incurred prior to the date of the Initial Order;
 - (e) appointing MNP Ltd. (“**MNP**”) as an officer of the Court to monitor the assets, business and affairs of the Company (the “**Monitor**”);
 - (f) staying all proceedings taken or that might be taken in respect of the Company or its assets, properties and undertakings (the “**Property**”) or the directors and officers of the Company or the Monitor;
 - (g) authorizing the Company to borrow up to \$1,000,000 under an interim financing facility substantially in the form attached to the Initial Affidavit (the “**DIP Financing**”) to be provided by Diesel Equipment Limited (“**Diesel**”), the Company’s parent company and senior secured lender;

¹ Capitalized terms used but not otherwise defined herein have the meanings given to them in the affidavit of Douglas Lucky sworn October 20, 2019 (the “**Initial Affidavit**”) in support of this application.

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- (h) authorizing the Company to pay the reasonable fees and expenses of the Monitor and its counsel and the Company's counsel;
- (i) authorizing the Company to pay certain expenses incurred prior to, on or after the date of the Initial Order, subject to the provisions of the Initial Order;
- (j) approving the engagement of 2255987 Ontario Limited o/a Strategic Results Advisors ("SRA") and the appointment of Douglas Lucky as Chief Restructuring Officer (the "CRO") of DEL pursuant to the terms of the CRO Engagement Letter between the Company and SRA, and granting certain customary protections to the CRO;
- (k) approving the commencement of a sale and investment solicitation process in respect of the Company ("Sale Process"), which process contemplates expressions of interest being received on or before December 6, 2019, and binding bids being received by January 31, 2020;
- (l) granting the following charges over the Property, with the relative priorities as set out below:
 - (i) *first* – the Administration Charge in the aggregate amount of \$400,000 in favour of the Monitor, legal counsel to the Monitor, legal counsel to the Company, the Company's financial advisor and the CRO as security for their professional fees and disbursements;
 - (ii) *second* – the Directors' Charge in favour of the Company's directors, officers and CRO in the amount of \$1,200,000;
 - (iii) *third* – the DIP Lender's Charge to secure the Company's obligations in respect of the DIP Financing; and
 - (iv) *fourth* – the Success Fee Charge in the amount of \$100,000 to secure the Company's obligation in respect of the Success Fee; and
- (m) such further and other relief as this Court deems just.

2. The grounds for the Application are:
- (a) DEL is a leading Canadian truck body and equipment “up-fitter” that engineers, designs, manufactures and sells special truck bodies, attachments, equipment and work-ready vehicles through its nation-wide distribution network. The Company has operations nation-wide at six manufacturing and distribution locations where it employs approximately 174 employees;
 - (b) the Company is currently facing a liquidity crisis and is in significant arrears to many of its suppliers;
 - (c) in June 2017, an agreement was reached with Gin-Cor Industries Inc. (“**Gin-Cor**”), a company that operates in the same field as DEL, pursuant to which Gin-Cor would acquire a 40% equity interest in and management control of DEL for a nominal sum, with a view to earning a 100% equity interest upon the achievement of certain profitability related milestones (the “**Gin-Cor Transaction**”);
 - (d) the majority of the business synergies anticipated to result as of the Gin-Cor Transaction failed to materialize, with the Company experiencing increasing losses during the period of Gin-Cor management control;
 - (e) the Gin-Cor Transaction was terminated in July 2018, and 100% ownership and control of DEL reverted to Diesel as at such time;
 - (f) despite efforts to address the operational issues that challenged the business while under Gin-Cor management and to pursue other restructuring initiatives, the Company has been unable to resolve its financial and operational challenges. Among other things, the Company is more than \$8 million in arrears to its supplier base, many of whom have begun to compress payment terms (including in some cases requiring cash in advance and cash on delivery);
 - (g) the Company’s liquidity position has also been significantly negatively impacted by a recent payment dispute involving Mack Defense, LLC and Gin-Cor (the

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“**Payment Dispute**”), which resulted in an approximately 20% reduction in DEL’s anticipated receipts for September 2019;

- (h) while Diesel has provided certain limited discretionary emergency financing to DEL in recent weeks, it has indicated that it is not prepared to provide further financing in the absence of a formal restructuring process being commenced;
- (i) the Company requires a stay of proceedings to provide stability to the business and time to undertake the Sale Process to seek to identify and assess a potential going-concern sale or restructuring transaction or other alternative that may be available to maximize the value of its business for the benefit of the Company and its stakeholders;
- (j) the Company requires access to the DIP Financing to fund its operational needs while pursuing the Sale Process and restructuring efforts;
- (k) the CCAA proceedings also provide the Company with a forum to expeditiously resolve the Payment Dispute to the extent it cannot be resolved on a consensual basis in the near-term, and the Company intends to bring a motion in connection with the commencement of this Application to secure the funds at issue in the Payment Dispute for the benefit of the Company and its stakeholders;
- (l) MNP has consented to act as Court-appointed Monitor of the Company in these CCAA proceedings if so appointed by the Court;
- (m) the granting of the Administration Charge, the Directors’ Charge, the DIP Lender’s Charge and the Success Fee Charge is appropriate in the circumstances and will facilitate the active involvement of the beneficiaries of the charges during the CCAA proceedings;
- (n) the other relief in the proposed Initial Order is appropriate in the circumstances;
- (o) the provisions of the CCAA and this Court’s equitable and statutory jurisdiction thereunder;

- (p) Rules 1.04, 2.03, 3.02, 14.05(2), 16 and 38 of the Ontario *Rules of Civil Procedure*, R.S.O. 1990, Reg. 194, as amended; and
 - (q) such further and other grounds as counsel may advise and this Court may permit.
3. The following documentary evidence will be used at the hearing of the application:
- (a) the Initial Affidavit and the exhibits attached thereto;
 - (b) the Monitor's Pre-Filing Report and the appendices attached thereto;
 - (c) the consent of MNP to act as Monitor; and
 - (d) such further and other materials as counsel may advise and this Court may permit.

Date: October 22, 2019

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**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DEL
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Court File No: _____

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

NOTICE OF APPLICATION
(CCAA Application returnable October 22, 2019)

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Lawyers for Del Equipment Inc.

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Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	TUESDAY, THE 22 ND
)	
JUSTICE HAINEY)	DAY OF OCTOBER, 2019

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF DEL EQUIPMENT INC.

Applicant

INITIAL ORDER

THIS APPLICATION, made by Del Equipment Inc. (the "**Applicant**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Douglas Lucky sworn October 20, 2019, and the Exhibits thereto (the "**Initial Affidavit**"), and the pre-filing report of MNP Ltd. in its capacity as the proposed Monitor of the Applicant (the "**Monitor**"), and on hearing the submissions of counsel for the Applicant, the Monitor, Diesel Equipment Limited, and those other parties present as indicated on the counsel sheet, and on reading the consent of MNP Ltd. to act as the Monitor,

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SERVICE

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

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicant shall be entitled to continue to utilize the central cash management system currently in place as described in the Initial Affidavit or replace it with another 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

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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 hereinafter defined) 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 under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. THIS COURT ORDERS that the Applicant shall be entitled to continue to use the corporate credit cards in place with Bank of Montreal and shall make full repayment of all amounts outstanding thereunder, including with respect to any pre-filing charges.

7. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses and satisfy the following obligations whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, compensation, employee benefits, pension contributions, vacation pay and expenses (including, without limitation, payroll and benefits processing and servicing expenses) payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges;
- (c) all outstanding and future amounts related to honouring customer obligations, whether existing before or after the date of this Order, including with respect to customer warranty obligations and as relates to customer deposits and pre-payments, in each case incurred in the ordinary course of business and consistent with existing policies and procedures;
- (d) amounts owing by the Applicant to insurance premium financiers as necessary to ensure continued coverage for the Applicant under its existing insurance policies, including director and officer insurance; and

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- (e) amounts owing for goods or services supplied to the Applicant prior to the date of this Order if, in the opinion of the Applicant and with the consent of the Monitor, such payment is necessary to maintain the operations of the Business.

8. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance and including payments to entities who provide insurance premium financing), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

9. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

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- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to this Order of any other Order of this Court.

RESTRUCTURING

11. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its Business or operations, and to dispose of redundant or non-material assets not exceeding \$650,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;
- (c) disclaim such of its arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the Applicant deems appropriate, in accordance with Section 32 of the CCAA; and
- (d) pursue all avenues of refinancing or restructuring of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

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all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

12. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay, without duplication, all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease, but, for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Applicant or the making of this Order) or as otherwise may be negotiated between the Applicant and landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

13. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant’s entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims or resiliates the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the Applicant’s claim to the fixtures in dispute.

14. THIS COURT ORDERS that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor five (5) business

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days' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

15. THIS COURT ORDERS that until and including November 21, 2019, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. THIS COURT ORDERS that during the Stay Period, all rights and remedies 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**") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien upon prior written notice to the Applicant and the Monitor.

NO INTERFERENCE WITH RIGHTS

17. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant (in

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each case whether written or oral), except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all truck chassis, truck equipment and parts suppliers, computer software, communication and other data services, centralized banking services, payroll and benefits services, insurance, transportation, utility, maintenance, security or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim

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against the directors or officers that arose before the date hereof and that relates to any obligation of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligation.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. THIS COURT ORDERS that the Applicant shall indemnify its current and future directors and officers (the “**D&Os**”) against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, including, without limitation, in respect of any failure to pay wages and source deductions, vacation pay, or other payments of the nature referred to in subparagraphs 7(a), 9(a), 9(b) or 9(c) of this Order except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of such director’s or officer’s gross negligence or wilful misconduct.

22. THIS COURT ORDERS that the D&Os 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 \$1,200,000, as security for the indemnity provided in paragraph 21 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 44 and 46 herein.

23. 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 D&Os 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 21 of this Order.

APPROVAL OF CHIEF RESTRUCTURING OFFICER ENGAGEMENT

24. THIS COURT ORDERS that:

- (a) the engagement agreement dated as of October 18, 2019 pursuant to which the Applicant has engaged 2255987 Ontario Limited operating as Strategic Results Advisors (“**SRA**”) to provide the services of Douglas Lucky to act as chief

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restructuring officer to the Applicant (the “**CRO**”), a copy of which is attached as Exhibit “K” to the Initial Affidavit (the “**CRO Engagement Letter**”), and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby, including the success fee stipulated therein (the “**Success Fee**”);

- (b) the CRO shall not be or be deemed to be a director of the Applicant;
- (c) the CRO, in its capacity as an officer of the Applicant, shall be entitled to the benefit of the indemnity provided in paragraph 21 hereof and the Directors’ Charge;
- (d) neither SRA nor the CRO shall, as a result of the performance of their respective obligations and Duties under the CRO Engagement Letter in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession (as defined below) of any of the Property within the meaning of any Environmental Legislation (as defined below); provided, however, if SRA or the CRO is nevertheless later found to be in Possession of any Property, then SRA or the CRO, as the case may be, shall be deemed to be a person who has been lawfully appointed to take, or has lawfully taken, possession or control of such Property for the purposes of section 14.06(1.1)(c) of the *Bankruptcy and Insolvency Act* (“**BIA**”) and shall be entitled to the benefits and protections in relation to the Applicant and such Property as provided by section 14.06(2) of the BIA to a “trustee” in relation to an insolvent person and its property;
- (e) SRA and the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct on the part of SRA or the CRO, provided further that in no event shall the liability of the CRO exceed the quantum of fees paid to SRA and the CRO;
- (f) no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of SRA and the

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CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this court on notice to the Applicant, the Monitor and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Applicant, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave; and

- (g) the obligations of the Applicant to SRA and the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under the BIA in respect of the Applicant.

APPOINTMENT OF MONITOR

25. THIS COURT ORDERS that MNP Ltd. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

26. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

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- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on the terms agreed to by the Applicant and the DIP Lender;
- (e) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (h) assist the Applicant with respect to the consideration, development and implementation of any Restructuring initiatives, including with respect to the Sale Process (as defined below);
- (i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable, including the services or employees of its affiliates, respecting the exercise of its powers and performance of its obligations under this Order;
- (j) carry out such duties and responsibilities as set out in this Order, including in respect of the Sale Process; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

27. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

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28. THIS COURT ORDERS that nothing herein contained shall require the Monitor 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 Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’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.

29. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

30. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor 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 the Monitor by the CCAA or any applicable legislation.

31. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the Applicant, the financial advisor to the Applicant and the CRO (as defined below) shall be paid their reasonable fees and disbursements, in each case on the terms set forth in their respective

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engagement letters and at their standard rates and charges and whether incurred prior to, on or after the date hereof, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, counsel for the Applicant, the financial advisor for the Applicant and the CRO in accordance with the payment terms agreed between the Applicant and such parties and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, counsel to the Applicant, the financial advisor to the Applicant and the CRO retainers in the amounts agreed with such parties, to be held by each of them as security for payment of their respective fees and disbursements outstanding from time to time.

32. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

33. THIS COURT ORDERS that the Monitor, counsel to the Monitor, the Applicant's counsel, the Applicant's financial advisor and the CRO shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$400,000, as security for their professional fees and disbursements (but excluding the Success Fee) incurred both before and after the granting of this Order at the standard rates and charges of the Monitor, such counsel and advisors and the CRO, subject to the terms set forth in their respective engagement letters, and the CRO shall be entitled to the benefit of and is hereby granted a charge (the "**Success Fee Charge**") on the Property, as security for the Success Fee. The Administration Charge and the Success Fee Charge shall have the priority set out in paragraphs 44 and 46 hereof.

SALE PROCESS

34. THIS COURT ORDERS that the Sale Process (as defined in the Initial Affidavit and appended as Exhibit "L" to the Initial Affidavit) be and is hereby approved.

35. THIS COURT ORDERS that the Applicant and its advisors (including, without limitation, the CRO), and the Monitor and its advisors, are authorized and directed to commence the Sale Process in accordance with its terms. The Applicant, the CRO and the Monitor are hereby authorized and directed to perform their respective obligations in connection with the

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Sale Process and to do all things reasonably necessary in relation to such obligations, subject to the terms of the Sale Process.

36. THIS COURT ORDERS that the Applicant, the CRO and the Monitor and their respective affiliates, partners, directors, employees, counsel, advisors, agents, shareholders and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of the Sale Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of such party in performing its obligations under the Sale Process, as determined by this Court.

37. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicant, the CRO and the Monitor are hereby authorized and permitted to disclose and transfer to each potential bidder (the “**Bidders**”) and to their representatives (the “**Representatives**”), if requested by such 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 or other strategic transaction as contemplated by the Sale Process (a “**Sale**”). Each 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 Applicant, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Applicant or the Monitor. Any Bidder under a Successful Bid (as defined in the Sale Process) (a “**Successful Bidder**”) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in any Successful Bid, shall be entitled to use the personal information provided to it that is related to the Property acquired pursuant to the Sale Process in a manner that is in all material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Applicant or the Monitor, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Applicant or the Monitor.

DIP FINANCING

38. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from Diesel Equipment Limited (the “**DIP Lender**”) in order to finance the Applicant’s working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$1 million (plus accrued and unpaid interest) unless permitted by further Order of this Court.

39. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the DIP Financing Term Sheet between the Applicant and the DIP Lender dated as of October 21, 2019 (the “**DIP Credit Agreement**”), filed.

40. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Credit Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, 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 DIP Credit Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

41. 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 the aggregate amount owed to the DIP Lender under the DIP Credit Agreement and the other Definitive Documents. The DIP Lender’s Charge shall have the priority set out in paragraphs 44 and 46 hereof.

42. 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;

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- (b) upon the occurrence of an event of default under the DIP Credit Agreement, the other related Definitive Documents or the DIP Lender's Charge, the DIP Lender, may, subject to the provisions of the DIP Credit Agreement with respect to the giving of notice or otherwise, and in accordance with the DIP Lender's Charge, as applicable, cease making advances to the Applicant, make demand, accelerate payment and give other notices; provided that, the DIP Lender must apply to this Court on five (5) business days' prior written notice (which may include the service of materials in connection with such an application to this Court) to the Applicant and the Monitor, to enforce against or exercise any other rights and remedies with respect to the Applicant or any of the Property (including to set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the DIP Credit Agreement, the other related Definitive Documents or the DIP Lender's Charge, to appoint a receiver, receiver and manager or interim receiver, or to seek a bankruptcy order against the Applicant and to appoint a trustee in bankruptcy of the Applicant; 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.

43. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the BIA with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. THIS COURT ORDERS that the priorities of the Administration Charge, the Directors' Charge, the DIP Lender's Charge and the Success Fee Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$400,000);

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Second – Directors’ Charge (to the maximum amount of \$1,200,000);

Third – DIP Lender’s Charge; and

Fourth – Success Fee Charge (to the maximum amount of \$100,000).

45. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge, the Directors’ Charge, the DIP Lender’s Charge and the Success Fee Charge (collectively, 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.

46. 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 Person, except for any secured creditor of the Applicant who did not receive notice of the application for this Order.

47. THIS COURT ORDERS that the Applicant shall be entitled, on a subsequent motion on notice to those Persons likely to be affected thereby, to seek priority of the Charges ahead of any Encumbrance over which the Charges have not obtained priority.

48. 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 rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the applicable Charges, or further Order of this Court.

49. THIS COURT ORDERS that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, 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 BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of

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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 DIP Credit Agreement or 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 DIP Credit Agreement, 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 DIP Credit Agreement or 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.

50. THIS COURT ORDERS that any Charge 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.

SERVICE AND NOTICE

51. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it

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publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

52. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and in, 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: www.mnpdebt.ca/DELEquipment (the “**Website**”).

53. THIS COURT ORDERS that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceedings (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the Website, provided that the Monitor shall have no liability in respect of the accuracy of, or the timeliness or making any changes to, the Service List.

54. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor 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 or other electronic 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 shall be deemed to be received; (a) if sent by courier, on the next business day following the date of forwarding thereof, (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

55. THIS COURT ORDERS that the Applicant and the Monitor and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably

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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).

56. THIS COURT ORDERS that, except with respect to any motion to be heard on the Comeback Date (as defined below), and subject to further Order of this Court in respect of urgent motions, any interested party wishing to object to the relief sought in a motion brought by the Applicant or Monitor in these proceedings shall, subject to further Order of this Court, provide the Service List with responding motion materials or a written notice (including by e-mail) stating its objection to the motion and the grounds for such objection by no later than 5:00 p.m. (Toronto time) on the date that is four (4) days prior to the date such motion is returnable (the "**Objection Deadline**"). The Monitor shall have the ability to extend the Objection Deadline after consulting with the Applicant.

57. THIS COURT ORDERS that following the expiry of the Objection Deadline, counsel to the Monitor or counsel to the Applicant shall inform the Court including by way of a 9:30 a.m. appointment, of the absence or the status of any objections to the motion and the judge having carriage of the motion may determine whether the motion should proceed at a 9:30 a.m. chambers appointment or otherwise on consent, or whether a hearing will be held in the ordinary course on the date specified in the notice of motion.

GENERAL

58. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order, or for advice and directions concerning the discharge of their respective powers and duties under this Order or the interpretation of application of this Order.

59. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

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60. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or any other foreign jurisdiction, to give effect to this Order and to assist the Applicant, the Monitor and their respective 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 Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

61. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

62. THIS COURT ORDERS that any interested party (other than the Applicant and the Monitor) that wishes to amend or vary this Order shall bring a motion before this Court on a date to be fixed by this Court upon the granting of this Order (the “**Comeback Date**”), and any such interested party shall give not less than seven (7) days notice to the Service List and any other party or parties likely to be affected by the relief sought by such party in advance of the Comeback Date; provided, however that the Chargees shall be entitled to rely on this Order as issued and entered and on the Charges with respect to any fees and disbursement incurred until the date this Order may be amended, varied or stayed.

63. 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.

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DEL
EQUIPMENT INC.**

Court File No: _____

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

INITIAL ORDER

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Lawyers for Del Equipment Inc.

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Revised: January 21, 2014

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE _____) ~~WEEKDAY~~TUESDAY, THE # 22ND
 JUSTICE HAINEY) DAY OF ~~MONTH~~OCTOBER, ~~20YR~~2019

IN THE MATTER OF THE *COMPANIES' CREDITORS*
***ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF ~~[APPLICANT'S NAME]~~ (the "DEL
EQUIPMENT INC.

Applicant")

INITIAL ORDER

THIS APPLICATION, made by Del Equipment Inc. (the "Applicant"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~Douglas Lucky sworn ~~[DATE]~~October 20, 2019, and the Exhibits thereto, ~~and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice~~ (the "Initial Affidavit"), and the pre-filing report of MNP Ltd. in its capacity as the proposed Monitor of the Applicant (the "Monitor"), and on hearing the submissions of counsel for ~~[NAMES], no one appearing for~~

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~~[NAME]¹ although duly served as appears from the affidavit of service of [NAME] sworn [DATE] the Applicant, the Monitor, Diesel Equipment Limited, and those other parties present as indicated on the counsel sheet,~~ and on reading the consent of ~~[MONITOR'S NAME] MNP Ltd.~~ to act as the Monitor,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated² so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of

¹~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

²~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

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this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. {THIS COURT ORDERS that the Applicant shall be entitled to continue to utilize the central cash management system³ currently in place as described in the Initial Affidavit of [NAME] sworn [DATE] or replace it with another 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 hereinafter defined) 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 under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.}

6. THIS COURT ORDERS that the Applicant shall be entitled to continue to use the corporate credit cards in place with Bank of Montreal and shall make full repayment of all amounts outstanding thereunder, including with respect to any pre-filing charges.

7. 6-THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses and satisfy the following obligations whether incurred prior to or after this Order:

³~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross border and inter company transfers of cash.~~

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- (a) all outstanding and future wages, salaries, compensation, employee ~~and~~ benefits, pension ~~benefits~~ contributions, vacation pay and expenses (including, without limitation, payroll and benefits processing and servicing expenses) payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; ~~and~~
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges;
- (c) all outstanding and future amounts related to honouring customer obligations, whether existing before or after the date of this Order, including with respect to customer warranty obligations and as relates to customer deposits and pre-payments, in each case incurred in the ordinary course of business and consistent with existing policies and procedures;
- (d) amounts owing by the Applicant to insurance premium financiers as necessary to ensure continued coverage for the Applicant under its existing insurance policies, including director and officer insurance; and
- (e) amounts owing for goods or services supplied to the Applicant prior to the date of this Order if, in the opinion of the Applicant and with the consent of the Monitor, such payment is necessary to maintain the operations of the Business.

8. ~~7.~~ THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance and including payments to entities who provide insurance premium financing), maintenance and security services; and

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- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

9. ~~8.~~ THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

~~9. THIS COURT ORDERS that until a real property lease is disclaimed **for resiliated**⁴ in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or~~

⁴ ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

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~~as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.~~

10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to this Order of any other Order of this Court.

RESTRUCTURING

11. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its ~~business~~Business or operations, ~~and~~ to dispose of redundant or non-material assets not exceeding \$~~650,000~~ 650,000 in any one transaction or \$~~1,000,000~~ 1,000,000 in the aggregate~~;~~⁵;
- (b) ~~terminate~~ the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate~~;~~⁵;
- (c) disclaim such of its arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the Applicant deems appropriate, in accordance with Section 32 of the CCAA; and

~~⁵Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

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- (d) ~~(e)~~ pursue all avenues of refinancing or restructuring of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").

12. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay, without duplication, all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease, but, for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Applicant or the making of this Order) or as otherwise may be negotiated between the Applicant and landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

13. ~~12.~~ THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims ~~for resiliates~~ the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~for resiliation~~ of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

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14. ~~13.~~ THIS COURT ORDERS that if a notice of disclaimer ~~{or resiliation}~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~{or resiliation}~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor ~~24 hours'~~five (5) business days' prior written notice, and (b) at the effective time of the disclaimer ~~{or resiliation}~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

15. ~~14.~~ THIS COURT ORDERS that until and including ~~{DATE——MAX. 30 DAYS}~~November 21, 2019, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. ~~15.~~ THIS COURT ORDERS that during the Stay Period, all rights and remedies 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") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien upon prior written notice to the Applicant and the Monitor.

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NO INTERFERENCE WITH RIGHTS

17. ~~16.~~ THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant (in each case whether written or oral), except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. ~~17.~~ THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all truck chassis, truck equipment and parts suppliers, computer software, communication and other data services, centralized banking services, payroll and benefits services, insurance, transportation ~~services,~~ utility, maintenance, security or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. ~~18.~~ THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~ leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance

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any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. ~~19.~~ THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any ~~obligations~~obligation of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such ~~obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court~~obligation.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. ~~20.~~ THIS COURT ORDERS that the Applicant shall indemnify its current and future directors and officers (the "D&Os") against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings,⁷ including, without limitation, in respect of any failure to pay wages and source deductions, vacation pay, or other payments of the nature referred to in subparagraphs 7(a), 9(a), 9(b) or 9(c) of this Order except to the extent that, with respect to any ~~officer or~~ director or officer, the obligation or liability was incurred as a result of ~~the~~such director's or officer's gross negligence or wilful misconduct.

⁶ ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

⁷ ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

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22. ~~21.~~ THIS COURT ORDERS that the ~~directors and officers~~ D&Os of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge")⁸ on the Property, which charge shall not exceed an aggregate amount of \$~~5,1,200,000.~~ 1,200,000. as security for the indemnity provided in paragraph ~~20~~ 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~38~~ 44 and ~~40~~ 46 herein.

23. ~~22.~~ 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~~ D&Os 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 ~~20~~ 21 of this Order.

APPROVAL OF CHIEF RESTRUCTURING OFFICER ENGAGEMENT

24. THIS COURT ORDERS that:

- (a) the engagement agreement dated as of October 18, 2019 pursuant to which the Applicant has engaged 2255987 Ontario Limited operating as Strategic Results Advisors ("SRA") to provide the services of Douglas Lucky to act as chief restructuring officer to the Applicant (the "CRO"), a copy of which is attached as Exhibit "K" to the Initial Affidavit (the "CRO Engagement Letter"), and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, the payment of the fees and expenses contemplated thereby, including the success fee stipulated therein (the "Success Fee");
- (b) the CRO shall not be or be deemed to be a director of the Applicant;
- (c) the CRO, in its capacity as an officer of the Applicant, shall be entitled to the benefit of the indemnity provided in paragraph 21 hereof and the Directors' Charge;

⁸ ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the~~

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- (d) neither SRA nor the CRO shall, as a result of the performance of their respective obligations and Duties under the CRO Engagement Letter in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession (as defined below) of any of the Property within the meaning of any Environmental Legislation (as defined below); provided, however, if SRA or the CRO is nevertheless later found to be in Possession of any Property, then SRA or the CRO, as the case may be, shall be deemed to be a person who has been lawfully appointed to take, or has lawfully taken, possession or control of such Property for the purposes of section 14.06(1.1)(c) of the *Bankruptcy and Insolvency Act* (“BIA”) and shall be entitled to the benefits and protections in relation to the Applicant and such Property as provided by section 14.06(2) of the BIA to a “trustee” in relation to an insolvent person and its property;
- (e) SRA and the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct on the part of SRA or the CRO, provided further that in no event shall the liability of the CRO exceed the quantum of fees paid to SRA and the CRO;
- (f) no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of SRA and the CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this court on notice to the Applicant, the Monitor and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Applicant, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave; and

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(g) the obligations of the Applicant to SRA and the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under the BIA in respect of the Applicant.

APPOINTMENT OF MONITOR

25. ~~23.~~ THIS COURT ORDERS that ~~[MONITOR'S NAME]~~MNP Ltd. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

26. ~~24.~~ THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel ~~on a [TIME INTERVAL] basis~~ of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on ~~a periodic basis, but not less than [TIME INTERVAL], or as otherwise~~ the terms agreed to by the Applicant and the DIP Lender;

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- (e) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (h) assist the Applicant with respect to the consideration, development and implementation of any Restructuring initiatives, including with respect to the Sale Process (as defined below);
- (i) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable, including the services or employees of its affiliates, respecting the exercise of its powers and performance of its obligations under this Order;
- (j) carry out such duties and responsibilities as set out in this Order, including in respect of the Sale Process; and
- (k) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

27. ~~25.~~ THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

28. ~~26.~~ THIS COURT ORDERS that nothing herein contained shall require the Monitor 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

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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 Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor'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.

29. ~~27.~~ THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

30. ~~28.~~ THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor 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 the Monitor by the CCAA or any applicable legislation.

31. ~~29.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor ~~and~~ counsel to the Applicant, the financial advisor to the Applicant and the CRO (as defined below) shall be paid their reasonable fees and disbursements, in each case on the terms set forth in their respective engagement letters and at their standard rates and charges and whether incurred prior to, on or after the date hereof, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor ~~and~~ counsel for the Applicant ~~on a [TIME INTERVAL] basis~~, the financial advisor for the Applicant and the

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CRO in accordance with the payment terms agreed between the Applicant and such parties and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, ~~and~~ counsel to the Applicant, the financial advisor to the Applicant and the CRO retainers in the ~~amount[s] of \$●[-, respectively,]~~ amounts agreed with such parties, to be held by each of them as security for payment of their respective fees and disbursements outstanding from time to time.

32. ~~30.~~ THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

33. ~~31.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor, ~~if any, and~~ the Applicant's counsel, the Applicant's financial advisor and the CRO shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$●, ~~400,000~~, as security for their professional fees and disbursements (but excluding the Success Fee) incurred ~~both before and after the granting of this Order~~ both before and after the granting of this Order at the standard rates and charges of the Monitor ~~and such counsel, both before and after the making of this Order in respect of these proceedings.~~, such counsel and advisors and the CRO, subject to the terms set forth in their respective engagement letters, and the CRO shall be entitled to the benefit of and is hereby granted a charge (the "Success Fee Charge") on the Property, as security for the Success Fee. The Administration Charge and the Success Fee Charge shall have the priority set out in paragraphs ~~{38}44~~ and ~~{40}46~~ hereof.

SALE PROCESS

34. THIS COURT ORDERS that the Sale Process (as defined in the Initial Affidavit and appended as Exhibit "L" to the Initial Affidavit) be and is hereby approved.

35. THIS COURT ORDERS that the Applicant and its advisors (including, without limitation, the CRO), and the Monitor and its advisors, are authorized and directed to commence the Sale Process in accordance with its terms. The Applicant, the CRO and the Monitor are hereby authorized and directed to perform their respective obligations in connection with the Sale Process and to do all things reasonably necessary in relation to such obligations, subject to the terms of the Sale Process.

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36. THIS COURT ORDERS that the Applicant, the CRO and the Monitor and their respective affiliates, partners, directors, employees, counsel, advisors, agents, shareholders and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of the Sale Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of such party in performing its obligations under the Sale Process, as determined by this Court.

37. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicant, the CRO and the Monitor are hereby authorized and permitted to disclose and transfer to each potential bidder (the “**Bidders**”) and to their representatives (the “**Representatives**”), if requested by such 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 or other strategic transaction as contemplated by the Sale Process (a “**Sale**”). Each 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 Applicant, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Applicant or the Monitor. Any Bidder under a Successful Bid (as defined in the Sale Process) (a “**Successful Bidder**”) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in any Successful Bid, shall be entitled to use the personal information provided to it that is related to the Property acquired pursuant to the Sale Process in a manner that is in all material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Applicant or the Monitor, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Applicant or the Monitor.

DIP FINANCING

38. ~~32.~~ THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from ~~[DIP LENDER'S NAME]~~ Diesel Equipment

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Limited (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$~~1~~ 1 million (plus accrued and unpaid interest) unless permitted by further Order of this Court.

39. ~~33.~~ THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the ~~commitment letter~~ DIP Financing Term Sheet between the Applicant and the DIP Lender dated as of ~~[DATE]~~ (the ~~"Commitment Letter"~~ October 21, 2019 (the "DIP Credit Agreement")), filed.

40. ~~34.~~ THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the ~~Commitment Letter~~ DIP Credit Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, 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 ~~Commitment Letter~~ DIP Credit Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

41. ~~35.~~ 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 ~~DIP Lender's Charge shall not secure an obligation that exists before this Order is made~~ charge shall not exceed the aggregate amount owed to the DIP Lender under the DIP Credit Agreement and the other Definitive Documents. The DIP Lender's Charge shall have the priority set out in paragraphs ~~38~~ 44 and ~~40~~ 46 hereof.

42. ~~36.~~ 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;

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- (b) upon the occurrence of an event of default under the DIP Credit Agreement, the other related Definitive Documents or the DIP Lender's Charge, the DIP Lender, ~~upon 30 days notice~~ may, subject to the provisions of the DIP Credit Agreement with respect to the giving of notice or otherwise, and in accordance with the DIP Lender's Charge, as applicable, cease making advances to the Applicant, make demand, accelerate payment and give other notices; provided that, the DIP Lender must apply to this Court on five (5) business days' prior written notice (which may include the service of materials in connection with such an application to this Court) to the Applicant and the Monitor, ~~may to enforce against or~~ exercise any ~~and all of its~~ other rights and remedies ~~against~~ with respect to the Applicant or any of the Property ~~under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and~~ (including to set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the ~~Commitment Letter, the~~ DIP Credit Agreement, the other related Definitive Documents or the DIP Lender's Charge, to ~~make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of~~ appoint a receiver, receiver and manager or interim receiver, or ~~for~~ to seek a bankruptcy order against the Applicant and ~~for the appointment of~~ to appoint a trustee in bankruptcy of the Applicant; 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.

43. ~~37.~~ THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the ~~Bankruptcy and Insolvency Act of Canada (the "BIA");~~ BIA with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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44. ~~38.~~ THIS COURT ORDERS that the priorities of the Administration Charge, the Directors' Charge, the ~~Administration Charge and the~~ DIP Lender's Charge and the Success Fee Charge, as among them, shall be as follows⁹:

First – Administration Charge (to the maximum amount of \$●400,000);

Second – ~~DIP Lender's Charge; and Third~~ – Directors' Charge (to the maximum amount of \$●1,200,000);

Third – DIP Lender's Charge; and

Fourth – Success Fee Charge (to the maximum amount of \$100,000).

45. ~~39.~~ THIS COURT ORDERS that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or,~~ the Directors' Charge, the DIP Lender's Charge and the Success Fee Charge (collectively, 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.

46. ~~40.~~ THIS COURT ORDERS that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~ 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 Person, except for any secured creditor of the Applicant who did not receive notice of the application for this Order.

⁹ ~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

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47. THIS COURT ORDERS that the Applicant shall be entitled, on a subsequent motion on notice to those Persons likely to be affected thereby, to seek priority of the Charges ahead of any Encumbrance over which the Charges have not obtained priority.

48. ~~41.~~ 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 rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~applicable Charges, or further Order of this Court.

49. ~~42.~~ THIS COURT ORDERS that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the ~~"Chargees" and/or the DIP Lender"~~) 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 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 ~~Commitment Letter~~DIP Credit Agreement or 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

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into the ~~Commitment Letter~~ DIP Credit Agreement, 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 ~~Commitment Letter~~ DIP Credit Agreement or 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.

50. ~~43.~~ THIS COURT ORDERS that any Charge 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.

SERVICE AND NOTICE

51. ~~44.~~ THIS COURT ORDERS that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than ~~\$1000,~~ 1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

52. ~~45.~~ THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and in, 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/>~~ <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

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established in accordance with the Protocol with the following URL ~~“@”~~:
www.mnpdebt.ca/DELEquipment (the “**Website**”).

53. THIS COURT ORDERS that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceedings (the “Service List”). The Monitor shall post the Service List, as may be updated from time to time, on the Website, provided that the Monitor shall have no liability in respect of the accuracy of, or the timeliness or making any changes to, the Service List.

54. ~~46.~~ THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor 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 or other electronic 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; (a) if sent by courier, on the next business day following the date of forwarding thereof, ~~or~~ (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

55. THIS COURT ORDERS that the Applicant and the Monitor and 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).

56. THIS COURT ORDERS that, except with respect to any motion to be heard on the Comeback Date (as defined below), and subject to further Order of this Court in respect of urgent motions, any interested party wishing to object to the relief sought in a motion brought by the Applicant or Monitor in these proceedings shall, subject to further Order of this Court, provide the

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Service List with responding motion materials or a written notice (including by e-mail) stating its objection to the motion and the grounds for such objection by no later than 5:00 p.m. (Toronto time) on the date that is four (4) days prior to the date such motion is returnable (the “**Objection Deadline**”). The Monitor shall have the ability to extend the Objection Deadline after consulting with the Applicant.

57. THIS COURT ORDERS that following the expiry of the Objection Deadline, counsel to the Monitor or counsel to the Applicant shall inform the Court including by way of a 9:30 a.m. appointment, of the absence or the status of any objections to the motion and the judge having carriage of the motion may determine whether the motion should proceed at a 9:30 a.m. chambers appointment or otherwise on consent, or whether a hearing will be held in the ordinary course on the date specified in the notice of motion.

GENERAL

58. ~~47.~~ THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order, or for advice and directions ~~in~~concerning the discharge of ~~its~~their respective powers and duties ~~hereunder~~under this Order or the interpretation of application of this Order.

59. ~~48.~~ THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

60. ~~49.~~ 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 or any other foreign jurisdiction, to give effect to this Order and to assist the Applicant, the Monitor and their respective 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 Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

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61. ~~50.~~ THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

62. ~~51.~~ THIS COURT ORDERS that any interested party (~~including other than~~ the Applicant and the Monitor) ~~may apply to this Court to vary or~~ that wishes to amend or vary this Order ~~on~~ shall bring a motion before this Court on a date to be fixed by this Court upon the granting of this Order (the "Comeback Date"), and any such interested party shall give not less than seven (7) days notice to the Service List and any other party or parties likely to be affected by the ~~order sought or upon such other notice, if any, as this Court may order~~ relief sought by such party in advance of the Comeback Date; provided, however that the Chargees shall be entitled to rely on this Order as issued and entered and on the Charges with respect to any fees and disbursement incurred until the date this Order may be amended, varied or stayed.

63. ~~52.~~ THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. ~~Eastern Standard/Daylight Time~~ (Toronto time) on the date of this Order.



THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DEL
EQUIPMENT INC.

Court File No:

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

INITIAL ORDER

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Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF DEL EQUIPMENT INC.**

Applicant

AFFIDAVIT OF DOUGLAS LUCKY

(sworn October 20, 2019)

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Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF DEL EQUIPMENT INC.**

Applicant

AFFIDAVIT OF DOUGLAS LUCKY

(sworn October 20, 2019)

I, Douglas Lucky, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the principal of 2255987 Ontario Limited o/a Strategic Results Advisors (“**SRA**”), which was retained on July 23, 2019, to provide restructuring and turn-around advisory services to Del Equipment Inc. (“**DEL**” or the “**Company**”). I was previously employed as the chief executive officer and chief operating officer of DEL Equipment Limited (“**DEL Limited**”) (the previous entity through which DEL’s business was operated) from April 2013 to November 2017.¹ Earlier in my career, I was a partner and senior vice-president of Ernst & Young LLP practicing in the corporate finance and restructuring

¹ For ease of reference, I will refer to DEL Limited throughout as DEL unless there is a need to distinguish between DEL Limited and DEL.

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groups. Over the course of the past fifteen years, I have served as an officer of a number of companies in need of restructuring or turn-around support. Based on my previous experience with DEL's business and SRA's recent engagement in an advisory capacity, I have personal knowledge of the Company and the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true. As part of these proceedings, it is proposed that I will become the chief restructuring officer of DEL.

2. Unless otherwise indicated, monetary references in this affidavit are references to Canadian dollars.

I. OVERVIEW

3. This affidavit is sworn in support of an application for an Order (the "**Initial Order**") in respect of the Company pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**").
4. DEL is a leading Canadian truck body and equipment "up-fitter" that engineers, designs, manufactures and sells special truck bodies, attachments, equipment and work-ready vehicles. The Company has operations nation-wide at six manufacturing and distribution locations where it employs approximately 174 employees. DEL has been serving the Canadian market for over 70 years, and has a broad and diverse customer base, including municipalities, truck dealerships, national fleet accounts and business operators.
5. DEL's primary business consists of the commercial sale of work-ready trucks through its nation-wide distribution network. It is an authorized "chassis holder" for a number of original equipment manufacturer ("**OEM**") partners, including General Motors of Canada

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Company (“**GM**”) and Ford Motor Company of Canada, Limited (“**Ford**”). DEL sources truck chassis from its OEM partners pursuant to various converter pool agreements. DEL then installs truck body, equipment and accessories onto the chassis to complete work-ready trucks for sale by OEM-authorized dealers.

6. As discussed previously, I served as CEO and COO of DEL from 2013 until 2017. I was engaged by DEL at that time to assist in implementing certain business improvements and to prepare the Company for a strategic transaction. By 2017, DEL had successfully implemented the majority of these improvements and produced break-even EBITDA for the six-month period ending June 2017.
7. In June 2017, an agreement was reached with Gin-Cor Industries Inc. (“**Gin-Cor**”), a company that operates in the same field as DEL, pursuant to which Gin-Cor would acquire a 40% equity interest in and management control of DEL for a nominal sum, with a view to earning a 100% equity interest upon the achievement of certain profitability related milestones (the “**Gin-Cor Transaction**”).
8. The Gin-Cor Transaction was intended to enhance DEL’s performance through the achievement of business synergies arising from Gin-Cor managing DEL’s business, including through a relocation of DEL’s Toronto branch and national headquarters to a shared facility with Gin-Cor in Newmarket, Ontario.
9. Unfortunately, although DEL’s revenues increased in 2017 and 2018 compared to 2016, the Gin-Cor Transaction did not produce the hoped-for synergies, with the result that DEL has suffered increasing losses over the past two and a half years. In July 2019, Gin-Cor and the majority shareholder of DEL, Diesel Equipment Limited (“**Diesel**”), agreed to

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terminate the Gin-Cor Transaction, with the result that 100% ownership and control of DEL reverted to Diesel on or about July 18, 2019, and Gin-Cor ceased to manage DEL's business as of that date.

10. Since July 2019, DEL has undertaken efforts to address the operational issues that challenged the business while under Gin-Cor management and to pursue other restructuring initiatives, including closing its Regina branch and pursuing sales of non-core assets. While these early initiatives have begun to improve DEL's performance, the Company is currently in significant arrears to its supplier base, many of whom have compressed trade terms (in some cases requiring "cash in advance" payment terms), which has negatively impacted DEL's liquidity.
11. To make matters worse, on September 10, 2019, DEL discovered that a significant payment owing to it from a customer, Mack Defense, LLC ("**Mack Defense**"), was instead paid to Gin-Cor. Despite DEL's good faith efforts over the past month to resolve this issue with Mack Defense and Gin-Cor, the Company has been unable to recover this payment. This has placed a significant additional strain on DEL's liquidity.
12. In light of the foregoing circumstances, the Company is facing a liquidity crisis and seeks CCAA protection at this time to provide stability to its business while it continues restructuring efforts and implements a sale and investment solicitation process (the "**Sale Process**") to pursue a going-concern solution that maximizes the value of its business for the benefit of all stakeholders. The commencement of CCAA proceedings will also enable DEL to obtain interim financing to fund the Sale Process and its working capital requirements while it pursues restructuring efforts, and provide a forum to expeditiously

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resolve the payment dispute involving Mack Defense and Gin-Cor to the extent it cannot be resolved on a consensual basis in the near-term.

II. THE COMPANY

A. Overview

13. DEL is a family-owned OEM-approved vehicle up-fitter which, together with its predecessors, has been operating for more than 70 years.
14. The Company is a private corporation incorporated under the laws of the province of Ontario. Its registered and head office is located at 210 Harry Walker Parkway North, Newmarket, Ontario. To facilitate the Gin-Cor Transaction, DEL acquired substantially all of the assets of DEL Limited and assumed most of its liabilities pursuant to a transaction that closed on April 30, 2018.
15. DEL operates six distribution and manufacturing facilities across Canada in Moncton, Montréal, Calgary, Edmonton, Vancouver (Port Coquitlam) and Newmarket. DEL's Newmarket branch is the primary manufacturing facility and is also the central warehouse for DEL-manufactured landscape and contractor dump bodies, as well as DEL-manufactured pneumatics and hydraulics. Each of DEL's facilities has full equipment assembly and installation capabilities and are certified as an Intermediate and Final Stage Manufacturer, meaning DEL's facilities have proven that their vehicle production complies with safety standards under applicable legislation.
16. The Company's sole shareholder is Diesel. As discussed in greater detail below, Diesel is also DEL's senior secured creditor as a result of recently taking an assignment of DEL's secured credit facility from the Bank of Montreal ("BMO"), and is the owner (and

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landlord) of five of the six premises from which DEL operates. Diesel is also the parent company of certain U.S. entities – Holt Industries, Inc. (“**Holt**”) and DEL Hydraulics, Inc. (“**DEL Hydraulics**”). Holt is an inactive holding company. DEL Hydraulics distributes DEL-manufactured pneumatic control valves in the U.S., along with third-party supplied truck equipment.

17. DEL is also a distributor of products produced by Unicell Limited and its affiliates (collectively, “**Unicell**”). Unicell is controlled by a minority shareholder of Diesel who is related to the controlling shareholder of Diesel. As further discussed herein, DEL, DEL Hydraulics and Unicell have historically shared certain financing arrangements, although in recent months the other parties have taken steps to establish their own financing arrangements independent of DEL. None of Diesel, Holt, DEL Hydraulics or Unicell are proposed to be subject to these CCAA proceedings.

B. The Business of the Company

(i) The Truck Business

18. The Company’s primary business consists of the sale of work-ready trucks to OEM-authorized dealers, end users, large fleets, government, and large leasing companies through its nation-wide distribution network (the “**Truck Business**”). The Truck Business consists of the design, manufacturing, installation, marketing and sale of specialized truck bodies, attachments and equipment.
19. OEMs such as GM or Ford produce heavy-duty trucks, truck chassis or cab-chassis that are suitable for completion as a work-performing vehicle, meaning that they require additional equipment or customization to serve a specific vocation or function (e.g. for

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utility service providers, municipalities, construction companies or landscapers). DEL is a final-stage manufacturer that produces or purchases a range of products, including truck bodies, truck equipment, and parts and accessories, that DEL can install onto OEM-supplied chassis, completing end-product work vehicles.

20. As referenced above and described in further detail below, DEL has entered into various converter pool agreements with OEMs which set out the terms under which the OEMs supply DEL with truck chassis. The terms of such arrangements vary depending on the OEM; however, the converter pool agreements generally provide that the OEM will provide a supply of chassis to DEL to be stored at DEL's facilities on the condition that DEL will not alter or remove any such chassis from its storage facilities until DEL has entered into a separate agreement with one of the OEM's authorized dealers for the purchase and sale of a work-ready truck. Depending on the converter agreement, title to the unfinished vehicle may pass to DEL upon delivery, or DEL may hold the vehicle as bailee. Upon entering into the separate agreement with the OEM-authorized dealer, DEL proceeds to install such body or equipment as agreed to between DEL and the OEM-authorized dealer.

(ii) Distribution Network

21. DEL operates a nationwide distribution network with six regional facilities across Canada. It also recently closed a facility in Regina. Each of DEL's facilities are managed locally, with centralized services such as corporate management, human resources (including payroll), insurance, IT and finance being provided from DEL's headquarters in Newmarket.

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(iii) *Distribution Arrangements*

22. DEL is party to distribution arrangements for a number of business lines. Among other arrangements, DEL has historically been the exclusive Canadian dealer for Unicell, a manufacturer of one-piece fiberglass van bodies, which is headquartered in Toronto, Ontario. At present, DEL distributes Unicell products in all Canadian provinces except Ontario. DEL is also distributor of a variety of other OEM equipment from Aebi Schmidt, Swenson, Everest, Swaploader, NRC, Waltco, Dhollandia, Tommygate, Beaucroc, Effer, Maxilift, Cobra, and Autocrane, among others.

(iv) *Hydraulics Business*

23. As referenced above, Diesel, the parent company of DEL, is also the parent company of certain U.S. entities, including DEL Hydraulics. DEL Hydraulics distributes DEL-manufactured shifters and pneumatic valves in the U.S.
24. In connection with its restructuring initiatives, DEL has agreed to sell certain assets used in or relating to the DEL Hydraulics distribution arrangement to DEL Hydraulics for cash consideration of \$588,721.40 (the “**Hydraulics Transaction**”), which amount equals the total book value of the assets to be transferred. The Hydraulics Transaction is scheduled to be completed on or about October 24, 2019, pursuant to the provisions of the proposed Initial Order. Under the terms of the sale agreement, DEL Hydraulics will also pay an hourly fee to DEL to continue to manufacture pneumatic valves and shifters during a 90 day transition period. The Company believes the Hydraulics Transaction will assist in generating needed working capital and also allow it to streamline and focus on its core Truck Business. I do not believe that these assets could be sold to a third party for anything

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other than liquidation value. The proceeds that will be generated from this transaction will assist with the Company's liquidity and cash flow during the CCAA process.

C. Real Property Lease Obligations

25. DEL leases each of the facilities from which it operates. In particular, DEL leases its five operating facilities in Moncton, Montréal, Calgary, Edmonton and Vancouver from Diesel. These leases were entered into on July 1, 2017, and provide for a five-year term, with DEL having a one-time option to renew such leases for a further five-year term. These leases provide for a minimum annual aggregate lease commitment of \$588,000 for 2019, 2020 and 2021, and \$245,000 for 2022.
26. In connection with the Gin-Cor Transaction, in 2018 DEL relocated its Toronto branch and head office to a facility leased by Gin-Cor in Newmarket. A written sub-lease was prepared but never executed, although DEL and Gin-Cor have conducted themselves in conformity with its proposed terms. Upon termination of the Gin-Cor Transaction, DEL and Gin-Cor agreed that DEL would continue to sub-lease a portion of the Newmarket premises from Gin-Cor in exchange for DEL paying 50% of the base rent and related occupancy costs payable by Gin-Cor under the head lease. However, in light of various business disputes between DEL and Gin-Cor, including the Payment Dispute relating to Mack Defense (as defined and discussed below), DEL has elected not to make payments under the sub-lease for July, August and September 2019. DEL is prepared to make sub-lease payments to Gin-Cor on the terms agreed for the period from and after the commencement of the CCAA proceedings, provided that the appropriate safeguards are implemented to protect DEL's interest in the fund at issue in the Payment Dispute.

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D. Equipment Leases

27. DEL is party to a number of long-term equipment lease arrangements (for instance, for forklifts, telehandlers and office equipment) that are necessary for the continuing operation of its business. In many (if not all cases), the lessors have made registrations under applicable provincial personal property security legislation in respect of the equipment leases.

E. Converter Pool Agreements with OEMs

28. As noted above, the Company sources chassis from OEMs pursuant to converter pool agreements. Currently, DEL is party to the following converter pool agreements:

(i) **Special Vehicle Manufacturer Converter's Agreement with GM effective as of June 9, 2016** (as amended, the "**GM Converter Agreement**"). Pursuant to the GM Converter Agreement, DEL purchases chassis from GM (which purchase is financed by the RBC Floor Plan Facility (as defined and described below)), with title to such truck chassis passing to DEL upon deemed delivery. DEL agrees not to make any modifications or remove any of such truck chassis from its premises until it has reached an agreement with a GM-authorized dealer for the sale of the completed vehicle. Once DEL sells the up-fitted chassis to a GM-authorized dealer, DEL notifies GM who then bills the dealer directly and credits DEL for the original cost of the truck chassis.

(ii) **Ford Authorized Converter Pool Agreement effective as of February 1, 2010** (as amended, the "**Ford Converter Agreement**"). Pursuant to the Ford Converter Agreement, Ford provides truck chassis to DEL as bailee such that Ford retains title

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to the truck chassis until they are sold to a Ford-authorized dealer. DEL pays Ford a storage fee and agrees not to make any modifications or remove any Ford truck chassis from its premises until it has reached an agreement with a Ford-authorized dealer for the sale of the completed vehicle.

- (iii) **Commercial Vehicle Bailment Agreement effective November 14, 2007 with Chrysler Canada Inc. (“Chrysler”)** (the “**Chrysler Converter Agreement**”). Pursuant to the Chrysler Converter Agreement, Chrysler provides truck chassis to DEL as bailee such that Chrysler retains title to the truck chassis until they are sold to a Chrysler-authorized dealer. DEL agrees not to make any modifications or remove any such truck chassis from its premises until it has reached an agreement with a Chrysler-authorized dealer for the sale of the completed vehicle. The Chrysler Converter Agreement was executed between Chrysler and DEL Limited and has not been formally assigned to DEL, although the parties have continued to operate under its terms.

F. Employees and Independent Contractors

29. DEL currently employs approximately 174 employees, comprised of approximately 55 salaried and sales employees and 119 hourly employees, most of whom are located in Ontario and Alberta. None of DEL’s employees are unionized. In addition, DEL currently directly retains approximately three independent contractors.
30. DEL’s employees are paid weekly in arrears, and its monthly payroll obligation is approximately \$1.1 million. DEL also funds certain medical, dental, life insurance and other benefits to its employees pursuant to an administrative services only benefits plan with

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Blue Cross Canada (“**Blue Cross**”). Payments are made to Blue Cross at the beginning of each month, and average approximately \$35,000.

31. Subject to the applicable waiting period, DEL’s employees participate in one of two multi-employer defined contribution pension plans (one for salaried employees, the other for hourly employees) administered by Sun Life Financial Canada, pursuant to which DEL makes contributions based on an employee’s tenure with DEL (the “**DC Plans**”). Aggregate monthly contributions to the DC Plans by DEL total approximately \$21,000. In addition, certain of DEL’s long-standing employees are also beneficiaries under one of two defined benefit pension plans originally sponsored by DEL Limited and assumed by Diesel (the “**DB Plans**”). The DB Plans were closed in 2011, were excluded from the liabilities assumed by DEL in its 2018 transaction with DEL Limited, and are not sponsored or otherwise contributed to by DEL.
32. As part of the relief sought in the CCAA proceedings, DEL proposes to continue to pay amounts owing to or in respect of its employees in the normal course, including outstanding and future salaries, expenses, vacation pay, pension contributions and other benefit amounts (whether incurred prior to or after the date of the Initial Order), in each case consistent with existing compensation policies and arrangements.

III. FINANCIAL POSITION OF THE COMPANY

A. Financial Statements

33. Attached as Exhibit “A” hereto is a copy of draft unaudited financial statements for DEL for the year ended December 31, 2018. DEL, with the assistance of its accountant, is in the process of taking the necessary steps to allow for the completion of the review of these

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financial statements and expects review engagement report financial statements to be available in the coming weeks.

34. As at December 31, 2018, DEL's unaudited financial statements reflect (all amounts approximate) assets with a book value of \$21.3 million and total liabilities of \$26.2 million, with a shareholders' deficit of \$4.9 million.

B. Revenue

35. Although DEL has had increasing revenues every year since 2016 and total revenues of approximately \$58 million in 2018, the Company has recorded negative EBITDA in each of 2016, 2017 and 2018, including negative EBITDA of approximately \$5.4 million in 2018.

C. Secured Debt Obligations

36. DEL's primary secured debt liabilities consist of amounts owed under its Secured Credit Agreement and the RBC Floor Plan Facility (each as defined and described below). Approximately \$11.5 million is currently outstanding under the Secured Credit Agreement, plus interest and expenses which continue to accrue. In addition, as at October 15, 2019, approximately 25 GM chassis with a value of approximately \$1 million were being financed under the RBC Floor Plan Facility, although all such chassis are designated for use by Unicell.

(i) Secured Credit Agreement

37. DEL is a borrower under the Second Amended and Restated Credit Agreement dated as of May 31, 2018, among DEL Limited, DEL, DEL Hydraulics and certain Unicell entities, as co-borrowers, and Diesel, Diequip Limited ("**Diequip**"), Holt, Camellia Holdings Limited,

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and 654831 Ontario Limited, as guarantors, and BMO, as lender (as amended and restated, the “**Secured Credit Agreement**”). Diesel, DEL Limited and Diequip were amalgamated on June 1, 2018 and continued as Diesel.

38. The credit facilities available under the Secured Credit Agreement consist of: (i) a \$16 million revolving credit facility; (ii) a \$2.755 million term loan facility; (iii) a \$2 million overdraft facility; and (iv) a \$7 million floor plan facility; however, the only amounts outstanding under the Secured Credit Agreement relate to the revolving credit facility. As discussed below, DEL has been (and is) in breach of various financial and other covenants under the Secured Credit Agreement that restricts its borrowings thereunder.
39. Canadian prime loans and U.S. base rate loans under the revolving facility bear interest at a rate based on the applicable Canadian prime rate or U.S. base rate plus 1.25% per annum if there is greater than 20% available to be drawn under the revolving facility, or 1.75% per annum if there is less than 20% available. The default rate of interest under the Secured Credit Agreement is an additional 2%.
40. All obligations under the Secured Credit Agreement are secured by a first priority security interest on substantially all of the assets of the Company, subject to the terms of the Priority Agreements (as defined and described below).
41. The significant majority of amounts outstanding under the Secured Credit Agreement represent amounts borrowed by DEL to finance its business, including to fund its working capital needs over the past several years. In addition, DEL has historically acted as the “banker” for the other borrowers under the Secured Credit Agreement by borrowing funds and on-lending them to the other borrower entities on an as-needed basis. Over the course

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of the past year, the other borrowers under the Secured Credit Agreement have, or are in the process of, establishing independent financing arrangements to finance their respective businesses on a go forward basis. The Unicell entities have repaid amounts on-lent to them in full and DEL intends to collect other amounts it has on-lent to other borrowers that have not been repaid to date.

42. The Secured Credit Agreement has several compliance requirements, including a financial covenant that the borrowers and certain of the guarantors on a combined basis, must maintain a Fixed Charge Coverage Ratio (as defined in the Secured Credit Agreement) of not less than 1.1:1.0 calculated on the last day of each calendar month measured on a 12 month trailing basis. As a result of its deteriorating financial performance, the Company breached this financial covenant as at the end of 2018 and for subsequent periods through to the end of May 2019.
43. Following discussions with BMO regarding the status of the Secured Credit Agreement and DEL's business more generally, in July 2019 Diesel agreed to acquire all of BMO's rights under the Secured Credit Agreement. Since the acquisition of BMO's position, Diesel has made discretionary advances under the Secured Credit Agreement to assist in addressing DEL's ongoing liquidity constraints.
44. As discussed below, DEL and Diesel have entered into a DIP Term Sheet (as defined below) pursuant to which, subject to Court approval, Diesel will extend up to \$1 million of additional financing to DEL to finance these proceedings, the restructuring initiatives described herein, and DEL's immediate working capital needs.

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(ii) *RBC Floor Plan Facility re: GM Truck Chassis*

45. DEL is the borrower under an amended and restated credit facilities agreement dated as of January 19, 2015, among DEL Limited and DEL, as borrowers, and Diesel, certain Unicell entities, Holt, DEL Hydraulics and GCD Holdings (2017) Limited,² as guarantors, and Royal Bank of Canada, as lender (“**RBC**”) (as amended, the “**RBC Floor Plan Facility**”).
46. The RBC Floor Plan Facility authorizes the borrowers thereunder to draw up to \$4.95 million, in the aggregate, in order to acquire GM truck chassis. Advances under the RBC Floor Plan Facility bear interest at a floating rate based on a cost of funds plus 3.00% per annum. All obligations under the RBC Floor Plan Facility are secured by a security interest in the financed GM truck chassis and certain additional assets of the Company, subject to the terms of the Priority Agreements.
47. There are currently no GM chassis in DEL’s possession that were financed under the RBC Floor Plan Facility. There are certain GM chassis financed under the RBC Floor Plan Facility which were designated for Unicell; however, it is expected that on or about October 21, 2019, GM’s finance subsidiary will acquire all of RBC’s rights under the RBC Floor Plan Facility as relates to Unicell and these chassis.
48. In light of the reduction in financing activity under the RBC Floor Plan Facility resulting from Unicell and the other borrowers under the RBC Floor Plan Facility establishing independent floor-plan financing arrangements for their businesses, the Company has had

² GCD Holdings (2017) Limited is the Gin-Cor entity that acquired the equity interest in DEL in connection with the Gin-Cor Transaction.

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preliminary discussions with RBC to terminate the facility and enter into a new floor plan financing arrangement for GM vehicles with GM's finance subsidiary.

(iii) Ford Converter Agreement

49. As described above, DEL receives Ford truck chassis from Ford pursuant to the terms of the Ford Converter Agreement, which establishes a bailment relationship whereby Ford maintains ownership of the Ford truck chassis delivered to DEL until they are sold to a Ford-authorized dealer. As at September 30, 2019, DEL was in possession of 50 Ford chassis with a value of approximately \$3.8 million.

(iv) Priority Agreements

50. The respective priorities of Diesel (formerly BMO), RBC and Ford are governed by various priority agreements that have been executed by the parties (the "**Priority Agreements**"). In brief summary, the Priority Agreements provide, among other things, that: (i) as between Diesel and RBC, RBC has priority in the GM chassis inventory, and Diesel has priority in all other property of DEL; and (ii) each of Diesel and RBC recognize Ford's ownership of the Ford truck chassis supplied to DEL and agree that Ford's ownership rights shall not be affected by their respective security interests and other rights in DEL's property. As discussed below, DEL and Diesel are not proposing to prime or otherwise impact these arrangements through the DIP Financing.

D. Cash Management

51. The Company's cash management system, including the collection, transfer and disbursements of funds, is administered from its head office in Newmarket (the "**Cash Management System**").

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52. The Company maintains a Canadian and USD bank account with BMO into which all receipts are deposited and from which all disbursements are made. The majority of the Company's receipts are from customer payments made at branch locations via cheques deposited at local BMO branches combined with electronic funds transfers and credit and debit transactions processed by Moneris Solutions Corporation, which are deposited into the Company's accounts within one to two business days. Purchases are managed at the branch level while payments to vendors are reviewed and authorized on a weekly basis by the Company's head office finance team for release. None of the Company's accounts are part of an umbrella system or otherwise linked with accounts of Diesel or any of its other affiliates.
53. As at the close of business on October 17, 2019, the Company's cash balance was approximately \$2 million, net of outstanding cheques and anticipated disbursements, including payroll.
54. The Company utilizes approximately 11 corporate credit cards issued through BMO (the "**Credit Cards**") to facilitate certain day-to-day required payments at both the head office and branch level, subject to a \$100,000 credit limit. The Company has continued to maintain the Credit Cards following BMO's assignment of the Secured Credit Agreement to Diesel, and BMO holds \$100,000 of cash collateral in respect thereof. As at October 16, 2019, there was an aggregate approximate amount of \$58,000 outstanding on the Credit Cards.
55. In connection with the CCAA proceedings, the Company is seeking the authority to continue to operate the Cash Management System to fund the obligations of the Company and to maintain its existing banking arrangements. The continued operation of the Cash

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Management System will minimize disruption to the Company's operations caused by the CCAA proceedings and avoid the need to negotiate and implement alternative banking arrangements. The Cash Management System includes the necessary accounting controls to enable the Company and the proposed Monitor to trace funds and ensure that all transactions are adequately documented and readily ascertainable.

56. The Company is also requesting authority during the CCAA proceeding to continue to utilize the Credit Cards and make full repayment of all amounts outstanding thereunder, including with respect to pre-filing charges. As with the Cash Management System, the continued use of the Credit Cards will assist in minimizing the disruption to the Company's operations caused by the CCAA proceedings.

IV. MATTERS LEADING UP TO THE CCAA FILING

A. The Failed Gin-Cor Transaction and DEL's Operational Struggles

57. As described above, the Gin-Cor Transaction was intended to be a transformative transaction that would achieve certain synergies by transferring a 40% equity interest and full operational control of DEL to Gin-Cor, with a view to Gin-Cor acquiring a 100% equity interest in DEL over time.
58. Unfortunately, although DEL saw increased revenues in 2017 and 2018 compared to 2016, most of the expected synergies failed to materialize and DEL experienced increasing losses during the period of Gin-Cor management control, including as a result of significantly increased costs. Among other issues, the transition from DEL's Toronto facility to Gin-Cor's shared facility in Newmarket proved to be highly disruptive and costly, inefficient

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chassis and pool stock management led to significant inventory and sales order conversion challenges, and sales practices became focused on growth at the expense of profitability.

59. Since the termination of the Gin-Cor Transaction in July 2019, the Company's former management team has re-established management control and SRA was engaged to conduct a review of the Company's business and assist the Company in developing and implementing restructuring initiatives. To date, these efforts have included closing the Company's facility in Regina, which closure is expected to save over \$500,000 on an annual basis, exploring the sale of non-core assets, implementing reductions in head office expenses and management fees charged to DEL's facilities, workforce reductions, operational changes at certain DEL facilities, the elimination of certain unprofitable products and the re-implementation of certain core DEL processes, among other things.
60. Notwithstanding these efforts, it is now apparent that a formal restructuring process is required to stabilize the business and implement a process to explore and execute a strategic transaction. At present, more than \$8 million is owing to the Company's supplier base and in recent weeks suppliers have begun to compress payment terms, including in some cases requiring cash in advance and cash on delivery. As described in greater detail below, DEL's liquidity has also been negatively impacted by a recent payment dispute involving Mack Defense and Gin-Cor (the "**Payment Dispute**"), which resulted in an approximately 20% reduction in anticipated receipts for September 2019. While Diesel has provided certain limited discretionary emergency financing to DEL in recent weeks, it has indicated that it is not prepared to provide further financing in the absence of a formal restructuring process being commenced.

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B. The Mack Defense/Gin-Cor Payment Dispute

61. In mid-2018, DEL (through its Moncton branch) delivered a series of quotes and re-quotes to Mack Defense for the up-fit of four different truck configurations and 19 up-fit trucks (the “**MD Trucks**”) to be delivered to the Canadian Department of National Defence (“**DND**”) and the Parks Canada Agency (“**Parks Canada**”). Mack Defense issued purchase orders (“**POs**”) for the MD Trucks to DEL in July and November 2018. Over the course of late 2018 and over the first half of 2019, DEL up-fitted the MD Trucks as requested by Mack Defense and delivered them to DND bases and Parks Canada locations between May 3, 2019, and June 25, 2019. On or about June 6, 2019, DEL (then operating under the tradename Gincor Werx) issued a series of invoices to Mack Defense for the MD Trucks totalling \$874,107.08, which invoices were due and payable upon receipt (the “**MD Invoices**”). Copies of the quotes issued by DEL to Mack Defense, the POs issued by Mack Defense and the MD Invoices issued by DEL to Mack Defense for the MD Trucks are attached hereto as Exhibit “B”. Although the quotes and the MD Invoices delivered to Mack Defense include the logo and trade name Gincor Werx, each is clear that they are issued by the legal entity DEL. In addition, the POs issued by Mack Defense are addressed to “Del Equipment Ltd”.
62. On September 10, 2019, DEL was following up with its customers to collect overdue accounts receivable when it became aware that the \$874,107.08 payment owing by Mack Defense to DEL in respect of the MD Invoices had been made by Mack Defense to Gin-Cor, and not DEL. Upon learning of this, DEL immediately reached out to Mack Defense via telephone calls and emails to understand what had transpired. DEL also received and responded to various emails from Gin-Cor. Based on these inquiries and exchanges (many

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of which were made by me personally but in some instances were made by DEL's controller (Isabel Marques) and director (Paul Martin)) and subsequent telephone conferences and emails with Brian Happel (Director of Business Control & Treasurer of Mack Defense) and Terry Grube (General Counsel of Mack Defense), and emails with Renzo Silveri (Chief Operating Officer of Gin-Cor), I understand as follows:³

- (a) On the morning of April 10, 2019, Brett Stoddart, a buyer at Mack Defense, emailed Jim Hazlehurst, a representative of DEL, asking for payment instructions for the work performed in relation to the MD Trucks. When Mr. Hazlehurst did not immediately respond, Mr. Stoddart emailed a Gin-Cor representative minutes later asking for payment instructions.
- (b) At 11:28 am on April 10, 2019, the Gin-Cor representative provided Mack Defense with Gin-Cor's own payment instructions despite the fact that Gin-Cor was not entitled to such accounts and Gin-Cor knew (or should have known) that it was not entitled to such accounts. Based on this email chain, it appears that the Gin-Cor representative was providing payment instructions for an invoice #53998 issued by Gin-Cor to Mack Defense, which invoice, to the best of my knowledge and belief, has nothing to do with the MD Trucks. A copy of the email chain between Mr. Stoddart and the Gin-Cor representatives, including the attachment, is attached as Exhibit "C" hereto.⁴

³ DEL expressly reserves the right to seek discovery of both Mack Defense and Gin-Cor in relation to the matters addressed herein as well as to deliver further evidence in respect of these matters.

⁴ Account details have been redacted from the payment instructions.

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- (c) At 12:37 pm on April 10, 2019, Steve Lewin of DEL (who had been forwarded Mr. Stoddart's email by Mr. Hazelhurst of DEL) responded to Mr. Stoddart advising that DEL was "...now Del Equipment Inc. operated as Gincor Werx" and provided correct payment instructions for DEL, including filling out Mack Defense's "New Supplier Request Mack Defense Purchasing Form" which clearly indicated DEL as the supplier and included DEL's correct banking information. A copy of this email chain, including attachments, is attached as Exhibit "D" hereto.⁵
- (d) Based on the payment information provided by the Gin-Cor representative, Mack Defense paid a total of \$874,107.08 (the "**Payment Amount**") to Gin-Cor via wire transfers made August 28, 2019, and September 5, 2019, representing the total payment amount for the MD Trucks.
- (e) In making the payments to Gin-Cor, Mack Defense either ignored or overlooked the valid payment instructions that DEL had sent on April 10, 2019, which clearly specified DEL's identity and correct banking information for the Payment Amount to be wired to.
- (f) Neither Mack Defense nor Gin-Cor dispute that the Payment Amount was intended to be made to DEL for the MD Trucks.
- (g) By email dated September 18, 2019, Gin-Cor acknowledged that the Payment Amount received by it was "Del funds". Notwithstanding this acknowledgement, Gin-Cor has taken the position that it is entitled to retain the Payment Amount it

⁵ Account details have been redacted from the payment instructions.

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wrongfully received from Mack Defense in order to set-off the Payment Amount against obligations of DEL to Gin-Cor, or to unilaterally retain the Payment Amount as collateral for alleged obligations owed by DEL to Gin-Cor. A copy of the email correspondence between Gin-Cor and DEL in this regard is attached as Exhibit "E" hereto.

- (h) Based on my discussions with Mack Defense and Gin-Cor, I do not understand there to have been any significant amounts owing by Mack Defense to Gin-Cor. As such, even if the provision of the wrong payment instructions by Gin-Cor to Mack Defense was an honest mistake, Gin-Cor should have immediately realized on receipt that the Payment Amount was not intended for it.
 - (i) Although Mack Defense has admitted in telephone conversations (i) between Isabel Marques, DEL's controller, and Brett Stoddart, the buyer at Mack Defense, on September 12, 2019; and (ii) between myself and Brian Happel, Director of Business Control & Treasurer of Mack Defense, on September 1, 2019, that Mack Defense had inadvertently paid the Payment Amount to Gin-Cor, Mack Defense has refused to pay DEL the amount owed for the MD Trucks on the basis that it views the Payment Dispute as a dispute between DEL and Gin-Cor.
63. Over the course of September 11, 2019, through October 1, 2019, DEL attempted in good faith to resolve these issues through numerous emails and/or discussions with both Mack Defense and Gin-Cor, neither of whom agreed to pay the amount due and owing to DEL for the MD Trucks. On October 10, 2019, DEL's counsel sent demand letters to each of Mack Defense and Gin-Cor, including advising Gin-Cor that it held the Payment Amount in trust for DEL and that, to the extent it did not immediately pay the Payment Amount to

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DEL, it should be segregated in a separate account. Copies of these letters are attached at Exhibit “F” and “G”.⁶ On October 15, 2019, counsel to Mack Defense responded via letter, a copy of which is attached as Exhibit “H”, indicating that Mack Defense views the Payment Dispute as being between DEL and Gin-Cor. Gin-Cor has advised via text message that the matter is now being dealt with by their lawyers, but no formal reply has been received to DEL’s demand and request to segregate the Payment Amount.

64. Based on DEL’s prior involvement with Gin-Cor’s business, including the Company’s understanding of Gin-Cor’s financial circumstances, the Company is concerned that if immediate steps are not taken to preserve and protect the Payment Amount, there is a possibility that such funds will be dissipated by Gin-Cor and DEL will not be able to recover the Payment Amount from Gin-Cor if it prevails in the Payment Dispute.
65. In light of the foregoing (including Gin-Cor’s failure to confirm that it will segregate the Payment Amount), at the return of the CCAA application, DEL is also seeking an order that will compel Gin-Cor to immediately turn over the Payment Amount to the Monitor, to be held in a segregated account pending resolution of the Payment Dispute and further order of the Court.
66. As mentioned above, Gin-Cor’s wrongful retention of the Payment Amount has been a significant contributing factor to the Company’s current liquidity challenges. While DEL, with the assistance of the proposed Monitor, is prepared to try again to achieve a consensual resolution of the Payment Dispute, in the event such resolution is not achieved in a timely

⁶ Account details have been redacted from the payment instructions enclosed with the demand letters.

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fashion, it intends to return to the Court in the near term to seek approval of an expedited litigation process to resolve this dispute.

V. CCAA PROCEEDINGS AND RELIEF SOUGHT

A. The Company is Insolvent

67. Despite its best efforts, the Company has been unable to resolve its financial and operational challenges and it is unable to meet its obligations to its creditors in the normal course.

68. The Company's financial challenges have worsened in recent months and it is facing an impending liquidity crunch. Without the benefit of creditor protection and access to the DIP Financing (as defined below), the Company will not have sufficient working capital to operate its business in the coming weeks. DEL is therefore insolvent and requires CCAA protection at this time.

B. Stay of Proceedings

69. In light of DEL's financial circumstances and without the benefit of CCAA protection, there could be an immediate and significant erosion of value to the detriment of all stakeholders. In particular, the Company is mindful of the following risks, which could materialize without the benefit of a stay of proceedings and the other relief sought under the CCAA: (a) suppliers ceasing to supply DEL or tightening payment terms in a manner that further exacerbates the liquidity challenges facing the Company; (b) suppliers terminating exclusive and non-exclusive distribution arrangements with DEL; (c) the potential termination of other agreements that are critical to the operation of DEL's

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business, including the Company's converter agreements with its OEM partners; and (d) suppliers commencing legal action to recover amounts due and owing to them.

70. The Company is seeking CCAA protection to provide it with the opportunity to undertake the Sale Process and to identify and assess other strategic alternatives to maximize the value of its business for its stakeholders, including creditors, employees, customers, suppliers and other business partners. The stay of proceedings is necessary to maintain the stability and value of DEL's business while such actions are undertaken.

C. Cash Flow Forecast and Interim Financing

71. As indicated in the cash flow forecast attached hereto as Exhibit "I" (the "**Cash Flow Forecast**"), it is expected the Company will require access to additional funding while it pursues the Sale Process and its other restructuring initiatives. The Company's principal use of cash during these CCAA proceedings will consist of costs associated with the ongoing operation of its business, including, among other things, employee compensation, supplier payments, lease payments and general administrative expenses. In addition to these normal course operating expenditures, the Company will also incur professional fees and disbursements in connection with these CCAA proceedings and the Sale Process.

72. Given its current financial situation, the Company believes that it requires interim financing in order to provide stability and fund operations while implementing the Sale Process. Subject to certain terms and conditions, including the granting of the proposed Initial Order, Diesel has agreed to provide up to \$1 million (the "**DIP Financing**") to fund DEL's operations and expenses during the CCAA proceedings. Given the current financial circumstances of the Company, Diesel has indicated that it is not prepared to advance

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additional funds to the Company without the security of the DIP Lender's Charge (as defined below), including the proposed priority thereof.

73. Subject to Court-approval, the Company expects to enter into a DIP financing term sheet with Diesel (the "**DIP Term Sheet**") substantially in the form of the unexecuted DIP Term Sheet attached hereto as Exhibit "J".
74. The material terms of the DIP Term Sheet are summarized in the below table. Capitalized terms used in the below table that are not otherwise defined herein have the meaning given to such terms in the DIP Term Sheet.

Summary of Certain Key Terms of the DIP Financing	
Maximum Availability	Maximum principal amount of \$1 million.
Interest	Interest shall be payable in cash on the aggregate outstanding principal from the date of funding at a rate of 6.5% <i>per annum</i> , compounded monthly and payable in full on the Maturity Date (as defined below).
Fees	None.
Costs and Expenses	DEL shall reimburse Diesel for all reasonable and documented expenses (including reasonable and documented legal fees and expenses of its legal counsel) in connection with the CCAA proceedings and the DIP Financing.
Use of Funds	<p>DEL shall use the proceedings of the DIP Financing (in accordance with the DIP Budget, subject to the Permitted Variance (each as defined below)) to:</p> <ul style="list-style-type: none"> (a) pay (i) the reasonable and documented legal fees and expenses of Diesel in accordance with the DIP Term Sheet, (ii) the reasonable and documented financial advisory fees and legal fees and expenses of DEL (including, without limitation, any fees and expenses of SRA, including legal fees), including as relates to the services of the CRO and (iii) the reasonable and documented fees and expenses of the Monitor and its legal counsel; (b) pay the fees and interest owing to Diesel under the DIP Term Sheet; and (c) fund the Company's general corporate and working capital needs, including funding these CCAA proceedings and the pursuit of the Sale Process. <p>The Company may use the proceeds of the DIP Financing to pay pre-filing obligations, provided that such amounts are permitted to be paid pursuant to the Initial Order and the aggregate amount of all such pre-filing amounts shall not exceed the amount set out in the DIP Budget.</p>
Maturity	The earlier of (i) the occurrence of any Event of Default in respect of which a demand for repayment has been made in writing by Diesel; (ii) the implementation of a transaction pursuant to the Sale Process or a plan of compromise or arrangement under the CCAA; and (iii) April 15, 2020 (the " Maturity Date ").

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Summary of Certain Key Terms of the DIP Financing	
	The Maturity Date may be extended from time to time at the request of the Company and with the prior written consent of Diesel for such period and on such terms and conditions as the Company and Diesel may agree, provided that any material amendments to the terms and conditions shall be also be subject to the prior written consent of the Monitor.
Certain Key Conditions Precedent	<ul style="list-style-type: none"> • The Initial Order, in a form reasonably acceptable to Diesel, including the approval of the DIP Lender's Charge on the terms set forth in the DIP Term Sheet, shall have been issued and entered by the Court. • The DIP Term Sheet shall have been duly executed. • No Event of Default under the DIP Term Sheet shall have occurred or will occur as a result of the requested advance. • All reasonable and documented expenses (including all reasonable and documented legal fees and expenses) of Diesel incurred in connection with the DIP Financing and invoiced to the Company no later than two business days' prior to the initial funding shall have been paid in full. Such expenses may be deducted from the advance.
Milestones	<ul style="list-style-type: none"> • The Company shall achieve the following milestones (as such dates may be extended on consent of Diesel, acting reasonably): <ul style="list-style-type: none"> ○ the Sale Process shall have been approved by an order of the Court (which may be the Initial Order) on or before the date which is 5 days following the entry of the Initial Order; ○ a Successful Bid(s) pursuant to the Sale Process shall have been approved by an order of the Court on or before February 29, 2020; and ○ the transaction contemplated by the Successful Bid(s) shall be implemented on or before March 31, 2020.
Certain Key Events of Default	<ul style="list-style-type: none"> • Failure by the Company to pay (i) principal, interest or other amounts within three business days of such amounts becoming due under the DIP Term Sheet; or (ii) costs and expenses of Diesel in accordance with the DIP Term Sheet within 10 business days of receiving an invoice therefor. • Any representation or warranty by the Company made in the DIP Term Sheet is or proves to be incorrect or misleading in any material respect as of the date made. • Issuance of a Court Order: (i) dismissing the CCAA proceedings or lifting the stay to permit the enforcement of any security against the Company or the Collateral; (ii) granting any other Lien in respect of the Collateral that is in priority to or pari passu with the DIP Lender's Charge other than as permitted pursuant to the DIP Term Sheet, or (iii) staying, reversing, vacating or otherwise modifying the DIP Term Sheet or the DIP Lender's Charge, in each case unless otherwise consented to by Diesel. • The expiry without further extension of the stay under the Initial Order.
Security and DIP Lender's Charge	All obligations of the Company under the DIP Term Sheet shall be secured by the DIP Lender's Charge on the Collateral.
Priority of the DIP Charge	The DIP Lender's Charge shall have priority on the Collateral over all Liens other than the "Permitted Priority Liens," which is defined to mean (i) the Administration Charge, (ii) the Directors' Charge, (iii) charges securing the RBC Floor Plan Facility (but solely in respect of the RBC Collateral (as such term is defined in the applicable Priority Agreement), and (iv) any amounts payable by the Company for certain unpaid employment and tax obligations to the extent such amounts have priority by applicable law and have not been subordinated to the DIP Lender's Charge pursuant to an order of the Court entered in connection with these CCAA proceedings.

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75. Based on my review of interim financings approved in other CCAA cases, I believe that the economic terms of the DIP Term Sheet (including the interest rate and the absence of any commitment or other fees) are significantly below market, and that the structure and terms of the DIP Term Sheet otherwise provide significant flexibility to DEL to allow it to explore and implement a comprehensive restructuring transaction.
76. In August and September 2019, DEL, with the assistance of SRA, also sought bridge financing proposals from nine financial institutions, including providing preliminary diligence information to the extent an expression of interest was received. All of the preliminary expressions of interest received from potential third-party lenders proposed interest rates that were significantly higher than the 6.5% interest rate under the DIP Term Sheet and also included significant additional fees and other terms that would provide significantly less flexibility to DEL in pursuing its restructuring options. Accordingly, the Company believes that the DIP Financing is being offered on more favourable terms than any other potentially available third-party financing and that no third-party would be prepared to provide non-priming financing on acceptable terms in these circumstances.
77. The DIP Term Sheet provides for a super-priority court-ordered charge over the assets, property and undertaking of the Company (the “**DIP Lender’s Charge**”) to secure the obligations outstanding from time to time in connection with the DIP Financing. It is not proposed, however, that the DIP Lender’s Charge prime RBC’s security in any GM chassis financed through RBC or impair Ford’s rights in any Ford chassis held by DEL as bailee from time to time (in short, it is contemplated that, as amongst Diesel, RBC and Ford, their respective rights and priorities will remain as set forth in the Priority Agreements). Further,

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the DIP Lender's Charge will not secure any obligation that existed prior to the date of the Initial Order.

D. Approval of the Engagement of the CRO and Corporate Governance Matters

78. As noted above, SRA was engaged in July 2019 to provide the Company with restructuring advisory services and to assist with developing and implementing the Sale Process. On October 18, 2019, the Company entered into an engagement letter with SRA (the "**CRO Engagement Letter**"), a copy of which is attached hereto as Exhibit "K". The CRO Engagement Letter contemplates a monthly work fee of \$25,000 per month payable to SRA, along with payment of a success fee of \$100,000 (the "**Success Fee**") upon the implementation of a successful restructuring transaction in respect of DEL (on and subject to the terms described in the CRO Engagement Letter).
79. The Engagement Letter also contemplates that I will be appointed as chief restructuring officer of the Company (the "**CRO**") upon the commencement of these proceedings, with full authority to oversee and exercise decision making authority in respect of all restructuring matters concerning DEL, subject to the approval of DEL's sole director where necessary.
80. As I understand is customary, the Initial Order contemplates that certain protections will be extended to me in my capacity as CRO, including the Director's Charge and related indemnity and a declaration that I will not be deemed to be in control of the Property (as defined in the Initial Order). Given the challenging circumstances facing DEL and the prospect of potential liability, I would not be willing to serve as CRO absent the granting of such protections and the other protections contemplated by the CRO Engagement Letter.

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81. The proposed Initial Order also provides for the CRO's fees and expenses under the CRO Engagement Letter (other than the Success Fee) will be secured by the Administration Charge (as defined and described below), and that the Success Fee will be secured by a charge over DEL's property (the "**Success Fee Charge**") with the priority described below.
82. I note that following recent resignations, the sole remaining director and officer of DEL is Mr. Paul Martin, DEL's former president who is also the majority shareholder of Diesel (who is both DEL's senior secured lender and its sole shareholder). Given the circumstances facing DEL, I believe it would be very difficult to identify another individual who would be willing to serve on DEL's board, and were Mr. Martin to resign it would create a potential governance vacuum. Further, given Mr. Martin's extensive experience with DEL, his involvement is critical to executing a successful restructuring. I understand that Mr. Martin has been informed of the duties of directors and officers of DEL by restructuring counsel to the Company and further believe that with the assistance of the CRO and the Company's other advisors, and under the supervision of both the Monitor and this Court, DEL's current governance regime is appropriate in the circumstances.

E. Proposed Sale Process

83. The Company is also seeking the Court's approval of the Sale Process attached hereto as Exhibit "L". Diesel, in its capacity as both senior secured lender to DEL and its sole shareholder, has indicated a preference to exit its investments in DEL and provide for an orderly and value maximizing transition of DEL's business to a third party for the benefit of all stakeholders, either by way of a sale of DEL's business or assets or a strategic investment in DEL. In connection with such a transaction, Diesel has also expressed a desire to sell the real property DEL operates from to a purchaser of, or investor in, DEL,

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and it is contemplated that such real property will be marketed along with DEL’s business. Accordingly, the Company believes that it is appropriate at this time and in the interests of all stakeholders to proceed with the Sale Process to seek to identify a potential going-concern sale or restructuring transaction that would maximize the value of DEL’s business for the benefit of the Company and its stakeholders.

84. The material terms of the Sale Process are summarized in the below table.

Summary of Certain Key Terms of the Sale Process	
Conduct	The Sale Process shall be conducted by DEL under the supervision of the Monitor. DEL will, among other things, prepare marketing materials, prepare a data room, and solicit interest from parties to enter into non-disclosure agreements and participate in the Sale Process.
Process and Timeline	<ul style="list-style-type: none"> • <u>Non-Binding EOI Bid Deadline</u> – Interested parties must submit initial non-binding expressions of interest (an “EOI”) by a target date of December 6, 2019 (as may be extended by DEL) (the “Non-Binding EOI Bid Deadline”). • <u>Phase 2 Parties</u> – DEL may select from parties that submit an EOI by the Non-Binding EOI Bid Deadline the parties invited to the second phase of the Sale Process (the “Phase 2 Parties”) to conduct detailed due diligence. • <u>Binding Bid Deadline</u> – Phase 2 Parties must submit binding offers (“Binding Bids”) with duly executed proposed transaction documents by 5:00 p.m. (Toronto time) on January 31, 2020 (as may be extended by the Company with the consent of the Monitor or further order from the Court) (the “Binding Bid Deadline”).
Requirements for Binding Bids	<ul style="list-style-type: none"> • Contains (i) duly executed binding transaction document(s), (ii) the identity and contact information of the bidder, (iii) a blackline to the form of transaction document(s) provided by the Company, and (iv) evidence of authorization and approval from the bidder’s board of directors (or comparable governing body). • Includes a letter stating that the bid is irrevocable for a period of at least 15 business days after the Binding Bid Deadline, as may be extended by such bidder. • Provides written evidence of a firm, irrevocable financial commitment for all required funding or financing. • Does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment. • Does not include any due diligence or financing conditions. • Specifies any regulatory or other third party approvals the party anticipates would be required to complete the transaction. • Includes a cash deposit of 10% of the total cash purchase price contemplated by such bid. The cash deposit shall be paid to and held in trust by the Monitor. • Is received by the Binding Bid Deadline. <p>The Company, in consultation with the Monitor, may waive compliance with any one or more of the above requirements and deem a non-compliant bid to be a Binding Bid.</p>

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Summary of Certain Key Terms of the Sale Process	
Review, Selection and Court Approval of Successful Bid	<p>Following the Binding Bid Deadline, the Company may, in consultation with the Monitor, determine to continue negotiations with a selected number of bidders that have submitted Binding Bids with a view to selecting one or more non-overlapping Binding Bids as the successful bid(s) (the “Successful Bid(s)”), and take such steps as are necessary to finalize and consummate the Successful Bid(s). The Company shall be under no obligation to accept the highest bid as the Successful Bid.</p> <p>Following the selection of a Successful Bid(s), if any, the Company will finalize any necessary definitive documentation in respect of such Successful Bid(s) and may apply to the Court for an order approving the Successful Bid(s).</p> <p>The Company shall have no obligation to conclude a sale or other transaction arising out of the Sale Process and reserves the right to reject any bid or proposal (including any Binding Bid), or to complete a standalone restructuring transaction outside of the Sale Process, subject to consultation with the Monitor.</p>
Amendments	Any amendments to the Sale Process by the Company require the written consent of the Monitor or by further order of the Court.

85. The terms of the Sale Process were developed with the assistance of SRA and in consultation with the proposed Monitor and the Company’s legal and financial advisors. The Company believes that the Sale Process is appropriate in the circumstances, and in particular will provide sufficient time and flexibility to allow DEL to explore all strategic alternatives available to it.

F. Proposed Monitor

86. The Company seeks the appointment of MNP Ltd. (“**MNP**”) as the monitor (the “**Monitor**”) in these proceedings. MNP has consented to act as the Monitor of the Company in the within proceedings, subject to Court approval. I understand a copy of the Consent to Act as Monitor provided by MNP will be included in the Company’s application record.

87. MNP became involved with the Company in August 2019 to assist the Company in its review of certain financial and restructuring matters, and has reviewed the Company’s financial and liquidity position (including the Cash Flow Forecast), the development of the

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Sale Process, the terms of the DIP Financing and the other relief requested by the Company in connection with the CCAA proceedings.

88. MNP is a trustee within the meaning of Section 2 of the *Bankruptcy and Insolvency Act* (Canada), as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in Section 11.7(2) of the CCAA.
89. The professionals at MNP who will have carriage of this matter have acquired knowledge of the Company, its business, financial circumstances and strategic and restructuring efforts to date. I believe that MNP is in a position to assist the Company with its restructuring efforts in these CCAA proceedings.

G. Administration Charge

90. It is contemplated that a Court-ordered charge over the Property would be granted in favour of the Monitor, counsel to the Monitor, the Company's financial advisor (Grant Thornton LLP), counsel to the Company and the CRO to secure the payment of their respective professional fees and disbursements (but excluding with respect to the Success Fee, which will be secured by the Success Fee Charge), whether incurred prior to, on or after the date of the Initial Order (the "**Administration Charge**"). The proposed Administration Charge is in an aggregate amount of \$400,000. All of the beneficiaries of the Administration Charge have contributed, and will continue to contribute, to the Company's restructuring efforts.

H. Directors' Charge

91. Both Mr. Martin, as the sole remaining director and officer of the Company, and myself (as a restructuring advisor and proposed CRO) have been actively involved in the

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Company's efforts to address its challenging circumstances, including its efforts to unwind the Gin-Cor Transaction, the review and consideration of the Company's financial circumstances and business challenges, the development of the Sale Process, and the preparation for and commencement of these proceedings.

92. It is my understanding, based on information from Goodmans LLP ("**Goodmans**"), the Company's restructuring counsel, that in certain circumstances, directors and officers may be held personally liable for certain corporate obligations, including in connection with salary, wages, payroll remittances, vacation pay, harmonized sales taxes, workers compensation remittances, and certain other corporate obligations.
93. Diesel maintains directors and officers insurance policies (collectively, the "**D&O Policy**"). The D&O Policy insures DEL's directors and officers for certain claims that may arise against them in their capacity as directors and/or officers of the Company. However, the D&O Policy contains exclusions and limitations to the coverage provided. Further, there is the potential for coverage limits to be exhausted and for there to be insufficient coverage.
94. Both Mr. Martin and I have expressed the desire for certainty with respect to any potential personal liability arising from our respective roles. The Company requires the active and committed involvement of its director and officers during the CCAA proceedings as it pursues strategic options and alternatives to address its current circumstances.
95. Accordingly, the Company requests a Court-ordered charge in the amount of \$1,200,000 over the Property (the "**Directors' Charge**") to secure the indemnity provided to the directors, officers and CRO in the Initial Order in respect of liabilities they may incur

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during the CCAA proceedings in their capacities as such. The amount of the Directors' Charge has been calculated by the Company based on the estimated potential exposure of the directors and officers and has been reviewed with the proposed Monitor. The proposed Directors' Charge would apply only to the extent that the directors and officers do not have coverage under the D&O Policy.

I. Payments During the CCAA Proceedings

96. The Company is seeking the authorization to pay certain expenses, whether incurred prior to, on or after the date of the proposed Initial Order, in respect of:

- (a) all outstanding and future wages, salaries, compensation, employee benefits, pension contributions, vacation pay and expenses (including, without limitation, payroll and benefits processing and servicing expenses) payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Company in respect of these proceedings, at their standard rates and charges;
- (c) all outstanding and future amounts related to honouring customer obligations, whether existing before or after the date of this Order, including with respect to customer warranty obligations and as relates to customer deposits and pre-payments, in each case incurred in the ordinary course of business and consistent with existing policies and procedures;

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- (d) amounts owing by the Company to insurance premium financiers as necessary to ensure continued coverage for the Company under its existing insurance policies, including director and officer insurance; and
 - (e) amounts owing for goods or services supplied to the Company prior to the date of this Order if, in the opinion of the Company and with the consent of the Monitor, such payment is necessary to maintain the operations of the Business.
97. The Company is also seeking the authority to pay all reasonable expenses incurred in carrying on its business in the ordinary course after the date of the Initial Order, including expenses and capital expenditures reasonably necessary for the preservation of its business and payment for goods and services supplied to the Company during the CCAA proceedings.
98. The authority to make the foregoing payments is necessary for the continued preservation of the Company's business and assets during the CCAA proceedings, as well as to advance the restructuring initiatives described herein. The Company requires the commitment and support of its employees and key suppliers and service providers while it attempts to address its current challenges.
99. Of particular note, the Company's ability to operate its business in the normal course is dependent on its ability to obtain an uninterrupted supply of inventory on commercially reasonable terms. The Company has maintained long-term relationships with key industry suppliers, many of which are critical to the operation of its business. The Company has already experienced tightening of the trade terms of certain suppliers in advance of these proceedings and is concerned that certain suppliers may discontinue supplying on existing

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preferred terms. Any such discontinuance could have a material adverse impact on the operation and value of DEL's business.

100. Moreover, DEL obtains some of its equipment from suppliers outside Canada. While I understand foreign suppliers will be subject to the relief granted in the CCAA proceedings, I also understand from Goodmans that there may be practical difficulties with enforcing the stay of proceedings and other relief granted extraterritorially and there is no guarantee that foreign suppliers will continue to supply the Company without continued payment of invoices, including pre-filing amounts. A failure to pay these amounts may lead to the relevant supplier refusing to supply the Company and cause significant harm to the Company's business.
101. In light of the foregoing, DEL believes that the payment of certain pre-filing amounts to certain suppliers may be necessary to ensure an uninterrupted supply of merchandise during the CCAA proceedings and the maintenance of existing trade terms. The Company intends to work closely with the Monitor with respect to these matters and to seek the consent of the Monitor before making any such payment.

J. Priority of Proposed Charges

102. It is contemplated that the priorities of the various charges over the assets of the Company proposed to be granted pursuant to the Initial Order (collectively, the "**Charges**"), as among them, will be as follows:
- (a) First – the Administration Charge;
 - (b) Second – the Directors' Charge;

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(c) Third – the DIP Lender’s Charge; and

(d) Fourth – the Success Fee Charge.

103. The Initial Order sought by the Company provides for the Charges to rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise in favour of any person, save and except for those secured creditors which did not receive notice of the application for this Order. The proposed Initial Order authorizes the Company to seek an Order granting priority of the Charges ahead of those secured creditors on the comeback motion in these proceedings.

104. The Company believes the amounts of the Charges are fair and reasonable in the circumstances.

VI. CONCLUSION

105. The Company has initiated these CCAA proceedings to obtain the protection and breathing room necessary to stabilize its business while it seeks to implement the Sale Process to identify a sale or other restructuring transaction that enables DEL’s business to continue on a going-concern basis for the benefit of the Company and its stakeholders, as well as to achieve an expedited and efficient resolution of the Payment Dispute with Mack Defense and Gin-Cor.

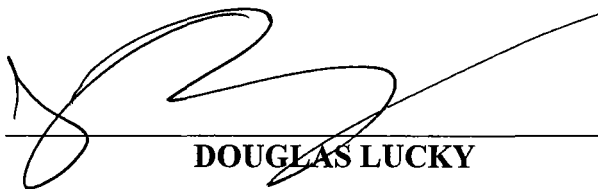
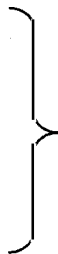
106. I believe the granting of the requested relief is in the best interest of the Company and its stakeholders.

SWORN before me at the City of Toronto, in the Province of Ontario, on October 20, 2019



A Commissioner for taking affidavits

ANDREW HARMS



DOUGLAS LUCKY

A

**THIS IS EXHIBIT "A"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019**



Commissioner for Taking Affidavits

Financial Statements

Del Equipment Inc.

December 31, 2018

Outstanding Items:

1. Management representation letter – to be issued at FS delivery.
2. Legal letters to be coordinated with report date.
3. Notes 1, 5 and 9 to update once events have occurred

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Del Equipment Inc.**Balance sheets**

(Unaudited)

December 31,
2018December 31,
2017**Assets**

Current

Cash and cash equivalents	\$ -	\$ 1
Receivables (Notes 6 and 17)	6,930,944	-
Advances to related companies (Notes 13 and 17)	1,292,978	-
Inventories (Note 7)	11,771,726	-
Prepaid expenses	549,128	-
	<u>20,544,776</u>	<u>1</u>
Deferred charges	128,959	-
Equipment (Note 8)	631,114	-
	<u>\$ 21,304,849</u>	<u>\$ 1</u>

Liabilities

Current

Bank indebtedness (Notes 9 and 17)	\$ 9,930,349	\$ -
Payables and accruals (Note 17)	5,481,568	-
Due to Unicell Limited (Note 15)	982,393	-
Advances from related companies (Notes 13 and 17)	1,191,853	-
Obligations under capital lease (Note 12)	41,743	-
Obligations on account of insurance premiums (Note 10)	319,703	-
Obligation payable to Diesel (Note 4)	8,155,129	-
	<u>26,102,738</u>	<u>-</u>
Obligations under capital lease (Note 12)	132,067	-
	<u>26,234,805</u>	<u>-</u>
Shareholders' Equity		
Share capital (Note 19)	1	1
Accumulated deficit	(4,929,957)	-
	<u>(4,929,956)</u>	<u>1</u>
	<u>\$ 21,304,849</u>	<u>\$ 1</u>

Contingencies, subsequent events and going concern (Notes 1, 4, 5, 9 and 21)

Approved by the Sole Director:

Signed: _____

Paul H. Martin

Director, Del Equipment Inc.

Del Equipment Inc.
Statements of shareholders' deficit

(Unaudited)

Years ended December 31, 2018

	<u>Share Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, December 31, 2017	\$ 1	\$ -	\$ 1
Net loss	<u>-</u>	<u>(4,929,957)</u>	<u>(4,929,957)</u>
Balance, December 31, 2018	<u>\$ 1</u>	<u>\$ (4,929,957)</u>	<u>\$ (4,929,956)</u>

DRAFT

Del Equipment Inc.**Statements of loss**

(Unaudited)

Years ended December 31

	2018	2017
Sales (Note 15)	\$ <u>39,969,576</u>	\$ -
Costs and expenses		
Cost of sales (Note 15)	37,627,653	-
Inventory obsolescence adjustment (Note 5)	2,466,752	-
Amortization	99,378	-
Amortization of deferred charges (Note 9)	50,077	-
Selling and administrative expenses (Note 15)	<u>6,230,299</u>	-
	<u>46,474,159</u>	-
Loss before the undernoted items	(6,504,583)	-
Other expenses (Notes 15 and 20)	(28,447)	-
Restructuring expense (Note 18)	(419,238)	-
Forgiveness of obligation payable to Diesel (Note 4)	2,466,752	-
Interest expense (Note 9)	<u>(444,441)</u>	-
Loss before income taxes	(4,929,957)	-
Income tax provision (Note 14)	-	-
Net loss	\$ <u>(4,929,957)</u>	\$ -

See accompanying notes to the financial statements.

Del Equipment Inc.

Statements of cash flows

(Unaudited)

Years ended December 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating activities

Net loss	\$ (4,929,957)	\$ -
Amortization	99,378	-
Amortization of deferred charges	50,077	-
Change in non-cash operating working capital balances (Note 16)	3,903,201	-
	<u>(877,301)</u>	<u>-</u>

Financing activities

Proceeds from bank indebtedness	1,883,435	-
Borrowings on account of insurance premiums	887,355	-
Payments on account of insurance premiums	(567,652)	-
Repayments on capital leases	(229,181)	-
Proceeds from issuance of common shares	-	1
Advances to related parties	(1,030,591)	-
	<u>943,366</u>	<u>1</u>

Investing activities

Expenditures on deferred charges	(66,066)	-
Purchase of equipment	(218,757)	-
Less financed by capital leases	218,757	-
	<u>(66,066)</u>	<u>-</u>

Net change in cash and cash equivalents	(1)	1
---	-----	---

Cash and cash equivalents, beginning of year	<u>1</u>	<u>-</u>
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Cash and cash equivalents, end of year	\$ <u>-</u>	\$ <u>1</u>
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Supplementary cash flow information:

Interest paid	\$ 386,328	\$ -
Interest subvention amounts received	\$ 60,804	\$ -
Inventory obsolescence adjustment (Note 7)	\$ 2,466,752	\$ -
Reduction in owed to Diesel (Note 4)	\$ 2,466,752	\$ -

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

1. Basis of presentation, description of business and going concern

Del Equipment Inc. ("Del Inc." or "the Company") was incorporated on June 5, 2017 under the laws of the province of Ontario and is an upfitter of Original Equipment Manufacturer ("OEM") supplied truck chassis. Del Inc.'s business is predominantly dependent on truck chassis being provided by the major North American OEMs.

The ultimate majority shareholder of Del Inc. owns its interest through Diesel Equipment Limited ("Diesel"), incorporated under the laws of the province of Ontario. Diesel has a wholly-owned subsidiary, Holt Industries, Inc. ("Holt"), incorporated under the laws of the state of New York. Holt is the sole shareholder of Del Hydraulics, Inc. ("Del Hydraulics"), incorporated under the laws of the state of New York. Diesel owns six of the seven facilities used by Del Inc. across Canada (Note 15). The Newmarket facility is rented from a party related to the minority shareholder of Del Inc. The ultimate majority shareholder of Del Inc. also serves as a director of Unicell Limited ("Unicell") and Unicell Body Company, Inc. ("UBC"). Holt owns a facility in Buffalo, New York which is occupied by Del Hydraulics and UBC. The ultimate majority shareholder of Del Inc. is also the ultimate majority shareholder of Del Engineering (UK) Ltd. ("Del Engineering").

Prior to June 1, 2018, the ultimate majority shareholder of Del Inc. was also the majority shareholder of Del Equipment Limited ("Del Equipment") and Diequip Limited ("Diequip"), both of which were incorporated under the laws of the province of Ontario. On June 1, 2018 Diesel Limited, Diequip and Del Equipment were amalgamated and have continued as Diesel Equipment Limited ("Diesel").

The ultimate sole shareholder of Unicell and UBC serves Del Inc. as a director. In addition, the ultimate sole shareholder of Unicell and UBC is the sole shareholder of 654831 Ontario Limited ("654831") and Camellia Holdings Limited ("Camellia"). Each of 654831 and Camellia participates with Del Inc., and other related parties, in certain aspects of the arrangements described in Notes 9 and 11.

These financial statements are expressed in Canadian dollars and have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE"), which forms part of Generally Accepted Accounting Principles (see Notes 2 and 3).

These financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the foreseeable future, which is at least, but not limited to, twelve months from the end of the reporting period. Del Inc. has recorded a loss for the year ended December 31, 2018 and has an accumulated deficit of \$4,929,957 as at the balance sheet date. As explained in Note 9, Del Inc. is party to a banking facility together with certain related entities. The banking facility has several compliance requirements which were not met by Del Inc. and the related entities as at the balance sheet date and for certain subsequent periods. The bank waived these defaults through March 31, 2019 on July 11, 2019 (Note 9).

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

1. Basis of presentation, description of business and going concern (continued)

The Company had contemplated a Reorganization Proposal to address the causes of the above described borrowing defaults. However, that Reorganization Proposal included certain components that were contingent and it became clear that these contingent components could not be achieved in a time horizon that would meet the Company's requirements. On July 18, 2019, the board of directors adopted a motion that provided for Diesel to regain operational control of the Company, provided for the Company to re-purchase for cancellation the shares held by GCD Holdings (2017) Limited and provided for the exchange of mutual releases between the parties to the shareholders' agreement. As at August 22, 2018, the documents to effect these transactions have yet to be executed. In addition, it is anticipated that on the execution of these documents, the directors and officers of the Company who hold their positions through their relationship with GCD Holdings (2017) Limited, will submit their resignations to the Company.

Once these actions have occurred, Diesel is to purchase the bank indebtedness owed to the Company's principal banker and will assume the position of the Company's principal banker with respect to the credit agreement described in Note 9, as discussed with the Company's principal banker. The revenue streams that previously accrued to the Company's principal banker and the collateral provided to the Company's principal banker, will then accrue to Diesel.

After these actions, the Company's ability to continue operations and to fund future business activities will no longer be dependent on achieving compliance with the requirements of the credit agreement. However, the Company will need to find alternative sources to meet the ongoing funding requirements of the business. In the short-term, the continuing support of Diesel will be required, as Diesel has replaced the Company's principal banker as the primary secured creditor of the Company. Diesel will be required to provide the alternative sources of financing to meet the ongoing funding requirements of the Company until permanent arrangements are put in place. There is limited assurance that Diesel will continue to provide financial support to the Company and that alternative permanent arrangements can be put in place to meet the funding requirements of the Company. As such, there is significant doubt about the Company's ability to continue as a going concern. These financial statements do not give effect to the required adjustments to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. First-time adoption of Canadian accounting standards for private enterprises

These are Del Inc.'s first financial statements prepared in accordance with Canadian ASPE. The date of transition to these standards was June 5, 2017.

These financial statements have been prepared using policies specified by those standards that are in effect at the end of the reporting period ending December 31, 2018. The significant accounting policies that have been applied in the preparation of these financial statements are summarized in Note 3. These accounting policies have been used throughout all periods presented in the financial statements.

Del Inc. has applied Section 1500 "First-time adoption", in preparing these first financial statements under ASPE. There were no changes to equity, earnings or cash flows from the transition.

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

3. Significant accounting policies

Use of estimates

Management reviews the carrying amounts of assets and liabilities in the financial statements at each balance sheet date to assess the need for revision or to identify any possibility of impairment. The determination of the carrying value of certain assets and liabilities in the preparation of these financial statements requires the application of management's best estimates. Management determines their best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

The assets and liabilities where the carrying value is subject to significant management estimates include the allowance for doubtful accounts, the provision for potentially obsolete inventory, the carrying value of rental inventory, the liability for restructuring actions, future income taxes and the obligation payable to Diesel.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with bank, net of bank overdrafts, and short term deposits with original maturities of three months or less.

Financial instruments

Financial instruments, being cash and cash equivalents, receivables, bank indebtedness and payables are initially measured at fair value and subsequently measured at amortized cost.

Recognition of assets and liabilities

ASPE provides guidance as to when a financial reporting entity has acquired an asset or has incurred a liability. The major consideration as to whether an item is an asset or not is whether a financial reporting entity is able to control an item. The major consideration as to whether an item is a liability or not is whether or not a financial reporting entity is obliged to discharge the item. The financing arrangements described in Note 11 do not result in Del Inc. controlling the asset nor does Del Inc. ever discharge the obligation for the asset. Accordingly, neither the asset nor the obligation relating to these arrangements is included on the balance sheets. In addition, in these circumstances, Del Inc. does not include these items in sales and cost of sales. No profit is recognized by Del Inc. on these items.

Revenue recognition

Revenue is recognized when title to goods is transferred to the customer, the significant risks and benefits of ownership are transferred and ultimate collection is reasonably assured. Revenue on rental inventory is recorded in conformity with the terms of the rental arrangements.

Recognition of subvention payments

Subvention payment incentives under floorplan financing arrangements received from OEMs are recognized over the period which matches with the related interest expense charged by the parties providing the floorplan financing arrangements. Deferred revenue represents subvention payment incentives received from OEMs which have not met the criteria for recognition. Subvention payments are applied to reduce the interest expense charged under floorplan financing arrangements.

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

3. Significant accounting policies (continued)

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on the first-in, first-out basis. Raw material includes inbound freight and work in progress and finished goods include applied labour and variable and fixed production overhead. Finished goods include demonstration units at OEM dealer locations.

Equipment and related depreciation

Equipment is recorded at cost less accumulated amortization and impairment, if any. Depreciation is provided on a straight-line or diminishing balance basis at the following rates:

Machinery and equipment	-	diminishing balance at 20% or 30% per annum
Office equipment	-	diminishing balance at 20% or 30% per annum
Leasehold improvements	-	3-10 years' straight line or diminishing balance at 20% per annum

Assets and obligations under capital lease

Assets and obligations under capital leases are accounted for at cost. The cost corresponds to the present value of minimum lease payments. Amortization of assets under capital lease is calculated by the same method and rates of similar equipment, as described above.

Long-lived assets

Long-lived assets held and used are reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset expected to be held and used may not be recoverable, future cash flows expected to result from the use of the asset and its disposition must be estimated. If the undiscounted value of the future cash flows is less than the carrying amount of the asset, an impairment charge is recognized. Long-lived assets consist of equipment and leasehold improvements.

Income taxes

Future tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities from a change in corporate income tax rates is recognized in income in the period that the rate change is enacted.

When accounting for uncertain tax positions, Del Inc. distinguishes between recognition and measurement evaluations. To be recognized, an uncertain tax position must be evaluated as more likely than not, based solely on its technical merits, of being sustained on audit. Once a determination has been made that the uncertain tax position can be recognized, it is measured at the best estimate of the amount that will be sustained. Changes in the recognition and measurement evaluations, if any, are accounted for in the period in which the change in evaluation occurs.

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

3. Significant accounting policies (continued)

Research and development costs

Research costs are expensed as incurred. Development costs that meet the criteria for deferral would be deferred. However, to date, Del Inc.'s development costs have not met the criteria for deferral and, accordingly, have been expensed as incurred.

Translation of foreign currencies

Del Inc. translates monetary asset and liability amounts denominated in currencies different from its functional currency at the rate in effect as of the date of the financial statements. The exchange gain or loss on revaluing monetary assets and liabilities denominated in foreign currencies, other than Del Inc.'s functional currency, is included in income as transactional foreign exchange gains or losses.

4. Acquisition of certain net assets of Del Equipment Limited

On April 30, 2018 (the "Acquisition Date"), pursuant to an asset purchase agreement, Del Inc. completed an acquisition of a business through the purchase of certain of the net assets of Del Equipment. At that time, Del Equipment was Del Inc.'s sole shareholder and a related party. This business combination between companies under common control did not result in a substantive change in ownership of the net assets, nor was the amount of purchase consideration supported by independent evidence. As a result, Del Inc. measured this related party transaction at the carrying amount of the net assets acquired.

Because Del Inc. acquired net assets constituting a business rather than acquiring an enterprise, Del Inc. has included only the results of operations from that business prospectively from the date of acquisition. The comparative figures do not include any balances or amounts prior to the Acquisition Date.

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

4. Acquisition of certain net assets of Del Equipment Limited (continued)

Del Inc. recognized the following net assets on April 30, 2018 as a result of the business combination:

Receivables	\$ 7,141,307
Inventories	18,360,833
Prepaid expenses	151,221
Equipment	511,736
Deferred charges	<u>112,970</u>
Total assets	<u>26,278,067</u>
Bank indebtedness	(8,046,914)
Payables and accruals	(7,102,188)
Deferred revenue	(37,272)
Obligations under capital lease	(184,235)
Amount payable to the Gin-Cor Group of Companies (Note 5)	<u>(285,576)</u>
Total liabilities	<u>(15,656,185)</u>
Net assets acquired	<u>\$ 10,621,882</u>
Obligation payable to Del Equipment 99 common shares of the Company	\$ 10,621,881 <u>1</u>
Total consideration	<u>\$ 10,621,882</u>

The obligation payable is non-interest bearing, due on demand and is without collateral. On June 1, 2018, on the amalgamation of Del Equipment with Diesel, the obligation became due to the continuing entity, Diesel. Subsequent to year-end, Diesel and Del Inc. agreed that the obligation payable to Diesel by Del Inc. would be reduced by \$2,466,722 from \$10,621,881 to \$8,155,129 effective on December 31, 2018.

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

5. Sale of common shares to GCD Holdings (2017) Limited

On April 11, 2017, Del Equipment entered into a non-binding letter of intent with Gin-Cor Industries Inc. ("Gin-Cor") which contemplated a transaction whereby Gin-Cor would acquire an interest in the Del Equipment business. Due to the need to obtain certain third party approvals pursuant to this transaction, and in anticipation of the closing of the transaction, Del Equipment and Gin-Cor, and certain other parties, entered into a Memorandum of Understanding dated June 23, 2017 which granted operational control of the Del Equipment business to Gin-Cor. That agreement was considered to establish a related party relationship between Del Equipment and the greater Gin-Cor group of companies. In anticipation of this transaction, as described in Note 4, certain assets and obligations of Del Equipment were transferred to Del Inc. On April 30, 2018, pursuant to a share purchase agreement, Del Inc.'s sole shareholder, Del Equipment, transferred 40% of its 100 issued and outstanding common shares in Del Inc. to GCD Holdings (2017) Limited ("GCD") a party related to Gin-Cor for \$2. GCD and Del Equipment, and certain other parties, entered into a shareholders' agreement to provide for the ongoing governance of Del Inc.

Upon the achievement of certain profitability milestones by Del Inc. subsequent to April 30, 2018, GCD would have had the opportunity to acquire an additional 11% of the 100 issued and outstanding common shares of Del Inc. for \$0.11. In this event, GCD would have held 51% of the 100 issued and outstanding common shares of Del Inc. thereby obtaining ultimate control of the Company. Subsequent to that transfer of control, GCD would have had the opportunity to acquire the remaining 49% of the 100 issued and outstanding common shares of the Company by paying down the obligation payable to Diesel in five tranches. As described in Note 1, on July 18, 2019, the board of directors of the Company adopted a motion the effect of which was to undo the April 30, 2018 transaction.

6. Receivables

	December 31, 2018	December 31, 2017
Trade receivables	\$ 6,839,594	\$ -
Sales tax receivable	94,725	-
Allowance for doubtful accounts	<u>(3,375)</u>	<u>-</u>
	\$ <u>6,930,944</u>	\$ <u>-</u>

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

7. Inventories

	December 31, <u>2018</u>	December 31, <u>2017</u>
Raw materials	\$ 12,246,463	\$ -
Work in progress	1,806,143	-
Finished goods and rental inventory	<u>748,927</u>	<u>-</u>
	14,801,533	-
Less provision for obsolete inventory and demonstration units	<u>(3,029,807)</u>	<u>-</u>
	<u>\$ 11,771,726</u>	<u>\$ -</u>

The Company generally provided for potentially obsolete inventory using a specific identification model whereby specific inventory items that were defined as slow moving, were assessed to identify if a reserve was required to reduce the carrying value of the inventory to net realizable value. On December 31, 2018, the methodology used by Del Inc. was amended to base the reserve on the overall aging profile of the inventory. Management of Del Inc. considers the new methodology a more accurate estimate to provide for potentially obsolete inventory. On the application of this new methodology to determine the required accounting estimate for potentially obsolete inventory, an increase in the provision of \$2,466,752 was recorded. As a change in accounting estimate, this new methodology has been applied prospectively.

8. Equipment

	December 31, <u>2018</u>	December 31, <u>2017</u>
Cost		
Machinery and equipment	\$ 3,922,925	\$ -
Office equipment	984,196	-
Leasehold improvements	<u>494,335</u>	<u>-</u>
	<u>5,401,456</u>	<u>-</u>
Accumulated amortization		
Machinery and equipment	3,326,657	-
Office equipment	962,661	-
Leasehold improvements	<u>481,024</u>	<u>-</u>
	<u>4,770,342</u>	<u>-</u>
Net carrying value		
Machinery and equipment	596,268	-
Office equipment	21,535	-
Leasehold improvements	<u>13,311</u>	<u>-</u>
	<u>\$ 631,114</u>	<u>\$ -</u>

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

8. Equipment (continued)

Machinery and equipment held through a capital lease arrangement at December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Cost included in machinery and equipment	\$ 217,561	\$ -
Less accumulated amortization	<u>(27,919)</u>	<u>-</u>
Net carrying value of leased machinery and equipment	\$ <u>189,642</u>	\$ <u>-</u>

9. Bank indebtedness

Del Inc. is party to a revolving credit facility with a Canadian chartered bank (the "Lender"). This arrangement operates by Del Inc. being the banker for itself, Unicell, UBC and further entities related to Del Inc. (collectively the "Borrowers"). Borrowings originating in Del Inc. are forwarded to the respective Borrowers through intercompany advances. This arrangement is documented by a Second Amended and Restated Credit Agreement dated May 31, 2018 (the "New Credit Agreement").

Generally, the New Credit Agreement provides for the same terms and conditions as the original Credit Agreement entered into in 2011. The New Credit Agreement has a term to May 31, 2021.

Aggregate borrowings under the New Credit Agreement are based on a determination of a margin limit based on eligible assets of the Borrower group and eligible assets of certain related parties that are guarantors of the Borrower's indebtedness (the "Guarantors").

The Borrowers' indebtedness under the New Credit Agreement at December 31, 2018 was approximately \$8,637,000 (December 31, 2017 - \$0), with approximately \$3,572,000 available to be borrowed to the margin limit. The collateral provided includes a general security agreement creating a first priority security interest in all of the assets of Del Inc. including accounts receivable, inventories, equipment and a pledge of shares of Del Inc. Additional collateral is provided by the other Borrowers and the Guarantors.

The New Credit Agreement has several compliance requirements including requiring the Borrowers to maintain levels of specified restrictive financial covenants on a monthly basis. At December 31, 2018 the Borrowers were not in compliance with these requirements, nor were the Borrowers in compliance for January, February, March or April of 2019. In addition, the Borrowers are in default of certain other technical requirements under the New Credit Agreement. The Lender waived all the defaults to December 31, 2018 and through March 31, 2019 on July 11, 2019.

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

9. Bank indebtedness (continued)

The New Credit Agreement provides that any losses that the Lender may sustain because of a default under the New Credit Agreement will be shared on a joint and several basis between the Borrowers and the Guarantors. That allocation would be applied irrespective of how the Lender chooses to avail itself of the collateral provided by the Borrowers and the Guarantors to eliminate any such losses. On April 30, 2018, the Borrowers and the Guarantors entered into a new agreement that provides for a bifurcation of indebtedness under the New Credit Agreement such that Unicell and UBC would only be liable for losses sustained because of a default under the New Credit Agreement in an amount specifically allocable to them. The agreement describes the methodology to calculate that allocable amount. It is management's assessment that the application of that methodology at December 31, 2018, and as at June 30, 2019, would result in no losses being allocated to Unicell or UBC. Further, it is management's assessment at December 31, 2018, and as at June 30, 2019, that sufficient collateral is available to the Lender from the Borrowers and the Guarantors, other than Unicell and UBC, to ensure that Unicell and UBC would not incur any losses themselves irrespective of which collateral available to the Lender is used to eliminate any such losses.

As referred to in Note 1, and as discussed with the Lender, following the completion of certain actions adopted by the board of directors of the Company on July 18, 2019, the amounts owed to the Lender are to be purchased by Diesel and once completed, Diesel will assume the position of the Lender under the New Credit Agreement.

10. Obligations on account of insurance premiums

	December 31, <u>2018</u>	December 31, <u>2017</u>
Amounts on account of insurance premiums	\$ <u>319,703</u>	\$ <u>-</u>

Del Inc. negotiates insurance coverage for itself and certain related parties and in 2018 financed the annual premiums through a third party. \$319,703 is owed to this third party at December 31, 2018 of which approximately \$154,000 was denominated in \$US. The amounts were repaid by April 2019 and were renewed for the 2019/2020 insurance year.

Interest was paid at 3.1% on the \$Cdn. component of the debt and at 3.1% on the \$U.S. component of the debt. Collateral arrangements are based on any premium refunds or pay-outs on insurance policies being paid to the third party if Del Inc. was in arrears on repayments of these amounts.

11. Off-balance sheet arrangements

Del Inc. benefits from financing arrangements for the supply of truck chassis through floorplan facilities with the finance subsidiaries of OEMs. Financing for the purchase of truck chassis from General Motors Company in Canada is financed by the Royal Bank of Canada ("RBC"). These financing arrangements benefit both the business of Del Inc. and the business of the OEMs as they facilitate making truck chassis available to Del Inc. However, Del Inc. does not control the truck chassis as the permission of the OEM is required to upfit the truck chassis. Further, all sales must be to an authorized OEM dealer and on sale to the ultimate customer, the OEM dealer settles the obligation for the truck chassis directly to the OEMs' finance subsidiary or RBC. Accordingly, Del Inc. does not discharge the liability for the truck chassis.

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

11. Off-balance sheet arrangements (continued)

The collateral arrangements for these financing arrangements are a first collateral position with respect to the truck chassis themselves and a series of cross guarantees issued by Del Inc., Unicell, UBC, Diesel, 654831 and Camellia which are subordinate to the position of Del Inc.'s principal bank (Note 9).

The OEMs offer inducements to Del Inc. to avail itself of these floorplan financing arrangements. The inducements include both interest free periods and subvention payments. As a result of the inducements offered, effectively no net interest was paid on these floorplan arrangements in 2018.

As at December 31, 2018, Del Inc. had availed itself of approximately \$2,206,000 (December 31, 2017 - nil) of financing from finance subsidiaries of OEMs and RBC under these floorplan arrangements.

12. Obligations under capital lease

During the year ended December 31, 2018, Del Inc. entered into several long-term equipment leases that have been classified as capital in nature. Future obligations under these leases are as follows:

	<u>2018</u>	<u>2017</u>
2019	\$ 41,425	\$ -
2020	41,425	-
2021	41,425	-
2022	41,425	-
2023	<u>17,192</u>	<u>-</u>
Total minimum lease payments	182,892	-
Less: amount representing interest	<u>(9,082)</u>	<u>-</u>
Present value of minimum lease payments	173,810	-
Current portion of obligations under capital lease	<u>41,743</u>	<u>-</u>
	<u>\$ 132,067</u>	<u>\$ -</u>

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

13. Advances to (from) related companies

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Unicell, interest bearing	\$ 3,190	\$ -
Holt, non-interest bearing	8,405	-
Del Engineering, non-interest bearing	20,570	-
Diesel, non-interest bearing	235,862	-
UBC, interest bearing	<u>1,024,951</u>	<u>-</u>
	<u>\$ 1,292,978</u>	<u>\$ -</u>
Del Hydraulics, non-interest bearing	\$ (241,817)	-
The Gin-Cor Group of companies, non-interest bearing	<u>(950,036)</u>	<u>-</u>
	<u>\$ (1,191,853)</u>	<u>\$ -</u>

The advances have no set terms of repayment and are without collateral. Advances to UBC and Holt are denominated in \$U.S. Advances from Del Hydraulics are denominated in \$U.S.

14. Income taxes

The following table sets forth a reconciliation of Del Inc's effective tax rate for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Loss before income taxes	\$ (4,929,957)	\$ -
Combined basic federal and provincial income tax rate	<u>26.5%</u>	<u>-</u>
Income tax recovery based on statutory rate	<u>\$ (1,306,439)</u>	<u>\$ -</u>
Adjustments for permanent differences	\$ (13,934)	\$ -
Adjustments for interprovincial rate differences	(29,170)	-
Previously unrecognized tax benefit	1,344,118	-
Other	<u>5,425</u>	<u>-</u>
Total tax expense (recovery)	<u>\$ -</u>	<u>\$ -</u>

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

14. Income taxes (continued)

As of December 31, 2018 the Company has not recognized the benefit of the following temporary differences:

	<u>2018</u>
Losses available for carryforwards	\$ 1,222,062
Financing fees and other	141,517
Equipment and intangible assets	<u>(19,461)</u>
	<u>\$ 1,344,118</u>

As of December 31, 2018 the Company had Canadian income tax loss carry forwards of approximately \$4.5 million which expire in 2038.

15. Related party transactions

Facilities

Del Inc. occupies seven operating facilities across Canada. Six of these are leased by Del Inc. from Diesel. During the year ended December 31, 2018, Del Inc. moved its Ontario premises from Laird Drive in Toronto to Harry Walker Parkway in Newmarket. The property at 139 Laird Drive was owned by Diesel and was leased by Del Inc. During the year ended December 31, 2018, Diesel disposed of the property at 139 Laird to a third party. The premises in Newmarket is leased by Gin-Cor and it is anticipated that a sub-lease will be entered into between Del Inc. and Gin-Cor. The proposed sub-lease has a term to November 2027. To date, Del Inc. has occupied the Newmarket premises and paid rent to Gin-Cor on an ongoing and informal basis in conformity with the proposed form of the sub-lease.

The Diesel leases provide for a five-year term with one five-year renewal right. The rent for the renewal period shall be based on the fair market rental value at the time of renewal. The minimum lease commitments under these leases with Diesel and under the proposed sub-lease with Gin-Cor for the next five years are as follows:

2019	\$ 1,301,000
2020	1,234,000
2021	1,254,000
2022	972,000
2023	579,000
Thereafter	<u>2,349,000</u>
Total	<u>\$ 7,689,000</u>

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

15. Related party transactions (continued)

Distribution agreement

Prior to April 30, 2018, Del Equipment and Unicell were party to a distribution agreement (the "Distribution Agreement"), which provided for a long-standing arrangement whereby Del Equipment acted as the seller and distributor of Unicell products in Canada. Effective April 30, 2018, as a result of the acquisition of Del Equipment by Del Inc. (Note 4), the existing Distribution Agreement was assigned from Del Equipment to Del Inc. At that time, the term of the Distribution Agreement was amended to expire on December 31, 2018 with an option to negotiate a new agreement effective January 1, 2019. No such agreement was negotiated, therefore the Distribution Agreement expired on December 31, 2018. The parties did, however, conduct themselves in conformity with the previous Distribution Agreement for the period from January 1, 2019 to March 31, 2019. Subsequent to that date, Unicell ceased using Del Inc. as its distributor in Ontario. Del Inc. will continue to distribute Unicell products to the rest of Canada for the foreseeable future.

Transactions under the Distribution Agreements during the years ended December 31, 2018 and 2017 were as follows:

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Purchases of Unicell product	\$ 8,132,587	\$ -
Trade accounts payable at year end	\$ 982,393	\$ -
Sales of Unicell product	\$ 9,011,507	\$ -

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

15. Related party transactions (continued)

Other related party transactions

Other related party transactions during the years ended December 31, 2018 and 2017 were as follows:

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
<i>Included in sales</i>		
Sales to Unicell	\$ 2,367	\$ -
Sales to Del Hydraulics	\$ 1,092,020	\$ -
Sales to Del Engineering	\$ 56,512	\$ -
Sales to the Gin-Cor Group of Companies	\$ 105,870	\$ -
<i>Included in inventory, equipment or cost of sales</i>		
Purchases from Del Hydraulics	\$ 54,655	\$ -
Purchases from the Gin-Cor Group of Companies, Including rent	\$ 1,877,471	\$ -
Rent charged by Diesel	\$ 486,986	\$ -
<i>Included in selling and administrative expenses</i>		
Technical service fee charged to Del Hydraulics	\$ 21,827	\$ -
Technical service fee charged to Holt	\$ 10,913	\$ -
Management fee charged to Unicell	\$ 7,232	\$ -
Management fee charged to Diesel	\$ 238,763	\$ -
Reimbursement of expenses incurred by the Gin-Cor Group of Companies on behalf of Del Inc.	\$ 1,266,703	\$ -
<i>Included in other expenses</i>		
Interest charged to Unicell	\$ 18,832	\$ -

These transactions are recorded at the exchange amount, which is the amount of consideration established between, and agreed to by, the related parties.

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

16. Supplementary cash flow information

	December 31, <u>2018</u>	December 31, <u>2017</u>
Change in non-cash operating working capital balances:		
Receivables	\$ 210,363	\$ -
Due from Del Equipment	(20,570)	-
Inventories	4,122,355	-
Prepaid expenses	(397,907)	-
Due to Unicell	982,393	-
Deferred revenue	(37,272)	-
Due to the Gin-Cor Group of Companies	664,460	-
Payables and accruals	<u>(1,620,621)</u>	<u>-</u>
	<u>\$ 3,903,201</u>	<u>\$ -</u>

17. Financial instruments

Credit risk

Del Inc. is subject to credit risk through trade receivables. Credit risk is minimized by Del Inc. having a large customer base with geographic dispersion across Canada. Del Inc. performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. Del Inc. maintains a provision for potential credit losses and any such losses to date have been within management's expectations.

Market risk

Market risk is the risk that the fair value of or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk.

Interest rate risk

Del Inc. is exposed to interest rate risk because the interest rate on bank indebtedness is based on the lender's prime rate, which may vary from time to time.

Currency risk

Del Inc. makes purchases of components and accessories denominated in both euros and U.S. dollars, both resulting in exposure to risk due to changes in foreign currency exchange rates. In addition, the financing arrangements in Note 9 result in both cash receipts and cash outflows being denominated in \$U.S. as Del Inc. acts as banker for certain related parties resulting in exposure to risk due to changes in foreign currency exchange rates.

Other price risk

Other price risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Del Equipment Inc.

Notes to the financial statements

(Unaudited)
December 31, 2018

17. Financial instruments (continued)

Liquidity risk

Del Inc. is exposed to liquidity risk on bank indebtedness and payables. Del Inc.'s objective is to have sufficient liquidity available to discharge its liabilities as they fall due. Del Inc. monitors its cash balances and cash flows generated from operations to meet its requirements.

18. Restructuring expenses

During the year ended December 31, 2018, Del Inc. incurred non-recurring restructuring expenses associated with employee terminations in the amount of \$419,238 (December 31, 2017 - \$nil). Such expenses included approximately \$318,000 for the expenses associated with employee terminations for employees who chose not to relocate from Toronto to Newmarket and for other employee terminations. Expenses of approximately \$101,000 were incurred pursuant to the relocation to Newmarket.

19. Share capital

The share capital amounts for Del Inc. are as follows:

Authorized:

An unlimited number of common shares

Issued:

	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u># of shares</u>	<u>Amount</u>	<u># of shares</u>	<u>Amount</u>
Common shares	100	\$ 1	1	\$ 1

20. Other expenses

Other expense consists of the following:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Loss on foreign exchange	\$ (49,112)	\$ -
Interest income	20,370	-
Other	<u>295</u>	<u>-</u>
	\$ <u>(28,447)</u>	\$ <u>-</u>

Del Equipment Inc.
Notes to the financial statements

(Unaudited)
December 31, 2018

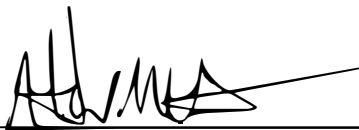
21. Subsequent event

In addition to subsequent events referred to in Notes 1, 4, 5 and 9, on August 12, 2019, the decision was made to close down the Regina branch of the Company. The accounting for this closure will be reflected during the year ended December 31, 2019.

DRAFT

B

THIS IS EXHIBIT "B"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019



Commissioner for Taking Affidavits



83 Caledonia Road, Moncton, NB E1H 2E6
T 1-506-857-4291 | F 1-506-859-4498 | E del-monctonsales@gincor.com

Quote#: JH8874R
Date: Aug 30, 2018

We truly appreciate the opportunity to earn your business. Please review the following quotation detail carefully to ensure that it aligns with your requirements, and sign and return via e-mail or fax as above.

Prepared for:	Mack Defense	Attn:	Wayne Stehle	Rep:	Jim Hazlehurst
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To Supply & Install:

Beau Roc Dump Body, Model DH Conf. C

14.0' Body Length

30" Cab shield, -3/16" – Hardox 450 - one piece steel front

42" sides - 3/16" – Hardox 450 - fold up side ladder

48" double acting gate -1/4" – Hardox 450 - air operated - sloped gate

1/4" Hardox 450 floor one piece

1/4" steel longitudinals, 6" asphalt apron

Side board pockets to hold plank -spreader chains

Tarp tie down rails,

Mailhot hoist assembly, Model G3-130-5.5, c/w body prop,

Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve

Air shift PTO for Allison automatic,

Del DAV1203 in cab air controls for PTO, hoist and air gate.

Paint body Highway Yellow c/w Rust Check undercoated

One LED strobe beacon mounted on cab shield

Two sets mudflaps c/w antisail on front set

Holland PH775SL11 - pintle hook, mounted on 1" plate w/ plug- truck w/ existing rear air & wiring

Electric operated tarp assembly with tarp & air deflector

Hydraulic Tank Heater

All CMVSS LED lights and reflectors

Wheel checks

Groeneveld auto Grease system

Espar Fuel Heater

All other items as per marked tender documents attached

Familization Training (**Del supplied equipment, will attempt chassis training and if level of detail not enough for client; then dealer responsibility**)

Completion sticker certifying compliance with Canadian Motor Vehicle Safety Standard

Fob Petawawa each \$41770.00

Fob Suffield each \$47435.00

Fob Trenton each \$41835.00

Fob Gagetown each \$38585.00

Fob Saint-Jean-sur-Richelieu each \$43690.00

Customer Signature: _____ Date: _____

Purchase Order #: _____

QUOTATION IS VALID FOR 30 DAYS. TERMS-NET 30 DAYS OAC. ALL TAXES ARE EXTRA.

This quotation is subject to change if any additional work is required to add or modify equipment to or on the unit not originally indicated. DEL Equipment Inc. (recently changed from DEL Equipment Ltd.) operated as GINCOR TRUCK & TRAILER WERX.





83 Caledonia Road, Moncton, NB E1H 2E6
T 1-506-857-4291 | F 1-506-859-4498 | E del-monctonsales@gincor.com

Quote#: JH8875R
Date: Aug 30, 2018

We truly appreciate the opportunity to earn your business. Please review the following quotation detail carefully to ensure that it aligns with your requirements, and sign and return via e-mail or fax as above.

Prepared for:	Mack Defense	Attn:	Wayne Stehle	Rep:	Jim Hazlehurst
----------------------	--------------	--------------	--------------	-------------	----------------

To Supply & Install:

Everest R132TEL39PH-A reversible snow plow Group 2 Conf C

Everest LM hitch quick disconnect, nitrogen soft ride system, Halogen snow plow lights

Beau Roc Dump Body, Model DH

14.0' Body Length

30" Cab shield, -3/16" – Hardox 450 - one piece steel front

30" sides - 3/16" – Hardox 450 - fold up side ladder

42" double acting gate -1/4" – Hardox 450 - air operated - sloped gate

1/4" Hardox 450 floor one piece

1/4" steel longitudinals, 6" asphalt apron

Side board pockets to hold plank -spreader chains

Tarp tie down rails,

Mailhot hoist assembly, Model G3-140-5.5, c/w body prop,

Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve

Air shift PTO for Allison automatic,

Gresan V20 valve bank with in cab air controls mounted on console

Del DAV1203 in cab air controls for PTO, hoist and air gate.

Paint body Highway Yellow c/w Rust Check undercoated

One LED strobe beacon mounted on cab shield

Two sets mudflaps c/w antisail on front set

Holland PH775SL11 - pintle hook, mounted on 1" plate w/ plug- truck w/ existing rear air & wiring

Electric operated tarp assembly with tarp & air deflector

Hydraulic Tank Heater

All CMVSS LED lights and reflectors

Wheel checks

Espar Fuel Heater

Groeneveld auto Grease system

All other items as per marked tender documents attached

Training (**Del supplied equipment, will attempt chassis training and if level of detail not enough for client; then dealer responsibility**)

Completion sticker certifying compliance with Canadian Motor Vehicle Safety Standard

Fob Bagotville each

\$57585.00

Customer Signature: _____ Date: _____

Purchase Order #: _____

QUOTATION IS VALID FOR 30 DAYS. TERMS-NET 30 DAYS OAC. ALL TAXES ARE EXTRA.

This quotation is subject to change if any additional work is required to add or modify equipment to or on the unit not originally indicated. DEL Equipment Inc. (recently changed from DEL Equipment Ltd.) operated as GINCOR TRUCK & TRAILER WERX.





83 Caledonia Road, Moncton, NB E1H 2E6
T 1-506-857-4291 | F 1-506-859-4498 | E del-monctonsales@gincor.com

Quote#: JH8876R
Date: Aug 30, 2018

We truly appreciate the opportunity to earn your business. Please review the following quotation detail carefully to ensure that it aligns with your requirements, and sign and return via e-mail or fax as above.

Prepared for:	Mack Defence	Attn:	Wayne Stehle	Rep:	Jim Hazlehurst
----------------------	--------------	--------------	--------------	-------------	----------------

To Supply & Install:

Everest 14 SDS side dump spreader model 14G3650H1 – Conf C

12 cy, left hand discharge, 24" cab shield

Body 3/16" Hardox 450 , 36" sides, ¼" Hardox 450 double acting 50" air tailgate

1/4" –Hardox 450 steel one piece floor

Left side 18 conveyor with 667X pintle chain

LH discharge poly chute and steel spinner assembly

Grease cylinder chain tensioning system

Three stage front mount hoist designed for salt body application,

Cirus Controls Dual Spread Electronic spreader control system

Gresan V20 valve bank with in cab air controls mounted on console

28 gal hydraulic reservoir, c/w low pressure filter

Air shift PTO pump for Allison automatic,

Paint body Highway Yellow c/w Rust Check undercoated

LED strobe beacon mounted on cab shield

Two sets mudflaps c/w antisail on front set

Holland PH775SL11 -air pintle hook w/ plug- truck w/ existing rear air & wiring

Electric operated tarp assembly with tarp and air deflector

Hydraulic Tank Heater

All CMVSS LED lights and reflectors

Wheel checks

Espar Fuel Heater

Groeneveld auto Grease system

Familiarization Training(**Del supplied equipment, will attempt chassis training and if level of detail not enough for client then dealer responsibility**)

Completion sticker certifying compliance with Canadian Motor Vehicle Safety Standard

Fob Bagotville each

\$64360.00

Customer Signature: _____ Date: _____

Purchase Order #: _____

QUOTATION IS VALID FOR 30 DAYS. TERMS-NET 30 DAYS OAC. ALL TAXES ARE EXTRA.

This quotation is subject to change if any additional work is required to add or modify equipment to or on the unit not originally indicated. DEL Equipment Inc. (recently changed from DEL Equipment Ltd.) operated as GINCOR TRUCK & TRAILER WERX.





83 Caledonia Road, Moncton, NB E1H 2E6
T 1-506-857-4291 | F 1-506-859-4498 | E del-monctonsales@gincor.com

Quote#: JH8881R
Date Sept 5, 2018

We truly appreciate the opportunity to earn your business. Please review the following quotation detail carefully to ensure that it aligns with your requirements, and sign and return via e-mail or fax as above.

Prepared for:	Mack Defense	Attn:	Wayne Stehle	Rep:	Jim Hazlehurst
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To Supply & Install:

Beau Roc Dump Body, Model DH Conf. C

14.0' Body Length

30" Cab shield, -3/16" – Hardox 450 - one piece steel front

30" sides - 3/16" – Hardox 450 - fold up side ladder

42" double acting gate -1/4" – Hardox 450 - air operated - sloped gate

1/4" Hardox 450 floor one piece

1/4" steel longitudinals, 6" asphalt apron

Side board pockets to hold plank -spreader chains

Tarp tie down rails,

Mailhot hoist assembly, Model G3-130-5.5, c/w body prop,

Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve

Air shift PTO for Allison automatic,

Del DAV1203 in cab air controls for PTO, hoist and air gate.

Paint body Highway Yellow c/w Rust Check undercoated

One LED strobe beacon mounted on cab shield

Two sets mudflaps c/w antisail on front set

Holland PH760 - pintle hook, mounted on 3/4" plate w/ plug- truck w/ existing rear air & wiring

Electric operated tarp assembly with tarp & air deflector

Hydraulic Tank Heater

All CMVSS LED lights and reflectors

Wheel checks

All other items as per marked tender documents attached

Familiarization Training (**Del supplied equipment, will attempt chassis training and if level of detail not enough for client; then dealer responsibility**)

Completion sticker certifying compliance with Canadian Motor Vehicle Safety Standard

Fob Waskeiu, SK each

\$41440.00

Customer Signature: _____ Date: _____

Purchase Order #: _____

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PO Number: 1904

Purchase Order

Page: 1 of 2

<p>Vendor:</p> <p>Del Equipment Ltd 83 Caledonia Road Moncton NB E1H 2E6 Canada</p> <p>Phone: _____ Fax: _____</p>	<p>Ship To:</p> <p>Mack Defense</p>
--	--

Ship Via: Best Way	Order Date: 7/5/2018	Terms: 30 Days
Prepaid Freight: No	Resale No:	

NOTE: Please send invoices to Mack Defense LLC, at accounts.payable@mackdefense.com

SUPPLIER # MD10100

Line	Part Number/Rev/Description	Order Qty.	Unit Price	Ext Price	Tax
1	W8476-185853 Item 001 12 Cu Yard, 11 Ft, Reversible Plow Bagotville	1.00 EA	57,435.00/1	57,435.00	No
- Shipping Release Requirement -		<u>Due Date</u>	<u>Quantity</u>		
			1.00 EA		

Line	Part Number/Rev/Description	Order Qty.	Unit Price	Ext Price	Tax
2	W8476-185853 Item 002 12 Cu Yard, Spreader Bagotville	1.00 EA	63,860.00/1	63,860.00	No
- Shipping Release Requirement -		<u>Due Date</u>	<u>Quantity</u>		
			1.00 EA		

Line	Part Number/Rev/Description	Order Qty.	Unit Price	Ext Price	Tax
3	W8476-185853 Item 004 12 Cu Yard, Suffield	2.00 EA	47,285.00/1	94,570.00	No
- Shipping Release Requirement -		<u>Due Date</u>	<u>Quantity</u>		

PO Number: 1904

Purchase Order

Page: 2 of 2

2.00 EA

Line	Part Number/Rev/Description	Order Qty.	Unit Price	Ext Price	Tax
4	W8476-185853 Item 005 12 Cu Yard, Trenton	5.00 EA	41,685.00/1	208,425.00	No
		Each			
	- Shipping Release Requirement -	<u>Due Date</u>	<u>Quantity</u>		
			5.00 EA		

Line	Part Number/Rev/Description	Order Qty.	Unit Price	Ext Price	Tax
5	W8476-185853 Item 006 12 Cu Yard, Gagetown	5.00 EA	38,435.00/1	192,175.00	No
		Each			
	- Shipping Release Requirement -	<u>Due Date</u>	<u>Quantity</u>		
			5.00 EA		

Line	Part Number/Rev/Description	Order Qty.	Unit Price	Ext Price	Tax
6	W8476-185853 Item 007 12 Cu Yard, St. Jean	1.00 EA	43,540.00/1	43,540.00	No
		Each			
	- Shipping Release Requirement -	<u>Due Date</u>	<u>Quantity</u>		
			1.00 EA		

Line	Part Number/Rev/Description	Order Qty.	Unit Price	Ext Price	Tax
7	W8476-185853 Item 003 12 Cu Yard, Petawawa	1.00 EA	41,620.00/1	41,620.00	No
		Each			
	- Shipping Release Requirement -	<u>Due Date</u>	<u>Quantity</u>		
			1.00 EA		

Authorized By: *Brett Stoddart*

Line(s) Subtotal: 701,625.00
 Misc. Charge Subtotal: 0.00

Total: 701,625.00 \$

PO Number: 2127

Purchase Order

Page: 1 of 1

<p>Vendor:</p> <p>Del Equipment Ltd 83 Caledonia Road Moncton NB E1H 2E6 Canada</p> <p>Phone: Fax:</p>	<p>Ship To:</p> <p>Mack Defense</p>
---	--

Ship Via: Best Way	Order Date: 11/6/2018	Terms: 30 Days
Prepaid Freight: No	Resale No:	

"GOVERNMENT QUALITY ASSURANCE is a requirement of this order. Arrangements must be made promptly with the Quality Assurance Representative for your area or facility, with provision for the necessary access to the work, so that appropriate Government Quality Assurance can be accomplished prior to release".

NOTE: Please send invoices to Mack Defense LLC, at accounts.payable@mackdefense.com

SUPPLIER # MD10100

Line	Part Number/Rev/Description	Order Qty.	Unit Price	Ext Price	Tax
1	5P412-180497 Prince Albert National Park Dump jh8881R Mack Defence Conf C 14.0 DH Supply agreement Parks Canada	1.00 EA Each	41,440.00/1	41,440.00	No
- Shipping Release Requirement -		<u>Due Date</u>	<u>Quantity</u>		
		11/6/2018	1.00 EA		

Authorized By: Brett Stoddart

Line(s) Subtotal: 41,440.00
 Misc. Charge Subtotal: 0.00

Total: 41,440.00 \$



83 Caledonia Road, Moncton, NB E1H 2E6
T 1-506-857-4291 | F 1-506-859-4498 | E del-monctonsales@gincor.com

Quote#: JH8881R
Date Sept 5, 2018

We truly appreciate the opportunity to earn your business. Please review the following quotation detail carefully to ensure that it aligns with your requirements, and sign and return via e-mail or fax as above.

Prepared for:	Mack Defense	Attn:	Wayne Stehle	Rep:	Jim Hazlehurst
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30" Cab shield, -3/16" – Hardox 450 - one piece steel front

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42" double acting gate -1/4" – Hardox 450 - air operated - sloped gate

1/4" Hardox 450 floor one piece

1/4" steel longitudinals, 6" asphalt apron

Side board pockets to hold plank -spreader chains

Tarp tie down rails,

Mailhot hoist assembly, Model G3-130-5.5, c/w body prop,

Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve

Air shift PTO for Allison automatic,

Del DAV1203 in cab air controls for PTO, hoist and air gate.

Paint body Highway Yellow c/w Rust Check undercoated

One LED strobe beacon mounted on cab shield

Two sets mudflaps c/w antisail on front set

Holland PH760 - pintle hook, mounted on 3/4" plate w/ plug- truck w/ existing rear air & wiring

Electric operated tarp assembly with tarp & air deflector

Hydraulic Tank Heater

All CMVSS LED lights and reflectors

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Completion sticker certifying compliance with Canadian Motor Vehicle Safety Standard

Fob Waskeiu, SK each

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Customer Signature: _____ Date: _____

Purchase Order #: _____

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Purchase Order Terms and Conditions

Fixed Price

1 DEFINITIONS

- 1.1 "Defective Part" means any Part not meeting the requirements set out in Section 9.1.
- 1.2 "DFARS" means the Defense Federal Acquisition Regulation Supplement.
- 1.3 "FAR" means the Federal Acquisition Regulation.
- 1.4 "MACK" means Mack Defense, LLC "Mack Defense, LLC" including its subsidiaries, sectors, and business areas as identified on the face of the Order.
- 1.5 "MACK's Authorized Purchasing Representative" means the individual authorized by MACK's cognizant procurement organization to administer and/or execute this Order.
- 1.6 "Order" means the instrument of contracting including the Purchase Order document that incorporates these Purchase Order Terms and Conditions and all referenced documents.
- 1.7 "Parties" means MACK and Supplier collectively.
- 1.8 "Prime Contract" means a contracting instrument issued to MACK or MACK's higher-tier customer by the U.S. Government for the acquisition of Parts.
- 1.9 "Parts" means those goods, supplies, reports, computer software, data, materials, articles, items, parts, components or assemblies, and services described in the Order.
- 1.10 "Supplier" means the party with whom MACK is contracting.

2 ACCEPTANCE OF SUBCONTRACT TERMS

- 2.1 This Order is MACK's offer to Supplier. Acceptance of this offer is strictly limited to the terms and conditions in this offer.
- 2.2 Supplier shall be deemed to have accepted this Order at the earlier of (a) Supplier executing the Purchase Order that incorporates these Purchase Order Terms and Conditions, (b) Supplier accepting payment pursuant to the Order, or (c) Supplier beginning performance pursuant to the Order.
- 2.3 MACK accepts no liability for orders for Parts, components, or raw material that have not been placed in accordance with this Section 2.
- 2.4 Unless expressly accepted in writing by MACK, additional or differing terms or conditions proposed by Supplier or included in Supplier's acknowledgment are objected to by MACK and have no effect.

3 AUTHORIZATION

- 3.1 MACK's Authorized Purchasing Representative is the individual authorized by MACK's cognizant procurement organization to administer and/or execute this Order. MACK's Authorized Purchasing Representative has sole authority to make contractual commitments on behalf of MACK, to provide contractual direction, and to change contractual requirements as defined in this Order. All notices required under this Order shall be made in writing to MACK's Authorized Purchasing Representative.
- 3.2 MACK's engineering, technical personnel, and other representatives may from time to time render assistance or give technical advice or discuss or effect an exchange of information with Supplier's personnel concerning the Parts being provided under this Order. No such action shall be deemed to be a change under the "Changes" clause of this

Order and shall not be the basis for an equitable adjustment.

4 CHANGES

- 4.1 MACK's Authorized Purchasing Representative may at any time, by written order, without notice to any surety, make changes or additions within the general scope of this Order in any one or more of the following: (a) drawings, designs, statement of work or specifications, or other technical documents; (b) method of shipment or packing; (c) time and place of inspection, delivery or acceptance; (d) quantities, where reasonable; (e) delivery schedules, where reasonable; and (f) the amount of MACK or U.S. Government-furnished property. Supplier acknowledges any such direction provided by anyone other than MACK's Authorized Purchasing Representative is of no force and effect and Supplier accepts all risks of accepting and/or otherwise proceeding with such unauthorized direction.
- 4.2 If any authorized change causes an increase or decrease in the cost of, or the time required for, performance of any work under this Order, whether changed or not changed by any such written order, Supplier shall notify MACK in writing immediately and an appropriate equitable adjustment will be made in the price or time of performance, or both, by written modification of this Order.
- 4.3 Any claim by Supplier for such adjustment shall be unconditionally waived unless: (a) asserted within five (5) days of Supplier's receipt of the notice of the change or such other period as may be agreed on in writing by the Parties; and (b) a fully supported proposal is delivered to MACK's Authorized Purchasing Representative within forty-five (45) days after Supplier's receipt of the notice of the change, or such earlier timetable as may be required by the Prime Contract.
- 4.4 Supplier shall make available its books and records for MACK's examination to allow MACK, its authorized representatives, and its customers, including the U.S. Government, to verify any claim for adjustment by Supplier.
- 4.5 If MACK and Supplier are unable to agree upon an equitable adjustment in the event of any change directed by MACK, the matter will be resolved in accordance with the Disputes clause of this Order. Pending resolution of any such adjustment, Supplier will diligently pursue the performance of the Order as changed.

5 ORDERED QUANTITY AND CAPACITY, DELIVERIES, AND COMPENSATION FOR CANCELLED PARTS

- 5.1 MACK may issue Delivery Plan(s) for the Parts. The Delivery Plans set out the quantities and delivery dates for Parts that MACK expects to request delivery of within a certain period of time. Firm requests for delivery of Parts, including the fixing of the exact quantity and delivery time, is made either as part of the Delivery Plan or in the Order. Only what MACK explicitly has identified, in writing issued to Supplier prior to the delivery in question as a firm request for delivery, shall be deemed a firm request for delivery.
- 5.2 Any quantity included in the Delivery Plan that exceeds what is a firm request for delivery of Parts shall be considered a forecast only and shall not be binding on MACK. However, Supplier is obliged to maintain such production and delivery capacity so that deliveries can be made in accordance with the forecast quantity in the Delivery Plan.

- 5.3 If Supplier is unable to meet MACK's need for the Parts, MACK shall have the option to (a) terminate this Order, or (b) fill such Order or any portion thereof, or request that Supplier fill the same in consultation with MACK, from sources other than Supplier and to reduce Supplier's Order quantities accordingly at no increase in unit price, without any penalty to MACK. Actual procurement by Supplier from an alternative supplier is subject to MACK's final written approval.
- 5.4 Should MACK cancel, in whole or in part, or fail to purchase a quantity of a Part for which MACK's order is firm in accordance with Section 5.1 above, MACK shall compensate Supplier for reasonable costs relating to such cancelled quantity. In calculating such costs Supplier shall not receive compensation to the extent that the Part — or components, semi-manufactured items or raw materials intended for it — can be used for other deliveries to MACK or another party, or for another purpose. MACK's obligation to compensate for cancellations is conditional upon Supplier submitting specified claims for compensation in writing not later than six (6) weeks after Supplier should have been able to establish the costs relating to the cancelled quantity.
- 5.5 All Parties expressly agree that time is and shall remain a material element of this Order. Recognizing that time is of the essence, Supplier will take all necessary actions, both ordinary and extraordinary, to ensure timely deliveries. Supplier shall indemnify MACK against, and hold MACK harmless from, any costs, losses and damages incurred or arising out of or relating to late delivery. No acts of MACK, including without limitation, modifications to this Order or acceptance of late deliveries, shall constitute a waiver of this provision.
- 6 PRICE AND PAYMENT**
- 6.1 The price for Parts is stated in the Order and shall, subject to Section 6.2 below, apply until the Parties mutually agree on a new price in writing. Unless otherwise agreed in writing, the price stated for any Part shall be a fixed price, inclusive of all duties, levies, fees and taxes in the country of origin of the Parts.
- 6.2 Supplier shall, during the term of this Order, provide MACK with Parts that are competitive in terms of price, quality, delivery, and technical function. If MACK considers one or more Parts delivered by Supplier to be no longer competitive in relation to price, quality, delivery and/or technical function, even though the delivered Parts are in accordance with the terms of the Order, MACK shall provide Supplier with information supporting MACK's belief. Supplier and MACK shall in good faith discuss how to make the Part competitive. If the Parties are unable to arrive at a mutually acceptable solution within thirty days after MACK's notification, then MACK shall have the right to terminate the Order insofar as it concerns the non-competitive Part by giving Supplier thirty days notice.
- 6.3 Supplier undertakes to supply a complete cost breakdown (including but not limited to labor, material, and amortization) and the price of all the basic components of any Part, which in the aggregate shall not exceed the price of the Part it together constitutes.
- 6.4 Unless otherwise agreed between the Parties or prescribed by mandatory legislation applicable to MACK, payment shall be made within [ninety (90) days] after the end of the month in which the invoice was received by MACK or the acceptable Parts were delivered, whichever is later.
- 6.5 Supplier shall send a separate invoice for each shipment and shall include the following information taken from MACK's Order: (a) Order number; (b) item number; (c) Part serial number (if serialized); (d) Part number; (e) unit of measure; and (f) unit price. Supplier's invoice shall also include: (g) Supplier's phone number and address; (h) invoice number; (i) date prepared; (j) item quantity; (k) extended item price; and (l) total invoice value. If Supplier's remit-to address is different than the address indicated on the Order, Supplier shall clearly identify the remit-to address on the invoice. No invoice shall be issued prior to shipment of Parts. All invoices shall be correctly addressed, without being marked for the attention of any individual, and include all other information that is required by MACK.
- 6.6 Remittance of payment shall not imply any acceptance of the delivery, the Parts, or the invoiced amount. MACK has the right, without loss of discount privileges, to pay invoices covering Parts shipped in advance of schedule on the normal maturity after the date specified for delivery.
- 6.7 Supplier and MACK will jointly pursue cost reduction opportunities for the duration of this Order and will reflect the achievements of such opportunities in price reductions to MACK.
- 6.8 Without prejudice to MACK's other rights and remedies, MACK may deduct from any payments due to Supplier the amount of any bona fide contra accounts or other claims which MACK or any of its affiliate companies may have against Supplier.
- 7 DELIVERY AND PASSING OF TITLE**
- 7.1 Unless otherwise agreed, the delivery clause shall be "FOB destination", free of expense to MACK, with the named destination point specified in the Order or, if not specified in the Order, MACK's factory.
- 7.2 All deliveries shall be strictly in accordance with the applicable quantities, schedules, and instructions set forth in the Purchase Order document or in any applicable policy of MACK. Supplier shall be responsible for ensuring the proper packaging and shipping of Parts in accordance with instructions issued by MACK.
- 7.3 Unless otherwise set out in the Order, title in the Parts will pass to MACK upon delivery to the delivery location designated in accordance with Section 7.1. Passing of title shall relieve Supplier of any other obligations under this Order.
- 8 INSPECTION AND ACCEPTANCE**
- 8.1 Unless otherwise specified, MACK's final inspection and acceptance of goods, supplies, reports, computer software, data, materials, articles, items, parts, components or assemblies shall be at destination in accordance with Section 7.1. MACK and its customer may inspect all goods being offered at reasonable times and places. Supplier shall provide all information, facilities, and assistance necessary for safe and convenient inspection without additional charge. Failure to inspect and accept or reject goods, supplies, reports, computer software, data, materials, articles, items, parts, components or assemblies shall neither relieve Supplier from responsibility for compliance with Order requirements nor impose liability on MACK.
- 8.2 If Supplier delivers non-conforming goods, supplies, reports, computer software, data, materials, articles, items, parts, components or assemblies, MACK may, in addition to any other remedies available at law or at equity: (1) accept all or part of such goods supplies, reports, computer software, data, materials, articles, items, parts, components or assemblies at an equitable price reduction; or (2) reject such goods, supplies, reports, computer software, data, materials, articles, items, parts, components or assemblies.

9 WARRANTY FOR PARTS

- 9.1 Supplier warrants that all Parts delivered under this Order shall: (a) conform to technical specifications and to any samples approved by MACK; and (b) be free from defects in title, materials, workmanship, manufacture and design (to the extent Supplier, its employees, agents, contractors and/or vendors are responsible for the design); and (c) be fit and sufficient for their intended use; and (d) be free of all liens and encumbrances; and (e) not be or contain Counterfeit Items.
- 9.2 Only new and authentic materials are to be used in products delivered to MACK. For purposes of Section 9.1, a "Counterfeit Item" is defined to include, but is not limited to (a) an item that is an illegal or unauthorized copy or substitute of an Original Equipment Manufacturer ("OEM") item; (b) an item that does not contain the proper external or internal materials or components required by the OEM or that is not constructed in accordance with OEM specification; (c) an item or component thereof that is used, refurbished or reclaimed but the Supplier represents as being a new item; (d) an item that has not successfully passed all OEM required testing, verification, screening and quality control but that Supplier represents as having met or passed such requirements; or (e) an item with a label or other marking intended, or reasonably likely, to mislead a reasonable person into believing a non-OEM item is a genuine OEM item when it is not.
- 9.3 In addition to the requirements in sections 9.1 and 9.2, all vehicle parts and related services shall conform to the Supplier Warranty Agreement that is incorporated herein.

10 LIABILITY FOR DEFECTS OR OTHER NON-CONFORMING DELIVERIES

- 10.1 In the event a Part does not fulfill the requirements set out in Section 9.1 (a "Defective Part"), MACK shall be entitled to (a) demand immediate rectification, or (b) demand immediate delivery of substitute Part(s).
- 10.2 If a Defective Part cannot be repaired or replaced without delay, or if there is a risk of production disturbances at MACK, or delivery disturbances from MACK, MACK shall be entitled, without obtaining Supplier's consent and at Supplier's expense, to make the necessary repair work, reject all or any part of a delivery of Defective Parts, and/or completely or partly terminate the purchase of the Part and other such Parts that MACK does not consider having any use of due to the defect or shortcoming, and also, to undertake substitute purchases from other supplier(s).
- 10.3 In addition to what is set forth in Sections 10.1 and 10.2 above, Supplier shall compensate MACK for any loss or damage arising out of or relating to the Defective Part including but not limited to costs (including reasonable attorney's and expert's fees) for any corrective actions, labor, replacement, assembly and disassembly, detection and analyze, scrapping and transportation to/from MACK and/or its end-users.
- 10.4 If, due to a delivery of a Defective Part, MACK considers it necessary to inspect all Parts of the same kind delivered by Supplier, MACK shall be entitled, after giving Supplier notice thereof, to make such inspection at Supplier's expense and without awaiting Supplier's approval. The notice shall describe the nature of the defect as well as the time and place of the inspection. If possible, Supplier shall be present at the inspection.
- 10.5 In the event that a delivery does not contain the quantity specified in the request for delivery, MACK shall be entitled to demand immediate rectification and Supplier shall

compensate MACK for all costs, arising out of or relating to the delay or shortfall in delivery. If Supplier delivers a quantity either in excess of MACK's ordered quantity or earlier than the delivery date, MACK shall not be responsible for taking delivery of, storing, or maintaining such Parts and shall further be entitled to return any excess or prematurely delivered quantity to Supplier at Supplier's expense, and/or receive compensation from Supplier for storage costs.

- 10.6 If MACK accepts Parts that do not conform to the terms of this Order, that will not relieve Supplier of its obligations to correct any such non-conformance or preclude MACK from any remedy under this Order.
- 10.7 MACK's rights under this clause shall, at MACK's option, be assignable to and enforceable by its successors and customers.

11 COMPLIANCE WITH LAWS AND REGULATIONS

- 11.1 Supplier shall comply with all applicable laws, Executive Orders, and/or regulations (including export administration regulations).
- 11.2 Supplier agrees to indemnify MACK against any loss, cost, liability, and/or damage by reason of Supplier's violation of any applicable laws, Executive Order, and/or regulation.

12 APPLICABLE LAW

- 12.1 Regardless of the place of performance, this Order shall be governed and construed and all disputes arising under or related to this Order shall be resolved according to the law of the state of Pennsylvania without regard to its conflict of laws principles, except that any provision in this Order that is (a) incorporated in full text or by reference from the FAR or DFARS, or (b) incorporated in full text or by reference from any agency regulation that implements or supplements the FAR or DFARS, or (c) that is substantially based on any such agency regulation or FAR or DFARS provision, shall be construed and interpreted according to the federal common law of Government contracts as enunciated and applied by federal judicial bodies, boards of contracts appeals, and quasi-judicial agencies of the United States Government.

13 DISPUTES

- 13.1 The Parties will attempt to resolve through good faith negotiations any dispute, claim or controversy arising out of or relating to this Order. If the Parties are unable to resolve such dispute, claim or controversy through good faith discussions at the Program level, higher level management representatives from each Party shall meet and attempt to resolve the dispute. No provision of this Order shall prevent either Party from exercising any right available under the law if interim relief from a court or other adjudicative body is necessary to prevent serious or irreparable injury.
- 13.2 If the Parties cannot resolve the dispute through good faith negotiations pursuant to Section 13.1 and Section 13.3 does not apply, the Parties each consent that any disputes will be litigated in the applicable federal court in the Eastern District of Pennsylvania or, if such court would not have subject matter jurisdiction over the dispute, in the applicable state court in Lehigh County, Pennsylvania.
- 13.3 When Supplier is not a United States entity, the Parties each consent that any disputes, rather than being litigated under Section 13.2, shall be referred to and finally resolved by arbitration pursuant to the Rules then in force for the International Chamber of Commerce, before three (3) arbitrators appointed in accordance with said Rules. The arbitration shall be conducted in the English language, the

governing law shall be as specified in this Order, and the seat of the tribunal shall be New York City, New York. All documents in any other language shall be translated into English at the expense of the Party or Parties producing the documents. The scope of the Tribunal's jurisdiction shall not be limited because the subject matter of the Dispute implicates public policy questions or national statutory rights. Moreover, in the event that any other Dispute arises under both this Order and any other contract, document, or instrument executed by the parties in connection with the transactions contemplated hereby, such Disputes shall be consolidated by a single Tribunal pursuant to this Section. The Parties hereby exclude any right of appeal to any court on the merits of the Dispute.

- 13.4 Pending any prosecution, appeal, or final decision referred to in this clause, or the settlement of any dispute arising under this Order, Supplier shall proceed diligently, as directed by MACK, with performance of the Order. Except for pursuing a dispute as set forth in this clause, Supplier hereby agrees to forego any other statutory remedies that may be available to it.
- 13.5 If the U.S. Government makes a decision, determination or takes an action on a matter arising under or related to MACK's Prime Contract with the Government or its subcontract with the Prime contractor, and such decision, determination, or action relates to or affects the parties rights and interests under this Order ("Government Action"), then any dispute between MACK and Supplier as it relates to the Government Action shall be resolved in accordance with Section 33. The right to pursue a dispute pursuant to Section 33 shall be Supplier's sole remedy for disputes described in the immediately preceding sentence. Except as otherwise provided in Section 33, all other disputes between MACK and Supplier will be resolved in accordance with this Section 13.
- 13.6 TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS WHICH IT MAY HAVE TO A JURY TRIAL RELATING TO, OR IN CONJUNCTION WITH, ANY DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT.
- 13.7 Supplier shall commence an action for breach or any other dispute arising under or related to this Order within two (2) years after the cause of action accrues.

14 TERMINATION FOR CONVENIENCE

- 14.1 Without limiting MACK's right to terminate this order for default of Supplier as provided in these terms, if this Order is issued pursuant to a Prime Contract, MACK may at any time terminate all or any part of the work under this Order and process Supplier's claim(s) in accordance with the provisions of the "Termination for the Convenience of the Government (Fixed-Price)" clause set forth in FAR 52.249-2 in effect on the date of this Order.
- 14.2 Where necessary to make FAR 52.249-2 applicable to this Order, "Contractor" shall mean "Supplier", "Contracting Officer" shall mean "MACK", "Government" shall mean "MACK" except that in subparagraph (b)(8) and at the first occurrence in paragraph (h) it shall mean "MACK or the Government" and in paragraph (n) it shall mean "MACK and the Government", paragraphs (d) and (j) are deleted, the period "120 days" in paragraph (c) is changed to "60 days", the period "1 year" in paragraph (e) is changed to "3 months" and the period "90 days" in paragraph (l) is changed to "45 days"; provided, however, that if this Order is a first-tier subcontract under a U.S. Government prime

contract, the period "1 year" in paragraph (e) is changed to "180 days or any extension thereto."

15 TERMINATION FOR DEFAULT

- 15.1 MACK, by written notice, may terminate this Order for default, in whole or in part, if Supplier (i) fails to comply with any of the terms of this Order; (ii) fails to make progress so as to endanger performance of this Order; (iii) fails to provide adequate assurance of future performance; (iv) files or has filed against it a petition in bankruptcy; or (v) becomes insolvent or suffers a material adverse change in financial condition. Supplier shall have eight (8) days (or such longer period as MACK may authorize in writing) to cure any such failure after receipt of notice from MACK involving delivery schedule delays, bankruptcy or adverse change in financial condition shall not be subject to the cure provision.
- 15.2 Following a termination for default of this Order, Supplier shall be compensated only for Parts actually delivered and accepted. MACK may require Supplier to deliver to MACK any supplies and materials, manufacturing materials, and manufacturing drawings that Supplier has specifically produced or acquired for the terminated portion of this Contract. MACK and Supplier shall agree on the amount of payment for these other deliverables.
- 15.3 Upon the occurrence and during the continuation of a default, MACK may exercise any and all rights and remedies available to it under applicable law and equity, including without limitation, cancellation of this Order.
- 15.4 MACK shall, at its option, have the right to set off against, or to appropriate and apply to the payment or performance of any obligation, sum or amount owing at any time MACK under this Order, all deposits, amounts, or balances held by MACK or its affiliates for the account of the Supplier, any amounts owed by MACK or its affiliates to Supplier, and any sum MACK determines to be necessary to protect MACK against loss because of outstanding liens or claims of former line holders. The rights and remedies of MACK in this clause are in addition to any other rights and remedies provided by law or under this Order.
- 15.5 If after termination for default under this Order, it is determined that Supplier was not in default, such termination shall be deemed a termination for convenience. The Parties agree that in the event a determination is made, whether by the Parties or a court, that the default termination was inappropriate, the Parties' rights and obligations shall be solely governed by the Termination for Convenience clause contained herein and Supplier shall be entitled to a recovery no greater than that permitted in said Termination for Convenience clause.
- 15.6 Supplier shall continue all work not terminated or cancelled.
- #### **16 MACK'S PROPERTY**
- 16.1 Supplier shall be responsible for maintaining, protecting, and keeping distinct identification of all MACK furnished property (e.g., dies, molds, jigs, tools, materials). In keeping distinct identification of MACK property, Supplier shall preserve any distinguishing marks or other identifying criteria provided by MACK, including as set forth in the Purchase Order document.
- 16.2 Supplier shall also create and maintain its own distinct identification and a complete inventory of MACK property, including photographic records of each item furnished by MACK. At MACK's request, and/or upon completion of this Order, Supplier shall provide to MACK the inventory of MACK property.

- 16.3 Supplier may not use MACK property for the production and/or supply of any Parts or services to any other party.
- 16.4 During the term of the Order, Supplier shall, at its sole cost and expense, maintain a policy or policies of insurance covering the loss or destruction of or damage to all MACK materials, tools, and equipment, special or otherwise, in which MACK has an interest, in the amount of the full replacement value thereof providing protection against all perils normally covered in an "all-risk" policy, including but not limited to, fire, windstorm, hurricane, tornado, sandstorm, explosion, riot, civil commotion, aircraft, earthquake, flood, or other acts of nature during such time as they remain in Supplier's possession.
- 17 GOVERNMENT PROPERTY**
- 17.1 If this Order is issued pursuant to a Prime Contract, Supplier shall maintain and administer a program for the maintenance, repair, protection and preservation of Government Property in accordance with FAR Subpart 45.5. Upon MACK's request, Supplier shall submit inventory schedules in acceptable form covering all Government Property pertaining to this Order. Nothing herein will be deemed to contravene the rights of the Government under FAR 52.245-2, paragraph (b).
- 18 DISPOSAL OF PARTS**
- 18.1 Supplier shall not sell or otherwise dispose of as scrap or otherwise, any completed or partially completed or Defective Parts without defacing or rendering such Parts unsuitable for use. Upon completion or termination of this Order, Supplier shall, at Supplier's expense, dispose of all Parts, including partially completed Parts, as required or directed by MACK.
- 18.2 By executing this Order, Supplier certifies that it will dispose of Parts in full compliance with Section 18.1.
- 19 TAXES**
- 19.1 The price of this Order includes all applicable federal, state, and local taxes, duties, tariffs, and similar fees imposed by any government, all of which shall be listed separately on the invoice. Use or sales taxes for which MACK has furnished a valid exemption certificate or other evidence of exemption shall not be included.
- 20 ASSIGNMENT**
- 20.1 Neither this Order nor any payments, claims, or interest hereunder are assignable or transferable, in whole or in part, without MACK's written approval. MACK shall be entitled to the right of set-off against any amounts payable under this Order.
- 20.2 MACK may make direct settlements or adjustments in price, or both, with Supplier under the terms of this Order notwithstanding any assignment of claims for money due or to become due under this Order and without notice to the assignee.
- 20.3 Supplier shall not furnish or disclose to any assignee under this Order or any other person not entitled to receive the same, any classified document or any of MACK's Proprietary Information (including this Order) until and unless authorized to do so by MACK's authorized representative.
- 21 SUBCONTRACTING**
- 21.1 Supplier shall not subcontract without the prior written authorization of MACK for the design or procurement of any Parts ordered hereunder, except as indicated in the Purchase Order document. Supplier shall require a like agreement from immediate and lower-tier suppliers. This is not a restriction on authorized distributors, dealers, jobbers, or industrial suppliers.
- 21.2 No subcontract placed under this Order shall provide for payment on a cost-plus-percentage-of-cost basis, and any fee payable under cost-reimbursement subcontracts shall not exceed the fee limitations in subsection 15.404-4(c) of the FAR.
- 21.3 Any subcontract awarded to a foreign person, as defined in the International Traffic in Arms Regulations or the Export Administration Regulations, must comply with the Export and Import Compliance clause herein.
- 22 PROPRIETARY INFORMATION**
- 22.1 If a separate confidentiality, nondisclosure, or proprietary information agreement exists between MACK and Supplier which relates to the subject matter of this Order, then confidential or proprietary information furnished by one party to the other party shall be protected pursuant to such agreement, and Sections 22.2 through 22.7 of this clause shall not apply.
- 22.2 If no separate confidentiality, nondisclosure, or proprietary information agreement exists between MACK and Supplier, Sections 22.3 through 22.7 of this clause apply.
- 22.3 For purposes of this clause, "Information" shall mean information, equipment, know-how, and technical documentation, in whatever form, disclosed to Supplier by MACK in connection with this Order, which is either identified to Supplier as being proprietary or which is information a reasonable person would understand to be such information. Examples of Information include, but are not limited to, customer lists, pricing policies, market analyses, business plans or programs, software, specifications, manuals, print-outs, notes and annotations, performance data, designs, drawings, dimensions, processes, data, reports, photographs, and engineering, manufacturing or technical information related to MACK's products, services, equipment or processes, as well as duplicates, copies or derivative works thereof. Information shall not mean any information previously known to Supplier without obligation of confidence, or which becomes publicly disclosed, or which is rightfully received by Supplier from a third party without obligation of confidence.
- 22.4 Information furnished to Supplier shall remain MACK's proprietary property, shall be duplicated only as authorized in writing by MACK, and shall be returned to MACK upon request or when no longer required for the performance of this Order. Supplier shall not disclose Information to any third party, and shall take all reasonable precautions to prevent the disclosure of Information to third parties, including any foreign national, firm or country, and foreign nationals employed by or associated with Supplier's company except as specifically authorized by MACK. Supplier agrees not to use Information to develop any product, service or system, or to support any third party in the development of any product, service, or system.
- 22.5 Information provided by Supplier shall be considered proprietary only when marked as proprietary. Supplier's proprietary data and information will be used by MACK only upon approval by Supplier.
- 22.6 Supplier's obligations with respect to Information disclosed hereunder prior to the performance in full or termination of this Order shall not, except as expressly set forth herein, be affected by such performance in full or termination.
- 22.7 MACK or its authorized representatives may at any time audit all pertinent books, records and files of Supplier in

order to verify compliance with this clause. Supplier will, in all of its contracts with its suppliers relating to any MACK Order, include provisions which secure for MACK all of the rights and protections provided for by this clause.

23 CONFIDENTIALITY

- 23.1 Notwithstanding the Parties' nondisclosure obligations detailed in Section 22, information which a Party is required to disclose by reason of law or order of a court of a competent jurisdiction may be disclosed for such purpose. The Party requested to disclose such information shall immediately, and to the extent possible before making such disclosure, notify the other Party and provide the other Party with an opportunity to prevent such disclosure. It is understood and agreed by the Parties that any such compelled disclosure shall not deem the disclosed Proprietary Information as entering the public domain, and the Party disclosing information shall not be relieved from its obligations of confidentiality and limited use, as required by this Order herein. The Party disclosing information pursuant to this Section shall, as far as is legally possible, require the receiver of the information to treat it confidential as required in Section 22.
- 23.2 Supplier shall not make public information relating to MACK or Supplier concerning this Order without the prior approval of MACK. Supplier will not, and will require its suppliers and subcontractors to not, advertise or publish the fact that MACK has ordered Parts or services from Supplier, or the terms or nature of such order. Supplier will not, and will cause its employees and other representatives to not, disclose such information in company periodicals, press releases, public lectures, sales or other promotional literature, or otherwise. The Parties agree that in the event a news release is so approved and made, such news will recognize MACK and Supplier.
- 23.3 Supplier shall at MACK's request either return or destroy everything referred to in Section 22, including copies thereof.

24 INFRINGEMENT INDEMNIFICATION

- 24.1 In lieu of any other warranty by Supplier to MACK against intellectual property infringement, statutory or otherwise, express or implied, Supplier will defend, indemnify, and hold harmless MACK, MACK's officers, agents, employees, and customers against all suits or actions, claims and liabilities, including costs, based on a claim that use or sale of any Parts delivered under this Order infringes any patent, trade secret, copyright, or other intellectual property right of third parties.
- 24.2 MACK shall notify Supplier in writing of such claim and MACK shall provide Supplier with reasonable information and assistance, at Supplier's expense, for the defense thereof.
- 24.3 If the use or sale of the Product is enjoined as a result of a suit, Supplier, at no expense to MACK, shall obtain for MACK and its customer the right to use and sell the Product or shall substitute an equivalent Product acceptable to MACK and extend this indemnification thereto.
- 24.4 Supplier's obligation shall not apply to Parts manufactured by Supplier pursuant to detailed designs developed by MACK and furnished to Supplier under an Order, which does not require research, development, or design work by Supplier. Supplier's obligation shall also not apply to any infringement arising from the use or sale of Parts in combination with Parts not delivered by Supplier if such infringement would not have occurred but for such

combined use unless such combination was reasonably foreseeable.

- 24.5 Notwithstanding the foregoing, when this Order is performed under the authorization and consent of the United States Government to infringe United States Patents, Supplier's liability for Supplier's patent infringement under this Order shall be coextensive with MACK's liability.

25 INSURANCE

- 25.1 Supplier agrees to purchase and maintain during the life of this contract, insurance policies with insurance companies with an A.M. Best rating of at least A- VIII and that are acceptable to MACK, with the types of coverage outlined in Sections (a-f) below. MACK shall be named as an additional insured under the Commercial General Liability and Automobile Liability insurance policies for SUPPLIER work, operations, completed operations and services rendered under this contract. All policies shall expressly provide that all rights of subrogation against MACK are waived. Supplier's required insurance coverages shall be primary, and any insurance or self-insurance maintained by MACK shall be excess and non-contributory with Supplier's insurance.

a. **Property Damage:** All-perils property damage coverage sufficient to cover the replacement cost of property stored at Supplier or in possession of Supplier which belongs to or which are to be delivered to MACK. Supplier will be solely responsible for all deductibles and co-insurance clauses that apply to said policy. MACK shall be named as Loss Payee as respects property owned by or being delivered to MACK.

b. **Automobile Liability:** Bodily injury and property damage liability covering any auto (symbol 1 on the Automobile Liability policy), including all owned, non-owned and hired automobiles, with limits of not less than \$2,000,000 combined single limit each occurrence.

c. **Commercial General Liability:** Bodily injury and property damage liability to protect Supplier and any subcontractor performing work under this contract from claims of bodily injury or property damage which arise from on-going operations or completed operations under this contract whether such operations are performed by Supplier, any subcontractor or anyone directly or indirectly employed by either. Coverage shall be written on an occurrence coverage form. The amounts of such insurance shall not be less than \$2,000,000 bodily injury and property damage combined single limit each occurrence with a \$5,000,000 aggregate limit. This insurance shall include coverage for on-going operations, products/completed operations, personal injury liability and contractual liability assumed under the indemnity provision of this contract.

d. **Workers Compensation Insurance:** Workers Compensation coverage meeting statutory requirements and Employers Liability coverage with limits of \$1,000,000 per accident limit, \$1,000,000 disease per policy limit, \$1,000,000 disease each employee limit, providing coverage for employees and owners. MACK should be shown as an Alternate Employer under the Workers Compensation policy through the use of an "Alternative Employer Endorsement" for the work that Supplier employees perform on MACK's premises.

- e. **Excess Liability/ Umbrella:** Excess liability or Umbrella coverage in the amount of \$5,000,000 each occurrence/aggregate in addition to the above Automobile, General Liability and Employers Liability limits.
- f. **Pollution Legal Liability:** The amount of such insurance shall not be less than \$1,000,000 each claim.
- g. **Professional Liability / Errors & Omissions:** To protect the contractor and his/her professional employees for negligent acts, errors or omissions in performing professional services under this contract. The amount of such insurance shall not be less than \$2,000,000 each claim.
- 25.2 **Certificates of Insurance:** Certificates of all required insurance shall be furnished to MACK within ten (10) days of the execution of this agreement. Any deductibles or self-insured retentions shall be noted on the certificate and are the sole responsibility of the Supplier. Waiver of Subrogation, Primary and Non-contributory, and Additional Insured provisions as outlined above shall be evidenced in the Certificate(s).
- 25.3 **Notice of Cancellation:** Each policy shall be endorsed to require thirty days' written notice to MACK by certified mail, prior to any suspension, cancellation or non-renewal of the required insurance. In the absence of such endorsement, it shall be the Supplier's responsibility to provide such notice to MACK. Failure to do so shall constitute a breach of this Agreement.
- 25.4 **Subcontractors:** The Supplier is advised that if any part of the work under the contract is sublet, the subcontractors shall maintain the same insurance as required above. However, this will in no way relieve the Supplier from providing full insurance coverage on all phases of the project, including any that is sublet.
- 26 NOTICE OF POTENTIAL DELAYS**
- 26.1 Whenever Supplier has knowledge or reason to know that any occurrence is delaying or threatens to delay the timely performance of this Order, Supplier shall immediately give notice, including all relevant information with respect to the delay, to MACK. Such occurrences shall include, but not be limited to: (a) actual or potential labor disputes or strikes; (b) fires, floods, or unusually severe weather; (c) acts of nature; (d) acts of a government in either its sovereign or contractual capacity, and/or (e) any other cause for delay. Neither receipt of such notice by MACK nor any provision of these terms and conditions will be deemed to be a waiver by MACK of any of its rights under any purchase order, these terms, at law or otherwise.
- 26.2 Supplier shall make every effort to avoid or minimize the delay to the maximum extent possible, including the expenditure of premium time and most expeditious transportation. Any additional costs by these requirements shall be borne by Supplier.
- 26.3 Supplier shall include the substance of this clause, including this Section 26.3, in all its purchase orders issued at all tiers under this Order.
- 27 OFFSET COMMITMENT**
- 27.1 This clause shall apply only to Orders in excess of \$50,000.00.
- 27.2 Definition: "Offset" means the obligations that MACK undertakes, in order to market or sell its Parts, to assist a customer country in reducing any trade imbalance caused by its purchase of MACK's Parts or to meet other customer country national objectives.
- 27.3 To the exclusion of all others, MACK or its assignees shall be entitled to all benefits or Offset credits which might result from this Order. Supplier shall provide documentation or information that MACK or its assignees may reasonably request to substantiate claims for Offset credits.
- 27.4 Supplier agrees to use reasonable efforts to identify the foreign content of items that Supplier either produces itself or procures from subcontractors for work under this Order. Promptly after selection of a non-U.S. subcontractor for work under this Order, Supplier shall notify MACK of the name, address, subcontractor point of contact (including telephone number) and dollar value of the subcontract.
- 27.5 Supplier shall include the substance of this clause, in favor of MACK, in its subcontracts issued at all tiers pursuant to this Order.
- 28 EXPORT AND IMPORT COMPLIANCE**
- 28.1 Supplier is advised that its performance of this Order may involve the use of or access to articles, technical data or software that is subject to export controls under 22 United States Code 2751 – 2796 (Arms Export Control Act) and 22 Code of Federal Regulations 120-130 (International Traffic in Arms Regulations) or 50 United States Code 2401 – 2420 (Export Administration Act) and 15 Code of Federal Regulations 768 – 799 (Export Administration Regulations) and their successor and supplemental laws and regulations (collectively hereinafter referred to as the "Export Laws and Regulations"). Supplier represents and warrants that it is either: (a) a United States Person as that term is defined in the Export Laws and Regulations; or (b) that it has disclosed to MACK's Authorized Purchasing Representative in writing the country in which it is incorporated or otherwise organized to do business, or if a natural person, all citizenships and U.S. immigration status. Supplier shall comply with any and all Export Laws and Regulations, and any license(s) issued thereunder.
- 28.2 Supplier shall not give any Foreign Person (including Supplier's own non-U.S. employees or affiliates) access to Technical Data, software or Defense Articles, or provide an unauthorized Defense Service as those terms are defined in the applicable Export Laws and Regulations without the prior written consent of MACK. Any request for such consent must state the intended recipient's citizenship(s), and status under 8 U.S.C. 1101 and 8 U.S.C. 1324 (the "Immigration and Naturalization Act"), and such other information as MACK may reasonably request. No consent granted by MACK in response to Supplier's request under this Section 28.2 shall relieve Supplier of its obligations to comply with the provisions of Section 28.1 or the Export Laws and Regulations, nor shall any such consent constitute a waiver of the requirements of Section 28.1, nor constitute consent for Supplier to violate any provision of the Export Laws and Regulations.
- 28.3 Supplier shall indemnify and save harmless MACK from and against any and all damages, liabilities, penalties, fines, costs, and expenses, including attorneys' fees, arising out of claims, suit, allegations or charges of Supplier's failure to comply with the provisions of this clause and breach of the warranty set forth in Section 28.1. Any failure of Supplier to comply with the requirements or any breach of the warranty contained in this clause shall be a material breach of this Order.

- 28.4 The substance of this clause shall be incorporated into any subcontract or purchase order entered into by Supplier for the performance of any part of the work under this Order.
- 29 COMPLIANCE WITH ETHICAL PRACTICES**
- 29.1 Supplier, along with Supplier's employees and agents, shall comply with MACK's ethical standards when dealing with third parties on behalf of MACK or in connection with an agreement with MACK. Supplier understands the importance to MACK of compliance with these obligations and agrees to abide by the terms and spirit of this provision.
- 29.2 Supplier accordingly represents, warrants and covenants to MACK, as of the date hereof and the date that any invoice for services is submitted, that it will abide with Sections 29.3 through 29.10.
- 29.3 In carrying out its responsibilities under this Agreement, neither Supplier, nor any of its equity holders, partners, officers, directors, employees, representatives, affiliates, sub-contractors, or other agents, shall directly or indirectly, offer, pay, promise to pay, or authorize the payment of any money, or offer, give, promise to give, or authorize the giving of any financial or other advantage or anything else of value to (a) any official or employee of any government, or any department, agency, or instrumentality thereof, any political party or official thereof, any candidate for political office, any official or employee of any public international organization, or any person acting in an official capacity for or on behalf of any such government, department, agency, instrumentality, party, or organization, in each case for the purpose of (i) influencing or rewarding any act or decision of such official, employee, party or candidate, or (ii) inducing such official, employee, party or candidate to do or omit to do any act in violation of his or her lawful duty, or (iii) inducing such official, employee, party or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, or (iv) securing any improper advantage for MACK; or (b) an officer, employee, agent, or representative of another company or organization, without that company's or organization's knowledge and consent, with the intent to influence the recipient's action with respect to his or her company's business, or to gain a commercial benefit to the detriment of the recipient's company or organization, or to induce the recipient to violate a duty of loyalty to his employer.
- 29.4 No payment, promise to pay, authorization, offer or gift of the sort described in this Section 29 has been made in connection with the promotion of the business interests of MACK.
- 29.5 Supplier shall at all times be bound by and strictly comply with all applicable laws concerning bribery or corrupt practices or which in any manner prohibit the giving of anything of value to any official, agent or employee of any government, political party or public international organization, candidate for public office, or to any officer, director, employee or representative any commercial counterparty.
- 29.6 Supplier shall require any subcontractors or other persons or entities that provide services to Supplier in connection with Supplier's obligations under this Agreement to agree to and abide by the representations, warranties and covenants in this Section 29.
- 29.7 Supplier shall promptly notify MACK of (a) the occurrence of any fact or event that would render any representation, warranty, covenant or undertaking in this Section 29 incorrect or misleading, (b) any notice, subpoena, demand or other communication (whether oral or written) from any governmental authority regarding Supplier's actual, alleged, possible or potential violation of, or failure to comply with, any laws or regulations governing bribery, money laundering, or other corrupt payments, and (c) any governmental investigation, audit, suit or proceeding (whether civil, criminal or administrative) regarding Supplier's violation of, or failure to comply with, any such laws or regulations.
- 29.8 Supplier shall maintain true, accurate and complete books and records with respect to all payments made to third parties pursuant to this Agreement or in furtherance of the services provided to MACK. Should MACK learn of information suggesting that Supplier may have failed to comply with any provision of this Section 29, MACK or its designee shall have the right, at any time during the term of this Agreement and for a period of three (3) years thereafter, to audit Supplier's financial and other books and records relating to its performance under this Agreement.
- 29.9 Notwithstanding anything to the contrary in this Agreement, MACK may, in addition to its other remedies, immediately terminate this Agreement in the event MACK should receive information which it reasonably determines to be evidence of a breach by Supplier of any representation, warranty, or covenant set forth in this Section 29. In the event of such termination, MACK shall have no liability to Supplier for any fees, reimbursements or other compensation under this Agreement, including for services previously performed, and Supplier shall defend and indemnify MACK for any third-party loss, cost, claim, or damage resulting from the breach of this Article 29 and MACK's termination of this Agreement.
- 29.10 Supplier warrants that each invoice will be accurate in every respect, and will only reflect services performed for MACK since the previous invoices. For all costs claimed that relate to payments made to third parties, Supplier will maintain, and will provide to MACK upon reasonable request, accurate receipts or other supporting documentation that adequately indicate the purpose and amount of the expense. Expenses paid to or on behalf of U.S. Government Officials must be specifically noted as such on the invoice sent to MACK.
- 30 COUNTERFEIT PART PREVENTION**
- 30.1 Only new and authentic materials are to be used in Parts delivered to MACK. No Counterfeit Items (see Section 9.2) are to be contained within the delivered Parts. Parts shall be purchased directly from the Original Component Manufacturer ("OCM") or the OEM, or through a franchised distributor with which the OCM or OEM has a contractual agreement to buy, stock, re-package, sell, and/or distribute its products lines.
- 30.2 Supplier agrees and shall ensure that Counterfeit Parts are not delivered to MACK. Documentation must be available that authenticates traceability to the applicable OCM/OEM. A distributor that purchases parts with the intention to sell or redistribute them (Brokers) shall not be used without written consent from MACK.
- 30.3 In the event that Parts delivered under this Order constitute or include Counterfeit Items, Supplier shall, at its expense, promptly replace such Counterfeit Items with genuine Parts conforming to the requirements of this Order. Notwithstanding any other provision in this Order, Supplier shall be liable for all costs relating to the removal and replacement of Counterfeit Parts.
- 30.4 Supplier shall include Sections 30.1 and 30.2 or equivalent provisions in lower-tier subcontracts for the delivery of Parts that will be included in or furnished to MACK.

31 FIRST TIER SUBCONTRACT REPORTING

31.1 If this Order is for an amount of \$25,000 or greater and issued pursuant to a Prime Contract as a "first-tier subcontract" as that term is defined under FAR 52.204-10, Supplier understands that certain information concerning the content of this Order is reportable by MACK under the requirements of FAR 52.204-10 and 52.204-11 and will be made available to the public. Supplier is required as a condition of acceptance of this Order to provide necessary information required by FAR 52.204-10 and 52.204-11, including executive compensation of Supplier's top five executives, unless an exception or exemption applies. Failure to provide such information shall be a material breach by Supplier.

32 LIMITATION OF RECRUITMENT

32.1 For a period of one (1) year after completion of this Order, Supplier shall not on its own account or in conjunction with or on behalf of any other person solicit, recruit, offer employment to, or hire away, or attempt to solicit, recruit, offer employment to, or hire away, from MACK or any of its affiliates any person who is or who was at any time during the period of six months immediately preceding this Order employed or engaged as a consultant to MACK or its affiliates. This limitation applies whether or not such person would commit a breach of contract by reason of leaving such employment or engagement.

32.2 Supplier may conduct general employment solicitations consistent with its business practices, as long as such solicitations are not limited to and do not attempt to target the persons identified in Section 32.1.

33 GOVERNMENT RELATED DISPUTES

33.1 If this Agreement is a subcontract under a Government Prime Contract, and the Government: (i) makes a decision or determination, (ii) takes an action, or, (iii) in the case of a claim filed with the Contracting Officer, fails to take an action within the time limits specified in the "Disputes" clause in MACK's prime contract ("deemed denial"), on a matter arising under or related to MACK's prime contract, and such decision, determination, action or deemed denial relates to or affects the parties' rights and interests under this Order ("Government Action"), then any dispute between MACK and Supplier as relates to the Government Action shall be resolved in accordance with Section 33.2. The right to pursue a dispute pursuant to Section 33.2 shall be Supplier's sole remedy for disputes described in the immediately preceding sentence. Except as otherwise provided in Section 33.2, all other disputes between MACK and Supplier will be resolved in accordance with Section 13 DISPUTES.

33.2 Notwithstanding any provisions herein to the contrary, Government Actions shall be final and binding on Supplier and Supplier shall have no recourse against MACK for such Government Action or MACK's implementation thereof, unless and to the extent MACK or Supplier appeals pursuant to the terms of this clause.

33.2.1 If MACK elects to appeal a Government Action pursuant to the "Disputes" clause in MACK's prime contract, whether at MACK's election or at Supplier's request, Supplier shall: (i) assist MACK in every reasonable manner in; and (ii) be afforded a reasonable opportunity to participate in the prosecution of the appeal to the extent Supplier's interest may be affected thereby. MACK will not enter into an agreement to settle an appeal that

affects Supplier's interest without Supplier's written consent.

33.2.2 If MACK elects not to appeal a Government Action, MACK shall notify Supplier with reasonable promptness. When MACK elects not to prosecute an appeal pursuant to this Section, MACK may, in its sole and absolute discretion, permit Supplier to prosecute the appeal of the Government Action for MACK, and in such event, MACK shall, if requested by Supplier, reasonably assist Supplier in prosecuting the appeal. Supplier shall reasonably keep MACK informed of the progress of the appeal by, among other things, providing MACK with copies of all pleadings and other relevant documents. For those pleadings and other documents filed by Supplier, Supplier shall provide MACK drafts in advance of the filing date sufficient to afford MACK with a reasonable time to review.

33.2.3 Any decision on or settlement of an appeal brought pursuant to Sections 33.2.1 or 33.2.2 shall be binding upon Supplier insofar as it relates to or affects the Parties' rights and interests under this Order, and Supplier shall have no recourse against MACK as a result of the decision or settlement or MACK's implementation thereof. Further, if as a result of any decision or settlement described in the immediately preceding sentence, MACK is unable to obtain reimbursement from the Government under the prime contract for, or is required to refund or credit to the Government, any amount with respect to any item of cost or fee for which MACK has reimbursed Supplier, Supplier shall, on demand, promptly repay such amount to MACK.

33.2.4 Each party shall bear its own costs for prosecuting appeals brought pursuant to Section 33.2.1. Supplier shall bear the cost of prosecuting appeals brought pursuant to Section 33.2.2, including all reasonable attorneys' fees and other costs borne by MACK: (i) in assuring itself of the validity of Supplier's appeal; and (ii) assisting Supplier in the prosecution of the appeal.

33.3 Before submitting a claim to be appealed hereunder, Supplier shall: (i) certify its claim in the same manner and format as required of MACK under its prime contract with the Government; and (ii) provide MACK with such other assurances as MACK may require.

33.4 Supplier shall indemnify and hold harmless MACK, its affiliates and their directors, officers, employees and agents against any and all claims, losses, expenses, judgments or any other liabilities (to include but not limited to reasonable attorney's fees) incurred by or imputed to MACK as a result of: (i) MACK sponsoring a claim on Supplier's behalf as provided for in this clause; (ii) any misrepresentation of fact or fraud on the part of Supplier in connection with such claim; or (iii) a defect in Supplier's certification.

33.5 Nothing in this Section 33 nor any authorization or offer that may be made shall be deemed to constitute acceptance or acknowledgment by MACK of the validity of Supplier's claim or any part thereof, nor be deemed to limit or in any way restrict MACK from taking any actions, including available remedies, it deems appropriate to protect its own interests.

34 ORDER OF PRECEDENCE

- 34.1 In the event of any inconsistency between any parts of this Order, the inconsistency shall be resolved by giving precedence in the following order:
- A. Purchase Order that Incorporates these Terms and Conditions
 - B. Terms and Conditions
 - C. FAR and FAR supplement clause flowdowns
 - D. Statement of Work
 - E. Other Referenced Documents
- 34.2 With respect to such documents listed in Section 34.1, a subsequently issued document shall prevail over a previously issued one.

35 HEADINGS

- 35.1 The descriptive headings contained in this Order are for convenience of reference only and in no way define, limit or describe the scope or intent of this Order.

36 WAIVER

- 36.1 No waiver by either Party of any provision or breach of the Order shall be considered a waiver of any provision or subsequent breach of the same or any other provision. Notwithstanding the generality of the foregoing, any failure by MACK to answer a question or communication from Supplier about a delayed delivery shall not affect MACK's right to recover in accordance with the Order.

37 SEVERABILITY

- 37.1 In the event that any provision of the Order should become invalid, including due to legislation, only the said provision shall be considered invalid while the remaining provisions shall remain in force. The Parties shall in such a case immediately execute a new agreement that replaces the invalid provision and as far as is possible ensures through its content an equivalent result.

38 COMPLETE AGREEMENT

- 38.1 This Order is the Parties' final expression of their agreement and is the complete and exclusive statement of all terms and conditions of agreement. This Order supersedes and cancels all prior understandings, proposals, communications, whether oral or written, and agreements between the Parties, whether such understandings, proposal, communications, and agreements were written or oral, concerning the matters addressed in this Order. No course of prior dealings between the Parties, and no usage of trade, shall be relevant to supplement or explain any term used in this Order.

39 INDEMNIFICATION

- 39.1 Supplier hereby agrees to indemnify, hold harmless, and defend MACK, its officers, directors, employees, contractors, and agents ("Indemnified Parties") from and against any and all claims, damages, expenses, suits, losses, or liabilities of any type ("Claims") arising from or related to (i) any death, injury, or property damage caused by acts or omissions of the Supplier, its officers, directors, employees, contractors, or agents ("Indemnifying Parties") arising from or connected with the performance of this Order, and (ii) Supplier's or Supplier's contractors', representatives', or agents' acts or omissions under this Order, including without limitation the delivery of PARTS that are defective, non-conforming, or that otherwise fail to

comply with Supplier's warranties and obligations under this Order.

40 ORDERS FOR SERVICES

- 40.1 Sections 41 through 44 of this Order shall apply to an Order or any portion of an Order for services of any type, including services performed in connection with an Order for Parts as defined in Section 1.9. "Services," as used in this Agreement, includes services performed, workmanship, and material furnished or used in performing services.

41 WARRANTY FOR SERVICES

- 41.1 Supplier warrants (i) that all services will be free of defects in performance for a period of one year following delivery; and (ii) that Supplier has and will maintain sufficient trained personnel to promptly and efficiently execute the services contemplated under this Order; and (iii) that the services shall be performed to the highest standard of performance and professional skill and judgment expected of similar service providers in the United States; and (iv) that Supplier is and shall remain free of any obligation or restriction which would interfere or be inconsistent with or present a conflict of interest concerning the services to be performed under this Order.

42 STANDARDS OF SERVICES

- 42.1 All services hereunder shall be performed by employees or agents of Supplier who are experienced and highly skilled in their professions and in accordance with the highest standards of workmanship in their profession. Supplier shall not change or transfer such employees once assigned except for good cause.
- 42.2 MACK shall have the right to request and have replaced any personnel who fail to perform to MACK's satisfaction.

43 INDEPENDENT RELATIONSHIP AND PERSONNEL OF SUPPLIER

- 43.1 Supplier's relationship to MACK shall be that of an independent contractor, and this Order does not create an agency, partnership, or joint venture relationship between MACK and Supplier or MACK and Supplier personnel. Personnel supplied by Supplier under this Order shall be deemed employees of Supplier and shall not for any purposes be considered employees or agents of MACK. Supplier assumes full responsibility for the actions and supervision of such personnel while performing services under this Order. MACK assumes no liability for Supplier personnel. Nothing contained in this Order shall be construed as granting to Supplier or any personnel of Supplier rights under any MACK benefit plan.
- 43.2 Supplier will ensure that Supplier personnel assigned to work on MACK's or its customer's premises comply with any on-premises guidelines and: (i) do not bring weapons of any kind onto the premises; (ii) do not manufacture, sell, distribute, possess, use or be under the influence of controlled substances or alcoholic beverages while on the premises; (iii) do not possess hazardous materials of any kind on the premises without MACK's written authorization; (iv) remain in authorized areas only; (v) will not conduct any non-MACK related business activities (such as interviews or personal solicitations) on the premises; (vi) will not send or receive non-MACK related mail through MACK's mail systems; and (vii) will not sell, advertise or market any products or memberships or distribute materials on the premises without MACK's written authorization or as permitted by law.
- 43.3 Prior to entry on MACK's premises, Supplier shall coordinate with MACK to gain access to facilities. Supplier

shall provide information reasonably required by MACK to ensure proper identification of personnel, including, but not limited to, verification of citizenship, lawful permanent resident status, or protected individual status. All persons, property, and vehicles entering or leaving MACK's or its customer's premises are subject to search.

(1) accept all or part of such services at an equitable price reduction; or (2) reject such services.

- 43.4 Supplier personnel: (i) will not remove MACK's or its customer's assets from MACK's or its customer's premises without MACK's written authorization; (ii) will use MACK's or its customer's assets only for purposes of this Order; (iii) will only connect with, interact with, or use computer resources, networks, or programs that MACK agrees are needed to provide services; and (iv) will not share or disclose user identifiers, passwords, cipher keys or computer dial port telephone numbers. MACK may periodically audit Supplier's data residing on MACK's or its customer's information assets. Supplier shall reimburse MACK for any unauthorized use of MACK's assets.
- 43.5 MACK may, at its sole discretion, have Supplier remove any specified employee of Supplier from MACK's premises and request that such employee not be reassigned to any MACK premises.
- 43.6 Supplier shall be responsible for and hold harmless MACK and its customers from and against all losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorney's fees, all expenses of litigation and/or settlement, and court costs, arising from any act or omission of Supplier, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this Order.
- 43.7 Supplier shall indemnify and hold harmless MACK from and against any actual or alleged liability, loss, costs, damages, fees of attorneys, and other expenses which MACK may sustain or incur in consequence of (i) Supplier's failure to pay any employee for the Work rendered under this Order, or (ii) any claims made by Supplier's personnel against MACK.
- 43.8 Supplier will promptly notify MACK's Authorized Purchasing Representative of any incident or course of conduct that risks violating or violates this Section. Supplier will provide a report of any accidents or security incidents involving loss of or misuse or damage to MACK's or its customer's intellectual or physical assets, and of all physical altercations, assaults, or harassment.
- 43.9 Violation of this Section may result in termination of this Order in addition to any other remedy available to MACK under this Order or at law or in equity.

44 INSPECTION AND ACCEPTANCE OF SERVICES

- 44.1 MACK and its customer may inspect all services called for by the Order, to the extent practicable at all times and places during the term of the Order. Supplier shall provide all information, facilities, and assistance necessary for safe and convenient inspection without additional charge. Failure to inspect and accept or reject services shall neither relieve Supplier from responsibility for compliance with the requirements of this Order nor impose liability on MACK.
- 44.2 Supplier shall provide and maintain an inspection system acceptable to MACK covering the services under this Order. Complete records of all inspection work performed by the contractor shall be maintained and made available to MACK during MACK's performance of the prime contract and for as long afterwards as the prime contract requires.
- 44.3 If Supplier delivers non-conforming services, MACK may, in addition to any other remedies available at law or at equity:

45 FAR/DFARS PROVISIONS/CLAUSES

- 45.1 If this is a subcontract under a Prime Contract, the FAR and DFARS clauses cited in Section 45.3 below, where applicable by their terms, are incorporated herein by reference as if set forth in full text. The effective version of each FAR or DFARS clause shall be the same version as that which appears in MACK's Prime Contract, or higher-tier subcontract under which this Order is a subcontract. Supplier shall include the clauses in Section 45.3 in its lower-tier purchase orders as required. If any of the clauses are not applicable by their terms they shall be self-deleting. Whenever said clauses include a requirement for the resolution of disputes between the parties in accordance with the "Disputes" clause herein, the dispute shall be disposed of in accordance with the clause entitled "Disputes" in these Terms and Conditions.
- 45.2 Where necessary to make the clauses applicable to this Order, "Contractor" means "Supplier," "Contracting Officer" means "MACK," "Contract" means this Order, and "Government" means "MACK or the Government." However, the words "Government" and "Contracting Officer" do not change: (1) when a right, act, authorization or obligation can be granted or performed only by the Government or the prime contract Contracting Officer or duly authorized representative, (2) when title to property is to be transferred directly to the Government, and (3) as indicated in Section 45.3.
- 45.3 FAR and DFARS clauses (see next page):



DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

Invoice: M0419395
Date: 06/06/19
Page: 1
Your Acct: 30947

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MACK DEFENSE, LLC
7310 Tilghman Street
Allentown PA 18106

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MACK DEFENSE, LLC
7310 Tilghman Street
Allentown PA 18106
Ph: 484-387-5903 Fx: 610-395-3240

Cust PO: 1904

Tkr: STL Rep: 3 Terms: N30

Job Order: MJ007373

Contact: GERRY BOZIKIS

Unit:

Make:

Model:

Year:

Part Number	Description	Ship Qty	UOM	Price	Extended
RETRO FIT DRIVER AND PASSENGER CONVEX MIRRORS TO HEATED WITH PARTS AND INSTRUCTION PROVIDED FROM MACK DEFENSE @ 1HR PER TRUCK ON THE FOLLOWING UNITS:					
1M2GR3C9KM011835					
1M2GR3C9KM011836					
1M2GR3C9KM011837					
1M2GR3C9KM011838					
1M2GR3C9KM011839					
1M2GR3C9KM011840					
1M2GR3C9KM011841					
1M2GR3C9KM011842					
1M2GR3C9KM011843					
1M2GR3C9KM011844					
1M2GR3C9KM011845					
1M2GR3C9KM011846					
1M2GR3C9KM011847					
1M2GR3C9KM011848					
1M2GR3C9KM011849					
1M2GR3C9KM011850					
*** CONTINUED NEXT PAGE ***					

Terms and Conditions

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This warranty does not obligate this company to bear the cost of transportation or labour charges in connection with the replacement or repair of defective machinery or parts, nor shall it apply to machinery upon which repairs or alterations have been made, unless authorized by this company.

We shall in no event be liable for consequential damage or contingent liability or losses arising out of failure of any machinery or part to operate satisfactorily, nor shall we be liable for any commitment, promise or obligation implied or stated by any resale dealer, wholesaler, jobber, etc.

Unless an officer of this company gives prior authorization, we will not be responsible for costs incurred in repairing, altering, or modifying of equipment, either in the replacement or parts or otherwise claimed defective, inferior, inadequate, wrongly designed, or applied, and any such expense or cost incurred will be the sole responsibility of the purchaser.

NO GOODS RETURNABLE WITHOUT WRITTEN AUTHORIZATION AND COPY OF ORIGINAL INVOICE.

INTEREST AT THE RATE OF 2% PER MONTH - 24% PER ANNUM WILL BE CHARGED ON ALL OVERDUE ACCOUNTS OR THE MAXIMUM PERMITTED BY LAW.

TITLE TO, AND RISK OF LOSS OR DAMAGE TO THE GOODS, SHALL NOT PASS TO THE BUYER UNTIL BUYER HAS PAID ALL OF THE OUTSTANDING INVOICE BALANCES ACCRUED AND ACTUALLY RECEIVES AND TAKES POSSESSION OF THE GOODS AT THE DELIVERY DESTINATION SPECIFIED PER THE TERMS OF THE QUOTE OR ORDER ACKNOWLEDGMENT.

Received in Good Condition

Signature:



Invoice: M0419395
Date: 06/06/19
Page: 2
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106
 Ph: 484-387-5903 Fx: 610-395-3240

Cust PO: 1904

Tkr: STL Rep: 3 Terms: N30

Job Order: MJ007373

Contact: GERRY BOZIKIS

Unit:

Make:

Model:

Year:

Part Number	Description	Ship Qty	UOM	Price	Extended
Confirm disposition of removed mirrors.					
LABOUR-I	INTERNAL LABOUR	16.00	HR	85.00	1,360.00
SHOP	SHOP SUPPLIES	16.00	EA	5.00	80.00
<p>NO RETURNS WITHOUT PRIOR AUTHORIZATION We are not responsible for goods left over 90 days. ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.</p>					

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HST 711009 092 RT0001

Subtotal	1,440.00
PST	0.00
GST/HST	216.00

Order Total	1,656.00

Received in Good Condition

Signature:



Invoice: M0419262
Date: 04/30/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
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P**
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 BAGOTVILLE
 MISSISSAUGA ON L5N 0B3
 Ph: _____ Fx: 610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006814
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC9KM011835 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Everest 14 SDS side dump spreader model 14G3650H1 - Conf C 12 cy, left hand discharge, 24" cab shield Body 3/16" Hardox 450 , 36" sides, ¥" Hardox 450 double acting 50" air tailgate 1/4" -Hardox 450 steel one piece floor Left side 18 conveyor with 667X pintle chain LH discharge poly chute and steel spinner assembly Grease cylinder chain tensioning system Three stage front mount hoist designed for salt body application, Cirus Controls Dual Spread Electronic spreader control system Gresan V20 valve bank with in cab air controls mounted on console 28 gal hydraulic reservoir, c/w low pressure filter Air shift PTO pump for Allison automatic, Paint body Highway Yellow c/w Rust Check undercoated LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set BP760A pintle hook w 3/4" plate & plug- truck w/ existing rear air & wiring Electric operated tarp assembly with tarp and air deflector Hydraulic Tank Heater All CMVSS LED lights and reflectors *** CONTINUED NEXT PAGE ***				

Terms and Conditions
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Received in Good Condition
 Signature: _____



Invoice: M0419262
Date: 04/30/19
Page: 2
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 BAGOTVILLE
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904

Tkr: JH Rep: 3 Terms: N30

Job Order: MJ006814

Contact: WAYNE STEHLE

Unit: 1M2GR3GC9KM011835

Make: MACK

Model: GU813

Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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Espar Fuel Heater, Groeneveld auto Grease system
 French Familization Training(Del supplied equipment, will attempt chassis training and if level of detail not enough for client then dealer responsibility)
 FOB Bagotville

PTO:82970404
 PUMP:MK20-17073001
 HOIST:SG011418-0331
 BODY:IR16657

NO RETURNS WITHOUT PRIOR AUTHORIZATION
 We are not responsible for goods left over 90 days.
ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.

Terms and Conditions

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HST 711009 092 RT0001

Subtotal	64,360.00
PST	0.00
GST/HST	9,654.00

Order Total	74,014.00

Received in Good Condition

Signature:



Invoice: M0419356
Date: 05/27/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 BAGOTVILLE
 MISSISSAUGA ON L5N 0B3
 Ph: Fx: 610-395-3240

Cust PO: 1904

Tkr: JH Rep: 3 Terms: N30

Job Order: MJ006812

Contact: WAYNE STEHLE

Unit: 1M2GR3GC0KM011836

Make: MACK

Model: GU813

Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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To Supply & Install:

Everest R132TEL39PH-A reversible snow plow Group 2 Conf C
 Everest LM hitch quick disconnect, nitrogen soft ride system,
 Halogen snow plow lights
 Beau Roc Dump Body, Model DH 14.0' Body Length
 30" Cab shield, -3/16" - Hardox 450 - one piece steel front
 30" sides - 3/16" - Hardox 450 - fold up side ladder
 42" double acting gate -1/4" - Hardox 450 - air operated -
 Asphalt Apron
 1/4" Hardox 450 floor one piece
 1/4" steel longitudinals, 6" asphalt apron
 Side board pockets to hold plank -spreader chains,
 Tarp tie down rails,
 Mailhot hoist assembly, Model G3-130-5.3, c/w body prop,
 Hydraulic tank w, sight gauge, clean out, strainer,
 low pressure filter, gate valve
 Air shift PTO for Allison automatic,
 Gresan V20 valve bank with in cab air controls mounted on console
 Del DAV1221 in cab air controls for PTO, hoist and air gate.
 Paint body Highway Yellow c/w Rust Check undercoated
 One LED strobe beacon mounted on cab shield

*** CONTINUED NEXT PAGE ***

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Received in Good Condition

Signature:



Invoice: M0419356
 Date: 05/27/19
 Page: 2
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83 CALEDONIA ROAD

MONCTON NB E1H 2E6

SOLD TO
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 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
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 2100 DERRY ROAD WEST
 BAGOTVILLE
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006812
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC0KM011836 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
<p>Two sets mudflaps c/w antisail on front set Holland PH760 - pintle hook, mounted on 3/4" plate w/ plug- truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector Hydraulic Tank Heater All CMVSS LED lights and reflectors Wheel checks, Espar Fuel Heater, Groeneveld auto Grease system All other items as per marked tender documents attached Training (Del supplied equipment, will attempt chassis training and if level of detail not enough for client; then dealer responsibility) Completion sticker certifying compliance with Canadian Motor Vehicle Safety Standard Fob Bagotville PTO:81750243 PUMP:MK20-17062978 HOIST:SG014418-0291 BODY:DH-383243 PLOW:IR16764 HITCH:IO17395</p> <p style="text-align: center;">NO RETURNS WITHOUT PRIOR AUTHORIZATION We are not responsible for goods left over 90 days. ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.</p>					

Terms and Conditions

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HST 711009 092 RT0001	

Subtotal	57,585.00
PST	0.00
GST/HST	8,637.75

Order Total	66,222.75

Received in Good Condition

Signature:



Invoice: M0419146
 Date: 03/30/19
 Page: 1
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUFFIELD
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904

Tkr: JH Rep: 3 Terms: N30

Job Order: MJ006799

Contact: WAYNE STEHLE

Unit: 1M2GR3GCXKM011837

Make: MACK

Model: GU813

Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set BP760A - pintle hook, mounted on 3/4" plate w/ plug- truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector *** CONTINUED NEXT PAGE ***				

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We shall in no event be liable for consequential damage or contingent liability or losses arising out of failure of any machinery or part to operate satisfactorily, nor shall we be liable for any commitment, promise or obligation implied or stated by any resale dealer, wholesaler, jobber, etc.

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Signature:



Invoice: M0419146
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 Page: 2
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DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUFFIELD
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006799
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GCXKM011837 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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Hydraulic Tank Heater
 All CMVSS LED lights and reflectors
 Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater
 All other items as per marked tender documents attached
 Familization Training (Del supplied equipment, will attempt chassis training and if level of detail not enough for client; then dealer responsibility)
 Fob Suffield
 PTO: PARKER S/N 90380373
 PUMP: METARIS S/N 434563-2
 HOIST: MAILHOT G3-130-5.5 SG014418-0252
 BODY: BEAUROC DH-3832327

NO RETURNS WITHOUT PRIOR AUTHORIZATION
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 ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.

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HST 711009 092 RT0001

Subtotal	47,435.00
PST	0.00
GST/HST	7,115.25
Order Total	54,550.25

Received in Good Condition

Signature:



Invoice: M0419151
Date: 03/30/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUITE 410
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904

Tkr: JH Rep: 3 Terms: N30

Job Order: MJ006805

Contact: WAYNE STEHLE

Unit: 1M2GR3GC4KM011838

Make: MACK

Model: GU813

Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set Holland PH760 - pintle hook, mounted on 7/8" plate w/ plug- truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector Hydraulic Tank Heater *** CONTINUED NEXT PAGE ***				

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Signature:



Invoice: M0419151
 Date: 03/30/19
 Page: 2
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUITE 410
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006805
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC4KM011838 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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All CMVSS LED lights and reflectors
 Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater
 All other items as per marked tender documents attached
 Familization Training (Del supplied equipment, will attempt chassis training
 and if level of detail not enough for client; then dealer responsibility)
 Fob Trenton

PTO:36T62356
 PUMP:180721-W4405
 HOIST:SG014419-0016
 BODY:DH-383234

NO RETURNS WITHOUT PRIOR AUTHORIZATION
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HST 711009 092 RT0001

 Subtotal 41,835.00
 PST 0.00
 GST/HST 6,275.25

 Order Total 48,110.25

Received in Good Condition

Signature:



Invoice: M0419155
Date: 03/30/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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MACK DEFENSE, LLC
7310 Tilghman Street
Allentown PA 18106

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MACK TRUCKS CANADA
2100 DERRY ROAD WEST
SUITE 410
MISSISSAUGA ON L5N 0B3
Ph: Fx: 610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006801
Contact: WAYNE STEHLE
Unit: 1M2GR3GC6KM011839 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set Holland PH760 - pintle hook, mounted on 7/8" plate w/ plug- truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector Hydraulic Tank Heater *** CONTINUED NEXT PAGE ***				

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Received in Good Condition

Signature:



Invoice: M0419155
Date: 03/30/19
Page: 2
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUITE 410
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904

Tkr: JH Rep: 3 Terms: N30

Job Order: MJ006801

Contact: WAYNE STEHLE

Unit: 1M2GR3GC6KM011839

Make: MACK

Model: GU813

Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	All CMVSS LED lights and reflectors Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater All other items as per marked tender documents attached Familization Training (Del supplied equipment, will attempt chassis training and if level of detail not enough for client; then dealer responsibility) Fob Trenton PTO: 36T62352 PUMP: 36T62352 BODY: DH-383235				
<p>NO RETURNS WITHOUT PRIOR AUTHORIZATION We are not responsible for goods left over 90 days. ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.</p>					

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HST 711009 092 RT0001

Subtotal	41,835.00
PST	0.00
GST/HST	6,275.25

Order Total	48,110.25

Received in Good Condition

Signature:



Invoice: M0419154
Date: 03/30/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUITE 410
 MISSISSAUGA ON L5N 0B3
 Ph: _____ Fx: 610-395-3240

Cust PO: 1904

Tkr: JH Rep: 3 Terms: N30

Job Order: MJ006802

Contact: WAYNE STEHLE

Unit: 1M2GR3GC2KM011840

Make: MACK

Model: GU813

Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set Holland PH760 - pintle hook, mounted on 7/8" plate w/ plug- truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector *** CONTINUED NEXT PAGE ***				

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83 CALEDONIA ROAD

MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUITE 410
 MISSISSAUGA ON L5N 0B3
 Ph: _____ Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006802
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC2KM011840 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Hydraulic Tank Heater All CMVSS LED lights and reflectors Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater All other items as per marked tender documents attached Familization Training (Del supplied equipment, will attempt chassis training and if level of detail not enough for client; then dealer responsibility) Fob Trenton				
	PTO: 36T62353 PUMP: 140324-W3040 HOIST: SG014419-0014 BODY: DH-383238				
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HST 711009 092 RT0001

Subtotal	41,835.00
PST	0.00
GST/HST	6,275.25

Order Total	48,110.25

Received in Good Condition

Signature:



Invoice: M0419153
 Date: 03/30/19
 Page: 1
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUITE 410
 MISSISSAUGA ON L5N 0B3
 Ph: Fx: 610-395-3240

Cust PO: 1904

Tkr: JH Rep: 3 Terms: N30

Job Order: MJ006803

Contact: WAYNE STEHLE

Unit: 1M2GR3GC4KM011841

Make: MACK

Model: GU813

Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set Holland PH760 - pintle hook, mounted on 7/8" plate w/ plug- truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector Hydraulic Tank Heater *** CONTINUED NEXT PAGE ***				

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Received in Good Condition

Signature:



Invoice: M0419153
 Date: 03/30/19
 Page: 2
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com
 83 CALEDONIA ROAD MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUITE 410
 MISSISSAUGA ON L5N 0B3
 Ph: Fx: 610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006803
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC4KM011841 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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All CMVSS LED lights and reflectors
 Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater
 All other items as per marked tender documents attached
 Familization Training (Del supplied equipment, will attempt chassis training
 and if level of detail not enough for client; then dealer responsibility)
 Fob Trenton

PTO: 36T62354
 PUMP: 180701-W4738
 HOIST: SG014419-0032
 BODY: DH-383236

NO RETURNS WITHOUT PRIOR AUTHORIZATION
 We are not responsible for goods left over 90 days.
ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.

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HST 711009 092 RT0001

Subtotal	41,835.00
PST	0.00
GST/HST	6,275.25
Order Total	48,110.25

Received in Good Condition

Signature:



Invoice: M0419152
Date: 03/30/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUITE 410
 MISSISSAUGA ON L5N 0B3
 Ph: Fx: 610-395-3240

Cust PO: 1904

Tkr: JH Rep: 3 Terms: N30

Job Order: MJ006804

Contact: WAYNE STEHLE

Unit: 1M2GR3GC6KM011842

Make: MACK

Model: GU813

Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set Holland PH760 - pintle hook, mounted on 3/4" plate w/ plug- truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector Hydraulic Tank Heater *** CONTINUED NEXT PAGE ***				

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Received in Good Condition

Signature:



Invoice: M0419152
 Date: 03/30/19
 Page: 2
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUITE 410
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904

Tkr: JH Rep: 3 Terms: N30

Job Order: MJ006804

Contact: WAYNE STEHLE

Unit: 1M2GR3GC6KM011842

Make: MACK

Model: GU813

Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
All CMVSS LED lights and reflectors Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater All other items as per marked tender documents attached Familization Training (Del supplied equipment, will attempt chassis training and if level of detail not enough for client; then dealer responsibility) Fob Trenton PTO: 36T62355 PUMP: 36T62352 HOIST: SG014419-0015 BODY: DH-383239					
<p>NO RETURNS WITHOUT PRIOR AUTHORIZATION We are not responsible for goods left over 90 days. ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.</p>					

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HST 711009 092 RT0001

 Subtotal 41,835.00
 PST 0.00
 GST/HST 6,275.25

 Order Total 48,110.25

Received in Good Condition

Signature:



Invoice: M0419206
Date: 04/13/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com
 83 CALEDONIA ROAD MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 GAGETOWN
 MISSISSAUGA ON L5N 0B3
 Ph: Fx: 610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006807
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC8KM011843 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set BP760A - pintle hook, mounted on 3/4" plate w/ plug- truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector *** CONTINUED NEXT PAGE ***				

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Received in Good Condition	
Signature:	



Invoice: M0419206
 Date: 04/13/19
 Page: 2
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 GAGETOWN
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006807
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC8KM011843 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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Hydraulic Tank Heater
 All CMVSS LED lights and reflectors
 Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater
 All other items as per marked tender documents attached
 Familization Training (Del supplied equipment, will attempt chassis training
 and if level of detail not enough for client; then dealer responsibility)
 Fob Gagetown

PTO: PARKER S/N 90380385
 PUMP: METARIS S/N 434563-6
 HOIST: MAILHOT G3-130-5.5 SG014418-0670
 BODY: BEAUROC DH-383232

NO RETURNS WITHOUT PRIOR AUTHORIZATION
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HST 711009 092 RT0001

Subtotal	38,585.00
PST	0.00
GST/HST	5,787.75
Order Total	44,372.75

Received in Good Condition

Signature:



Invoice: M0419205
Date: 04/13/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 GAGETOWN
 MISSISSAUGA ON L5N 0B3
 Ph: Fx: 610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006798
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC2KM011844 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set BP760A - pintle hook, mounted on 3/4 " plate w/ plug- truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector *** CONTINUED NEXT PAGE ***				

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Invoice: M0419205
 Date: 04/13/19
 Page: 2
 Your Acct: 30947

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83 CALEDONIA ROAD

MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 GAGETOWN
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006798
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC2KM011844 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Hydraulic Tank Heater All CMVSS LED lights and reflectors Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater All other items as per marked tender documents attached Familization Training (Del supplied equipment, will attempt chassis training and if level of detail not enough for client; then dealer responsibility) Fob Gagetown PTO:903803366 PUMP:434563-5 08-18 HOIST:S/N SG14418-0292 BODY: DH-383227				
NO RETURNS WITHOUT PRIOR AUTHORIZATION We are not responsible for goods left over 90 days. ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.					

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HST 711009 092 RT0001	

Subtotal	38,585.00
PST	0.00
GST/HST	5,787.75

Order Total	44,372.75

Received in Good Condition

Signature:



Invoice: M0419150
Date: 03/30/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

**S
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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 GAGETOWN
 MISSISSAUGA ON L5N 0B3
 Ph: Fx: 610-395-3240

Cust PO: 1904

Tkr: JH Rep: 3 Terms: N30

Job Order: MJ006810

Contact: WAYNE STEHLE

Unit: 1M2GR3GC9KM011845

Make: MACK

Model: GU813

Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set BP760A - pintle hook, mounted on 3/4" plate w/ plug-truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector *** CONTINUED NEXT PAGE ***				

Terms and Conditions

New equipment, machinery, or parts furnished to standard specifications or to specifications approved or ordered by the purchaser are warranted as follows: (1) Resale machinery, merchandise, or parts - according to the terms of the manufacturer's original warranty. (2) Products of DEL Equipment Inc. - warranted to be free from defects for a 90 day period from the date of shipment. The obligation under this warranty is limited for the replacement or repair, at our factory, or such defective merchandise, when it is returned freight prepaid and found to our satisfaction to be defective in material or workmanship.
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Received in Good Condition

Signature:



Invoice: M0419150
 Date: 03/30/19
 Page: 2
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com
 83 CALEDONIA ROAD MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 GAGETOWN
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006810
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC9KM011845 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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Hydraulic Tank Heater
 All CMVSS LED lights and reflectors
 Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater
 All other items as per marked tender documents attached
 Familization Training (Del supplied equipment, will attempt chassis training
 and if level of detail not enough for client; then dealer responsibility)
 Fob Gagetown

PTO:280GDFJP-B5RK S/N:90380370
 PUMP:MH102-20W/ASRH S/N:434563
 HOIST:S/N SG014418-0672
 BODY:S/N DH-383229

NO RETURNS WITHOUT PRIOR AUTHORIZATION
 We are not responsible for goods left over 90 days.
ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.

Terms and Conditions

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HST 711009 092 RT0001

Subtotal	38,585.00
PST	0.00
GST/HST	5,787.75

Order Total	44,372.75
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Received in Good Condition

Signature:



Invoice: M0419148
Date: 03/30/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 GAGETOWN
 MISSISSAUGA ON L5N 0B3
 Ph: Fx: 610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006806
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC3KM011846 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set BP760A - pintle hook, mounted on 3/4" plate w/ plug- truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector *** CONTINUED NEXT PAGE ***				

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Received in Good Condition

Signature:



Invoice: M0419148
Date: 03/30/19
Page: 2
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com
 83 CALEDONIA ROAD MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 GAGETOWN
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006806
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC3KM011846 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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Hydraulic Tank Heater
 All CMVSS LED lights and reflectors
 Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater
 All other items as per marked tender documents attached
 Familization Training (Del supplied equipment, will attempt chassis training
 and if level of detail not enough for client; then dealer responsibility)
 Fob Gagetown

PTO: PARKER 280GDFJP-B5RK S/N 90380389
 PUMP: METARIS MH102-20 W/ASRH S/N 434562-1
 HOIST: MAILHOT G3-130-5.5 SG014418-0669
 BODY: BEAUROC DH-383233

NO RETURNS WITHOUT PRIOR AUTHORIZATION
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HST 711009 092 RT0001

Subtotal	38,585.00
PST	0.00
GST/HST	5,787.75

Order Total	44,372.75
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Received in Good Condition
 Signature:



Invoice: M0419149
 Date: 03/30/19
 Page: 1
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com
 83 CALEDONIA ROAD MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 ST. JEAN SUR RICHILIEU
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006811
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC5KM011847 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set BP760A - pintle hook, mounted on 3/4" plate w/ plug-truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector *** CONTINUED NEXT PAGE ***				

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Received in Good Condition

Signature:



Invoice: M0419149
 Date: 03/30/19
 Page: 2
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com
 83 CALEDONIA ROAD MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 ST. JEAN SUR RICHILIEU
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006811
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC5KM011847 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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Hydraulic Tank Heater
 All CMVSS LED lights and reflector
 Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater
 All other items as per marked tender documents attached
 French Familization Training (Del supplied equipment, will attempt chassis training
 and if level of detail not enough for client; then dealer responsibility)
 Fob Saint-Jean-sur-Richelieu

PTO: PARKER 90380379
 PUMP: METARIS MD2-160735-16
 HOIST: MAILHOT G3-130-5.5 SG014418-0671
 BODY: BEAUROC DH-383228

NO RETURNS WITHOUT PRIOR AUTHORIZATION
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ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.

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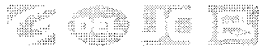
HST 711009 092 RT0001

Subtotal	43,690.00
PST	0.00
GST/HST	6,553.50

Order Total	50,243.50
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Received in Good Condition

Signature:



Invoice: M0419260
 Date: 04/30/19
 Page: 1
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com
 83 CALEDONIA ROAD MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 PETAWAWA
 MISSISSAUGA ON L5N 0B3
 Ph: Fx: 610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006808
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC9KM011848 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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Beau Roc Dump Body, Model DH Conf. C
 14.0' Body Length
 30" Cab shield, -3/16" - Hardox 450 - one piece steel front
 42" sides - 3/16" - Hardox 450 - fold up side ladder
 48" double acting gate -1/4" - Hardox 450 - air operated -
 sloped gate
 1/4" Hardox 450 floor one piece
 1/4" steel longitudinals, 6" asphalt apron
 Side board pockets to hold plank -spreader chains
 Tarp tie down rails,
 Mailhot hoist assembly, Model G3-130-5.5, c/w body prop,
 Hydraulic tank w, sight gauge, clean out, strainer,
 low pressure filter, gate valve
 Air shift PTO for Allison automatic,
 Del DAV1203 in cab air controls for PTO, hoist and air gate.
 Paint body Highway Yellow c/w Rust Check undercoated
 One LED strobe beacon mounted on cab shield
 Two sets mudflaps c/w antisail on front set
 BP760A - pintle hook, mounted on 3/4" plate w/ plug-
 truck w/ existing rear air & wiring
 Electric operated tarp assembly with tarp & air deflector

*** CONTINUED NEXT PAGE ***

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Received in Good Condition

Signature:



Invoice: M0419260
Date: 04/30/19
Page: 2
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 PETAWAWA
 MISSISSAUGA ON L5N 0B3
 Ph: Fx: 610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006808
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC9KM011848 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Hydraulic Tank Heater All CMVSS LED lights and reflectors Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater All other items as per marked tender documents attached Familization Training (Del supplied equipment, will attempt chassis training and if level of detail not enough for client; then dealer responsibility) Fob Petawawa PTO: 90380369 PUMP: MD2-170849-16 HOIST: SG014418-0656 BODY: DH-383240 <p style="text-align: center;">NO RETURNS WITHOUT PRIOR AUTHORIZATION We are not responsible for goods left over 90 days. ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.</p>				

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 Unless an officer of this company gives prior authorization, we will not be responsible for costs incurred in repairing, altering, or modifying of equipment, either in the replacement or parts or otherwise claimed defective, inferior, inadequate, wrongly designed, or applied, and any such expense or cost incurred will be the sole responsibility of the purchaser.
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HST 711009 092 RT0001

Subtotal	41,770.00
PST	0.00
GST/HST	6,265.50

Order Total 48,035.50

Received in Good Condition
 Signature:



Invoice: M0419147
Date: 03/30/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com
83 CALEDONIA ROAD MONCTON NB E1H 2E6

SOLD TO
MACK DEFENSE, LLC
7310 Tilghman Street
Allentown PA 18106

SHIPTO
MACK TRUCKS CANADA
2100 DERRY ROAD WEST
SUFFIELD
MISSISSAUGA ON L5N 0B3
Ph: Fx: 610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006800
Contact: WAYNE STEHLE
Unit: 1M2GR3GC1KM011849 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	<p>Beau Roc Dump Body, Model DH Conf. C 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinal, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set PB760A - pintle hook, mounted on 3/4" plate w/ plug- truck w/ existinggear air & wiring</p> <p>*** CONTINUED NEXT PAGE ***</p>				

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Received in Good Condition

Signature:



Invoice: M0419261
 Date: 04/30/19
 Page: 2
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com
 83 CALEDONIA ROAD MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 GAGETOWN
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ006809
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC9KM011850 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Hydraulic Tank Heater All CMVSS LED lights and reflectors Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater All other items as per marked tender documents attached Familization Training (Del supplied equipment, will attempt chassis training and if level of detail not enough for client; then dealer responsibility) Fob Gagetown PTO:90380382 PUMP:MD2-160725-16 HOIST:SG014418-0664 BODY:DH-383230				
NO RETURNS WITHOUT PRIOR AUTHORIZATION We are not responsible for goods left over 90 days. ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.					

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HST 711009 092 RT0001

Subtotal	38,585.00
PST	0.00
GST/HST	5,787.75

Order Total 44,372.75

Received in Good Condition
 Signature:



Invoice: M0419680
 Date: 03/30/19
 Page: 1
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com
 83 CALEDONIA ROAD MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUFFIELD
 MISSISSAUGA ON L5N 0B3
 Ph: Fx: 610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ007460
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC1KM011849 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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Beau Roc Dump Body, Model DH Conf. C
 14.0' Body Length
 30" Cab shield, -3/16" - Hardox 450 - one piece steel front
 42" sides - 3/16" - Hardox 450 - fold up side ladder
 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate
 1/4" Hardox 450 floor one piece
 1/4" steel longitudinals, 6" asphalt apron
 Side board pockets to hold plank -spreader chains
 Tarp tie down rails,
 Mailhot hoist assembly, Model G3-130-5.5, c/w body prop,
 Hydraulic tank w, sight gauge, clean out, strainer,
 low pressure filter, gate valve
 Air shift PTO for Allison automatic,
 Del DAV1203 in cab air controls for PTO, hoist and air gate.
 Paint body Highway Yellow c/w Rust Check undercoated
 One LED strobe beacon mounted on cab shield
 Two sets mudflaps c/w antisail on front set
 PB760A - pintle hook, mounted on 3/4" plate w/ plug- truck
 w/ existing gear air & wiring

*** CONTINUED NEXT PAGE ***

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Received in Good Condition

Signature:



Invoice: M0419680
 Date: 03/30/19
 Page: 2
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 SUFFIELD
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 1904 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ007460
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC1KM011849 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
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Electric operated tarp assembly with tarp & air deflector
 Hydraulic Tank Heater
 All CMVSS LED lights and reflectors
 Wheel checks, Groeneveld auto Grease system, Espar Fuel Heater
 All other items as per marked tender documents attached
 Familization Training (Del supplied equipment, will attempt
 chassis training and if level of detail not enough for client;
 then dealer responsibility)
 Fob Suffield

PTO:280GDFJP-B5RK S/N:90070080
 PUMP:MH102W/ASRH S/N:434563-4
 HOIST:S/N SG014418-0242
 BODY: DH-383237

NO RETURNS WITHOUT PRIOR AUTHORIZATION
 We are not responsible for goods left over 90 days.
ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.

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HST 711009 092 RT0001

Subtotal	47,435.00
PST	0.00
GST/HST	7,115.25
Order Total	54,550.25

Received in Good Condition

Signature:



Invoice: M0419363
Date: 05/28/19
Page: 1
Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

SOLD TO
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

SHIP TO
 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 WASKEIU PARKS CAN
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 2127 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ007024
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC9LM015370 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Beau Roc Dump Body, Model DH Conf. C Parks Canada 14.0' Body Length 30" Cab shield, -3/16" - Hardox 450 - one piece steel front 42" sides - 3/16" - Hardox 450 - fold up side ladder 48" double acting gate -1/4" - Hardox 450 - air operated - sloped gate 1/4" Hardox 450 floor one piece 1/4" steel longitudinals, 6" asphalt apron Side board pockets to hold plank -spreader chains Tarp tie down rails, Mailhot hoist assembly, Model G3-130-5.5, c/w body prop, Hydraulic tank w, sight gauge, clean out, strainer, low pressure filter, gate valve Air shift PTO for Allison automatic, Del DAV1203 in cab air controls for PTO, hoist and air gate. Paint body Highway Yellow c/w Rust Check undercoated One LED strobe beacon mounted on cab shield Two sets mudflaps c/w antisail on front set BP760A- pintle hook, mounted on 3/4" plate w/ plug-truck w/ existing rear air & wiring Electric operated tarp assembly with tarp & air deflector *** CONTINUED NEXT PAGE ***				

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Received in Good Condition

Signature:



Invoice: M0419363
 Date: 05/28/19
 Page: 2
 Your Acct: 30947

DEL Equipment Inc. (Operated as GINCOR WERX) www.gincor.com
 83 CALEDONIA ROAD MONCTON NB E1H 2E6

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 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
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 MACK TRUCKS CANADA
 2100 DERRY ROAD WEST
 WASKEIU PARKS CAN
 MISSISSAUGA ON L5N 0B3
 Ph: Fx:610-395-3240

Cust PO: 2127 Tkr: JH Rep: 3 Terms: N30 Job Order: MJ007024
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC9LM015370 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	Hydraulic Tank Heater Wheel checks All CMVSS LED lights and reflectors All other items as per marked tender documents attached Familization Training (Del supplied equipment, will attempt chassis training and if level of detail not enough for client PTO:280GDFJP-B5RK S/N:90380380 PUMP:MH102-20W/ASRH S/N:MD2-160727-16 HOIST:S/N SG014418-0685 BODY:S/N DH-383226				
<p>NO RETURNS WITHOUT PRIOR AUTHORIZATION We are not responsible for goods left over 90 days. ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.</p>					

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HST 711009 092 RT0001

Subtotal	41,440.00
PST	0.00
GST/HST	6,216.00

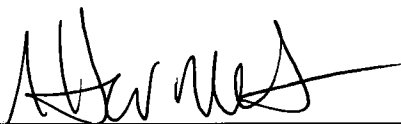
Order Total 47,656.00

Received in Good Condition

Signature:

C

**THIS IS EXHIBIT "C"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019**



Commissioner for Taking Affidavits

From: [Nicole Zelno](#)
To: [Brian Happel](#)
Subject: FW: Supplier Update
Date: Thursday, September 12, 2019 8:58:07 AM
Attachments: [Mack Defense EFT form.pdf](#)

From: Anne-Marie Tremblay <anne-marietremblay@gincor.com>
Sent: Wednesday, April 10, 2019 11:28 AM
To: Kelsie Pecarskie <kelsiepecarskie@gincor.com>
Cc: Brett Stoddart <brett.stoddart@mackdefense.com>
Subject: RE: Supplier Update

Hi Kelsie,

See attached form filled in as best I can. Not sure if you wanted to add anything else to it.

Anne-Marie Tremblay

5151 Highway 17 W

Mattawa ON P0H 1V0

anne-marietremblay@gincor.com

O: (705) 744-5543 ext. 224

GINCOR WERX



From: Kelsie Pecarskie
Sent: April 10, 2019 10:57 AM
To: Anne-Marie Tremblay <anne-marietremblay@gincor.com>
Cc: Brett Stoddart <brett.stoddart@mackdefense.com>
Subject: FW: Supplier Update

Morning Anne-Marie,

Would you be able to fill out the attached form for the banking info for Mack Defense to be able to transfer payment rather than mail a cheque, and see email below? They currently have invoice #53998 from us

Kelsie Pecarskie

Administration

130 Pick Road Carleton Place

Ontario, Canada K7C 3P1

kelsiepecarskie@gincor.com

O: (613) 253-5545

GINCOR WERX



From: Brett Stoddart [<mailto:brett.stoddart@mackdefense.com>]

Sent: April 10, 2019 10:53 AM

To: Kelsie Pecarskie <kelsiepecarskie@gincor.com>

Subject: FW: Supplier Update

Kelsie –

Can you advise in Jim's absence?

Regards,

BRETT STODDART

Buyer

Mack Defense, LLC

7310 W. Tilghman Street, Suite 600
Allentown, PA 18106

484.387.5912 (Office)

484.602.4585 (Mobile)

brett.stoddart@mackdefense.com

www.mackdefense.com

-



Send invoices to Mack Defense LLC at accounts.payable@mackdefense.com

*This communication is intended only for use by the addressee(s) named herein and may contain business confidential and/or legally privileged information. If you are not the intended recipient of this e-mail, you are hereby notified that any dissemination, distribution, disclosure or copying of this e-mail and its contents is strictly prohibited. If you have received this e-mail in error, kindly notify the sender by replying to this message. In addition, please permanently delete the message and any attachments without copying or disclosing the contents. Thank you for your cooperation.

From: Brett Stoddart
Sent: Wednesday, April 10, 2019 10:39 AM
To: Jim Hazlehurst <jimhazlehurst@gincor.com>
Subject: Supplier Update

Jim –

We are updating our system, and I see you are still in as DEL Equipment.

Does this need to be changed? Are we paying you in CAD or USD? Can you provide banking info [including SWIFT #] so we can do wire transfers instead of mailing checks?

Can you have the attached filled out so I can update everything as needed?

Regards,

BRETT STODDART

Buyer

Mack Defense, LLC

7310 W. Tilghman Street, Suite 600
Allentown, PA 18106

484.387.5912 (Office)
484.602.4585 (Mobile)

brett.stoddart@mackdefense.com

www.mackdefense.com

-



Send invoices to Mack Defense LLC at accounts.payable@mackdefense.com

*This communication is intended only for use by the addressee(s) named herein and may contain business confidential and/or legally privileged information. If you are not the intended recipient of this e-mail, you are hereby notified that any dissemination, distribution, disclosure or copying of this e-mail and its contents is strictly prohibited. If you have received this e-mail in error, kindly notify the sender by replying to this message. In

addition, please permanently delete the message and any attachments without copying or disclosing the contents. Thank you for your cooperation.

NEW SUPPLIER REQUEST MACK DEFENSE PURCHASING

Please complete all fields

Requestor Name:

Supplier Name:

Tax Id #(US) or VAT # (EU)

Gair-Cor Industries Inc.

Supplier **Business** Address (must match W-9 address):

5151, Hwy 17 West Mattawa, ON P0H 1V0

Supplier **Remit** Address (if different than W-9 address):

A/R Contact:

Phone:

Email:

Indicate if 1099 is required: **Yes or No** (For LCC or Sole Proprietorship only)

Bank Information:

Bank Name:	T.D. Canada Trust
Bank Address:	240 Main Street East, North Bay, ON P1B 1B1
Bank Key/Routing Number:	Institution # 004 Transit # 31202
Account Number:	XXXXXXXXXX
BIC/SWIFT code:	
IBAN:	

Supplier Purchase Order Delivery / Contact:

Contact name:	If you are a current Volvo Group supplier, enter your PARMA code
Phone number:	
FAX number:	
e-mail address for PO delivery:	

Type of Product or Service: Be descriptive as possible

If this is a Small Business, indicate classification

Pay terms:

90 days

Supplier's Local Currency:

Include a copy of the Supplier's W-9 FEDERAL Tax Payer's ID Form.
(W-9 forms do not apply to Canadian Suppliers).

PURCHASING USE ONLY

Est. Annual Spend:

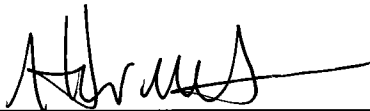
Authorized Supplier Approver:

Supplier Code:

DATE:

D

**THIS IS EXHIBIT "D"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019**



Commissioner for Taking Affidavits

From: [Steve Lewin](#)
To: [Brett Stoddart](#)
Cc: [Jim Hazlehurst](#)
Subject: RE: Supplier Update
Attachments: [RE Del Update.msg](#)
[Validation letter Del Equipment Inc.pdf](#)
[Mack Defense Supplier Set Up_GincorWerx 4.10.19.xlsx](#)

Hi Brett,

I had reached out a couple weeks back on invoicing as attached. I've already closed some invoices out, so will put all of the extra's on one invoice for you itemized by unit when the time comes.

We are now Del Equipment Inc. operated as Gincor Werx and I've attached an updated version of our company banking information. Payment should be in CAD to mirror the quote(s) and PO.

I will inquire of the process to set up EFT and advise.

Thanks in advance,

Steve

Steve Lewin
General Manager - Atlantic

83 Caledonia Road
Moncton, NB E1H 2E6
stevelewin@gincor.com
O: (506) 857-4291 ext. 103
M: (506) 380-8125

[GINCOR WERX](#)



From: Jim Hazlehurst
Sent: Wednesday, April 10, 2019 12:32 PM
To: Steve Lewin <stevelewin@gincor.com>
Cc: Brett Stoddart <brett.stoddart@mackdefense.com>
Subject: Fwd: Supplier Update

Hi Steve
Can you please respond to Brett on this?
Thanks

jim Hazlehurst 506 866 0563

----- Forwarded message -----

From: "**Brett Stoddart**" <brett.stoddart@mackdefense.com>

Date: Wed, Apr 10, 2019 at 9:38 AM -0500

Subject: Supplier Update

To: "Jim Hazlehurst" <jimhazlehurst@gincor.com>

Jim –

We are updating our system, and I see you are still in as DEL Equipment.

Does this need to be changed? Are we paying you in CAD or USD? Can you provide banking info [including SWIFT #] so we can do wire transfers instead of mailing checks?

Can you have the attached filled out so I can update everything as needed?

Regards,

BRETT STODDART

Buyer

Mack Defense, LLC

7310 W. Tilghman Street, Suite 600
Allentown, PA 18106

484.387.5912 (Office)

484.602.4585 (Mobile)

brett.stoddart@mackdefense.com

www.mackdefense.com



Send invoices to Mack Defense LLC at accounts.payable@mackdefense.com

*This communication is intended only for use by the addressee(s) named herein and may contain business confidential and/or legally privileged information. If you are not the intended recipient of this e-mail, you are

hereby notified that any dissemination, distribution, disclosure or copying of this e-mail and its contents is strictly prohibited. If you have received this e-mail in error, kindly notify the sender by replying to this message. In addition, please permanently delete the message and any attachments without copying or disclosing the contents. Thank you for your cooperation.

From: [Steve Lewin](#)
To: [Brett Stoddart](#)
Subject: RE: Del Update
Attachments: [image004.png](#)

Hi Brett,

Requirement to do some additional work (heated mirror upgrade) outside of the originally quoted price (\$90/unit). Do you require separate bills for each truck or amend the pricing on each existing invoice?

Thanks,

Steve

Steve Lewin

General Manager - Atlantic

83 Caledonia Road
Moncton, NB E1H 2E6
stevelewin@gincor.com
O: (506) 857-4291 ext. 103
M: (506) 380-8125

[GINCOR WERX](#)



From: Gerry Bozikis [mailto:gerry.bozikis@mackdefense.com]
Sent: Wednesday, March 27, 2019 1:40 PM
To: Wayne Stehle <Wayne.Stehle@mackdefense.com>; Thomas Kells <thomas.kells@mackdefense.com>; Brett Stoddart <brett.stoddart@mackdefense.com>; Nicole Zelno <Nicole.Zelno@mackdefense.com>
Cc: Steve Lewin <stevelewin@gincor.com>
Subject: Del Update

I just got off the phone with Steve Lewin who works at Gincor, aka Del.

Use Steve as your POC regarding trucks status. Jim works more on the contract side, ensuring compliance with PSPC requirements.

Steve is working on an update for us. In the coming days, they will be done with a batch of trucks and will coordinate an inspection with PSPC.

Once Steve informs us on the chassis, we can work on the documentation required per the contact and the training.

Brett,

Please reach out to Steve. He has a question on how he should invoice work he is doing that is outside the scope of what was originally asked, i.e. installing the heated convex mirrors.

Thanks

GB

Gerry Bozikis

Bid/Order Manager

Mack Defense, LLC

7310 W. Tilghman Street, Suite 600
Allentown, PA 18106

484-387-5920 (Office)

610-714-9481 (Mobile)

gerry.bozikis@mackdefense.com

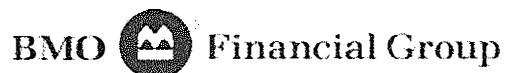
www.mackdefense.com

Picture1



-

*This communication is intended only for use by the addressee(s) named herein and may contain business confidential and/or legally privileged information. If you are not the intended recipient of this e-mail, you are hereby notified that any dissemination, distribution, disclosure or copying of this e-mail and its contents is strictly prohibited. If you have received this e-mail in error, kindly notify the sender by replying to this message. In addition, please permanently delete the message and any attachments without copying or disclosing the contents. Thank you for your cooperation.



Date: July/10/2018

RE: Confirmation of Account Details

Please accept this letter as confirmation of bank account details for BMO -

Business Name: **Del Equipment Inc. BLKD**

Address: 210 Harry Walker Parkway,
Newmarket, Ontario L3Y 7B4

Bank code: 001

Transit Code: 00022

Account #



Account Type: Canadian Business account

The above information is provided in good faith based on information the Bank of Montreal (the Bank of BMO) believes to be true.

Thank you,

A handwritten signature in black ink that reads "Hidayat Mangal".

Hidayat Mangal
Client Service Advisor
Bank of Montreal
Tel: 1-877-301-3278

BMO FINANCIAL GROUP
Treasury & Payment Solutions
First Canadian Place
100 King Street West
22nd Floor
Toronto, Ontario M5X 1A1

NEW SUPPLIER REQUEST MACK DEFENSE PURCHASING

Please complete all fields

Requestor Name:

Steve Lewin

Supplier Name:

Tax Id #(US) or VAT # (EU)

Del Equipment Inc. operated as Gincor Werx

Supplier Business Address (must match W-9 address):

83 Caledonia Rd. Moncton, N.B. E1H 2E6

Supplier Remit Address (if different than W-9 address):

Contact: Joanne Leger

Phone: 506-857-4291 ext.104

Email: del-monctonadmin@gincor.com

Indicate if 1099 is required: **Yes or No** (For LCC or Sole Proprietorship only)

Bank Information:

Bank Name:

BMO Financial Group

Bank Address:

FCP 100 King St. W. 22nd floor Toronto, Ontario M5X 1A1

Bank Key/Routing Number:

001/00022

Account Number:

[REDACTED]

BIC/SWIFT code:

IBAN:

Supplier Purchase Order Delivery / Contact:

Contact name: Jim Hazlehurst

Phone number: 506-866-0563

FAX number: 506-859-4498

e-mail address for PO delivery: jimhazlehurst@gincor.com

If you are a current Volvo Group supplier, enter your PARMA code

Type of Product or Service: Be descriptive as possible

Custom manufacturing of vocational vehicles, including dump bodies, work ready, snow and ice equipment, cranes, flat decks, roll-off hook-lifts, van bodies and heavy haul float trailers.

If this is a Small Business, indicate classification

Pay terms:

30 days

Supplier's Local Currency:

CAD

Include a copy of the Supplier's W-9 FEDERAL Tax Payer's ID Form

(W-9 forms do not apply to Canadian Suppliers).

PURCHASING USE ONLY

Est. Annual Spend:

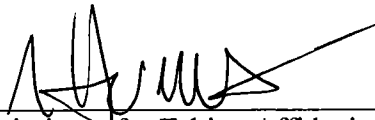
Authorized Supplier Approver:

Supplier Code:

DATE:

E

THIS IS EXHIBIT "E"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019



Commissioner for Taking Affidavits

From: [Renzo Silveri](#)
To: [Doug Lucky](#)
Cc: "[Paul Martin](#)"; "[Luc Stang](#)"; [Renzo Silveri](#)
Subject: DEL payables of approx. \$1,300,000 owing to GinCor Group
Date: Wednesday, September 18, 2019 4:46:48 PM

Doug,

I have reviewed your position on the issue related to Mack Defense and would state the following:

- a. Del provided Mack Defense with payment instructions in the spring of 2019.
- b. Del issued an invoice to Mack Defense for work performed by Del on a government contract.
- c. Mack Defense paid based on the payment instructions provided by Del.

Clearly, there are significant holes with the argument that you have detailed in your email below because Mack Defense has fulfilled their end of the contract.

The Del funds that GinCor has received now need to be allocated to the outstanding trade accounts with GinCor.

As I indicated in a previous email, I am prepared to use only a portion (to be discussed) of the funds to reduce the trade payable to GinCor and the remainder can be secured in priority to other related party creditors. We can mutually agree to the required payment terms of the balance owing that would work for the cash flow needs of both parties.

We have had discussions with Mack Defense regarding the same and intend on being transparent with them as we work to resolve all outstanding issues in a mutually beneficial manner for all parties.

Please let me know if you are available to discuss this matter tomorrow at

2:30pm.

Thx,

Renzo

From: Renzo Silveri [mailto:renzosilveri@gmail.com]
Sent: September 17, 2019 8:51 AM
To: Doug Lucky <dlucky@delequipment.com>
Cc: Paul Martin <metisse@gmail.com>; Paul Martin <pmartin@delequipment.com>; Luc Stang <lucstang@gincor.com>; Renzo Silveri <renzosilveri@gmail.com>
Subject: Re: Space Available for Durabody

Doug,

Thanks for clarifying Del's position on this matter(sub "d" in my email below) . I will review the fact pattern and will revert to you in the next few days.

Thx,

Renzo

Sent from my iPad

On Sep 16, 2019, at 12:09 PM, Doug Lucky <dlucky@delequipment.com> wrote:

Renzo

I have been puzzling with Paul over your last email trying to figure out what the devil you are talking about in "par d" knowing that DEL had not made any recent payments to you. Then it hit us. You are talking about the \$867k that DEL's customer Mack Defense sent to you by mistake. This is Mack's money, not DEL's, so we expect you will be returning it.

D

<image003.jpg>

Doug Lucky
 Advisor
 DEL Equipment Inc.

<image005.png> (416) 421-5851 | (416) 884-4891

<image007.png> dlucky@delequipment.com.

<image009.png> www.delequipment.com.

<image015.png> 210 Harry Walker Pkwy N,
 Newmarket, Ontario, L3Y
 7B4

From: Renzo Silveri <renzosilveri@gmail.com>
Sent: September 13, 2019 12:30 PM
To: Doug Lucky <dlucky@delequipment.com>
Cc: Renzo Silveri <renzosilveri@gmail.com>
Subject: RE: Space Available for Durabody

Doug,

Thanks for your email of yesterday afternoon.

I have the following comments on the issues that are currently being resolved:

- a. Del will make **all** the Durabody space available no later than September 22.
 - i. I am agreeable to the revised date. As indicated, Durabody needs all the space that is reflected on the plant layout that Steve O. has previously provided to you and Alex. Durabody will be moving in on September 23 and as a result no further extension can or will be granted.
- b. Del work that has been subcontracted to the GinCor Group will be invoiced by the GinCor Group to the customer directly and a referral fee will be paid to Del once payment from the customer is received. (Based on Agreement between Luc and Paul M.)
- c. GinCor Group work that has been subcontracted to Del will be invoiced by Del to the customer directly and a referral fee will be paid to Del once payment from the customer is received. (Based on Agreement between Luc and Paul M.)
- d. As discussed between Paul M. and Luc approximately \$1,000,000 is owing from Del to the GinCor Group on account of trade receivables. Based on the funds received from Del we will require an allocation for the specific invoices that you would like to have the deposit applied, alternatively we can discuss how a portion of the trade

accounts can be secured by the GinCor Group for future payment by Del.

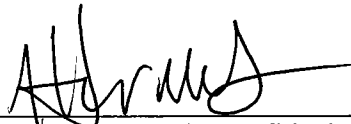
Let me know if you have any question on the above matters.

Thx,

Renzo

F

**THIS IS EXHIBIT "F"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019**



Commissioner for Taking Affidavits



Barristers & Solicitors

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: +1 (416) 597-5165
jwadden@goodmans.ca

October 10, 2019

Via Email

Conlin Bedard LLP
220 Laurier Avenue West, Suite 700
Ottawa, ON K1P 5Z9

Attn: Paul Conlin (pconlin@conlinbedard.com)

Dear Sir:

**Re: Demand for Payment of Amounts Owing to Del Equipment Inc. (“DEL”)
Mack Defense, LLC Purchase Order No. 1904 (the “Purchase Order”)
PWGSC Contract #W8476-185853**

We are counsel to DEL.

Further to our telephone conversation of October 7, 2019, as well as a number of recent discussions and emails between representatives of DEL and Mack Defense, LLC (“**Mack Defense**”), we are writing to advise that Mack has outstanding accounts with DEL in the total amount of CAD\$874,107.08 (exclusive of applicable interest) with respect to the above noted Purchase Order and related invoices duly issued by DEL to Mack Defense on or about June 6, 2019, which were due on receipt (the “**Invoices**”). The Purchase Order and Invoices pertain to work performed by DEL in respect of 8 truck up-fits (largely dump and plow bodies), which trucks were confirmed delivered to various Department of National Defence bases and Parks Canada by DEL on behalf of Mack Defense between May 3, 2019 and June 25, 2019.

We confirm that Mack Defense has acknowledged to DEL that, through payments made on or about August 28, 2019, and September 4, 2019, it inadvertently paid a total of CAD\$874,107.08 to Gin-Cor Industries Inc. (“**Gin-Cor**”) in respect of the Purchase Orders and Invoices. As Mack Defense has previously and repeatedly been advised, DEL and Gin-Cor are separate legal entities, and payment by Mack Defense to Gin-Cor does not constitute satisfaction of amounts due and owing by Mack Defense to DEL. Accordingly, Mack Defense remains indebted to DEL in the amount of CAD\$874,107.08 with respect to the Purchase Orders and Invoices, exclusive of applicable interest.

DEL hereby demands that Mack Defense immediately pay to it the sum of CAD\$874,107.08 by wire transfer of immediately available funds to the account specified on Schedule “A” hereto. To the extent payment in full is not received in DEL’s account by 5:00 pm (Toronto time) on **October 15, 2019**, be advised that DEL intends to commence legal action to recover the amounts

due and owing to it, including interest, and to seek such other relief as it considers appropriate in the circumstances, with or without further notice to Mack Defense.

Please also be advised that, in light of the circumstances of this case, DEL is also undertaking efforts to recover the funds from Gin-Cor, without prejudice to the right of DEL to recover the full amount of the debt due and owing to it by Mack Defense. To the extent that DEL recovers any funds from Gin-Cor following receipt of the amount above from Mack Defense, DEL will remit any excess amount it receives to you.

DEL reserves all of its rights and remedies with respect to these matters and otherwise in relation to Mack Defense, including, without limitation, to hold Mack Defense responsible for any and all damages that DEL may suffer arising from Mack Defense's failure to pay the amounts due and owing to DEL, and including legal costs incurred by DEL on a full indemnity basis.

Yours truly,

Goodmans LLP



Jason Wadden

Encl.

SCHEDULE "A"
DEL WIRE INSTRUCTIONS

[See attached.]

WIRE PAYMENT SERVICES at BANK OF MONTREAL

Inbound Wire Payments

Canadian Dollar Wire Payment Instructions for Bank of Montreal Customers:

Your Wire Payments Account Identifier held at Bank of Montreal consists of 11-digits, combining the four (4) digits Branch Transit Number and seven (7) digits Account Number. This numbering convention is internal to Bank of Montreal's client accounts for wire payment services, and should be formatted without spaces, dashes, slashes and any special characters such as #, %, and etc.

It is important that the 11-digit Account Number ID be quoted on all inbound wire payments in the Beneficiary field; otherwise you may experience delays in the receipt of the wire payment proceeds.

"GENERAL CAD PAYMENT ROUTING INSTRUCTIONS"

PAYMENT ROUTING INSTRUCTIONS: DEL EQUIPMENT INC BLKD

Pay through:
(Receiving Bank)

Bank of Montreal,
International Banking, Head Office,
Montreal
S.W.I.F.T. BIC CODE: BOFMCAM2

Account With Institution:
(Beneficiary's Bank)

Bank of Montreal
100 King Street West, Toronto, Ontario, M5X 1A1

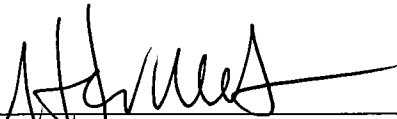
Beneficiary Customer:
(BNF field or
SWIFT field 59)


DEL EQUIPMENT INC BLKD
210 Harry Walker Parkway
New market ON L3Y 7B4

BMO FINANCIAL GROUP
Treasury & Payment Solutions
First Canadian Place
100 King Street West C.O
22nd Floor
Toronto, Ontario M5X 1A1

G

**THIS IS EXHIBIT "G"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019**



Commissioner for Taking Affidavits



Barristers & Solicitors

Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: +1 (416) 597-5165
jwadden@goodmans.ca

October 10, 2019

Via Email

Gin-Cor Industries Inc.
5151 Highway 17 West
Mattawa, ON
POH 1V0

Attn: Luc Stang (President) and Renzo Silveri (COO)

Dear Sirs:

**Re: Demand for Payment of Amounts Unlawfully Received by Gin-Cor Industries Inc.
("Gin-Cor") from Mack Defense, LLC ("Mack Defense")**

We are counsel to Del Equipment Inc. ("DEL").

Further to the recent discussions and emails between representatives of DEL and Gin-Cor, we confirm that Gin-Cor is unlawfully in receipt of CAD\$874,107.08 paid by Mack Defense to Gin-Cor on or about August 28, 2019 (CAD\$62,419.83) and September 5, 2019 (CAD\$811,687.25), which payments were intended to be made by Mack Defense to DEL in connection with the up-fit and delivery of various trucks by DEL to Mack Defense.

Despite: (i) Gin-Cor's acknowledgement that it has received such funds and that such funds constitute DEL's property; and (ii) repeated requests that Gin-Cor return the funds to Mack Defense or pay them over to DEL, Gin-Cor has failed to do so to date, which failure has and will continue to cause significant damages to DEL and constitutes unlawful conversion, interference with DEL's economic relationships and, potentially, theft.

DEL hereby demands that Gin-Cor immediately pay to it the sum of CAD\$874,107.08 by wire transfer of immediately available funds to the account specified on Schedule "A" hereto. To the extent payment in full is not received in DEL's account by 5:00 pm (Toronto time) on **October 15, 2019**, be advised that DEL intends to immediately commence legal action to recover the amounts owing to it and to seek such other relief as it considers appropriate in the circumstances, with or without further notice to Gin-Cor.

Additionally, we confirm that the amounts paid by Mack Defense to Gin-Cor are held in trust by Gin-Cor for DEL's benefit and should be immediately segregated and held separate and apart

from any property of Gin-Cor, and further that your failure to segregate such funds will expose Gin-Cor and its directors and officers to liability for breach of trust and additional torts.

We understand that Gin-Cor takes the position that it is entitled to set-off the monies that it unlawfully intercepted on the basis that it is owed amounts from DEL. Even if Gin-Cor is owed amounts from DEL (which is not admitted), Gin-Cor is not entitled to set-off such amounts against funds that it unlawfully intercepted.

DEL reserves all of its rights and remedies with respect to these matters and other matters in relation to Gin-Cor, including, without limitation, to hold Gin-Cor fully liable for any and all damages that DEL may suffer arising from Gin-Cor's unlawful receipt and holding of the funds paid to it by Mack Defense, and including legal costs incurred by DEL on a full indemnity basis.

Yours truly,

Goodmans LLP



Jason Wadden

Encl.

SCHEDULE "A"
DEL WIRE INSTRUCTIONS

[See attached.]

6993069

WIRE PAYMENT SERVICES at BANK OF MONTREAL

Inbound Wire Payments

Canadian Dollar Wire Payment Instructions for Bank of Montreal Customers:

Your Wire Payments Account Identifier held at Bank of Montreal consists of 11-digits, combining the four (4) digits Branch Transit Number and seven (7) digits Account Number. This numbering convention is internal to Bank of Montreal's client accounts for wire payment services, and should be formatted without spaces, dashes, slashes and any special characters such as #, %, and etc.

It is important that the 11-digit Account Number ID be quoted on all inbound wire payments in the Beneficiary field; otherwise you may experience delays in the receipt of the wire payment proceeds.

"GENERAL CAD PAYMENT ROUTING INSTRUCTIONS"

PAYMENT ROUTING INSTRUCTIONS: DEL EQUIPMENT INC BLKD


Pay through:
(Receiving Bank)

Bank of Montreal,
International Banking, Head Office,
Montreal
S.W.I.F.T. BIC CODE: BOFMCAM2

Account With Institution:
(Beneficiary's Bank)

Bank of Montreal
100 King Street West, Toronto, Ontario, M5X 1A1

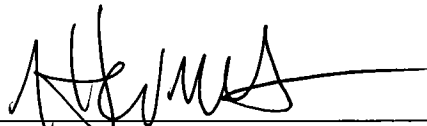
Beneficiary Customer:
(BNF field or
SWIFT field 59)


DEL EQUIPMENT INC BLKD
210 Harry Walker Parkway
New market ON L3Y 7B4

BMO FINANCIAL GROUP
Treasury & Payment Solutions
First Canadian Place
100 King Street West C.O
22nd Floor
Toronto, Ontario M5X 1A1

II

**THIS IS EXHIBIT "H"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019**



Commissioner for Taking Affidavits

October 15, 2019

SENT VIA EMAIL

Mr. Jason Wadden
Goodmans LLP
Bay Adelaide Centre
3400 – 333 Bay Street
Toronto, ON M5H 2S7

WITHOUT PREJUDICE

Dear Mr. Wadden:

**RE: Mack Defense and DEL Equipment Inc.
Purchase Order No. 1904**

This is further to our conversation of October 7 and your letter dated October 10, 2019 in which your client DEL Equipment Inc. (“**DEL**”) demands payment from Mack Defense LLC (“**Mack Defense**”).

Contrary to the statements in your letter, Mack Defense does not acknowledge that payment of the amount in dispute was made to the wrong party. Mack Defense has made payment in full to your client and their partner, Gin-Cor Industries Inc. (“**Gin-Cor**”), on August 28 and September 4, 2019.

The purchase order for the deliverables was issued by Mack Defense on July 5, 2018 to DEL. Your client represented to my client that they were operating as a partnership known as Gin-Cor Werx. Correspondence relating to the purchase order was conducted by representatives of Gin-Cor with the knowledge and consent of your client.

We understand that the Gin-Cor Werx partnership between your client and Gin-Cor has recently been terminated. Mack Defense was informed of this by your client in a letter dated September 12, 2019 but sent to Mack Defense on September 13, 2019. In that letter, your client acknowledges that DEL and Gin-Cor were operating as a partnership known as Gin-Cor Werx and advises that the formal partnership was dissolved “at the end of July” of 2019. The letter also acknowledges “that the management team at Gin-Cor has been responsible for running DEL over the last two years.”



CONLIN BEDARD
LLP
BARRISTERS & SOLICITORS

Page 2

Notice of the dissolution of the partnership was not communicated to Mack Defense until September 13, 2019, after payment of the disputed amount was paid based on instructions received from Gin-Cor Werx.

We understand there is a dispute between the former Gin-Cor Werx partners regarding allocation of the funds received from Mack Defense for work completed under the purchase order. While my client is sympathetic, Mack Defense made payment in good faith to the partnership. In our view, DEL's dispute is with Gin-Cor.

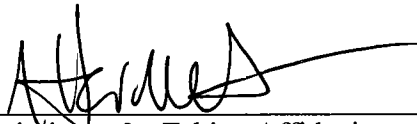
I note that the purchase order at issue is governed by the laws of Pennsylvania and stipulates that disputes are to be resolved in accordance with the rules of the International Chamber of Commerce and that the seat of the tribunal is New York, New York. As such, the Ontario Courts do not have jurisdiction over any dispute arising with my client in relation to the purchase order.

Yours truly,

Paul Conlin
Conlin Bedard LLP

I

**THIS IS EXHIBIT "I"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019**



Commissioner for Taking Affidavits

DEL Equipment Inc.
Cash Flow Forecast
For the thirteen week period ending January 13, 2020
(Unaudited, in \$'000s CAD)

	Week 1 21-Oct-19	Week 2 28-Oct-19	Week 3 4-Nov-19	Week 4 11-Nov-19	Week 5 18-Nov-19	Week 6 25-Nov-19	Week 7 2-Dec-19	Week 8 9-Dec-19	Week 9 16-Dec-19	Week 10 23-Dec-19	Week 11 30-Dec-19	Week 12 6-Jan-20	Week 13 13-Jan-20	Total
Receipts	1,028	1,028	772	772	772	772	812	812	812	812	812	903	903	11,013
Disbursements														
Merchandise Vendors	838	838	743	743	743	743	594	594	594	594	594	702	702	9,025
Non-Merchandise Vendors	146	146	146	145	145	145	145	146	146	146	146	153	153	1,904
Payroll	156	156	143	143	143	143	130	130	130	130	130	128	128	1,788
Tax	0	0	11	0	0	0	(60)	0	0	0	0	47	0	(2)
Total Disbursements	1,140	1,140	1,044	1,031	1,031	1,031	809	870	870	870	870	1,029	982	12,717
Operating Net Cash Flow	(112)	(112)	(271)	(258)	(258)	(258)	3	(58)	(58)	(58)	(58)	(126)	(80)	(1,704)
Restructuring Professional Fees	240	64	47	87	34	34	34	34	42	29	29	29	29	732
DEL Hydraulics Inc. Sale	(352)	413	(318)	(345)	(292)	(292)	(31)	(92)	(100)	(87)	(87)	(155)	(109)	(1,847)
Net Cash Flow	1,500	1,148	1,561	1,243	898	605	313	282	190	91	4	67	62	1,500
Beginning Cash	(352)	413	(318)	(345)	(292)	(292)	(31)	(92)	(100)	(87)	(87)	(155)	(109)	(1,847)
Net Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	400
Interim Financing/(repayment)	1,148	1,561	1,243	898	605	313	282	190	91	4	67	62	53	1,500
Ending Cash														53

Note 1

Note 2

Note 3

Note 4

Note 5

Note 6

Note 7

DEL Equipment Inc. ("DEL" or the "Company")
Weekly Cash Flow Forecast
Notes and Summary of Assumptions

Disclaimer

In preparing this cash flow forecast (the "Forecast"), DEL has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

The Forecast is presented in thousands of Canadian dollars. Receipts and disbursements denominated in U.S. currency have been converted into Canadian dollars at an exchange rate of approximately 1.33 CAD/USD and for Euro to Canadian dollars approximately 1.47 CAD/EUR.

Note 1 Receipts

Receipts are forecast based on the Company's current sales forecast, inclusive of sales tax. Existing accounts receivable will be collected in approximately 60 days. Historically, the Company's DSO (days of sales outstanding) has been in the range of 34-42 days in 2017 and 2018 and it is 55 days as on September 30, 2019. Hence, the collection period of 60 days for the 13-week cash flows is in line with the past achievements.

Note 2 Merchandise Vendors

Merchandise vendors include disbursements to both domestic and foreign third- party merchandise suppliers. Disbursements are based on the Company's current inventory receipts and cost of sales schedule with certain vendors forecast to be paid on COD terms. In addition, the Company has identified certain outstanding balances of \$ 1.05 million pertaining to international vendors and have considered weekly payment of \$ 80,769 for them in the 13-week cash flows. Historically, the DPO (days of payables outstanding) has been in the range of 50 days.

Note 3 Non-Merchandise Vendors

Non-Merchandise vendors include disbursement to logistics, procurement, IT and ecommerce, marketing and facilities management. Disbursements are based on COD terms. Historically, the DPO (days of payables outstanding) has been in the range of 50 days.

Note 4 Payroll

Disbursements include salaries, wages, remittances and employee benefits for salaried and hourly employees.

Note 5 Tax

Disbursements include sales tax remittances and income tax instalments.

Note 6 Restructuring Professional Fees

Disbursements include forecast payments to DEL's legal counsel and financial advisors, the Monitor and its legal counsel and legal counsel to the DIP lender.

Note 7 DEL Hydraulics Inc. Sale

Subsequent to the CCAA filing, DEL Equipment Inc. expects to close an asset sale of limited assets to DEL Hydraulics Inc. and cash proceeds are expected to be received in the week ended October 28, 2019.



October 20, 2019

MNP Ltd.
111 Richmond Street West, Suite 300
Toronto, ON M5H 2G4

Attention: Sheldon Title

Dear Sir:

Re: Proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA") in respect of Del Equipment Inc. ("DEL")

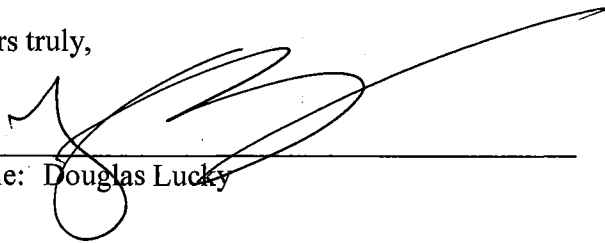
In connection with the application by DEL for the commencement of proceedings under the CCAA, the management of DEL, with the assistance of its advisors, has prepared the attached cash flow projection for the period from the week of October 21, 2019 to the week of January 13, 2020 (the "**Cash Flow Forecast**") using the assumptions on which the Cash Flow Forecast is based. The purpose of the Cash Flow Forecast is to determine the liquidity requirements of DEL during the CCAA proceedings.

DEL confirms that the hypothetical assumptions on which the Cash Flow Forecast is based are reasonable and consistent with the purpose of the projections described herein, and the probable assumptions are suitably supported and consistent with the plans of DEL and provide a reasonable basis for the projections. All such assumptions are disclosed in the notes to the Cash Flow Forecast (the "**Notes**").

Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

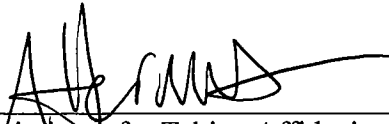
The projections have been prepared solely for the purpose described herein, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Yours truly,


Name: Douglas Lucky

J

THIS IS EXHIBIT "J"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019



Commissioner for Taking Affidavits

DIP FINANCING TERM SHEET

Dated as of October 21, 2019

WHEREAS Del Equipment Inc. (the “**Borrower**”) has requested and the DIP Lender (as defined below) has agreed to provide financing to the Borrower during the pendency of the Borrower’s proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) to be commenced before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), such financing to be provided in accordance with the terms and conditions set out herein;

AND WHEREAS, the DIP Lender has agreed to provide financing in order to fund certain obligations of the Borrower during the CCAA Proceedings and the Borrower’s pursuit of the Sales Process (as defined below);

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **BORROWER:** Del Equipment Inc.
2. **DIP LENDER:** Diesel Equipment Limited (the “**DIP Lender**”).
3. **DEFINED TERMS:** Unless otherwise defined herein, capitalized words and phrases used in this DIP Financing Term Sheet have the meanings given thereto in Schedule A hereto. Unless otherwise noted, all references to currency, “dollars” or “\$” shall be deemed to refer to Canadian dollars.
4. **DIP FACILITY;
DRAWDOWNS:** A senior secured debtor-in-possession, interim, non-revolving multiple draw credit facility (the “**DIP Facility**”) up to a maximum principal amount of \$1 million (the “**Facility Amount**”), subject to the terms and conditions contained herein.

The initial advance of the Facility Amount (the “**Initial Advance**”) shall be funded to the Borrower within two (2) Business Days after the date on which the Initial Funding Conditions (as defined below) have been satisfied or waived in accordance with Section 8, or such shorter period as the DIP Lender may agree in its sole discretion. Each advance (other than the Initial Advance) of the Facility Amount (each a “**Subsequent Advance**”) shall be funded to the Borrower within two (2) Business Days following (i) the date on which the Subsequent Funding Conditions (as defined below) have been satisfied or

waived in accordance with Section 9, and (ii) the receipt of a drawdown request certificate in the form attached hereto as Schedule C (the “**Drawdown Request Certificate**”), or such shorter period as the DIP Lender may agree to in its sole discretion.

5. INTEREST:

Interest shall be payable in cash on the aggregate outstanding principal of the Facility Amount from the date of the funding thereof at a rate equal to 6.5% *per annum*, compounded monthly and payable in full on the Maturity Date.

All interest and fees shall be computed on the basis of a year of 365 days, provided that whenever a rate of interest or fee hereunder is calculated on the basis of a year (the “**deemed year**”) that contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or fee rate shall be expressed as a yearly rate by multiplying such rate of interest or fee by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

The parties shall comply with the following provisions to ensure that no receipt by the DIP Lender of any payments under this DIP Financing Term Sheet would result in a breach of section 347 of the *Criminal Code* (Canada):

- (a) If any provision of this DIP Financing Term Sheet would obligate the Borrower to make any payment to the DIP Lender of an amount that constitutes “interest”, as such term is defined in the *Criminal Code* (Canada) and referred to in this section as “**Criminal Code Interest**”, which would result in the receipt by the DIP Lender of Criminal Code Interest at a criminal rate (as defined in the *Criminal Code* (Canada) and referred to in this section as a “**Criminal Rate**”), then, notwithstanding such provision, that amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not result in the receipt by the DIP Lender of Criminal Code Interest at a Criminal Rate, and the adjustment shall be effected, to the extent necessary, as follows:

- (i) *first*, by reducing the amount or rate of interest required to be paid to the DIP Lender; and
 - (ii) *thereafter*, by reducing any other amounts (other than costs and expenses) (if any) required to be paid to the DIP Lender which would constitute Criminal Code Interest.
- (b) Any amount or rate of Criminal Code Interest referred to in this section shall be calculated and determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any portion of the DIP Facility remains outstanding on the assumption that any charges, fees or expenses that constitute Criminal Code Interest shall be *pro-rated* over the period commencing on the date of the advance of the Facility Amount and ending on the relevant Maturity Date (as may be extended by the DIP Lender from time to time under this DIP Financing Term Sheet).

6. COSTS AND EXPENSES

The Borrower will reimburse, without duplication, the DIP Lender for all reasonable and documented out-of-pocket expenses (including reasonable and documented legal fees and expenses of counsel for the DIP Lender) in connection with the CCAA Proceedings and the on-going monitoring, administration and enforcement of the DIP Facility.

7. PURPOSE AND PERMITTED PAYMENTS:

The Borrower shall use proceeds of the DIP Facility solely for the following purposes, in each case in accordance with the Initial Order and the DIP Budget (subject to the Permitted Variance):

- (a) to pay (i) the reasonable and documented legal fees and expenses of the DIP Lender in accordance with Section 6 hereof, (ii) the reasonable and documented financial advisory fees and legal fees and expenses of the Borrower (including, without limitation, any fees and expenses of 2255987 Ontario Limited (operating as Strategic Results Advisors), including legal fees), including as relates to the services of Douglas Lucky to the extent appointed as chief restructuring officer of the Borrower) and (iii) the reasonable and documented fees and expenses of

the Monitor and its legal counsel;

- (b) to pay the fees and interest owing to the DIP Lender under this DIP Financing Term Sheet; and
- (c) to fund the Borrower's general corporate and working capital needs, including funding the CCAA Proceedings and the pursuit of the Sales Process.

The Borrower may use the proceeds of the DIP Facility to pay pre-filing obligations, provided that such amounts are permitted to be paid pursuant to the Initial Order and the aggregate amount of all such pre-filing amounts shall not exceed the amount set out in the DIP Budget.

**8. CONDITIONS
PRECEDENT TO INITIAL
FUNDING OF FACILITY
AMOUNT:**

The DIP Lender's agreement to fund the Initial Advance Facility Amount to the Borrower is subject to the satisfaction or waiver by the DIP Lender of the following conditions precedent (the "**Initial Funding Conditions**"):

- (a) The DIP Lender (or its counsel) shall have had a reasonable opportunity to review advance copies of, and shall be reasonably satisfied with, all material documents to be filed in respect of the Initial Order;
- (b) The Court shall have entered the Initial Order substantially in the form reasonably acceptable to the DIP Lender (or its counsel), which shall include the grant by the Court of a charge in favour of the DIP Lender (the "**DIP Lender Charge**") on the Collateral, securing all obligations owing by the Borrower to the DIP Lender hereunder including, without limitation, all principal, interest, and fees owing to the DIP Lender as set out herein (collectively, the "**DIP Financing Obligations**") and providing, among other things, that the DIP Lender Charge shall have priority on the Collateral over all Liens, other than the Permitted Priority Liens, and such Initial Order shall not have been stayed, vacated or otherwise amended, restated or modified in any manner that adversely affects the DIP Lender, without the written consent of the DIP Lender;
- (c) The DIP Lender (or its counsel) shall be satisfied

that the entering into of this DIP Financing Term Sheet, the granting of the DIP Lender Charge, the consummation of the transactions contemplated hereby has been approved by the Borrower;

- (d) The Borrower shall have executed and delivered this DIP Financing Term Sheet;
- (e) No Event of Default shall have occurred or will occur as a result of the requested advance;
- (f) There shall be no Liens ranking in priority to the DIP Lender Charge over the property and assets of the Borrower, other than the Permitted Priority Liens;
- (g) All reasonable and documented expenses (including all reasonable and documented legal fees and expenses) of the DIP Lender incurred in connection with the DIP Facility and invoiced by no later than two (2) Business Days' prior to the initial funding of the Facility Amount shall have been paid in full as and to the extent required under Section 6 (which expenses may be deducted from the advance of the Facility Amount); and
- (h) The DIP Lender shall have received a Drawdown Request Certificate at least two (2) Business Days prior to the requested date of advance.

9. CONDITIONS PRECEDENT TO SUBSEQUENT ADVANCES:

The DIP Lender's agreement to fund any Subsequent Advance under the Facility Amount to the Borrower is subject to the satisfaction or waiver by the Lender of the following conditions precedent prior to each such advance (the "**Subsequent Funding Conditions**" and together with the Initial Funding Conditions, collectively, the "**Funding Conditions**"):

- (a) The Initial Funding Conditions shall continue to be satisfied; and
- (b) The DIP Lender shall have received a Drawdown Request Certificate at least two (2) Business Days prior to the requested date of advance.

10. DIP FACILITY SECURITY: All obligations of the Borrower to the DIP Lender under or in connection with the DIP Facility shall be secured by

the DIP Lender Charge.

11. REPAYMENT:

The DIP Facility shall be repayable in full on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured and a demand for repayment in writing having been made by the DIP Lender to the Borrower with a copy to the Monitor (and each of their respective counsel); (ii) the implementation of a transaction pursuant to the Sales Process or a plan of compromise or arrangement under the CCAA, in which case the DIP Financing Obligations shall be treated in the manner contemplated thereunder; and (iii) April 15, 2020 (the earliest of such dates being the “**Maturity Date**”). The Maturity Date may be extended from time to time at the request of the Borrower and with the prior written consent of the DIP Lender for such period and on such terms and conditions as the Borrower and the DIP Lender may agree, provided that any material amendments to the terms and conditions shall be also be subject to the prior written consent of the Monitor.

**12. DIP BUDGET AND
VARIANCE REPORTING:**

Attached as Schedule B hereto is a copy of the agreed initial DIP Budget as in effect on the date hereof, which the DIP Lender acknowledges and agrees has been reviewed and approved by the DIP Lender, and is in form and substance satisfactory to the DIP Lender. Such DIP Budget shall be the DIP Budget referenced in this DIP Financing Term Sheet until such time as a revised DIP Budget has been approved by the DIP Lender in accordance with this Section 12.

The Borrower may update and propose a revised DIP Budget to the DIP Lender no more frequently than every two weeks (unless otherwise consented to by the DIP Lender), in each case to be delivered to the DIP Lender’s counsel and to the Monitor, no earlier than the Friday of the second week following the date of the delivery of the prior DIP Budget. If the DIP Lender determines that the proposed revised DIP Budget is not acceptable, it shall, within three (3) Business Days of receipt thereof, provide written notice to the Borrower (and its legal counsel) and the Monitor stating that the proposed revised DIP Budget is not acceptable and setting out the reasons why such revised DIP Budget is not acceptable, and until the Borrower has delivered a revised DIP Budget acceptable to the DIP Lender, the prior DIP Budget shall remain in effect. In the event that the DIP Lender (or its counsel)

does not deliver to the Borrower written notice within three (3) Business Days after receipt by the DIP Lender's counsel of a proposed revised DIP Budget that such proposed revised DIP Budget is not acceptable to the DIP Lender, such proposed revised DIP Budget shall automatically and without further action be deemed to have been accepted by the DIP Lender and become the DIP Budget for the purposes hereof.

At any time, the latest DIP Budget accepted by the DIP Lender (or which has not been designated as not acceptable by the DIP Lender by written notice to the Borrower, as provided above), shall be the DIP Budget for the purpose of this DIP Financing Term Sheet.

Within ten (10) days of the end of a month, the Borrower shall deliver to the DIP Lender's counsel, a variance calculation (the "**Variance Report**") setting forth (i) actual receipts and disbursements for the preceding month and (ii) actual receipts and disbursements on a cumulative basis since the beginning of the period covered by the then-current DIP Budget, in each case as against the then-current DIP Budget, and setting forth all the variances, on an aggregate basis in comparison to the amounts set forth in respect thereof in the DIP Budget; each such Variance Report to be promptly discussed with the DIP Lender and its advisors upon request.

13. PREPAYMENTS:

The Borrower may, without premium or penalty, prepay any amounts outstanding under the DIP Facility at any time prior to the Maturity Date.

14. CURRENCY:

If any payment is received by the DIP Lender hereunder in a currency other than Canadian dollars, or, if for the purposes of obtaining judgment in any court it is necessary to convert a sum due in Canadian dollars (the "**Original Currency**") into another currency (the "**Other Currency**"), the parties hereby agree, to the fullest extent permitted by Applicable Law, that the rate of exchange used shall be the rate at which the DIP Lender is able to purchase the Original Currency with the Other Currency after any premium and costs of exchange on the Business Day preceding that on which such payment is made or final judgment is given.

15. REPRESENTATIONS AND

The Borrower represents and warrants to the DIP Lender, upon which the DIP Lender is relying in entering into this

WARRANTIES:

DIP Financing Term Sheet, that:

- (a) The transactions contemplated by this DIP Financing Term Sheet:
 - (i) are within the corporate power of the Borrower;
 - (ii) have been duly executed and delivered by or on behalf of the Borrower;
 - (iii) upon the granting of the Initial Order, shall constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms;
 - (iv) upon the granting of the Initial Order, do not require any material authorization from, the consent or approval of, registration or filing with, or any other action by, any governmental authority or any third party; and
 - (v) will not violate the articles or by-laws of the Borrower or any Applicable Law.
- (b) The Collateral is free and clear of all Liens other than Permitted Liens and, upon the granting of the Initial Order, the DIP Lender Charge.

16. AFFIRMATIVE COVENANTS:

The Borrower agrees to do, or cause to be done, the following, unless otherwise consented to or waived in writing by the DIP Lender, acting reasonably:

- (a) The Borrower shall serve its CCAA comeback motion for the Initial Order on all material secured parties, if any, that did not receive notice of the application for the Initial Order and shall include an application by the Borrower requesting that the Court order that the DIP Lender Charge shall rank in priority to the Liens of any such secured parties that did not receive notice of the application for the Initial Order, but excluding, in each case, any secured party holding a Permitted Priority Lien;
- (b) (i) Provide the DIP Lender and its advisors with reasonable access to the books, records, financial information and electronic data rooms of or

maintained by the Borrower, and (ii) cause management, the financial advisor and legal counsel of the Borrower, to cooperate with reasonable requests for information by the DIP Lender and its advisors, in each case subject to solicitor-client privilege, all Court Orders and applicable privacy laws and the Borrower's confidentiality obligations to third parties, in connection with matters reasonably related to the DIP Facility or compliance of the Borrower with its obligations pursuant to this DIP Financing Term Sheet;

- (c) Keep the DIP Lender apprised on a timely basis of all material developments with respect to the CCAA Proceedings, including all matters relating to the Sales Process;
- (d) Deliver to the DIP Lender's advisors the reporting and other information required pursuant to this DIP Financing Term Sheet including, without limitation, the Variance Reports at the times set out herein;
- (e) Use the proceeds of the DIP Facility only in accordance with Section 7 and in accordance with the restrictions set out herein and pursuant to the DIP Budget;
- (f) Comply with the provisions of the Initial Order, the Sales Process Order (which may form part of the Initial Order) and all other orders of the Court entered in connection with the CCAA Proceedings (collectively, the "**Court Orders**" and each a "**Court Order**");
- (g) Promptly notify the DIP Lender of the occurrence of any Event of Default;
- (h) Comply in all material respects with Applicable Law, except to the extent not required to do so pursuant to the Initial Order or any other Court Order;
- (i) Provide the DIP Lender's counsel with draft copies of all material motions, applications or proposed orders that the Borrower intends to file

in the CCAA Proceedings as soon as is reasonably practicable in advance of the service of such materials to the service list in respect of the CCAA Proceedings; provided that all such filings by the Borrower shall be in form and substance reasonably acceptable to the DIP Lender and its counsel to the extent that any such filings materially affect the rights and interests of the DIP Lender or the Sales Process;

- (j) Take all actions necessary or available to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating to the extent that it would materially affect the rights and interests of the DIP Lender or the Sales Process;
- (k) Comply with the DIP Budget subject to the Permitted Variance;
- (l) The Borrower shall achieve the following milestones (the “**Milestones**”) by the dates set out below (or such later dates as may be consented to by the DIP Lender, acting reasonably):
 - (i) The Sales Process Order shall have been entered on or before the date which is 5 days following the entry of the Initial Order;
 - (ii) a Court Order approving the Successful Bid pursuant to the Sales Process shall have been entered on or before February 29, 2020; and
 - (iii) the transaction contemplated by the Successful Bid shall be implemented on or before March 31, 2020.

17. NEGATIVE COVENANTS: The Borrower covenants and agrees not to do, or cause not to be done, the following, other than with the prior written consent of the DIP Lender, acting reasonably:

- (a) Transfer, lease or dispose of all or any substantial part of its property, assets or undertaking outside of the ordinary course of business, except such asset sales or dispositions as are permitted pursuant to the Initial Order;

- (b) Make any payment, including, without limitation, any payment of principal, interest or fees, in respect of pre-filing indebtedness, or in respect of any other pre-filing liabilities, other such amounts as are permitted to be paid pursuant to the Initial Order and provided that the aggregate amount of all such pre-filing amounts shall not exceed the amount set out in the DIP Budget;
- (c) Create or permit to exist any indebtedness other than (A) the indebtedness existing as of the date hereof, (B) the DIP Financing Obligations and (C) post-filing trade payables or other obligations incurred in the ordinary course of business;
- (d) Make any distribution, dividend, return of capital or other distribution in respect of, or any redemption of, equity securities (in cash, securities or other property or otherwise);
- (e) Make any material investments or acquisitions whether direct or indirect, other than as reflected in the DIP Budget;
- (f) Create or permit to exist any Liens on any of its properties or assets other than the Permitted Liens;
- (g) Amalgamate, consolidate with or merge into or sell all or substantially all of their assets to another entity, or change their corporate or capital structure (including their organizational documents) or enter into any agreement committing to such actions except in connection with the Sales Process; or
- (h) Seek, or consent to the appointment of, a receiver or trustee in bankruptcy or any similar official in any jurisdiction.

18. EVENTS OF DEFAULT:

The occurrence of any one or more of the following events shall constitute an event of default (each an “**Event of Default**”) under this DIP Financing Term Sheet:

- (a) Failure by the Borrower to pay: (i) principal, interest or other amounts within three (3) Business Days of such amounts becoming due under this DIP Financing Term Sheet; or (ii) costs

and expenses of the DIP Lender in accordance with Section 6 hereof within ten (10) Business Days of receiving an invoice therefor;

- (b) Failure by the Borrower to (i) meet any Milestone within three (3) Business Days of the date set out therefor in Section 16(1), (ii) delivery any Variance Report within three (3) days of the date set out therefor in Section 12 or (iii) perform or comply with any of the other covenants set out herein (other than as set out in paragraph (a) above or in items (i) and (ii) of this paragraph (b)) and such failure remains unremedied for ten (10) Business Days following receipt of notice thereof from the DIP Lender;
- (c) Any representation or warranty by the Borrower made in this DIP Financing Term Sheet is or proves to be incorrect or misleading in any material respect as of the date made;
- (d) Issuance of a Court Order: (i) dismissing the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit the enforcement of any security against the Borrower or the Collateral, the appointment of a receiver, interim receiver or similar official, an assignment in bankruptcy, or the making of a bankruptcy order against or in respect of the Borrower, in each case which order is not stayed pending appeal thereof, and other than in respect of a non-material asset not required for the operations of the Borrower's business; (ii) granting any other Lien in respect of the Collateral that is in priority to or pari passu with the DIP Lender Charge other than as permitted pursuant to this DIP Financing Term Sheet (including, for greater certainty, any Permitted Priority Liens granted pursuant to a Court Order), or (iii) staying, reversing, vacating or otherwise modifying this DIP Financing Term Sheet or the DIP Lender Charge, in each case unless otherwise consented to by the DIP Lender;
- (e) Unless consented to in writing by the DIP Lender, the expiry without further extension of the stay of proceedings provided for in the Initial Order;

- (f) As at the date of any Variance Report, there shall exist a net negative variance from the DIP Budget in excess of 20% (the “**Permitted Variance**”) on a cumulative basis since the beginning of the period covered by the then-current DIP Budget; or
- (g) The denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of this DIP Financing Term Sheet.

19. REMEDIES:

Upon the occurrence of an Event of Default, the DIP Lender may, upon not less than seven (7) days’ prior written notice to the Borrower and the Monitor, and otherwise subject to the provisions of the Court Orders, declare the DIP Financing Obligations to be immediately due and payable and may thereafter, exercise any and all of its rights and remedies against the Borrower or the Collateral under or pursuant to this DIP Financing Term Sheet and the DIP Lender Charge, including, without limitation:

- (a) apply to a court for appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Borrower and for the appointment of a trustee in bankruptcy of the Borrower;
- (b) set-off or consolidate any amounts then owing by the DIP Lender to the Borrower against the obligations of any of the Borrower to the DIP Lender (in their capacities as such) hereunder; and
- (c) exercise all such other rights and remedies under Applicable Law.

20. INDEMNITY AND RELEASE:

The Borrower agrees to indemnify and hold harmless the DIP Lender and its directors, officers, employees and agents (all such persons and entities being referred to hereafter as “**Indemnified Persons**”) from and against any and all actions, suits, proceedings, claims, losses, damages and liabilities of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against any Indemnified Person as a result of or arising out of or in any way related to the DIP Facility, this DIP Financing

Term Sheet and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding or claim; provided, however, the Borrower shall not be obligated to indemnify any Indemnified Person against any loss, claim, damage, expense or liability (x) to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction (y) relating to the DIP Lender's failure to comply with or breach of their respective obligations under this DIP Financing Term Sheet, or (z) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrower. The Borrower shall not be responsible or liable to any Indemnified Person or any other person for consequential damages, loss of profits or punitive damages.

21. DIP LENDER'S APPROVALS:

Any consent, agreement, amendment, approval, waiver or instruction of the DIP Lender to be delivered hereunder, may be delivered by any written instrument, including by way of electronic mail, by counsel on behalf of the DIP Lender.

22. FURTHER ASSURANCES:

The Borrower shall, at its expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents and things as the DIP Lender may reasonably request for the purpose of giving effect to this DIP Financing Term Sheet.

23. ENTIRE AGREEMENT; CONFLICT:

This DIP Financing Term Sheet, including the schedules hereto, constitute the entire agreement between the parties relating to the subject matter hereof.

24. AMENDMENTS, WAIVERS, ETC.:

No amendment of any provision of this DIP Term Sheet shall be effective unless agreed to by the Borrower and the DIP Lender and, in the case of any material amendment, the Monitor.

No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing by the DIP Lender and delivered in accordance with the terms of this DIP Financing Term Sheet, and then such waiver shall be effective only in the specific instance and for the

specific purpose given.

25. ASSIGNMENT:

The DIP Lender may, with the consent of the Borrower (which consent shall not be required during the existence of any Event of Default hereunder), assign this DIP Financing Term Sheet and its rights and obligations hereunder, in whole or in part, to any Person (subject in all cases to (i) providing the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of such assigning DIP Lender hereunder and (ii) the assignee entering into an agreement with the Borrower, in form and substance reasonably acceptable to the Borrower and the Monitor, to confirm such assignment). Neither this DIP Financing Term Sheet nor any right or obligation hereunder may be assigned by the Borrower.

26. SEVERABILITY:

Any provision in this DIP Financing Term Sheet which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

27. NO THIRD PARTY BENEFICIARY:

No person, other than the Borrower, the DIP Lender and the Indemnified Parties, is entitled to rely upon this DIP Financing Term Sheet and the parties expressly agree that this DIP Financing Term Sheet does not confer rights upon any other party.

28. COUNTERPARTS AND ELECTRONIC SIGNATURES:

This DIP Financing Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission including “pdf email”, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

29. NOTICES:

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the such Person at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel.

Any such notice shall be deemed to be given and received when received, unless received after 5:00pm (Toronto

time) or on a day other than a Business Day, in which case the notice shall be deemed to be received the next Business Day.

30. GOVERNING LAW:

This DIP Financing Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[signature pages follow]

IN WITNESS HEREOF, the parties hereby execute this DIP Financing Term Sheet as at the date first above mentioned.

Address: Leaside Commercial Centre
42 Industrial Street, Suite 120
Toronto, ON M4G 1Y9

DIP LENDER:

DIESEL EQUIPMENT LIMITED

Attention: Paul Martin
Email: pmartin@delequipment.com

Per: _____

Name:

Title:

I have authority to bind the corporation.

Address: 210 Harry Walker Parkway North
Newmarket, ON L3Y 7B4.

BORROWER:

DEL EQUIPMENT INC.

Attention: Paul Martin
Email: pmartin@delequipment.com

Per: _____

Name:

Title:

With a copy to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto, Ontario, M5H 2S7

Attention: Chris Armstrong
Email: carmstrong@goodmans.ca

I have authority to bind the corporation.

SCHEDULE A

DEFINED TERMS

“**Administration Charge**” means an administration charge in an aggregate amount not to exceed \$400,000 which shall rank in priority to the D&O Charge, the DIP Lender Charge and the Success Fee Charge pursuant to the Initial Order.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations and all applicable official directives, orders, judgments and decrees of any Governmental Authority having the force of law and binding on such Person.

“**Borrower**” has the meaning given thereto in the Recitals.

“**Business Day**” means any day other than a Saturday, Sunday or any other day in which banks in Toronto, Ontario are not open for business.

“**CCAA**” has the meaning given thereto in the Recitals.

“**CCAA Proceedings**” has the meaning given thereto in the Recitals.

“**Collateral**” means all of the Borrower’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof.

“**Court**” has the meaning given thereto in the Recitals.

“**Court Order**” and “**Court Orders**” have the meanings given thereto in Section 16(f).

“**Criminal Code Interest**” has meaning given thereto in Section 5.

“**Criminal Rate**” has meaning given thereto in Section 5.

“**DIP Budget**” means the weekly financial projections prepared by the Borrower covering the period commencing on the week beginning October 21, 2019 and ending on the week ending January 19, 2020, which shall be in form and substance reasonably acceptable to the DIP Lender, which financial projections may be amended from time to time in accordance with Section 12.

“**DIP Facility**” has the meaning given thereto in Section 4.

“**DIP Financing Obligations**” has the meaning given thereto in Section 8.

“**DIP Lender**” has the meaning given thereto in Section 2.

“**DIP Lender Charge**” has the meaning given thereto in Section 8(b).

“D&O Charge” means a directors and officers liability charge in an amount not to exceed \$1,200,000 which shall rank in priority to the DIP Lender Charge and the Success Fee Charge and behind the Administration Charge pursuant to the Initial Order.

“Event of Default” has the meaning given thereto in Section 18.

“Facility Amount” has the meaning given thereto in Section 4.

“Floor Plan Facility” means the amended and restated credit facilities agreement dated as of January 19, 2015, among Del Equipment Limited and the Borrower, as borrowers, various guarantors, and Royal Bank of Canada, as lender, as amended from time to time.

“Filing Date” means the date of commencement of the CCAA Proceedings.

“Funding Conditions” has the meaning given thereto in Section 8.

“Governmental Authority” means any federal, provincial, state, municipal, local or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.

“Indemnified Persons” has the meaning given thereto in Section 20.

“Initial Order” means an initial order of the Court granted pursuant to the CCAA pursuant to which the Borrower shall commence the CCAA Proceedings.

“Liens” means all liens, hypothecs, charges, mortgages, trusts, deemed trusts (statutory or otherwise), encumbrances and security interests of every kind and nature whatsoever.

“Maturity Date” has the meaning given thereto in Section 11.

“Milestones” has the meaning given thereto in Section 16(l).

“Monitor” means MNP Ltd., the court-appointed monitor in the CCAA Proceedings pursuant to the Initial Order.

“Original Currency” has the meaning given thereto in Section 14.

“Other Currency” has the meaning given thereto in Section 14.

“Permitted Liens” means (i) the DIP Lender Charge; (ii) any charges created under the Initial Order (including the Success Fee Charge) or other Court Order, in each case subsequent in priority to the DIP Lender Charge and approved by the DIP Lender, acting reasonably; (iii) validly perfected Liens existing prior to the date hereof; (iv) inchoate statutory Liens arising after the Filing Date in respect of any accounts payable arising after the Filing Date in the ordinary course of business, subject to the obligation to pay all such amounts as and when due; and (v) the Permitted Priority Liens.

“Permitted Priority Liens” means (i) the Administration Charge, (ii) the D&O Charge, (iii) charges securing the Floor Plan Facility (but solely in respect of the RBC Collateral (as such term is defined in the Amended and Restated Priority Agreement dated October 16, 2017, among Royal Bank of Canada, Bank of Montreal and the Borrower)), (iv) Liens in favour of secured parties that did not receive notice of the application for the Initial Order, provided that if, upon application by the Borrower pursuant to the Comeback Motion, the Court enters a further order providing that the DIP Lender Charge shall rank in priority to such secured parties’ Liens, such Liens shall no longer constitute Permitted Priority Liens and (v) any amounts payable by the Borrower for wages, vacation pay, employee deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of input credits), income tax and workers compensation claims, in the case of this item (v) solely to the extent such amounts are given priority by Applicable Law and only to the extent that the priority of such amounts have not been subordinated to the DIP Lender Charge granted by the Court.

“Permitted Variance” has the meaning given thereto in Section 18(f).

“Person” means an individual, partnership, corporation, business trust, joint stock company, limited liability company, unlimited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Sales Process” means a sales and investment solicitation process in form and substance reasonably acceptable to the DIP Lender or its counsel, or in such amended form as is reasonably acceptable to the Borrower and the DIP Lender (or its counsel).

“Sales Process Order” means an order of the Court (which may include the Initial Order) approving the Sales Process, in form and substance reasonably acceptable to the DIP Lender.

“Success Fee Charge” has the meaning given to such term in the Initial Order.

“Successful Bid” has the meaning given to such term in the Sales Process.

“Variance Report” has the meaning given thereto in Section 12.

SCHEDULE B
INITIAL DIP BUDGET

See attached.

DEL Equipment Inc.
Cash Flow Forecast
For the thirteen week period ending January 13, 2020
(Unaudited, in \$'000s CAD)

	Week 1 21-Oct-19	Week 2 28-Oct-19	Week 3 4-Nov-19	Week 4 11-Nov-19	Week 5 18-Nov-19	Week 6 25-Nov-19	Week 7 2-Dec-19	Week 8 9-Dec-19	Week 9 16-Dec-19	Week 10 23-Dec-19	Week 11 30-Dec-19	Week 12 6-Jan-20	Week 13 13-Jan-20	Total
Receipts	1,028	1,028	772	772	772	772	812	812	812	812	812	903	903	11,013
Disbursements														
Note 1	838	838	743	743	743	743	594	594	594	594	594	702	702	9,025
Note 2	146	146	146	145	145	145	145	146	146	146	146	153	153	1,904
Note 3	156	156	143	143	143	143	130	130	130	130	130	128	128	1,788
Note 4	0	0	11	0	0	0	(60)	0	0	0	0	0	0	(2)
Note 5	1,140	1,140	1,044	1,031	1,031	1,031	809	870	870	870	870	1,029	982	12,717
Total Disbursements	(112)	(112)	(271)	(258)	(258)	(258)	3	(58)	(58)	(58)	(58)	(126)	(80)	(1,704)
Operating Net Cash Flow	240	64	47	87	34	34	34	34	42	29	29	29	29	732
Note 6	589	589												589
Note 7	(352)	413	(318)	(345)	(292)	(292)	(31)	(92)	(100)	(87)	(87)	(155)	(109)	(1,847)
Net Cash Flow	1,500	1,148	1,561	1,243	898	605	313	282	190	91	4	67	62	1,500
Beginning Cash	(352)	413	(318)	(345)	(292)	(292)	(31)	(92)	(100)	(87)	(87)	(155)	(109)	(1,847)
Net Cash Flow	0	0	0	0	0	0	0	0	0	0	0	150	100	400
Interim Financing/(repayment)	1,148	1,561	1,243	898	605	313	282	190	91	4	67	62	53	53
Ending Cash														

DEL Equipment Inc. (“DEL” or the “Company”)
Weekly Cash Flow Forecast
Notes and Summary of Assumptions

Disclaimer

In preparing this cash flow forecast (the “Forecast”), DEL has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

The Forecast is presented in thousands of Canadian dollars. Receipts and disbursements denominated in U.S. currency have been converted into Canadian dollars at an exchange rate of approximately 1.33 CAD/USD and for Euro to Canadian dollars approximately 1.47 CAD/EUR.

Note 1 Receipts

Receipts are forecast based on the Company’s current sales forecast, inclusive of sales tax. Existing accounts receivable will be collected in approximately 60 days. Historically, the Company’s DSO (days of sales outstanding) has been in the range of 34-42 days in 2017 and 2018 and it is 55 days as on September 30, 2019. Hence, the collection period of 60 days for the 13-week cash flows is in line with the past achievements.

Note 2 Merchandise Vendors

Merchandise vendors include disbursements to both domestic and foreign third- party merchandise suppliers. Disbursements are based on the Company’s current inventory receipts and cost of sales schedule with certain vendors forecast to be paid on COD terms. In addition, the Company has identified certain outstanding balances of \$ 1.05 million pertaining to international vendors and have considered weekly payment of \$ 80,769 for them in the 13-week cash flows. Historically, the DPO (days of payables outstanding) has been in the range of 50 days.

Note 3 Non-Merchandise Vendors

Non-Merchandise vendors include disbursement to logistics, procurement, IT and ecommerce, marketing and facilities management. Disbursements are based on COD terms. Historically, the DPO (days of payables outstanding) has been in the range of 50 days.

Note 4 Payroll

Disbursements include salaries, wages, remittances and employee benefits for salaried and hourly employees.

Note 5 Tax

Disbursements include sales tax remittances and income tax instalments.

Note 6 Restructuring Professional Fees

Disbursements include forecast payments to DEL’s legal counsel and financial advisors, the Monitor and its legal counsel and legal counsel to the DIP lender.

Note 7 DEL Hydraulics Inc. Sale

Subsequent to the CCAA filing, DEL Equipment Inc. expects to close an asset sale of limited assets to DEL Hydraulics Inc. and cash proceeds are expected to be received in the week ended October 28, 2019.

SCHEDULE C

FORM OF DRAWDOWN REQUEST CERTIFICATE

TO: The DIP Lender

Reference is made to that certain DIP Financing Term Sheet among DEL Equipment Inc., as Borrower, and Diesel Equipment Limited, as DIP Lender, dated as of ●, 2019 (the “**DIP Financing Agreement**”; capitalized terms used herein and not otherwise defined have the meanings given to them in the DIP Financing Agreement).

The Borrower hereby gives irrevocable notice pursuant to the terms of the DIP Financing Agreement for the proposed advance as follows:

The date of the proposed **[Initial]** **[Subsequent]** Advance is: ●

The aggregate amount of the **[Initial]** **[Subsequent]** Advance is: ●

The Borrower’s account is as described in Schedule A hereto.

The Borrower hereby certifies:

- (i) that all representations and warranties of the Borrower contained in the DIP Financing Agreement remain true and correct in all material respects both before and after giving effect to the use of the **[Initial]** **[Subsequent]** Advance,
- (ii) that all of the covenants of the Borrower contained in the DIP Financing Agreement and all other terms and conditions contained in the DIP Financing Agreement, including the satisfaction or the continued satisfaction of all Funding Conditions, have been complied with by the Borrower,
- (iii) no Event of Default then exists and is continuing or would result from the **[Initial]** **[Subsequent]** Advance, and
- (iv) that the use of proceeds of the **[Initial]** **[Subsequent]** Advance will comply with the DIP Budget (subject to the Permitted Variance).

DEL EQUIPMENT INC.

Per: _____

Name: _____

Title: _____

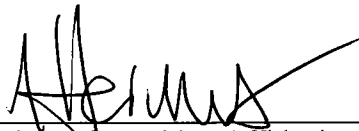
Schedule A

Wire Instructions – Borrower



K

**THIS IS EXHIBIT "K"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019**



Commissioner for Taking Affidavits



October 18, 2019

PRIVATE AND CONFIDENTIAL

DEL Equipment Inc.
210 Harry Walker Parkway
Newmarket, ON
L3Y 7B4

Attn: Paul Martin, Chairman of the Board and Secretary

Dear Paul:

Re: Engagement with respect to DEL Equipment Inc.

Introduction

This engagement agreement (“**Engagement Agreement**”) confirms and sets forth the terms and conditions of the engagement between 2255987 Ontario Limited operating as Strategic Results Advisors (“**SRA**”) and DEL Equipment Inc. (“**DEL**”).

Background

SRA understands that the Board of Directors of DEL (including any relevant sub-committee or subset thereof, the “**Board**”) is presently reviewing all strategic alternatives in order to address its current business and financial circumstances, including the possibility of a sale of its business or assets in one or more transactions, a refinancing, an investment solicitation process and other business improvement and restructuring initiatives (collectively, a “**Restructuring**”).

In connection with the Restructuring, DEL has identified the need for a qualified advisor (the “**Advisor**”) and/or Chief Restructuring Officer (“**CRO**”) to assist DEL in managing its affairs in connection with its Restructuring efforts. As such, DEL seeks to retain SRA, and in particular the services of Douglas Lucky (“**Lucky**”) through SRA, to act as DEL’s Advisor and/or CRO in connection with its Restructuring efforts.

Scope of the Engagement

Notwithstanding anything to the contrary in this Engagement Agreement, SRA shall be an advisor to DEL in respect of its Restructuring efforts (and not, for greater certainty, an officer DEL) until such time as Lucky may become the CRO of DEL as a result of (a) DEL filing for protection under creditor protection legislation, provided that the initial court order in respect thereof contains adequate protection for SRA and Lucky as outlined in this Engagement Agreement, or (b) the Board and SRA agreeing that Lucky shall become CRO prior to any such creditor protection filing



and DEL and SRA take all actions necessary to ensure SRA and Lucky have adequate protection at such time.

As Advisor to DEL reporting to the Board, SRA will provide advice and assistance to the Board and management with respect to the Restructuring, the evaluation of strategic options and alternatives and any Restructuring initiative. SRA acknowledges that no decision has been made at this time with respect to any specific strategic alternatives and the Board will continue to explore all alternatives with the assistance of SRA.

SRA will be retained by the DEL to provide the following services in respect of the Restructuring:

- Making Lucky available to lead this engagement on behalf of SRA;
- Reviewing the financial and operational challenges facing DEL;
- Developing, evaluating and, subject to Board approval, implementing a strategic plan to address these issues (the “**Strategic Plan**”), including a potential sale and investor solicitation process and obtaining interim financing to fund execution of the Strategic Plan and a Restructuring;
- Providing advice to the Board and management on the strategic, financial and operational issues and options of DEL;
- Participating in discussions and negotiations with potential purchasers and investors and evaluating any strategic opportunities that arise;
- Assisting the Board and management in managing stakeholder relations and, where appropriate, leading and representing DEL in discussions and negotiations with DEL’s stakeholders and potential purchasers or investors;
- Assisting DEL in negotiating with, and addressing issues pertaining to, Mack Defense, LLC and Gin-Cor Industries;
- Through the Advisor or CRO, overseeing and exercising decision-making authority in respect of all matters related to the Restructuring (subject to Board approval, where necessary);
- Managing and directing the implementation of the Strategic Plan and any Restructuring alternatives approved by the Board;
- Managing and giving instructions to DEL’s financial and legal advisors in connection with the Strategic Plan and the Restructuring;



- Reporting to the Board to provide updates with respect to the Strategic Plan and the Restructuring, including the progress being made and the proposed timeframes for the development, negotiation and implementation of the Restructuring and any other material matters which may affect the Restructuring;
- Providing such other services relating to or to facilitate the Restructuring and the above matters as appropriate;
- As necessary and subject to the terms and conditions set forth in this Engagement Agreement, identifying and providing additional resources needed to manage DEL's affairs during the Restructuring; and
- Providing other services, as requested and mutually agreed between DEL and SRA.

In the event that the Board determines that a formal restructuring process in respect of DEL is necessary and appropriate, the CRO will:

- Assist the Board, management and counsel to DEL in all preparatory activities necessary to initiate the restructuring process, including any necessary court application;
- Swear affidavits and attend court hearings, as necessary, throughout the restructuring proceedings; and
- Work closely with counsel to DEL in respect of the court process and take all actions necessary to advance the Restructuring throughout the court process.

The Board may at any time instruct SRA (including the Advisor and CRO) not to perform or cease to perform any of the above noted functions.

The Advisor and/or CRO, as applicable, will commit sufficient time to the mandate described herein to ensure that all of the services and responsibilities specified in this Engagement Agreement are fulfilled as they arise in connection with the Restructuring. DEL and SRA recognize that the required level of involvement of the Advisor and/or CRO, as applicable, in any particular week will fluctuate based on the progress and requirements of the Restructuring process. The Advisor and/or CRO will be available, on reasonable notice, to participate in Board meetings and to otherwise provide the services noted above as required throughout the Restructuring process.

DEL acknowledges that Lucky may serve as a director of other corporations which are not directly competitive with DEL and that SRA may provide services to other clients, including in the role as chief restructuring officer. SRA confirms that these other activities will not interfere with the ability of SRA or Lucky to provide the services contemplated by this engagement.

DEL agrees to authorize and direct its advisors (including its accountants, auditors, solicitors, insurance agents, environmental and other consultants, and appraisers) to cooperate fully with SRA in connection with the Restructuring and the Strategic Plan. DEL agrees to fully cooperate with SRA and provide SRA with complete and unrestricted access to its premises and provide



SRA promptly upon request with all information and records of every kind and description, including, without limitation, banking, investment and other records, documents, information and files, which SRA may request from time to time in connection with its engagement, and agrees to meet with SRA to provide whatever analysis and explanations SRA may reasonably require. DEL further agrees to use reasonable skill, care and attention to ensure that all information provided to SRA is accurate and complete and to notify SRA if it subsequently learns that the information provided is incorrect, inaccurate or otherwise should not be relied upon.

DEL acknowledges that SRA's analysis will be based on information supplied by DEL and supplemented by discussions with management, the Board, and other advisors. DEL understands that, although all information gathered will be reviewed for reasonableness, SRA will not be independently verifying the accuracy and completeness of such information or conducting an audit as part of this engagement. Therefore, SRA's work will not necessarily disclose any errors, irregularities or illegal acts, if any such exist, in the information provided to SRA or on the part of DEL or its officers and employees.

As a part of this engagement, SRA will be required to assist DEL (and its legal or other advisors) in discussions with DEL's stakeholders. During such discussions, the representations made and the positions advanced will be those of DEL, not SRA or its representatives.

DEL is responsible for all information it provides to third parties directly or indirectly through SRA and it agrees to clearly so state in writing to all such third parties as necessary.

DEL acknowledges that, in providing the services described herein, SRA, the Advisor and/or the CRO may implement and/or effect DEL's Restructuring initiatives, perform management functions, make management decisions and act as an agent for DEL, but that such actions and decisions will only be undertaken after consideration and approval of the Board and/or approval of the court (if applicable) in circumstances where such Board or court approval is necessary or appropriate.

Reporting

The Advisor and/or CRO, as applicable, shall report directly to DEL's Board and shall receive instructions from the Board.

Compensation

SRA's compensation for this engagement in respect of the services of Lucky, whether as Advisor or CRO, will be as follows:

- A work fee of **\$25,000.00** per month plus HST, commencing on the date this Engagement Agreement is accepted, payable on the first day of each month.



- Reimbursement of reasonable expenses including, but not limited to, travel, meals, accommodations, and/or third party clerical assistance.
- A success fee of **\$100,000.00** shall be earned and payable upon the completion of a Restructuring Transaction (as defined below). The success fee shall apply to any Restructuring Transaction that occurs (i) during the term of this Engagement Agreement; or (ii) within six months of the termination of this Engagement Agreement (unless this Engagement Agreement has been terminated by DEL for breach by SRA).

As used herein, the term “**Restructuring Transaction**” shall mean one or more of the following transactions that, individually or in combination, results in a comprehensive solution in respect of DEL:

1. a sale, merger, consolidation, reorganization, recapitalization, business combination or other transaction pursuant to which DEL (or control thereof) or substantially all of the assets and business thereof are acquired by, or combined with, any person, group of persons, partnership, corporation or other entity (an “**Acquirer**”);
2. an acquisition, directly or indirectly, by one or more Acquirers, whether in a single transaction, multiple transactions or a series of transactions, of all or substantially all of outstanding or newly issued shares of DEL’s capital stock or any securities convertible into, or options, warrants or other rights to acquire, such capital stock or other equity securities of DEL for the purpose of effecting a recapitalization, reorganization or change of control of DEL;
3. a financing or refinancing of DEL that enables DEL or substantially all of its business to continue on a going-concern basis; and
4. a restructuring, reorganization or arrangement affecting substantially all of the indebtedness of DEL.

Upon execution of this Engagement Agreement, DEL will provide SRA with a retainer totaling **\$25,000.00**. SRA will hold this retainer and apply it to the payment of professional fees and disbursements as a final settlement at the completion of the engagement. Any amount of the retainer remaining after the final settlement of all professional fees and disbursements owing to SRA will be repaid to DEL.

Invoices will be rendered by SRA to DEL on a periodic basis as this engagement progresses. Accounts are due upon receipt and must be paid within seven (7) days of delivery.

Confidentiality

SRA will not use any information disclosed to it by or on behalf of DEL that would reasonably be expected to be treated as confidential except in connection with the performance of the services described herein. SRA will not disclose such confidential information to any third party, except



as may be reasonably necessary for the performance of the services to be provided by SRA hereunder or as may be agreed to by DEL.

Other Terms and Conditions

SRA and DEL also agree to the following additional terms and conditions:

- The Advisor and/or CRO, as applicable, will be a named insured on DEL's Directors and Officers insurance policy and DEL will provide confirmation in writing to SRA that this has been done.
- Lucky is not serving as a director of DEL and neither DEL nor Lucky (whether as advisor or CRO) shall assume management, care or control of any real property owned, leased, sub-leased or otherwise occupied by DEL, including, without limitation, any real property that may be subject to environmental impacts.
- SRA and Lucky (in his role as Advisor and/or CRO) shall not have any liability for losses, claims, damages or liabilities arising from the Restructuring, the Strategic Plan, the business and affairs of DEL or any other matter contemplated by this Engagement Agreement, except arising as a result of gross negligence or wilful misconduct, and in no event shall the quantum of any liability of SRA and Lucky (in his role as Advisor and/or CRO) exceed the quantum of the fees paid to SRA in connection with this engagement. In the event of a claim by any third party against SRA and/or Lucky that arises out of or that relates to the services performed by SRA or Lucky under or in connection with this Engagement Letter, DEL shall indemnify and hold harmless SRA and Lucky (in his role as Advisor and/or CRO) from and against all losses, claims, damages, liabilities, costs and expenses (including, without limitation, reasonable legal fees on a full indemnity basis) incurred by either of them in connection with any such claim, except to the extent finally determined to have resulted from the gross negligence or wilful misconduct of SRA or Lucky (in his role as Advisor and/or CRO). The foregoing provisions shall survive termination of this Engagement Agreement.
- In the event of a voluntary creditor protection proceeding being commenced in respect of DEL, DEL undertakes to seek language satisfactory to SRA in the initial court order that provides (i) customary and adequate protection to SRA and the CRO in respect of any potential obligations or liabilities of SRA and/or Lucky arising from or in respect of the Restructuring or this engagement, including in respect of potential environmental liabilities; and (ii) that payment of the fees and expenses of SRA will be secured by a priority charge over the assets of DEL.

Termination

This engagement may be terminated by either DEL or SRA upon thirty (30) days' advance written notice to the other party, provided that either party may immediately terminate the engagement upon the occurrence of a material breach by the other party of the terms hereof.



SRA may resign immediately and terminate the engagement in the event that SRA determines, in its sole discretion, that the Board or DEL has or is:

- (a) failing to act on the advice of SRA or legal counsel regarding material matters related to the Strategic Plan or Restructuring;
- (b) committing acts of wrong-doing or misfeasance; or
- (c) taking actions that prevent SRA, the Advisor and/or the CRO, as applicable, from properly discharging its duties and obligations as contemplated hereby.

SRA may resign immediately and terminate the engagement if at any time, in the reasonable opinion of SRA:

- (a) there is inadequate insurance coverage in place to protect SRA, the Advisor and/or the CRO from liability in respect of the engagement;
- (b) if creditor protection proceedings in respect of DEL are ongoing, the court-ordered protections afforded to SRA and/or the CRO are inadequate and fail to provide customary protections for SRA and/or the CRO in respect of the engagement; or
- (c) a material change has occurred that unduly or materially alters the nature of the engagement, the role of the Advisor and/or CRO, or the ability of SRA, the Advisor and/or the CRO to continue the engagement.

Governing Law

This Engagement Agreement is governed by the laws of the province of Ontario and the federal laws of Canada applicable therein. Any dispute pertaining to this Engagement Agreement or the services of SRA will be dealt with exclusively in the courts of Ontario.

Prior Engagement Letter

This Engagement Letter amends and restates in its entirety the engagement letter with respect to DEL dated July 23, 2019, which engagement letter is of no further force or effect.

[remainder of page left intentionally blank]



Confirmation

Please indicate your acceptance of this Engagement Agreement by signing and returning one copy of this Engagement Agreement to the undersigned. This Engagement Agreement may be executed in counterparts and through exchange of signatures by facsimile, e-mail or other electronic transmission.

Yours very truly,

**2255987 ONTARIO LIMITED
O/A STRATEGIC RESULTS ADVISORS**


Per:


Name: Douglas Lucky
Title: President

AGREED AND ACCEPTED this 18th day of October, 2019

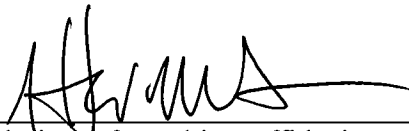
DEL EQUIPMENT INC.

Per:


Name: Paul Martin
Title: Chairman of the Board and Secretary

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THIS IS EXHIBIT "L"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 20th DAY OF OCTOBER, 2019



Commissioner for Taking Affidavits

DEL EQUIPMENT INC.
SALE AND INVESTMENT SOLICITATION PROCESS

1. This sale and investment solicitation process (the “**Sale Process**”) sets out the manner in which (i) bids and proposals for a broad range of executable transaction alternatives involving the business and assets or shares of Del Equipment Inc. (“**DEL**”), whether en bloc or any portion(s) thereof, will be solicited from interested parties, (ii) any bids and/or proposals received will be negotiated, (iii) any Successful Bid(s) (as defined below) will be selected, and (iv) approval of any Successful Bid(s) (as defined below) will be sought from the Ontario Superior Court of Justice (Commercial List) (“**Court**”) supervising DEL’s proceedings under the *Companies’ Creditors Arrangement Act* (the “**CCAA Proceedings**”). The Sale Process shall also include the marketing of the real property owned by Diesel Equipment Limited (“**Diesel**”) from which DEL operates (the “**Real Property**”), it being understood that: (i) any transaction involving the Real Property shall require the approval of Diesel; and (ii) bidders shall be permitted to submit, and DEL shall be permitted to consider, transaction proposals that do not include an acquisition of the Real Property.
2. The Sale Process shall be conducted by DEL under the supervision of MNP Ltd., in its capacity as Court-appointed monitor of DEL in the CCAA Proceedings (the “**Monitor**”).
3. Parties who wish to have their bids and/or proposals considered shall be expected to participate in this Sale Process as conducted by DEL.
4. The Sale Process will be conducted (under the oversight and in consultation with the Monitor) such that DEL will:
 - (a) prepare marketing materials and as soon as reasonably practicable but no later than November 5, 2019, provide notice of the Sale Process in the *Globe & Mail* (National Edition), the *Insolvency Insider* news letter (if possible) and in such other publications or forums as it shall elect;
 - (b) complete the preparation of a data room;
 - (c) solicit interest from parties to enter into non-disclosure agreements, obtain access to the data room and begin analyzing potential transaction alternatives;
 - (d) request that such parties submit initial non-binding expressions of interest (“**EOIs**”) by a target date of December 6, 2019 (as may be extended by DEL with the consent of the Monitor or further order of the Court, the “**Non-Binding EOI Bid Deadline**”), which EOIs should include: (i) an overview of the proposed transaction, including, as applicable, the assets or interests to be acquired, liabilities to be assumed and the purchase price or other consideration payable, or investment to be made; (ii) contact information for the party submitting the EOI, including disclosing the identity of each entity or person (including its ultimate shareholders and/or sponsors) that is submitting the EOI; (iii) evidence of the party’s financial wherewithal that will allow DEL and the Monitor to assess the party’s ability to consummate a transaction; and (iv) a description of the remaining material steps,

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conditions or approvals that need to be taken, satisfied or obtained to consummate a transaction, provided; however, that DEL reserves the right to consider and respond to EOIs that do not conform to any of the foregoing criteria;

- (e) as appropriate, select from parties that submitted an EOI by the Non-Binding EOI Bid Deadline the parties invited to enter into the second phase of the Sale Process (the “**Phase 2 Parties**”) to conduct detailed due diligence;
- (f) request that Phase 2 Parties mark-up the form of transaction document(s) to be provided by DEL; and
- (g) request that Phase 2 Parties submit binding offers together with a duly executed proposed transaction document(s) (the “**Binding Bid**”) by 5:00 p.m. (Toronto time) on January 31, 2020 (as may be extended by DEL with the consent of the Monitor or further order of the Court, the “**Binding Bid Deadline**”).

5. In order to constitute a Binding Bid, a bid must comply with the following:

- (a) it contains:
 - (i) duly executed binding transaction document(s);
 - (ii) the identity and contact information of the bidder (including its ultimate shareholders and/or sponsors);
 - (iii) a blackline to the form of transaction document(s) provided by DEL; and
 - (iv) evidence of authorization and approval from the bidder’s board of directors (or comparable governing body);
- (b) it includes a letter stating that the bid is irrevocable for a period of at least 15 business days from the date of the Binding Bid Deadline, as may be extended by such bidder;
- (c) it provides written evidence of a firm, irrevocable financial commitment for all required funding or financing;
- (d) it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;
- (e) it is not conditional upon:
 - (i) the outcome of unperformed due diligence by the bidder, and/or
 - (ii) obtaining financing;
- (f) it specifies any regulatory or other third party approvals the party anticipates would be required to complete the transaction;

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- (g) it is accompanied by a cash deposit (the “**Deposit**”) of 10% of the total cash purchase price contemplated by such bid, which shall be paid to the Monitor by wire transfer (to a bank account specified by the Monitor) and held in trust by the Monitor; and
 - (h) it is received by the Binding Bid Deadline (as may be extended in accordance with Section 4 above).
- 6. DEL, in consultation with the Monitor, may waive compliance with any one or more of the requirements specified in Section 5 above, and deem a non-compliant bid to be a Binding Bid.
- 7. Following the Binding Bid Deadline, DEL may, in consultation with the Monitor, determine to (i) continue negotiations with a selected number of bidders that have submitted Binding Bids, with a view to selecting one or more non-overlapping Binding Bids as the successful bid(s) (the “**Successful Bid(s)**”), taking into account the overall value of each Binding Bid in the judgement of DEL after consultation with the Monitor, and applicable conditions to completion, among other factors deemed appropriate by DEL, in consultation with the Monitor, and (ii) take such steps as are necessary to finalize and consummate the Successful Bid(s). DEL has no obligation to conclude a sale or other transaction arising out of this Sale Process and reserves the right and unfettered discretion to reject any bid or proposal (including any Binding Bid), or to complete a standalone restructuring transaction outside of the Sale Process, subject to consultation with the Monitor. If DEL does select any Successful Bid(s), it shall be under no obligation to accept the highest bid.
- 8. Following selection of a Successful Bid, if applicable, DEL, with the assistance of its advisors, shall seek to finalize any necessary definitive agreement(s) with respect to the Successful Bid(s). Once the necessary definitive agreement(s) with respect to a Successful Bid have been finalized, as determined by DEL, in consultation with the Monitor, DEL may apply to the Court for an order approving such Successful Bid and authorizing DEL to (i) enter into any and all necessary agreements and related documentation with respect to the Successful Bid, (ii) undertake such other actions as may be necessary to give effect to such Successful Bid, and (iii) implement the transaction(s) contemplated in such Successful Bid (a “**Transaction Approval Order**”).
- 9. All Deposits shall be retained by the Monitor in a trust account. If a Successful Bid is selected and a Transaction Approval Order is granted in connection therewith, the Deposit paid in connection with such Successful Bid will be non-refundable and shall, upon closing of the transaction contemplated by such Successful Bid, be applied to the purchase price to be paid in connection with such Successful Bid or be dealt with as otherwise set out in the definitive agreement(s) entered into in connection with such Successful Bid. Any Deposit delivered with a Binding Bid that is not selected as a Successful Bid, will be returned to the applicable bidder within ten (10) business days of the date upon which the Successful Bid is approved pursuant to a Transaction Approval Order or such earlier date as may be determined by DEL, in consultation with the Monitor.

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10. Diesel will be entitled to be consulted throughout the Sale Process on a strictly confidential basis, including obtaining access to information in respect of any EOIs, Binding Bids and/or Successful Bids and any definitive agreement(s) in connection therewith. For the avoidance of doubt, notwithstanding any other provision hereof, any transaction involving the Real Property shall require the agreement of Diesel.
11. Any amendments to this Sale Process may only be made by DEL with the written consent of the Monitor, or by further order of the Court.

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**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.
C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DEL
EQUIPMENT INC.**

Court File No.: _____

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

**AFFIDAVIT OF DOUGLAS LUCKY
(Sworn October 20, 2019)**

GOODMANS LLP
Barristers & Solicitors

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Lawyers for Del Equipment Inc.

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Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF DEL EQUIPMENT INC.**


Applicant

MONITOR'S CONSENT

MNP Ltd. hereby consents to act as court-appointed monitor of the Applicant in connection with its proceedings pursuant to the *Companies' Creditors Arrangement Act*.

Dated as of October 19, 2019

MNP Ltd.

Per: 

Name: Sheldon Title

Title: Senior Vice-President

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1985, c. C-36, AS AMENDED
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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

MONITOR'S CONSENT

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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DEL
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Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

APPLICATION RECORD
(CCAA Application returnable October 22, 2019)

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