

**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

MOTION RECORD

(Motion returnable May 5, 2020)

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Jason Wadden LSO#: 46757M
jwadden@goodmans.ca

Christopher G. Armstrong LSO#: 55148B
carmstrong@goodmans.ca

Andrew Harmes LSO#: 73221A
aharmes@goodmans.ca

Tel: 416.979.2211
Fax: 416.979.1234

Lawyers for the Applicant,
Del Equipment Inc.

INDEX

INDEX

TAB	DOCUMENT	PAGE NO.
1.	Notice of Motion, returnable May 5, 2020	1
2.	Affidavit of Douglas Lucky, sworn October 20, 2019	9
A	Draft Unaudited Financial Statements (year ended December 31, 2018)	52
B	Quotes, Purchase Orders and Invoices related to the MD Trucks	77
C	Email correspondence between Mack Defense and Gin-Cor dated April 10, 2019	134
D	Email correspondence between Mack Defense and DEL dated April 10, 2019	140
E	Email correspondence between DEL and Gin-Cor dated September 18, 2019	148
F	Demand Letter (Mack Defense) dated October 10, 2019	153
G	Demand Letter (Gin-Cor) dated October 10, 2019	158
H	Responding Letter (Mack Defense) dated October 15, 2019	163
I	Cash Flow Forecast	166
J	DIP Term Sheet (unexecuted)	170
K	CRO Engagement Letter	196
L	Sale Process	205
3.	Supplementary Affidavit of Douglas Lucky, sworn January 15 2020	211
A	Gin-Cor invoice to DEL dated March 29, 2019 in the amount of \$5,045.46	217
B	Gin-Cor invoice to DEL dated May 9, 2019 in the amount of \$3,672.50	219
4.	Transcript of Cross-Examination of Douglas Lucky, dated April 20, 2020	222
5.	Transcript of Cross-Examination of Renzo Silveri, dated April 20, 2020	260
6.	Order of Justice Hailey dated February 27, 2020 (the “Stay Extension, KERP and Litigation Protocol Approval Order”), including the Litigation Protocol	301
7.	Draft Order	310

1

Court File No.: CV-19-629552-00CL

**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

NOTICE OF MOTION

(returnable May 5, 2020)

Del Equipment Inc. (“**DEL**” or the “**Applicant**”) will make a motion, brought in accordance with the litigation protocol approved pursuant to an Order dated February 27, 2020 (the “**Stay Extension, KERP and Litigation Protocol Approval Order**”) before Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on May 5, 2020, at 12:00 p.m. or as soon thereafter as the motion can be heard, via tele-conference or video-conference as a result of the COVID-19 pandemic.

PROPOSED METHOD OF HEARING: The motion is to be heard orally via tele-conference or video-conference.

THE MOTION IS FOR:

1. An Order, in substantially the form attached at Tab 7 of DEL’s Motion Record dated April 29, 2020 (the “**Motion Record**”), among other things:

- 2 -

- (a) abridging the time for and validating the service of the materials filed on this motion and dispensing with further service thereof;
 - (b) ordering that the amount of \$874,107.08 (the “**Funds**”) being held in trust by Kagan Shastri LLP, counsel for GCI Industries Inc. (“**GCI**”, and with its affiliates, “**Gin-Cor**”), pursuant to the Order granted, on consent, by this Honourable Court on November 5, 2019, together with any interest earned thereon, shall be forthwith paid to the Applicant. Kagan Shastri LLP, on behalf of its client Gin-Cor, is hereby authorized and directed to transfer the Funds, and any interest earned thereon, to the Applicant forthwith and in any event by no later than May 12, 2020;
 - (c) ordering that, pending the Payment of the Funds to the Applicant in accordance with the paragraph above, the Funds are subject to a constructive trust in favour of the Applicant and the Applicant holds an equitable lien over the property of GCI to secure payment of the Funds;
 - (d) costs of this motion on a substantial indemnity basis; and
2. Such further and other relief as counsel may request and this Court may permit.

THE GROUNDS FOR THE MOTION are as follows:

3. On October 22, 2019, DEL sought protection from its creditors under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) and obtained an Order (the “**Initial Order**”) which granted, among other things, a stay of proceedings in respect of DEL and appointed MNP Ltd. as the monitor (the “**Monitor**”) of DEL in the CCAA proceedings (the “**CCAA Proceedings**”).

4. Prior to the CCAA Proceedings, DEL was a leading Canadian truck body and equipment “up-fitter” that engineered, designed, manufactured and sold special truck bodies, attachments, equipment and work-ready vehicles.

5. In June 2017, an agreement was reached with Gin-Cor (the “**Management Agreement**”), 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**”).

6. In mid-2018, DEL (through its Moncton branch) delivered a series of quotes and re-quotes to Mack Defense, LLC (“**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.

7. On or about June 6, 2019, DEL (then operating under the tradename Gincor Werx due to the Gin-Cor Transaction) 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**”).

8. Although the quotes and the MD Invoices delivered to Mack Defense include the logo and trade name Gincor Werx, each is clear that they were issued by DEL as the legal entity. In addition, the POs issued by Mack Defense were addressed to “Del Equipment Ltd”.

9. On September 10, 2019, DEL followed up with its customers to collect overdue accounts receivable and became aware that the \$874,107.08 payment owing by Mack Defense to DEL in respect of the MD Invoices had instead been made by Mack Defense to Gin-Cor, and not DEL.

10. DEL immediately reached out to Mack Defense and also received and responded to various emails from Gin-Cor. DEL understands that:

- (a) On the morning of April 10, 2019, Mack Defense emailed DEL asking for payment instructions for the work performed in relation to the MD Trucks. When the DEL representative did not immediately respond, Mack Defense emailed a Gin-Cor representative minutes later asking for payment instructions.
- (b) At 11:28 am on April 10, 2019, Gin-Cor provided Mack Defense with its own payment instructions despite the fact that Gin-Cor was not entitled to such amounts and Gin-Cor knew (or should have known) that it was not entitled to such amounts. It appears that Gin-Cor provided payment instructions for invoice #53998 issued by Gin-Cor to Mack Defense, which invoice has nothing to do with the MD Trucks.
- (c) About an hour later, at 12:37 pm on April 10, 2019, DEL responded to Mack Defense, advising that DEL was "...now Del Equipment Inc. operated as Gincor Werx", providing DEL's payment instructions, and attaching a completed Mack Defense "New Supplier Request Mack Defense Purchasing Form" which clearly indicated DEL as the supplier and included DEL's correct banking information.

- 5 -

- (d) Based on the payment information provided by Gin-Cor, Mack Defense paid the Funds 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, Mark Defense either ignored or overlooked the proper payment instructions that DEL had sent on April 10, 2019, which clearly set out DEL's correct banking and wire transfer information.
- (f) Neither Mack Defense nor Gin-Cor dispute that the Funds were intended to be paid to DEL for the MD Trucks.
- (g) On September 18, 2019, Gin-Cor acknowledged that the Funds were "Del funds", however, Gin-Cor has taken the position that it is entitled to retain the Funds it wrongfully received from Mack Defense in order to set-off the Funds against obligations of DEL to Gin-Cor, or to unilaterally retain the Funds as collateral for alleged obligations owed by DEL to Gin-Cor.
- (h) There are no significant amounts owing by Mack Defense to Gin-Cor. As such, even if the provision of the wrong payment instructions was an honest mistake, Gin-Cor should have immediately realized that the Funds since were not intended for it.
- (i) Although Mack Defense has admitted in multiple telephone conversations that Mack Defense had inadvertently paid the Funds to Gin-Cor, Mack Defense has refused to pay DEL the amount owed for the MD Trucks on the basis that it views this matter as a dispute between DEL and Gin-Cor.

11. DEL has 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.
12. Gin-Cor's mistaken and wrongful interception and retention of these Funds was a significant contributing factor to the Company's liquidity challenges that led to the commencement of the CCAA Proceedings.
13. Gin-Cor's mistaken and wrongful interception and retention of the Funds has resulted in Gin-Cor's unjust enrichment and DEL's corresponding deprivation. There is no juristic reason for such enrichment. As a result of this unjust enrichment, the Funds are held by Gin-Cor in a constructive trust for the benefit of DEL.
14. Additionally or in the alternative, as a result of Gin-Cor's mistaken and wrongful interception and retention of the Funds, DEL holds an equitable lien in the amount of the Funds over the property of GCI.
15. The provisions of the CCAA.
16. Rules 1.04, 1.05, 2.03, 3.02, 37, and 45.02 of the Ontario *Rules of Civil Procedure*.
17. The Stay Extension, KERP and Litigation Protocol Approval Order.
18. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

19. The affidavit of Douglas Lucky sworn October 20, 2019, and the exhibits attached thereto;
20. The supplementary affidavit of Douglas Lucky sworn January 15, 2020, and the exhibits attached thereto;
21. The affidavit of Renzo Silveri sworn November 3, 2019, and the exhibits attached thereto;
22. The transcript of the cross-examination of Douglas Lucky, dated April 20, 2020;
23. The transcript of the cross-examination of Renzo Silveri, dated April 20, 2020; and
24. Such further and other materials as counsel may advise and this Court may permit.

April 29, 2020

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Jason Wadden LSO#: 56757M
Christopher G. Armstrong LSO#: 51148B
Andrew Harmes LSO#: 73221A

Tel: 416.979.2211
Fax: 416.979.1234

Lawyers for the Applicant, Del Equipment Inc.

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

Court File No: CV-19-629552-00CL

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

Applicant

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

**NOTICE OF MOTION
(returnable May 5, 2020)**

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Jason Wadden LSO#: 56757M
jwadden@goodmans.ca

Christopher G. Armstrong LSO#: 55148B
carmstrong@goodmans.ca

Andrew Harmes LSO#: 73221A
aharmes@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicant,
Del Equipment Inc.

2

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)

Goodmans LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Christopher G. Armstrong LSO# 55148B
carmstrong@goodmans.ca

Andrew Harmes LSO#: 73221A
aharmes@goodmans.ca

Tel: 416.979.2211

Fax: 416.979.1234

Lawyers for Del Equipment Inc.

TABLE OF CONTENTS

I.	OVERVIEW	2
II.	THE COMPANY	5
	A. Overview	5
	B. The Business of the Company	6
	(i) The Truck Business.....	6
	(ii) Distribution Network	7
	(iii) Distribution Arrangements.....	8
	(iv) Hydraulics Business.....	8
	C. Real Property Lease Obligations.....	9
	D. Equipment Leases	10
	E. Converter Pool Agreements with OEMs	10
	F. Employees and Independent Contractors	11
III.	FINANCIAL POSITION OF THE COMPANY	12
	A. Financial Statements.....	12
	B. Revenue.....	13
	C. Secured Debt Obligations.....	13
	(i) Secured Credit Agreement.....	13
	(ii) RBC Floor Plan Facility re: GM Truck Chassis	16
	(iii) Ford Converter Agreement	17
	(iv) Priority Agreements	17
	D. Cash Management	17
IV.	MATTERS LEADING UP TO THE CCAA FILING.....	19
	A. The Failed Gin-Cor Transaction and DEL’s Operational Struggles.....	19
	B. The Mack Defense/Gin-Cor Payment Dispute.....	21
V.	CCAA PROCEEDINGS AND RELIEF SOUGHT	26
	A. The Company is Insolvent.....	26
	B. Stay of Proceedings	26
	C. Cash Flow Forecast and Interim Financing	27
	D. Approval of the Engagement of the CRO and Corporate Governance Matters.....	31
	E. Proposed Sale Process.....	32
	F. Proposed Monitor	34
	G. Administration Charge.....	35
	H. Directors’ Charge.....	35
	I. Payments During the CCAA Proceedings	37
	J. Priority of Proposed Charges	39
VI.	CONCLUSION	40

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)

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.

- 2 -

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

- 3 -

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

- 4 -

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

- 5 -

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

- 6 -

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

- 7 -

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.

- 8 -

(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

- 9 -

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.

- 10 -

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

- 11 -

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

- 12 -

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

- 13 -

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,

- 14 -

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

- 15 -

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.

- 16 -

(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.

- 17 -

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**").

- 18 -

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

- 19 -

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

- 20 -

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.

- 21 -

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

- 22 -

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.

- 23 -

- (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.

- 24 -

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

- 25 -

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.

- 26 -

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

- 27 -

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

- 28 -

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 ").

- 29 -

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.

- 30 -

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,

- 31 -

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.

- 32 -

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,

- 33 -

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>

- 34 -

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

- 35 -

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

- 36 -

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

- 37 -

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;

- 38 -

- (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

- 39 -

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;

- 40 -

(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.

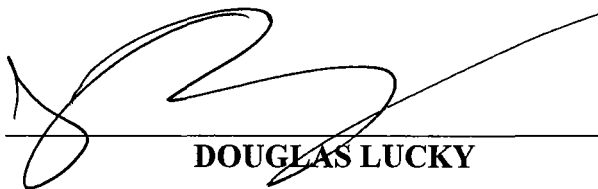
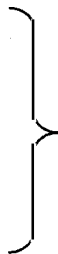
106. I believe the granting of the requested relief is in the best interest of the Company and its stakeholders.

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

Contents

	<u>Page</u>
Independent practitioner's review engagement report	Error! Bookmark not defined.
Balance sheets	2
Statements of shareholders' deficit	3
Statements of loss	4
Statements of cash flows	5
Notes to the financial statements	6 - 23

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>
--	----------	----------

Cash and cash equivalents, end of year	\$ <u>-</u>	\$ <u>1</u>
---	--------------------	--------------------

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

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
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

	December 31, <u>2018</u>	December 31, <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:

	December 31, 2018	December 31, 2017
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:

	December 31, 2018		December 31, 2017	
	# of shares	Amount	# of shares	Amount
Common shares	100	\$ 1	1	\$ 1

20. Other expenses

Other expense consists of the following:

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

Del Equipment Inc.
Notes to the financial statements

(Unaudited)
December 31, 2018

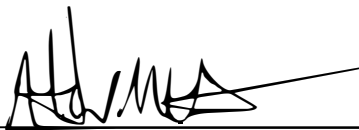
21. Subsequent event

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
----------------------	--------------	--------------	--------------	-------------	----------------

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, 1/4" 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
----------------------	--------------	--------------	--------------	-------------	----------------

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 #: _____

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.



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 Each	41,685.00/1	208,425.00	No
- 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 Each	38,435.00/1	192,175.00	No
- 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 Each	43,540.00/1	43,540.00	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
7	W8476-185853 Item 003 12 Cu Yard, Petawawa	1.00 EA Each	41,620.00/1	41,620.00	No
- 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 \$



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
----------------------	--------------	--------------	--------------	-------------	----------------

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 #: _____

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.





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):



Invoice: M0419395
 Date: 06/06/19
 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 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

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.

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:



148
99

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>					

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.

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.

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: 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
-------------	-------------	----------	-----	-------	----------

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

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.
 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.

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:



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

83 CALEDONIA ROAD

MONCTON NB E1H 2E6

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

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: MJ006812
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC0KM011836 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
-------------	-------------	----------	-----	-------	----------

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 ***

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.
 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:



103
152

Invoice: M0419356
 Date: 05/27/19
 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: MJ006812
 Contact: WAYNE STEHLE
 Unit: 1M2GR3GC0KM011836 Make: MACK Model: GU813 Year: 2019

Part Number	Description	Ship Qty	UOM	Price	Extended
	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>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

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.
 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.

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

**S
O
L
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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 ***				

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.

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: M0419146
 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
 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
-------------	-------------	----------	-----	-------	----------

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
 We are not responsible for goods left over 90 days.
 ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.

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.
 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.

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:



106
155

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

**S
O
L
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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 ***

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.
 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: 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

**S
O
L
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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 ***				

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.

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: 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

**S
O
L
I
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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>					

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.

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.

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 ***				

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.
 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: M0419154
 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: 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				
<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>					

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 to 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.

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.

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

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: 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 ***				

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.
 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: 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

**S
O
L
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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
-------------	-------------	----------	-----	-------	----------

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.

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.
 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.

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:



115
164

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

**S
O
L
D
T
O**

MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**

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
<p>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</p> <p>PTO: 36T62355 PUMP: 36T62352 HOIST: SG014419-0015 BODY: DH-383239</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

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.

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.

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

**S
O
L
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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 ***				

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.
 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: 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

**S
O
L
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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
-------------	-------------	----------	-----	-------	----------

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
 We are not responsible for goods left over 90 days.
ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.

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.
 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.

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

**S
O
L
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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 ***

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.
 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:



120
169

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
O
L
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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.
 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: 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
	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
 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.
 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.

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: 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

**S
O
L
D
T
O**

MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**

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 ***				

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.
 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: 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
	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 We are not responsible for goods left over 90 days. ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.					
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. 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.				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: 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

**S
O
L
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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

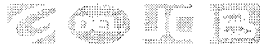
*** CONTINUED NEXT PAGE ***

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.
 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: 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
-------------	-------------	----------	-----	-------	----------

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
 We are not responsible for goods left over 90 days.
ALL RETURNS ARE SUBJECT TO A 20% RESTOCKING CHARGE.

Terms and Conditions

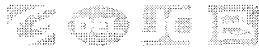
New equipment, machinery, or parts furnished to standard specifications or to specifications approved or ordered by the purchaser are warranted as follows: (1) Resale machinery, merchandise, or parts - according to the terms of the manufacturer's original warranty. (2) Products of DEL Equipment Inc. - 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.
 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.

HST 711009 092 RT0001

Subtotal	43,690.00
PST	0.00
GST/HST	6,553.50
Order Total	50,243.50

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

**S
O
L
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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
-------------	-------------	----------	-----	-------	----------

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.
 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: 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>				

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.
 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.

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: 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

**S
O
L
D
T
O**
 MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**
 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				
<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>					

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.
 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.

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: 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
 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
	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				
<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>					

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.
 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.

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 ***				

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.
 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:



133
182

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

**S
O
L
D
T
O**

MACK DEFENSE, LLC
 7310 Tilghman Street
 Allentown PA 18106

**S
H
I
P
T
O**

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

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

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.
 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.

HST 711009 092 RT0001

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

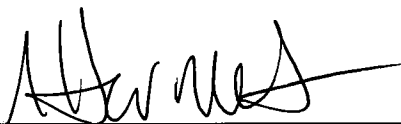
Order Total	47,656.00

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:

[Redacted]

Supplier Name:

Tax Id #(US) or VAT # (EU)

Gain 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):

[Redacted]

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:	[Redacted]
BIC/SWIFT code:	
IBAN:	

Supplier Purchase Order Delivery / Contact:

Contact name:	[Redacted]	If you are a current Volvo Group supplier, enter your PARMA code
Phone number:	[Redacted]	
FAX number:	[Redacted]	
e-mail address for PO delivery:	[Redacted]	

Type of Product or Service: Be descriptive as possible

[Redacted]

If this is a Small Business, indicate classification [Redacted]

Pay terms: 90 days Supplier's Local Currency: [Redacted]

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

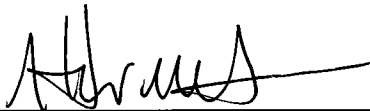
Est. Annual Spend: [Redacted]

Authorized Supplier Approver: [Redacted]

Supplier Code: [Redacted] DATE: [Redacted]

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

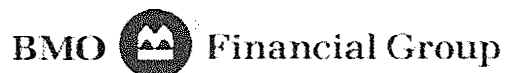
www.mackdefense.com

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, appearing to read "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

[REDACTED]

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:

[REDACTED]

Authorized Supplier Approver:

[REDACTED]

Supplier Code:

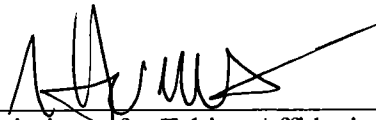
[REDACTED]

DATE:

[REDACTED]

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.

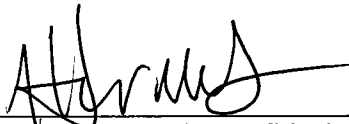
Let me know if you have any question on the above matters.

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

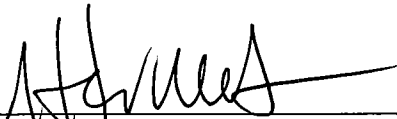
Beneficiary Customer:
(BNF field or
SWIFT field 59)


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

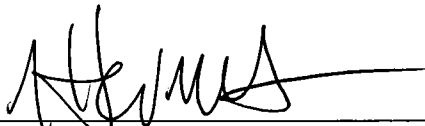
Beneficiary Customer:
(BNF field or
SWIFT field 59)


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.

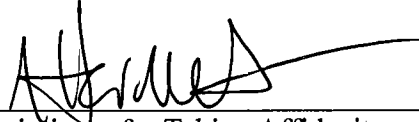
I note that the purchase order at issue is governed by the laws of Pennsylvania and stipulates that disputes are to be resolved in accordance with the rules of the International Chamber of Commerce and that the seat of the tribunal is New York, New York. As such, the Ontario Courts do not have jurisdiction 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. ("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")

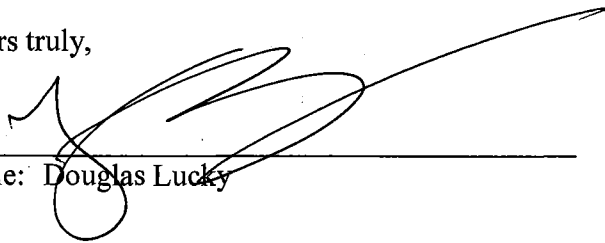
In connection with the application by DEL for the commencement of proceedings under the CCAA, the management of DEL, with the assistance of its advisors, has prepared the attached cash flow projection for the period from the week of October 21, 2019 to the week of January 13, 2020 (the "**Cash Flow Forecast**") 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.

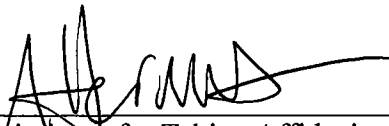
The projections have been prepared solely for the purpose described herein, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that it may not be appropriate for other purposes.

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: _____

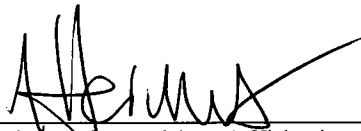
Name: _____

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]



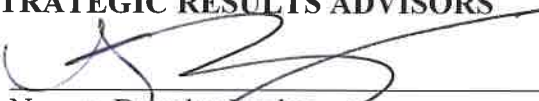
Confirmation

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

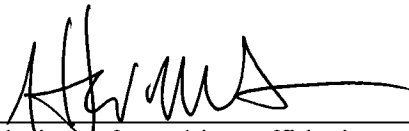
DEL EQUIPMENT INC.

Per:


Name: Paul Martin
Title: Chairman of the Board and Secretary

L

**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,

- 2 -

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;

- 3 -

- (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.

- 4 -

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.

[Remainder of page intentionally left blank]

6992181

**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
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Christopher G. Armstrong LSO# 55148B
carmstrong@goodmans.ca

Andrew Harmes LSO# 73221A
aharmes@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for Del Equipment Inc.

3

Court File No.: CV-19-629552-00CL

**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

**SUPPLEMENTARY AFFIDAVIT OF DOUGLAS LUCKY
(sworn January 15, 2020)**

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

I. INTRODUCTION

1. I am the Chief Restructuring Officer (“CRO”) of Del Equipment Inc. (“DEL” or the “Company”), a Canadian truck body and equipment “up-fitter” that engineers, designs, manufactures and sells special truck bodies, attachments, equipment and work-ready vehicles nationwide through its six manufacturing and distribution locations.
2. DEL retained 2255987 Ontario Limited o/a Strategic Results Advisors (a company which I am the principal of) on July 23, 2019 to provide restructuring and turn-around advisory services. I was appointed by DEL as CRO immediately prior to the Company’s commencement of the within proceedings under the *Companies’ Creditors Arrangement*

- 2 -

Act (the “**CCAA**”), with such appointment becoming effective upon the issuance by this Court of the Initial Order. I was previously employed as the chief executive officer and chief operating officer of DEL Equipment Limited (the previous entity through which DEL’s business was operated) from April 2013 to November 2017.

3. Accordingly, I have personal knowledge of 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.
4. I previously swore an affidavit in these proceedings on October 20, 2019 (the “**Initial Affidavit**”) in connection with DEL’s application for the Initial Order. Capitalized terms not otherwise defined herein have the meanings given to them in my Initial Affidavit.
5. This affidavit supplements my Initial Affidavit and is sworn in respect of the dispute involving Mack Defense, LLC (“**Mack Defense**”) and Gin-Cor Industries Inc. (“**GCI**” and, together with its affiliates, the “**Gin-Corp Group**”), in which payment of \$874,107.08 (the “**Funds**”) owing to DEL from Mack Defense was improperly made by Mack Defense to GCI.¹
6. On October 22, 2019, concurrent with the issuance of the Initial Order and the commencement of these proceedings, DEL obtained an order of this Court which, among other things, required GCI to transfer the Funds to the Monitor by no later than October 25, 2019. On November 5, 2019, following a motion by DEL seeking a further preservation order as a result of GCI’s failure to transfer the Funds to the Monitor, the

¹ Unless otherwise indicated, monetary references in this affidavit are references to Canadian dollars.

- 3 -

Court granted a consent preservation order directing GCI to transfer the Funds to its counsel in trust pending further order of this Court or the consent of DEL, GCI and the Monitor.

7. The parties are respectfully asking that the Court approve a process (through a combination of a Court hearing and a referral to a CCAA claims officer, as necessary) to resolve the following two issues relating to this dispute:
 - (a) whether GCI has the right to retain all or any portion of the Funds and to set-off the Funds against: (i) any amount owing by DEL to GCI, and (ii) any amount owing by DEL to another entity in the Gin-Cor Group (the “**Set-Off Dispute**”); and
 - (b) the amounts owing by: (i) DEL to each entity in the Gin-Cor Group, and (ii) each entity in the Gin-Cor Group to DEL, including the specific amount that GCI is entitled to set-off against the Funds if the Court determines the Set-Off Dispute in favour of GCI.

II. RESPONSE TO SILVERI AFFIDAVIT

8. I have read the affidavit of Renzo Silveri sworn November 3, 2019 (the “**Silveri Affidavit**”) filed by GCI in connection with DEL’s motion for the further preservation order, and respond in this affidavit to certain specific matters raised therein. I do not address all issues in the Silveri Affidavit with which I disagree. The fact that I do not specifically address any particular allegation made in the Silveri Affidavit does not mean that I agree with it.
9. At paragraph 25 of the Silveri Affidavit, Mr. Silveri states that immediately prior to GCI receiving the Funds, DEL was indebted to the Gin-Cor Group in the amount of

- 4 -

approximately \$1,296,206. In paragraph 34 of the Silveri Affidavit, Mr. Silveri further states that the Funds were being “retained by GCI and properly credited to pre-existing and legitimate debts owing by DEL to the Gin-Cor Group.”

10. The statements in the Silveri Affidavit do not fully explain the situation that existed between DEL and the Gin-Cor Group.
11. First, while DEL is in the process of reviewing and reconciling its accounts with Gin-Cor Group entities, it believes the amount owing by DEL to the Gin-Cor Group is less than the amount set forth in in the Silveri Affidavit, including because various entities in the Gin-Cor Group also owe amounts to DEL. I also note that, for clarity, in addition to amounts DEL owes to GCI, DEL’s records reflect amounts owing to four other Gin-Cor Group entities. As part of the contemplated dispute resolution process, DEL is prepared to work with GCI towards consensually resolving the quantum of any amounts owing by DEL to the Gin-Cor Group. If the quantum of such amounts cannot be resolved consensually, it is proposed that the matter will be referred to the CCAA claims officer for final determination to the extent relevant.
12. Second, the Silveri Affidavit omits the fact that, with the exception of the amount of \$8,717.96 (which is discussed in greater detail below), none of the amounts owed by DEL to the Gin-Cor Group relate to the work that DEL undertook for Mack Defense pertaining to the MD Trucks (as defined below) and for which Mack Defense attempted to pay the Funds to DEL.
13. By way of background and as described in further detail in the Initial Affidavit, the Funds were paid by Mack Defense in respect of DEL’s up-fit of four different truck configurations

- 5 -

and 19 up-fit trucks (the “**MD Trucks**”). Mack Defense issued purchase orders for the MD Trucks to DEL through DEL’s Moncton branch, and DEL performed the necessary work to up-fit the MD Trucks and deliver them to DND bases and Parks Canada locations, as requested.

14. I have consulted with Steve Lewin, the general manager of DEL’s Moncton branch, and understand that DEL outsourced certain work in respect of the MD Trucks to various subcontractors, including GCI. I understand from Mr. Lewin that DEL has paid all amounts due and owing to GCI in respect of the work it performed in connection with the MD Trucks except for the amount of \$8,717.96 which remains outstanding and subject to the CCAA stay. The invoices relating to the outstanding \$8,717.96 owed by DEL to GCI in respect of the MD Trucks are attached as Exhibits “A” and “B” to this affidavit. I note that the invoices for the \$8,717.96 amount were rendered by GCI to DEL, and were not rendered by GCI to Mack Defense.
15. Other than this small amount of \$8,717.96, there are no amounts owing by DEL to the Gin-Cor Group that relate in any manner whatsoever either to the MD Trucks and/or any purchase orders issued by, or invoices issued to, Mack Defense. Rather, amounts owing by DEL to the Gin-Cor Group relate to their other business dealings, including rent and management payments.

III. STATUS OF CLAIMS OF CREDITORS

16. As described in greater detail in the Initial Affidavit, DEL owed significant amounts to its creditors at the outset of this case, including approximately \$11.5 million to its senior secured creditor (Diesel) and \$8 million to its supplier base. Except for certain critical

vendor payments authorized by this Court, most pre-filing amounts owing by DEL to its creditors remain unpaid and subject to the CCAA stay.

- 17. DEL, with the assistance of its professional advisors, continues to advance the sale and investment process (the “**Sale Process**”) approved by this Court in the Company’s CCAA proceedings as it works towards identifying and implementing a 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. There is no certainty at this stage of the Sale Process and the CCAA proceedings as to the recoveries for DEL’s creditors. As such, to the extent GCI were permitted to retain all or any portion of the Fund, it could receive preferential treatment over DEL’s other creditors, including other unsecured creditors.

SWORN before me at the City of Toronto, in the Province of Ontario, on January 15, 2020.

A Commissioner for taking affidavits



Douglas Lucky

A

**THIS IS EXHIBIT "A"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 15th DAY OF JANUARY, 2020**

A handwritten signature in blue ink, appearing to read "Atwater", is written over a horizontal line.

Commissioner for Taking Affidavits

Gin-Cor Industries Inc.
 5151 Highway 17 West
 Mattawa, ON P0H 1V0 Canada
 Phone # 705 744 5543
 Fax # 705 744 2943
 E-mail accountsreceivable@gincor.com
 Web Site www.gincor.com

Invoice # 54130

Mar-29-2019

Location Carleton Place

GST/HST No. 864578240

Sold To

Del Equipment Inc. - Moncton Division
 83 Caledonia Road
 Moncton, NB E1H 2E6

Ship To

Del Equipment Inc. - Moncton Division
 83 Caledonia Road
 Moncton, NB E1H2E6

<u>Payment Terms</u> Due on receipt	<u>Quotation #</u>	<u>Make / Model</u> Mack	<u>Box Serial #</u> DH-383236	<u>Rep</u>
<u>Customer P.O.</u>	<u>Job #</u> J19-048	<u>Chassis #</u> 1M2GR3GC4KM011841	<u>End User</u> CFB Trenton	

<u>Ship Qty</u>	<u>Part ID</u>	<u>Part Description</u>	<u>U/M</u>	<u>Unit Price</u>	<u>Extended Price</u>
1.00	Dump box extra c...	Extra charge for Dump Boxes Re & re taillights and mudflaps To blast, mask and prime box To sand box sides and paint yellow To prep and paint balck @ post and rear section Subletted by: Thomas Cavanagh #41177, copy attached	EA	4,465.00	4,465.00

ENTERED IN SPOKANE
 VENDOR # 30682
 NETV 20211 4 @ 580.46
 CHG TO: _____ CIG: _____
 CHG TO: 11200 CIG: 4465.00
 CHG TO: _____ CIG: _____
 DATE: 04/04 APPD: _____
 119

Thank you for your business!

If you have any queries with this invoice, please contact
 Phone: (705) 744-5543
 Fax: (705) 744-2943

Invoice Sub-total	CAD 4,465.00
Harmonized Sales Tax (13%)	CAD 580.46
Invoice Total	CAD 5,045.46
Deposits/Credits	CAD 0.00
Balance Due	CAD 5,045.46

B

THIS IS EXHIBIT "B"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 15th DAY OF JANUARY, 2020

A handwritten signature in blue ink, appearing to read "Alc neq", is written over a horizontal line.

Commissioner for Taking Affidavits

Gin-Cor Industries Inc.

5151 Highway 17 West
Mattawa, ON P0H 1V0 Canada



Phone # 705 744 5543
Fax # 705 744 2943
E-mail accountsreceivable@gincor.com
Web Site www.gincor.com

Invoice # 54862

May-09-2019

Location Carleton Place

GST/HST No. 864578240

part as per Steve

Sold To

Del Equipment Inc. - Moncton Division
83 Caledonia Road
Moncton, NB E1H 2E6

Ship To

Del Equipment Inc. - Moncton Division
83 Caledonia Road
Moncton, NB E1H2E6

<u>Payment Terms</u> Net 30	<u>Quotation #</u>	<u>Make / Model</u> Mack	<u>Box Serial #</u>	<u>Rep</u> KB
<u>Customer P.O.</u> PO# Steve Lewin	<u>Job #</u>	<u>Chassis #</u>	<u>End User</u> DND Trenton	

<u>Part ID</u>	<u>Part Description</u>
----------------	-------------------------

Delivery/Shunting To cover the cost of fuel and delivery to DND Trenton for the following jobs
 J19-046 VIN: KM011839
 J19-047 VIN: KM011840
 J19-048 VIN: KM011841
 J19-049 VIN: KM011842
 J19-050 VIN: KM011838

ENTERED IN SPOKANE
 VENDOR: 30682
 NSTR 2021: 8
 CHG TO: _____ CIG: _____
 CHG TO: _____ CIG: _____
 CHG TO: 11200 CIG: _____
 DATE: 05/17/19 APPD: _____

Total Job CAD 3,250.00

Thank you for your business!

If you have any queries with this invoice, please contact

Phone: (705) 744-5543
Fax: (705) 744-2943

<i>Invoice Sub-total</i>	CAD 3,250.00
<i>Harmonized Sales Tax (13%)</i>	CAD 422.50
Invoice Total	CAD 3,672.50
<i>Deposits/Credits</i>	CAD 0.00
Balance Due	CAD 3,672.50

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

Court File No.: CV-19-629552-00CL

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

Applicant

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

**AFFIDAVIT OF DOUGLAS LUCKY
(Sworn January 15, 2020)**

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Jason Wadden LSO# 46757M
jwadden@goodmans.ca

Christopher G. Armstrong LSO# 55148B
carmstrong@goodmans.ca

Andrew Harmes LSO# 73221A
aharmes@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for Del Equipment Inc.

4

In the Matter of the CCAA re: DEL Equipment Inc.

Douglas Lucky
on Monday, April 20, 2020



77 King Street West, Suite 2020
Toronto, Ontario M5K 1A1

neesonsreporting.com | 416.413.7755

1 Court File No. CV-19-629552-00CL

2 ONTARIO

3 SUPERIOR COURT OF JUSTICE

4 (COMMERCIAL LIST)

5
6 B E T W E E N:

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

9 AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF
10 DEL EQUIPMENT INC.

11 Applicant

12 -----

13 --- This is the Cross-Examination of DOUGLAS LUCKY,
14 upon his Affidavit sworn October 20th, 2019, taken
15 via Neesons, A Veritext Company's virtual platform,
16 on the 20th of April, 2020.

17 -----

18 REPORTED BY: McKaya McDonald, CSR

19
20
21
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

WITNESS: DOUGLAS LUCKY: AFFIRMED

PAGE

CROSS-EXAMINATION BY MR. SHASTRI.....6

**The following list of undertakings, advisements
and refusals is meant as a guide only for the
assistance of counsel and no other purpose**

INDEX OF UNDERTAKINGS

The questions/requests undertaken are noted by U/T
and appear on the following pages/lines: 18:20.

INDEX OF ADVISEMENTS

The questions/requests taken under advisement are
noted by U/A and appear on the following
pages/lines: 30:5.

INDEX OF REFUSALS

The questions/requests refused are noted by R/F and
appear on the following pages/lines: None.

INDEX OF EXHIBITS

NUMBER/DESCRIPTION	PAGE
1: DEL Equipment AP, July 1st, 2019.	11:2
2: DEL Equipment Inc. AP, August 31st, 2019.	11:9
3: DEL Equipment AP, September 5th, 2019.	11:16
4: DEL Equipment AP, October 21st, 2019.	11:23
B: Document created by Gin-Cor comparing amounts outstanding to various Gin-Cor entities as at August 31st and October 21st, 2019.	17:23
A: Spreadsheet comparing the amounts outstanding to the various creditors as at August the 31st, 2019, and October the 21st, 2019.	22:5

1 -- PROCEEDINGS COMMENCED AT 11:11 A.M. --

2 THE REPORTER: Counsel, as you all
3 know, because we are using a virtual connection,
4 everyone is going to have to be more conscious than
5 ever of not speaking over each other. If I cannot
6 hear the end of a question or the beginning of an
7 answer, you are going to have a very poor record.
8 If I have to consistently interrupt because I
9 cannot hear or understand something that is said,
10 you will not have a good examination flow. If
11 there is an objection, I must be able to hear it
12 and know who is objecting. If I do have to
13 interrupt, please be patient and understand my goal
14 is to provide you with a perfect record of these
15 proceedings. Please move your papers and/or legal
16 pads away from your phone so there is no ambient
17 noise.

18 From time to time we've noticed the
19 audio can be affected, and if so, we may need to
20 stop the proceedings and wait a moment for the
21 audio to improve, either by reconnecting or asking
22 that everyone use the conference call number if
23 you're using computer audio.

24 Would the witness please identify
25 himself and spell your first and last name?

1 THE WITNESS: Yeah. I'm Douglas Lucky.
2 First name is D-O-U-G-L-A-S; last name is
3 L-U-C-K-Y.

4 THE REPORTER: Thank you. Our witness
5 today is Douglas Lucky. If there are any questions
6 about the witness's identity, would counsel please
7 advise on the record now?

8 MR. SHASTRI: This is the first time
9 I'm seeing Mr. Lucky, so I'm presuming he is who he
10 says he is.

11 THE REPORTER: Hearing no objections,
12 counsel, are you ready for me to affirm the
13 witness?

14 MR. SHASTRI: Yes.

15 DOUGLAS LUCKY: AFFIRMED.

16 CROSS-EXAMINATION BY MR. SHASTRI:

17 1 Q. Good morning, a collection of all
18 these meaningful people on my video screen this
19 morning. Thank you for attending.

20 I just want to pick up on what
21 Ms. McDonald just said about interruption. What I
22 intend to do is I will ask a question; I will
23 pause; and Mr. Lucky, I suggest that you pause and
24 wait for your counsel to object or not object. If
25 there is no objection, then you can proceed.

1 Otherwise, it may become a bit of a jumble. Does
2 that make sense?

3 A. Yeah.

4 2 Q. And you have to give verbal
5 cues -- you can't give nonverbal cues -- yes or no.

6 A. Yes, that's fine.

7 3 Q. That's perfect. All right. Thank
8 you. Let's start.

9 Mr. Lucky, you were previously a
10 high-ranking executive with the DEL group of
11 companies?

12 A. I was the CEO and COO of DEL
13 Equipment Limited.

14 4 Q. Okay. And until when were you the
15 CEO and the COO?

16 A. Until June of 2017.

17 5 Q. Now, you've sworn two affidavits
18 in this matter; one sworn October 20th, 2019, and
19 one sworn January 15th, 2020. You have those
20 affidavits, sir?

21 A. I have those in front of me, yes,
22 on the screen.

23 6 Q. And you have reviewed them prior
24 to today's examination?

25 A. Yes.

1 7 Q. All right. And is there any
2 correction you wish to make in either of those two
3 affidavits?

4 A. Yes.

5 8 Q. All right. Can you tell me which
6 one?

7 A. In my affidavit of October 20th,
8 paragraph 62(i), it refers to the date September 1,
9 and it should read "September 19."

10 9 Q. Just give me a second. Let me
11 look at that.

12 Any other corrections, sir?

13 A. No.

14 10 Q. Thank you. All right. It's my
15 understanding that there are a number of companies
16 in the Gin-Cor group, and those companies include
17 Gin-Cor Industries, Durabody Industries Limited,
18 210 Harry Walker Parkway, and the JC Trailers. Is
19 that your understanding?

20 A. Yes.

21 11 Q. All right. And are there any
22 other Gin-Cor entities with whom DEL was doing
23 business?

24 A. Not that I'm aware of.

25 12 Q. Thank you. And it's my

1 understanding that the terms of payment between
2 Gin-Cor and DEL were 30-day terms; is that correct?

3 A. I don't know.

4 13 Q. Who would have that information?

5 A. That information would be with the
6 controller and sales people who might have been
7 doing direct business and setting out the terms of
8 trade.

9 14 Q. Thank you. Now, how many
10 different divisions did DEL Equipment Inc. have?
11 There were several different facilities, correct?

12 A. They had branches --

13 15 Q. No, what --

14 A. They had branches across the
15 country.

16 16 Q. So looking at the four
17 account-payable listings that your counsel had sent
18 over yesterday afternoon, I see you had branches in
19 Alberta, Montreal, Vancouver, and then there's
20 something that says "[indiscernible],
21 Nova Scotia, NSC."

22 A. It's actually Moncton, New
23 Brunswick.

24 17 Q. And what's MTM?

25 A. MTM would be Moncton, probably.

1 18 Q. And what about NSC?

2 A. That is short for head office,
3 National Support Centre.

4 19 Q. And where was that? Was that
5 Newmarket?

6 A. Yes.

7 20 Q. And then you had a division in
8 Newmarket itself. So I count eight different
9 divisions; is that right?

10 A. When I arrived, there were seven
11 operating locations. Those locations were Moncton,
12 Montreal, Newmarket, Calgary, Edmonton, Vancouver,
13 and Regina.

14 21 Q. And when you said "when I
15 arrived," are you talking about in your role as
16 chief restructuring officer?

17 A. Yes, at the end of July 2020.

18 22 Q. Okay. And you subsequently shut
19 down some of those divisions?

20 A. We closed the Regina facility.

21 23 Q. Now, your counsel has sent across
22 four listings of account payables. And prior to
23 the examination, we marked as Exhibit 1 the DEL
24 Equipment AP, July 1st -- it says 2020, but we've
25 confirmed that is meant to be 2019, correct?

1 A. Correct.

2 EXHIBIT NO. 1: DEL Equipment AP,
3 July 1st, 2019.

4 BY MR. SHASTRI:

5 24 Q. And we've marked as Exhibit 2 the
6 DEL Equipment Inc. AP, August 31st, 2020. Again,
7 it should be 2019?

8 A. Correct.

9 EXHIBIT NO. 2: DEL Equipment Inc. AP,
10 August 31st, 2019.

11 BY MR. SHASTRI:

12 25 Q. We've marked as Exhibit 3 the
13 DEL Equipment AP, September 5th, 2020. Again, it
14 should be 2019?

15 A. Correct.

16 EXHIBIT NO. 3: DEL Equipment AP,
17 September 5th, 2019.

18 BY MR. SHASTRI:

19 26 Q. And Exhibit 4, the DEL Equipment
20 AP, October the 21st, 2020. And, again, it should
21 be 2019?

22 A. Correct.

23 EXHIBIT NO. 4: DEL Equipment AP,
24 October 21st, 2019.

25 BY MR. SHASTRI:

1 27 Q. All right. And, Mr. Lucky, what
2 do each of these listings detail?

3 A. They set out the amounts showing
4 as due and payable to trade creditors of DEL
5 Equipment at those different dates. It reflects
6 the invoices that were entered as at those dates.

7 28 Q. So as at October the 21st, if we
8 look at Exhibit Number 4, that's immediately prior
9 to the date of filing, correct?

10 A. That is correct.

11 29 Q. This is as comprehensive a listing
12 of trade creditors outstanding from DEL
13 Equipment Inc. just prior to filing?

14 A. That is correct.

15 30 Q. And if we look at Exhibit
16 Number 4, which is the October the 21st, 2019, AP
17 listing...

18 A. Yes?

19 31 Q. If we look at the first page, you
20 will see, Supplier Number 336, Gin-Cor Industries
21 Inc.

22 A. I see it.

23 32 Q. So it was an aggregate outstanding
24 amount of \$635,374.74 from the National Support
25 Centre division?

1 A. I see that.

2 33 Q. Okay. And similarly, we'll see
3 just two down, Number 354, DBIL Holdings Inc. It
4 shows an aggregate outstanding of \$14,944.10?

5 A. I see that as well.

6 34 Q. And if we flip to the second page,
7 you'll see about six lines down, Durabody
8 Industries Limited?

9 A. I'm scrolling. I don't have
10 pages. Oh, no, here we go. Sorry.

11 35 Q. That's okay. Take your time.

12 A. Vancouver, Durabody? That one?

13 36 Q. Yes, yes.

14 A. M-hm?

15 37 Q. A small amount of \$36.75
16 outstanding?

17 A. Yes.

18 38 Q. Okay.

19 A. And, Rahul, can I just point out
20 one thing? That is that these are mixed
21 currencies. So this isn't all Canadian dollars.
22 We have Canadian, American, and European suppliers,
23 and they're shown in these listings in their native
24 currencies, just to make you aware.

25 39 Q. Sure. But for the purposes of the

1 Gin-Cor group, that would be still in Canadian
2 dollars, correct?

3 A. Correct.

4 40 Q. But I appreciate that. So if we
5 go down almost a quarter way to the bottom, you'll
6 see 104091, Durabody Industries Limited,
7 \$31,141.45?

8 A. Yes, I see it.

9 41 Q. And that was outstanding as of
10 October the 21st?

11 A. Based on this listing?

12 42 Q. Yeah.

13 A. Yeah.

14 43 Q. And then Gin-Cor, if you just go
15 down a few more lines, 107043, Gin-Cor Industries
16 Inc. is shown to be owed \$599.03?

17 A. I see that as well.

18 44 Q. If we go to the next page, you'll
19 see almost three-quarters of the way down the page,
20 a listing, 207012, Gin-Cor Industries Inc., and it
21 shows as \$1,674.08 are outstanding?

22 A. I see that amount.

23 45 Q. And then if we go to page 5 of 7,
24 about two-fifths of the way down, you'll see 10136,
25 Gin-Cor Industries Inc., and the outstanding

1 balance there is \$88,949.87?

2 A. 88,000?

3 46 Q. Yes.

4 A. Yes, I see that.

5 47 Q. Okay. Page 6 of 7, about
6 one-eighth of the way down the page, Number 11349,
7 Durabody Industries Limited, shows a balance
8 outstanding of \$383,051.66?

9 A. I see that as well.

10 48 Q. About ten lines down beneath that,
11 Supplier Number 11476, 210 Harry Walker Holdings
12 Inc. shows a balance outstanding of \$219,570.72?

13 A. I see that as well.

14 49 Q. Do you know if that is simply the
15 basic rent that's due, or is that the basic and the
16 additional rent?

17 A. It will be a combination of the
18 two, I believe.

19 50 Q. Right. I say that, Mr. Lucky,
20 because my understanding is that the amount
21 outstanding from DEL to 210 Harry Walker Parkway
22 immediately prior to the date of filing was closer
23 to \$412,000.

24 Do you have any information as to how
25 that figure of \$219,570.72 was calculated?

1 A. I recognize the amount of 82,400.
2 That would have been an invoice for rent plus HST
3 for either August -- July, August, or September.
4 Without having the detail of the next number --
5 being 112,000 -- I don't know what's in it.

6 51 Q. So you're not sure if that's just
7 basic rent or a combination of basic and
8 additional? You can't tell?

9 A. I can -- when I see an amount like
10 24,783, that amount by virtue of its size suggests
11 to me that that would be for additional rent for
12 some period.

13 52 Q. Okay. But sitting here today,
14 you're not able to determine exactly what that
15 219,000 figure comprises?

16 A. I can only say that it would be
17 consisting of invoices for rent and additional rent
18 for some period of time.

19 53 Q. If we drop down the page about 17
20 lines, you'll see amounts outstanding to Durabody
21 Industries Limited, \$14,208.62?

22 A. Yes.

23 54 Q. And then you've got Gin-Cor
24 entities, Gin-Cor Industries Inc., \$55,402.47?

25 A. Yes.

1 55 Q. And JC Trailers Design and
2 Fabrication, \$49,917.75?

3 A. Yes.

4 56 Q. And then finally on the last page,
5 almost about eight lines from the bottom, there's
6 an amount outstanding for Gin-Cor Industries Inc.
7 for \$10,508.89?

8 A. I see that.

9 57 Q. Right. Now, Mr. Lucky, I had
10 Mr. Silveri's office undertake an exercise to
11 compare the amounts outstanding on your AP listings
12 from August 31st to October 21st. And if I can ask
13 you to pull up what we've previously referred to
14 prior to the examination as Exhibit B, and I'll
15 mark it on the record that way.

16 A. Yes, I have it now in front of me.

17 58 Q. All right. So, counsel, this is a
18 document as I previously explained that was created
19 by Gin-Cor, and I understand that it compares the
20 amounts outstanding to various Gin-Cor
21 group-of-company entities as at August 31st and as
22 at October 21st, 2019.

23 EXHIBIT NO. B: Document created by
24 Gin-Cor comparing amounts outstanding
25 to various Gin-Cor entities as at

1 August 31st and October 21st, 2019.

2 BY MR. SHASTRI:

3 59 Q. Mr. Lucky, I've totalled the
4 amounts shown as at August 31st, and I come to
5 \$1,234,387. And I've totalled the amounts shown as
6 being outstanding as at October 21st, and I've come
7 to \$1,503,696.

8 What I'd like you to do is confirm --
9 well, if you take issue with any of the amounts of
10 numbers contained in that Exhibit B, I'd like you
11 to tell me because all I've done is compare the
12 figures in Exhibit Number 2 and Exhibit Number 1.

13 MR. WADDEN: So, counsel, if I
14 understand what you're asking, you want us to
15 advise you after the examination, once Mr. Lucky
16 has had an opportunity to review this document, if
17 we disagree with any of the numbers, to let you
18 know?

19 MR. SHASTRI: Yeah, that's fine.

20 U/T MR. WADDEN: Okay. We will do that.

21 BY MR. SHASTRI:

22 60 Q. Great. Thank you. And similarly,
23 Mr. Lucky, Exhibits 1 through 4, those, in your
24 view, are as accurate a listing of accounts
25 payable --

1 [Audio malfunction]

2 MR. WADDEN: I think we've lost
3 Mr. Shastri.

4 THE WITNESS: He's frozen, and I didn't
5 hear a question.

6 BY MR. SHASTRI:

7 61 Q. Okay. Can you hear me?

8 A. You're back now.

9 62 Q. Okay. Thank you. All right. My
10 question -- I think you may have answered it.

11 Exhibits 1 to 4, you said, were accounts payable
12 amounts of invoices entered into your system as at
13 the date shown at the bottom, correct?

14 A. That is correct.

15 63 Q. And is it simply just the invoice
16 amounts, or is it an amount that is recognized to
17 be outstanding?

18 What I mean by that is are you taking
19 any issue with any specific invoice?

20 A. Subject to any reconciliation or
21 amounts that may be in question or dispute that I
22 wouldn't necessarily know about, they are as
23 presented.

24 64 Q. They're, as far as DEL is
25 concerned, an accurate reflection of what it says

1 is outstanding to its various creditors as at the
2 date set at the bottom?

3 A. Yes.

4 65 Q. Okay. Thank you. How does
5 Unicell Limited play into the DEL group?

6 A. Unicell is a fiberglass van body
7 business that is owned by Paul Martin's brother.
8 Paul Martin is the principal shareholder of
9 DEL Equipment Inc.

10 DEL has been a distributor of Unicell's
11 products across Canada with the exception recently
12 of Ontario. The companies also shared banking
13 relationships for a period of time.

14 66 Q. And between July 1st and October
15 the 21st, 2019, who made the decision as to which
16 creditor to pay and which creditor not?

17 A. Between what dates?

18 67 Q. July 1st, 2019, and October
19 the 21st, 2019.

20 Who made the decision about which
21 creditors got paid and which ones didn't get paid?

22 A. My understanding is that from
23 July 1 to July 17, Gin-Cor was still in management
24 control of the company. Whether they were making
25 decisions to pay or not pay people -- not pay people, I

1 don't know.

2 I arrived as an advisor to the company
3 on July 23rd. I began working with the company to
4 advise it on how we would structure a
5 cash-management system in order to make decisions
6 on who to pay and how much to pay based on certain
7 priorities and criteria. The ultimate decision on
8 who would be paid rested with Paul Martin.

9 68 Q. And just to be clear, the
10 creditors that are shown in Exhibits 1 through 4,
11 they're all unsecured creditors; is that correct?

12 A. Without scrutinizing that list in
13 detail, I would say that that is very likely the
14 case, yes, that they would all be unsecured
15 creditors.

16 69 Q. Unicell Limited was not a secured
17 creditor?

18 A. They were not a secured creditor.

19 70 Q. And so if I can ask you to turn to
20 Exhibit A, which is the longer spreadsheet, it's my
21 understanding based on the information provided
22 through Mr. Silveri that this spreadsheet is an
23 amalgam of Exhibit 2 and Exhibit 4 comparing the
24 amounts outstanding to the various creditors as at
25 August the 31st, 2019, and October the 21st, 2019.

1 Now, I know you haven't had an
2 opportunity to look at it yet, but I'm going to ask
3 you some questions with that premise, okay?

4 A. Yes.

5 EXHIBIT NO. A: Spreadsheet comparing
6 the amounts outstanding to the various
7 creditors as at August the 31st, 2019,
8 and October the 21st, 2019.

9 BY MR. SHASTRI:

10 71 Q. Okay. And if we look at the
11 column, "Variance," on the far right-hand side, a
12 negative number shows that the amounts outstanding
13 to the creditor has dropped by that amount. And
14 if, for example, you go to the very last page, that
15 is a positive number and shows that the amount
16 outstanding to the creditor has increased over that
17 period of time. Do you follow?

18 A. Yes.

19 72 Q. So if we look at Unicell Limited,
20 as at August the 31st, 2019, I'm told that it was
21 owed \$162,356.60 based on that spreadsheet. And
22 I'm told that as at October the 21st, 2019, it was
23 owed nothing at all. Who made the decision that
24 Unicell was going to be paid?

25 MR. WADDEN: Sorry, counsel, I'm having

1 trouble. Can you help me?

2 MR. SHASTRI: Yes, sir.

3 MR. WADDEN: Thanks.

4 MR. SHASTRI: If you look at Exhibit B,
5 Mr. Wadden...

6 MR. WADDEN: Yeah, Exhibit B, it's the
7 long spreadsheet you provided this morning?

8 MR. SHASTRI: Yeah. Exhibit B is
9 the -- sorry. I want to make sure that we're -- I
10 had Exhibit A as the small spreadsheet and
11 Exhibit B as the long spreadsheet. Have I mixed
12 them up?

13 MR. WADDEN: Sorry, you cut out a
14 little bit. I, perhaps, made a mistake. So you
15 provided a long one and a short one.

16 MR. SHASTRI: Yes.

17 MR. WADDEN: The long one, we marked as
18 A?

19 MR. SHASTRI: All right.

20 MR. WADDEN: No, no. Sorry, I'm
21 asking.

22 MR. SHASTRI: I thought we marked the
23 long one as B and the short one as A.

24 MR. WADDEN: Okay. Great. And sorry,
25 you're pointing the witness to which?

1 MR. SHASTRI: The third one down,
2 there's an entity, "Unicell Limited Toronto."

3 MR. WADDEN: Sorry, and this is on
4 Exhibit B?

5 MR. SHASTRI: Correct.

6 MR. WADDEN: Okay. Thank you. Yes.
7 So I see, yeah, Unicell, and there's an amount of
8 \$12,036.42 that's listed?

9 MR. SHASTRI: No, no, no. \$162,356.60,
10 third line down.

11 MR. WADDEN: Oh, sorry. I see it now.
12 Thank you.

13 BY MR. SHASTRI:

14 73 Q. And then if you go to the far
15 right-hand side, counsel, you'll see, in brackets,
16 it's the same number of \$162,356.60 shown. Do you
17 follow?

18 MR. WADDEN: Yeah, I'm with you now.
19 Thank you, counsel.

20 MR. SHASTRI: Great. And it's my
21 understanding that that means that Unicell's debt
22 was completely paid out between August and
23 October 21st.

24 MR. WADDEN: Sorry, counsel. I'm not
25 sure if there's a question there because you're

1 just --

2 BY MR. SHASTRI:

3 74 Q. No, I know. My question is who
4 made the determination to pay Unicell?

5 A. They were not paid.

6 75 Q. I see. So when I focus your
7 account payable listing and it doesn't show
8 Unicell, what does that mean?

9 A. Unicell was undertaking to set up
10 independent banking arrangements. In addition to
11 this amount, there were other intercompany balances
12 due between Unicell and DEL.

13 So as part of the process of them
14 putting their banking in place and settling all of
15 their accounts with DEL, this amount was netted
16 against a balance due between the companies.

17 Unicell ended up actually writing a
18 cheque to DEL in order to settle the variety of
19 amounts due between the two companies, and that's
20 how this came to be extinguished.

21 76 Q. And the entity Auto Crane Co.,
22 does that have a regular relationship to the Martin
23 family or DEL group?

24 A. Auto Crane is a US manufacturer
25 and distributor of cranes, and there is no

1 relationship other than a trade relationship
2 between it and DEL.

3 77 Q. And, again, who made the
4 determination to pay down \$236,782 of its debt
5 between August and October?

6 A. As part of the cash management
7 system that we put in place that was used by the
8 management group to decide who would be paid and
9 how much they could be paid, that was determined in
10 conjunction with the branch managers.

11 Ultimately, final payment amounts were
12 approved by Paul Martin. In this particular case,
13 this customer also required that we enter into a
14 payment program in order to secure a continued
15 supply of cranes and parts.

16 78 Q. So somebody made a determination
17 going through this entire list of Exhibit B as to
18 which creditors would get paid and which creditors
19 wouldn't?

20 A. As part of our cash management
21 process, we met on a weekly basis. We created a
22 weekly cash flow to assess how much cash we might
23 have available to spend on any given week. Once we
24 took into account the requirements for payroll,
25 statutory amounts, and other required amounts, we

1 then looked at what our availability was for our
2 trade creditors.

3 And on a weekly basis, we would work
4 with the branch managers giving them an allocation
5 of cash that they could apply against the trades
6 associated with their branch. Their criteria were,
7 first and foremost, they would pay creditors, trade
8 creditors, related to product that was in
9 production so that we could ensure that we could
10 complete product in production, convert it into
11 sales, receivables, and cash.

12 79 Q. So there was no product on your
13 floor that was being converted that had been
14 supplied by the Gin-Cor group? Is that what your
15 evidence is?

16 A. I'm not aware of any
17 Gin-Cor-specific product that might have been on
18 the floor at any of the branches between the end of
19 July and October 21st.

20 80 Q. So when you say "you're not
21 aware --"

22 A. I don't recall.

23 81 Q. You don't know?

24 A. Yeah, I don't recall.

25 82 Q. All right. Now, this all relates

1 to a payment by Mack Defense for approximately
2 \$874,000, correct?

3 MR. WADDEN: Sorry, counsel, can you
4 repeat that? The audio cut out a little bit.

5 BY MR. SHASTRI:

6 83 Q. Sure. I said this all relates to
7 a payment made by Gin-Cor to Mack Defense for
8 approximately \$874,000, correct?

9 A. There was a payment made by Mack
10 Defense to Gin-Cor.

11 84 Q. Yes -- that's what I'm saying --
12 for approximately \$874,000, correct?

13 A. Yes.

14 85 Q. And when you became aware of that
15 payment, if I can ask you to look at Exhibit F of
16 your affidavit.

17 A. Oops. Wrong mouse.

18 86 Q. Sure.

19 A. I have Exhibit F now.

20 87 Q. Okay. It's the one from
21 Mr. Wadden dated October 10th, 2019?

22 A. Yes.

23 88 Q. Have you, in fact, initiated
24 proceedings against Mack Defense?

25 MR. WADDEN: Sorry, counsel. Again,

1 just verbally, you cut out.

2 BY MR. SHASTRI:

3 89 Q. Have you initiated proceedings
4 against Mack Defense?

5 A. As part of our CCAA process, my
6 understanding, based on our consultations with
7 counsel, is that we have reserved our rights to
8 initiate proceedings against Mack Defense.

9 90 Q. But there are no proceedings
10 ongoing at this point?

11 A. To my knowledge, that's correct.

12 MR. SHASTRI: Gentlemen, just give me a
13 second, all right? Let's just take five minutes.
14 I may well be done, so I'll be back in five
15 minutes.

16 MR. WADDEN: Okay. Sounds good.

17 MR. SHASTRI: Thanks.

18 -- RECESS AT 11:48 A.M. --

19 -- RESUMING AT 11:54 A.M. --

20 BY MR. SHASTRI:

21 91 Q. I just have one question.
22 Mr. Lucky, Exhibit Number B, which was the
23 comparison of all creditors shown as at the August
24 date and the October date, again, if you take any
25 issue with the figures that were calculated and

1 contained in that second spreadsheet, you'll let me
2 know?

3 A. I will let you know.

4 92 Q. Thank you.

5 U/A MR. WADDEN: Counsel, sorry, I was just
6 trying to interject there. We'll take that under
7 advisement only because it's a very lengthy
8 document. Exhibit A is a little short. We can
9 look at those ones specifically, so I'll just take
10 that under advisement. We will get back to you
11 though. I'm just a little bit worried about the
12 scope of the work required on that one.

13 MR. SHASTRI: I understand. Thank you.
14 Those are my questions.

15 MR. WADDEN: Actually, sorry, before we
16 go you off, counsel, if you can assist us, if you
17 can provide us with the Excel spreadsheet version
18 of Exhibit B, we might be able to look at it from a
19 formulaic standpoint as opposed to a line-by-line
20 item.

21 MR. SHASTRI: Yes, we'll do that.

22 MR. WADDEN: Okay. Thank you. I don't
23 have any questions for re-examination. May I
24 suggest that we reconvene in a half-hour just so I
25 can get some water and just organize myself here so

1 no one is waiting?

2 MR. SHASTRI: Yeah, sure.

3 -- PROCEEDINGS CONCLUDED AT 11:56 A.M. --

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 REPORTER'S CERTIFICATE

2
3 I, MCKAYA MCDONALD, Chartered
4 Shorthand Reporter, certify;

5
6 That the foregoing proceedings were
7 taken before me at the time and place therein set
8 forth, at which time the witness was put under oath
9 by me;

10
11 That the testimony of the witness
12 and all objections made at the time of the
13 examination were recorded stenographically by me
14 and were thereafter transcribed;

15
16 That the foregoing is a true and
17 correct transcript of my shorthand notes so taken.

18
19 Dated this 22nd day of April, 2020.

20
21 

22
23 _____
24 NEESONS, A VERITEXT COMPANY

25 PER: MCKAYA MCDONALD, CSR

CHARTERED SHORTHAND REPORTER

WORD INDEX

< \$ >

\$1,234,387 18:5
\$1,503,696 18:7
\$1,674.08 14:21
\$10,508.89 17:7
\$12,036.42 24:8
\$14,208.62 16:21
\$14,944.10 13:4
\$162,356.60
22:21 24:9, 16
\$219,570.72
15:12, 25
\$236,782 26:4
\$31,141.45 14:7
\$36.75 13:15
\$383,051.66 15:8
\$412,000 15:23
\$49,917.75 17:2
\$55,402.47 16:24
\$599.03 14:16
\$635,374.74
12:24
\$874,000 28:2, 8,
12
\$88,949.87 15:1

< 1 >
1 4:4 6:17 8:8
10:23 11:2
18:12, 23 19:11
20:23 21:10
10 8:14
10136 14:24
104091 14:6
107043 14:15
10th 28:21
11 8:21
11:11 5:1
11:16 4:7
11:2 4:4
11:23 4:9
11:48 29:18
11:54 29:19
11:56 31:3
11:9 4:5
112,000 16:5
11349 15:6
11476 15:11
12 8:25
13 9:4
14 9:9

15 9:13
15th 7:19
16 9:16
17 9:24 16:19
20:23
17:23 4:11
18 10:1
18:20 3:13
19 8:9 10:4
1985 1:8
1st 4:4 10:24
11:3 20:14, 18

< 2 >
2 4:5 7:4 11:5,
9 18:12 21:23
20 10:7
2017 7:16
2019 1:14 4:4,
6, 8, 10, 14, 17,
18 7:18 10:25
11:3, 7, 10, 14,
17, 21, 24 12:16
17:22 18:1
20:15, 18, 19
21:25 22:7, 8,
20, 22 28:21
2020 1:16 7:19
10:17, 24 11:6,
13, 20 32:19
207012 14:20
20th 1:14, 16
7:18 8:7
21 10:14
210 8:18 15:11,
21
219,000 16:15
21st 4:9, 14, 18
11:20, 24 12:7,
16 14:10 17:12,
22 18:1, 6
20:15, 19 21:25
22:8, 22 24:23
27:19
22 10:18
22:5 4:15
22nd 32:19
23 10:21
23rd 21:3
24 11:5
24,783 16:10
25 11:12
26 11:19

27 12:1
28 12:7
29 12:11

< 3 >
3 4:7 7:7
11:12, 16
30 12:15
30:5 3:18
30-day 9:2
31 12:19
31st 4:6, 14, 17
11:6, 10 17:12,
21 18:1, 4
21:25 22:7, 20
32 12:23
33 13:2
336 12:20
34 13:6
35 13:11
354 13:3
36 13:13
37 13:15
38 13:18
39 13:25

< 4 >
4 4:9 7:14
11:19, 23 12:8,
16 18:23 19:11
21:10, 23
40 14:4
41 14:9
42 14:12
43 14:14
44 14:18
45 14:23
46 15:3
47 15:5
48 15:10
49 15:14

< 5 >
5 7:17 14:23
50 15:19
51 16:6
52 16:13
53 16:19
54 16:23
55 17:1
56 17:4
57 17:9
58 17:17
59 18:3

5th 4:7 11:13,
17

< 6 >
6 7:23 15:5
60 18:22
61 19:7
62 19:9
62(i) 8:8
63 19:15
64 19:24
65 20:4
66 20:14
67 20:18
68 21:9
69 21:16

< 7 >
7 8:1 14:23
15:5
70 21:19
71 22:10
72 22:19
73 24:14
74 25:3
75 25:6
76 25:21
77 26:3
78 26:16
79 27:12

< 8 >
8 8:5
80 27:20
81 27:23
82 27:25
82,400 16:1
83 28:6
84 28:11
85 28:14
86 28:18
87 28:20
88 28:23
88,000 15:2
89 29:3

< 9 >
9 8:10
90 29:9
91 29:21
92 30:4

< A >

A.M 5:1 29:18,
19 31:3
account 10:22
25:7 26:24
account-payable
9:17
accounts 18:24
19:11 25:15
accurate 18:24
19:25
ACT 1:8
addition 25:10
additional 15:16
16:8, 11, 17
advise 6:7
18:15 21:4
advisement
3:16 30:7, 10
advisements
3:7, 15
advisor 21:2
Affidavit 1:14
8:7 28:16
affidavits 7:17,
20 8:3
affirm 6:12
AFFIRMED 3:3
6:15
after 18:15
afternoon 9:18
aggregate
12:23 13:4
Alberta 9:19
allocation 27:4
amalgam 21:23
ambient 5:16
AMENDED 1:8
American 13:22
amount 12:24
13:15 14:22
15:20 16:1, 9,
10 17:6 19:16
22:13, 15 24:7
25:11, 15
amounts 4:12,
15 12:3 16:20
17:11, 20, 24
18:4, 5, 9 19:12,
16, 21 21:24
22:6, 12 25:19
26:11, 25
and/or 5:15
Andrew 2:4
answered 19:10

AP 4:4, 5, 7, 9
10:24 11:2, 6, 9,
13, 16, 20, 23
12:16 17:11
appear 3:13, 17,
22
Applicant 1:11
apply 27:5
appreciate 14:4
approved 26:12
approximately
28:1, 8, 12
April 1:16
32:19
Armstrong 2:5
ARRANGEMENT
1:8, 9
arrangements
25:10
arrived 10:10,
15 21:2
asking 5:21
18:14 23:21
assess 26:22
assist 30:16
assistance 3:9
associated 27:6
attending 6:19
audio 5:19, 21,
23 19:1 28:4
August 4:6, 13,
17 11:6, 10
16:3 17:12, 21
18:1, 4 21:25
22:7, 20 24:22
26:5 29:23
Auto 25:21, 24
availability 27:1
available 26:23
aware 8:24
13:24 27:16, 21
28:14

< B >

back 19:8
29:14 30:10
balance 15:1, 7,
12 25:16
balances 25:11
banking 20:12
25:10, 14
Based 14:11
21:6, 21 22:21
29:6

basic 15:15
16:7
basis 26:21
27:3
began 21:3
beginning 5:6
believe 15:18
beneath 15:10
bit 7:1 23:14
28:4 30:11
body 20:6
bottom 14:5
17:5 19:13 20:2
brackets 24:15
branch 26:10
27:4, 6
branches 9:12,
14, 18 27:18
brother 20:7
Brunswick 9:23
business 8:23
9:7 20:7

< C >

c.C-36 1:8
calculated
15:25 29:25
Calgary 10:12
call 5:22
Canada 20:11
Canadian 13:21,
22 14:1
case 21:14
26:12
cash 26:6, 20,
22 27:5, 11
cash-
management
21:5
CCAA 29:5
Centre 10:3
12:25
CEO 7:12, 15
certain 21:6
CERTIFICATE
32:1
certify 32:4
Chartered 32:3,
25
cheque 25:18
chief 10:16
Chris 2:5
clear 21:9

closed 10:20
closer 15:22
collection 6:17
column 22:11
combination
15:17 16:7
come 18:4, 6
COMMENCED
5:1
COMMERCIAL
1:4
COMPANIES
1:7 7:11 8:15,
16 20:12 25:16,
19
company 20:24
21:2, 3 32:23
Company's 1:15
compare 17:11
18:11
compares 17:19
comparing 4:12,
15 17:24 21:23
22:5
comparison
29:23
complete 27:10
completely
24:22
comprehensive
12:11
comprises 16:15
computer 5:23
concerned
19:25
CONCLUDED
31:3
conference 5:22
confirm 18:8
confirmed 10:25
conjunction
26:10
connection 5:3
conscious 5:4
consistently 5:8
consisting 16:17
consultations
29:6
contained 18:10
30:1
continued 26:14
control 20:24
controller 9:6

convert 27:10
converted 27:13
COO 7:12, 15
correct 9:2, 11
10:25 11:1, 8,
15, 22 12:9, 10,
14 14:2, 3
19:13, 14 21:11
24:5 28:2, 8, 12
29:11 32:17
correction 8:2
corrections 8:12
counsel 3:9
5:2 6:6, 12, 24
9:17 10:21
17:17 18:13
22:25 24:15, 19,
24 28:3, 25
29:7 30:5, 16
count 10:8
country 9:15
Court 1:1, 3
Crane 25:21, 24
cranes 25:25
26:15
created 4:11
17:18, 23 26:21
creditor 20:16
21:17, 18 22:13,
16
CREDITORS
1:7 4:16 12:4,
12 20:1, 21
21:10, 11, 15, 24
22:7 26:18
27:2, 7, 8 29:23
criteria 21:7
27:6
Cross-
Examination
1:13 3:5 6:16
CSR 1:18 32:24
cues 7:5
currencies
13:21, 24
customer 26:13
cut 23:13 28:4
29:1
CV-19-629552-
00CL 1:1

< D >

date 8:8 12:9
15:22 19:13
20:2 29:24
dated 28:21
32:19
dates 12:5, 6
20:17
David 2:8
day 32:19
DBIL 13:3
debt 24:21 26:4
decide 26:8
decision 20:15,
20 21:7 22:23
decisions 20:25
21:5
Defense 28:1, 7,
10, 24 29:4, 8
DEL 1:10 2:3
4:4, 5, 7, 9 7:10,
12 8:22 9:2, 10
10:23 11:2, 6, 9,
13, 16, 19, 23
12:4, 12 15:21
19:24 20:5, 9,
10 25:12, 15, 18,
23 26:2
Design 17:1
detail 12:2
16:4 21:13
determination
25:4 26:4, 16
determine 16:14
determined 26:9
different 9:10,
11 10:8 12:5
direct 9:7
disagree 18:17
dispute 19:21
distributor
20:10 25:25
division 10:7
12:25
divisions 9:10
10:9, 19
Document 4:11
17:18, 23 18:16
30:8
doing 8:22 9:7
dollars 13:21
14:2
DOUGLAS 1:13
3:3 6:1, 5, 15

D-O-U-G-L-A-S

6:2
drop 16:19
dropped 22:13
due 12:4 15:15
25:12, 16, 19
Durabody 8:17
13:7, 12 14:6
15:7 16:20

< E >

Edmonton 10:12
ended 25:17
ensure 27:9
enter 26:13
entered 12:6
19:12
entire 26:17
entities 4:13
8:22 16:24
17:21, 25
entity 24:2
25:21

EQUIPMENT

1:10 2:3 4:4, 5,
7, 9 7:13 9:10
10:24 11:2, 6, 9,
13, 16, 19, 23
12:5, 13 20:9

Esq 2:3, 4, 5, 7,
8

European 13:22

evidence 27:15

exactly 16:14

examination

5:10 7:24

10:23 17:14

18:15 32:13

example 22:14

Excel 30:17

exception 20:11

executive 7:10

exercise 17:10

Exhibit 10:23

11:2, 5, 9, 12, 16,

19, 23 12:8, 15

17:14, 23 18:10,

12 21:20, 23

22:5 23:4, 6, 8,

10, 11 24:4

26:17 28:15, 19

29:22 30:8, 18

EXHIBITS 4:1

18:23 19:11

21:10

explained 17:18

extinguished

25:20

< F >

Fabrication 17:2

facilities 9:11

facility 10:20

fact 28:23

family 25:23

fiberglass 20:6

figure 15:25

16:15

figures 18:12

29:25

File 1:1

filing 12:9, 13

15:22

final 26:11

finally 17:4

fine 7:6 18:19

flip 13:6

floor 27:13, 18

flow 5:10 26:22

focus 25:6

follow 22:17

24:17

following 3:7,

13, 17, 22

foregoing 32:6,

16

foremost 27:7

formulaic 30:19

forth 32:8

front 7:21

17:16

frozen 19:4

< G >

Gentlemen

29:12

Gin-Cor 2:7

4:11, 13 8:16,

17, 22 9:2

12:20 14:1, 14,

15, 20, 25 16:23,

24 17:6, 19, 20,

24, 25 20:23

27:14 28:7, 10

Gin-Cor-specific

27:17

give 7:4, 5

8:10 29:12

given 26:23

giving 27:4

goal 5:13

good 5:10 6:17

29:16

Great 18:22

23:24 24:20

group 7:10

8:16 14:1 20:5

25:23 26:8

27:14

group-of-

company 17:21

guide 3:8

< H >

half-hour 30:24

Harmes 2:4

Harry 8:18

15:11, 21

head 10:2

hear 5:6, 9, 11

19:5, 7

Hearing 6:11

help 23:1

high-ranking

7:10

Holdings 13:3

15:11

HST 16:2

< I >

identify 5:24

identity 6:6

immediately

12:8 15:22

improve 5:21

include 8:16

increased 22:16

independent

25:10

INDEX 3:11, 15,

20 4:1

indiscernible

9:20

Industries 2:8

8:17 12:20

13:8 14:6, 15,

20, 25 15:7

16:21, 24 17:6

information 9:4,

5 15:24 21:21

initiate 29:8

initiated 28:23

29:3

intend 6:22

intercompany

25:11

interject 30:6

interrupt 5:8, 13

interruption

6:21

invoice 16:2

19:15, 19

invoices 12:6

16:17 19:12

issue 18:9

19:19 29:25

item 30:20

< J >

January 7:19

Jason 2:3

JC 8:18 17:1

July 4:4 10:17,

24 11:3 16:3

20:14, 18, 23

21:3 27:19

jumble 7:1

June 7:16

JUSTICE 1:3

< K >

knowledge

29:11

< L >

legal 5:15

lengthy 30:7

Limited 7:13

8:17 13:8 14:6

15:7 16:21

20:5 21:16

22:19 24:2

line-by-line

30:19

lines 13:7

14:15 15:10

16:20 17:5

listed 24:8

listing 12:11, 17

14:11, 20 18:24

25:7

listings 9:17

10:22 12:2

13:23 17:11

locations 10:11

long 23:7, 11,

15, 17, 23

longer 21:20

looked 27:1

looking 9:16

lost 19:2

LUCKY 1:13

3:3 6:1, 5, 9, 15,

23 7:9 12:1

15:19 17:9

18:3, 15, 23

29:22

L-U-C-K-Y 6:3

< M >

Mack 28:1, 7, 9,

24 29:4, 8

made 20:15, 20

22:23 23:14

25:4 26:3, 16

28:7, 9 32:12

making 20:24

malfunction

19:1

management

20:23 26:6, 8, 20

managers 26:10

27:4

manufacturer

25:24

mark 17:15

marked 10:23

11:5, 12 23:17,

22

Martin 20:8

21:8 25:22

26:12

Martin's 20:7

MATTER 1:7, 9

7:18

McDonald 1:18

6:21 32:3, 24

McKaya 1:18

32:3, 24

meaningful 6:18

means 24:21

meant 3:8

10:25

met 26:21

M-hm 13:14

minutes 29:13, 15
mistake 23:14
mixed 13:20 23:11
moment 5:20
Moncton 9:22, 25 10:11
Montreal 9:19 10:12
morning 6:17, 19 23:7
mouse 28:17
move 5:15
MTM 9:24, 25

< N >
National 10:3 12:24
native 13:23
necessarily 19:22
Neesons 1:15 32:23
negative 22:12
netted 25:15
New 9:22
Newmarket 10:5, 8, 12
noise 5:17
nonverbal 7:5
noted 3:12, 17, 21
notes 32:17
noticed 5:18
Nova 9:21
NSC 9:21 10:1
number 5:22 8:15 12:8, 16, 20 13:3 15:6, 11 16:4 18:12 22:12, 15 24:16 29:22
NUMBER/DESCRIPTION 4:3
numbers 18:10, 17

< O >
object 6:24
objecting 5:12
objection 5:11 6:25

objections 6:11 32:12
October 1:14 4:9, 14, 18 7:18 8:7 11:20, 24 12:7, 16 14:10 17:12, 22 18:1, 6 20:14, 18 21:25 22:8, 22 24:23 26:5 27:19 28:21 29:24
office 10:2 17:10
officer 10:16
one-eighth 15:6
ones 20:21 30:9
ongoing 29:10
ONTARIO 1:2 20:12
Oops 28:17
operating 10:11
opportunity 18:16 22:2
opposed 30:19
order 21:5 25:18 26:14
organize 30:25
outstanding 4:12, 16 12:12, 23 13:4, 16 14:9, 21, 25 15:8, 12, 21 16:20 17:6, 11, 20, 24 18:6 19:17 20:1 21:24 22:6, 12, 16
owed 14:16 22:21, 23
owned 20:7

< P >
pads 5:16
pages 13:10
pages/lines 3:13, 18, 22
paid 20:21 21:8 22:24 24:22 25:5 26:8, 9, 18
papers 5:15
paragraph 8:8

Parkway 8:18 15:21
part 25:13 26:6, 20 29:5
particular 26:12
parts 26:15
patient 5:13
Paul 20:7, 8 21:8 26:12
pause 6:23
pay 20:16, 25 21:6 25:4 26:4 27:7
payable 12:4 18:25 19:11 25:7
payables 10:22
payment 9:1 26:11, 14 28:1, 7, 9, 15
payroll 26:24
people 6:18 9:6 20:25
perfect 5:14 7:7
period 16:12, 18 20:13 22:17
phone 5:16
pick 6:20
place 25:14 26:7 32:7
PLAN 1:9
platform 1:15 2:2
play 20:5
plus 16:2
point 13:19 29:10
pointing 23:25
poor 5:7
positive 22:15
premise 22:3
Present 2:10
presented 19:23
presuming 6:9
previously 7:9 17:13, 18
principal 20:8
prior 7:23 10:22 12:8, 13 15:22 17:14
priorities 21:7
proceed 6:25
PROCEEDINGS 5:1, 15, 20

28:24 29:3, 8, 9 31:3 32:6
process 25:13 26:21 29:5
product 27:8, 10, 12, 17
production 27:9, 10
products 20:11
program 26:14
provide 5:14 30:17
provided 21:21 23:7, 15
pull 17:13
purpose 3:9
purposes 13:25
put 26:7 32:8
putting 25:14

< Q >
quarter 14:5
question 5:6 6:22 19:5, 10, 21 24:25 25:3 29:21
questions 6:5 22:3 30:14, 23
questions/requests 3:12, 16, 21

< R >
R.S.C 1:8
R/F 3:21
Rahul 2:7 13:19
read 8:9
ready 6:12
recall 27:22, 24
receivables 27:11
RECESS 29:18
recognize 16:1
recognized 19:16
reconciliation 19:20
reconnecting 5:21
reconvene 30:24
record 5:7, 14 6:7 17:15
recorded 32:13
re-examination

30:23
referred 17:13
refers 8:8
reflection 19:25
reflects 12:5
refusals 3:8, 20
refused 3:21
Regina 10:13, 20
regular 25:22
related 27:8
relates 27:25 28:6
relationship 25:22 26:1
relationships 20:13
rent 15:15, 16 16:2, 7, 11, 17
Renzo 2:10
repeat 28:4
REPORTED 1:18
REPORTER 5:2 6:4, 11 32:4, 25
REPORTER'S 32:1
required 26:13, 25 30:12
requirements 26:24
reserved 29:7
rested 21:8
restructuring 10:16
RESUMING 29:19
review 18:16
reviewed 7:23
right-hand 22:11 24:15
rights 29:7
role 10:15

< S >
sales 9:6 27:11
scope 30:12
Scotia 9:21
screen 6:18 7:22
scrolling 13:9
scrutinizing 21:12
secure 26:14
secured 21:16,

<p>18 sense 7:2 September 4:7 8:8, 9 11:13, 17 16:3 set 12:3 20:2 25:9 32:7 setting 9:7 settle 25:18 settling 25:14 shared 20:12 shareholder 20:8 Shastri 2:7 6:8, 14, 16 11:4, 11, 18, 25 18:2, 19, 21 19:3, 6 22:9 23:2, 4, 8, 16, 19, 22 24:1, 5, 9, 13, 20 25:2 28:5 29:2, 12, 17, 20 30:13, 21 31:2 SHASTRI.....6 3:5 short 10:2 23:15, 23 30:8 Shorthand 32:4, 17, 25 show 25:7 showing 12:3 shown 13:23 14:16 18:4, 5 19:13 21:10 24:16 29:23 shows 13:4 14:21 15:7, 12 22:12, 15 shut 10:18 side 22:11 24:15 Silveri 2:10 21:22 Silveri's 17:10 similarly 13:2 18:22 simply 15:14 19:15 sir 7:20 8:12 23:2 sitting 16:13 size 16:10 small 13:15 23:10 somebody 26:16</p>	<p>Sorry 13:10 22:25 23:9, 13, 20, 24 24:3, 11, 24 28:3, 25 30:5, 15 Sounds 29:16 speaking 5:5 specific 19:19 specifically 30:9 spell 5:25 spend 26:23 Spreadsheet 4:15 21:20, 22 22:5, 21 23:7, 10, 11 30:1, 17 standpoint 30:19 start 7:8 statutory 26:25 stenographically 32:13 stop 5:20 structure 21:4 Subject 19:20 subsequently 10:18 suggest 6:23 30:24 suggests 16:10 SUPERIOR 1:3 supplied 27:14 Supplier 12:20 15:11 suppliers 13:22 supply 26:15 Support 10:3 12:24 sworn 1:14 7:17, 18, 19 system 19:12 21:5 26:7</p> <p>< T > talking 10:15 terms 9:1, 2, 7 testimony 32:11 Thanks 23:3 29:17 thing 13:20 third 24:1, 10 thought 23:22 three-quarters 14:19</p>	<p>time 5:18 6:8 13:11 16:18 20:13 22:17 32:7, 8, 12 today 6:5 16:13 today's 7:24 told 22:20, 22 Toronto 24:2 totalled 18:3, 5 trade 9:8 12:4, 12 26:1 27:2, 7 trades 27:5 Trailers 8:18 17:1 transcribed 32:14 transcript 32:17 trouble 23:1 true 32:16 trying 30:6 turn 21:19 two-fifths 14:24</p> <p>< U > U/A 3:17 30:5 U/T 3:12 18:20 ultimate 21:7 Ultimately 26:11 understand 5:9, 13 17:19 18:14 30:13 understanding 8:15, 19 9:1 15:20 20:22 21:21 24:21 29:6 undertake 17:10 undertaken 3:12 undertaking 25:9 undertakings 3:7, 11 Unicell 20:5, 6 21:16 22:19, 24 24:2, 7 25:4, 8, 9, 12, 17 Unicell's 20:10 24:21 unsecured 21:11, 14</p> <p>< V > van 20:6</p>	<p>Vancouver 9:19 10:12 13:12 Variance 22:11 variety 25:18 various 4:13, 16 17:20, 25 20:1 21:24 22:6 verbal 7:4 verbally 29:1 Veritext 1:15 32:23 version 30:17 video 6:18 view 18:24 virtual 1:15 2:2 5:3 virtue 16:10</p> <p>< W > Wadden 2:3 18:13, 20 19:2 22:25 23:3, 5, 6, 13, 17, 20, 24 24:3, 6, 11, 18, 24 28:3, 21, 25 29:16 30:5, 15, 22 wait 5:20 6:24 waiting 31:1 Walker 8:18 15:11, 21 water 30:25 week 26:23 weekly 26:21, 22 27:3 Winer 2:8 wish 8:2 WITNESS 3:3 5:24 6:1, 4, 13 19:4 23:25 32:8, 11 witness's 6:6 work 27:3 30:12 working 21:3 worried 30:11 writing 25:17 Wrong 28:17</p> <p>< Y > Yeah 6:1 7:3 14:12, 13 18:19 23:6, 8 24:7, 18</p> <p>27:24 31:2 yesterday 9:18</p>
--	---	---	---

5

In the Matter of the CCAA re: DEL Equipment Inc.

Renzo Silveri
on Monday, April 20, 2020



77 King Street West, Suite 2020
Toronto, Ontario M5K 1A1

neesonsreporting.com | 416.413.7755

1 Court File No. CV-19-629552-00CL

2 ONTARIO

3 SUPERIOR COURT OF JUSTICE

4 (COMMERCIAL LIST)

5
6 B E T W E E N:

7 IN THE MATTER OF THE COMPANIES' CREDITORS
8 ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS AMENDED
9 AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF
10 DEL EQUIPMENT INC.

11 Applicant

12 -----

13 --- This is the Cross-Examination of RENZO SILVERI,
14 upon his Affidavit sworn November 3rd, 2019, taken
15 via Neesons, A Veritext Company's virtual platform,
16 on the 20th of April, 2020.

17 -----

18 REPORTED BY: McKaya McDonald, CSR

19
20
21
22
23
24
25

1 A P P E A R A N C E S :

2 (All via virtual platform)

3 Jason Wadden, Esq., for DEL Equipment Inc.

4 Andrew Harmes, Esq.,

5 Chris Armstrong, Esq.

6

7 Rahul Shastri, Esq., for Gin-Cor

8 and David Winer, Esq. Industries Inc.

9

10 Also Present: Douglas Lucky

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

WITNESS: RENZO SILVERI: AFFIRMED

PAGE

CROSS-EXAMINATION BY MR. WADDEN.....5

**The following list of undertakings, advisements
and refusals is meant as a guide only for the
assistance of counsel and no other purpose**

INDEX OF UNDERTAKINGS

The questions/requests undertaken are noted by U/T
and appear on the following pages/lines: None.

INDEX OF ADVISEMENTS

The questions/requests taken under advisement are
noted by U/A and appear on the following
pages/lines: None.

INDEX OF REFUSALS

The questions/requests refused are noted by R/F
and appear on the following pages/lines: 32:16.

INDEX OF EXHIBITS

(None Marked)

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

1 -- PROCEEDINGS COMMENCED AT 12:32 P.M. --

2 THE REPORTER: Just in advance, that
3 same preamble that I read onto the record earlier
4 with Mr. Lucky still applies. If everyone is in
5 agreement with Mr. Silveri's identity, I'll affirm
6 him.

7 RENZO SILVERI: AFFIRMED.

8 CROSS-EXAMINATION BY MR. WADDEN:

9 1 Q. Good afternoon, Mr. Silveri. I'm
10 Jason Wadden, partner at Goodmans, counsel for DEL
11 Equipment.

12 Just before we get started, I want to
13 just go over a couple of rules for the examination.
14 And as you heard in the preamble that was stated by
15 Madam Court Reporter, we need to make sure that we
16 don't overtalk each other. You have to make sure
17 that any answers you give are verbal so that we can
18 hear them. And if you don't understand a question
19 or you don't hear it, please make sure that you ask
20 me to restate the question; is that fine?

21 A. Yes, it is.

22 2 Q. Okay. Thank you. Now,
23 Mr. Silveri, you don't have any emails or text
24 messages, programs, or other sort of communication
25 apps open right now, do you?

1 A. I do not.

2 3 Q. Okay. And do you have in front of
3 you your affidavit that you swore in these
4 proceedings?

5 A. I do.

6 4 Q. Okay. Now, Mr. Silveri, just so
7 that we understand each other, I want to go over
8 just a couple of definitions just so we can use
9 short forms. It's a little bit easier. So when I
10 refer to "DEL," I'll be referring to DEL Equipment
11 Inc.; is that okay?

12 A. Yeah.

13 5 Q. Okay. And I'm just going to use a
14 term that you used in your affidavit, the "Mack
15 payment." And when I say that, I'm referring to
16 the payment totalling \$874,107.08 that are at issue
17 in these proceedings; is that okay?

18 A. The two payments, correct?

19 6 Q. That's right.

20 A. Yeah.

21 7 Q. Okay. Yeah, and just for the
22 record, the first one was on August 29th, 2019, for
23 \$62,402.33; and the second payment was \$811,669.75
24 which was on September 5th, 2019?

25 A. That's correct.

1	8	Q.	Okay. And both of those payments
2			were received by Gin-Cor Industries Inc.?
3		A.	Yes.
4	9	Q.	Okay. And just for the record,
5			I'll refer to Gin-Cor Industries Inc. as "GCI;" is
6			that okay?
7		A.	Yes.
8	10	Q.	And if I refer to "Gin-Cor," that
9			will just mean the whole Gin-Cor group?
10		A.	Okay.
11	11	Q.	Okay. So if we can just get
12			started then just with a little bit of your
13			background, can you walk me through your education
14			starting with any postsecondary schooling?
15		A.	I've got an Honours Bachelor of
16			Commerce.
17	12	Q.	Which school?
18		A.	Laurentian University in Sudbury.
19	13	Q.	Okay.
20		A.	And I've got the in-depth tax
21			course of -- I'm a CPA.
22	14	Q.	Okay. And when did you become a
23			CPA?
24		A.	1987.
25	15	Q.	And sorry, were you a CA or a CGA

1 before --

2 A. A CA.

3 16 Q. Okay. Thank you. Any other
4 formal schooling?

5 A. No.

6 17 Q. And can you walk me through the
7 highlights of your career starting after your
8 postsecondary education?

9 A. I worked in public accounting with
10 Grant Thornton. Predominantly, it was in business
11 advisory services from the early '90s. So I worked
12 in turnarounds. I worked in mergers and
13 acquisitions. I became a tax specialist, so I did
14 a lot of corporate tax planning, not a lot on the
15 compliance side, both from an accounting standpoint
16 or a tax standpoint, more on the planning stand --
17 from the planning perspective.

18 In the early 2000s, I started owning
19 businesses where I'd take positions in businesses
20 and help them turn around, and yeah, that's
21 basically it. And that brought me to where I am
22 now. I don't do any professional work now. So I
23 don't do any tax-planning work or advisory work for
24 anyone other than the companies that I own an
25 interest in.

1 18 Q. Okay. So you own an interest in
2 Gin-Cor?

3 A. I do.

4 19 Q. Okay. Can you walk me through the
5 history of your involvement with Gin-Cor?

6 A. I was providing -- I work with
7 Luc Stang who is the principal in Gin-Cor. I
8 worked with him in the mid-2000s with a number of
9 advisory projects. In around 2011, I bought an
10 interest in Gin-Cor, and then we started a number
11 of acquisitions, probably in 2014/2015. So we've
12 grown the company quite a bit since that time.

13 20 Q. And I understand you're the chief
14 operating officer of Gin-Cor now?

15 A. Yes.

16 21 Q. Okay. And when did you become the
17 chief operating officer?

18 A. In around 2015.

19 22 Q. What was your role before then?

20 A. With respect to Gin-Cor?

21 23 Q. Yeah. Did you have a title?

22 A. No.

23 24 Q. Okay. And who do you report to?

24 A. Luc Stang.

25 25 Q. I don't care about the details,

1 but, like, is he the majority shareholder, and
2 that's why you report to him? Or are you, like,
3 coequals?

4 MR. SHASTRI: I -- I -- hold on.

5 THE WITNESS: You asked the question on
6 reporting, but it's kind of an informal
7 relationship. I have my strengths, he has his
8 strengths, and we work more as a team as opposed to
9 a formal "he's my boss" type of relationship.

10 BY MR. WADDEN:

11 26 Q. Okay. And as chief operating
12 officers, you're aware of the accounting system for
13 the Gin-Cor companies?

14 A. The CFO and the accounting team
15 report up through me. And as a result, I know sort
16 of the big picture of it.

17 27 Q. Okay. Given your background as a
18 CPA and, you know, your prior professional career,
19 are you comfortable that you understand, you know,
20 from the high level how the accounts receivable
21 process works at Gin-Cor?

22 A. Yes.

23 28 Q. And is it part of your
24 responsibilities to be monitoring Gin-Cor's
25 accounts receivables?

1 A. No, it's not. It's -- people that
2 are responsible for it report up through the
3 process, and eventually, they report to me. But I
4 don't get involved in that.

5 29 Q. Okay. But is it part of the
6 regular reporting that you receive from your
7 subordinates that you receive reports on Gin-Cor's
8 AR?

9 A. Yes.

10 30 Q. And, I mean, that's just one of
11 the key metrics when you're trying to manage a P&L
12 statement.

13 A. Sure.

14 31 Q. Would you agree with that?

15 A. Cash management, yeah.

16 32 Q. Mr. Silveri, I just want to turn
17 now to Gin-Cor's involvement with DEL. And I
18 understand that there was a relationship between
19 DEL and Gin-Cor where Gin-Cor became a 40-percent
20 shareholder and took over the management of DEL; is
21 that correct?

22 A. It is.

23 33 Q. Okay. And what was your
24 involvement and role in the management of DEL when
25 Gin-Cor was acting as a manager of DEL?

1 A. I was providing services more on
2 the strategic side to position one of the main --
3 like, we had Luc Stang. I had my CFO in there, and
4 they were doing mostly day-to-day activity. And I
5 was involved in making sure that we were going,
6 strategically, in the right direction.

7 34 Q. So just to say in a very
8 compendious way, the roles that the three of you --
9 Luc Stang, the CFO, and yourself -- had at Gin-Cor,
10 you played the same roles with respect to DEL?

11 A. Yes, similar rolls. We didn't
12 have the level of authority that we have at
13 Gin-Cor.

14 35 Q. So you just needed to get approval
15 for whatever it was you were recommending?

16 A. Yes. And Paul Martin was the
17 ultimate -- Paul Martin and the board were the
18 ultimate deciders on the actions that we took or
19 could take if it was on a macrolevel.

20 36 Q. Okay. And so because of your
21 involvement with DEL, you acquired an understanding
22 of DEL's business?

23 A. Somewhat, yeah.

24 37 Q. And you understood its capital
25 structure?

1 A. I did.

2 38 Q. So you were aware that there were
3 trade creditors?

4 A. I was.

5 39 Q. And you were aware that Gin-Cor
6 was one of those trade creditors?

7 A. I was.

8 40 Q. Okay. And you were aware that it
9 would have had tax and utility liabilities?

10 A. To Gin-Cor?

11 41 Q. No, sorry. Just generally.

12 A. I don't understand your question.

13 42 Q. Sorry. So just trying to
14 understand what you would have understood about
15 DEL's business. So you mentioned to me that you
16 were aware they had trade creditors including
17 Gin-Cor?

18 A. Yeah.

19 43 Q. Okay. You would have also been
20 aware that they would have owed taxes and would
21 have had utility payments?

22 A. Yes.

23 44 Q. You were aware that they had
24 secured creditors?

25 A. Yes.

1 45 Q. And you were aware that they had
2 shareholders, obviously? I think you mentioned
3 that already.

4 A. Yes, yeah.

5 46 Q. And Gin-Cor was a shareholder,
6 right?

7 A. Yes, of DEL Inc.

8 47 Q. I'm sorry? I missed that last
9 part.

10 A. Of DEL Inc. Of DEL Inc.

11 48 Q. Okay. Yes, that's right, of DEL
12 Inc., DEL Equipment Inc.

13 Okay. And I think in your affidavit
14 you said that Gin-Cor's business was similar to
15 DEL's, and they operate it in the same competitive
16 space?

17 A. A different size -- class sizes.
18 Similar in that we upfit trucks; they upfit trucks.
19 They upfit smaller trucks; we upfit larger trucks.
20 So there wasn't complete overlap in our position.
21 There is some overlap.

22 49 Q. Okay. Now, my understanding, and
23 so please correct me if I'm wrong, is that there
24 tends to be a long lead time between a purchase
25 order being placed by a customer of either Gin-Cor

1 or DEL and when the product is finally produced and
2 when the payment comes in; is that correct?

3 A. It all depends on how you define
4 "long," but it's not your typical one-month or
5 two-month turnaround. So it is a little bit
6 longer. It's not as long as construction, but
7 it --

8 If you define what "long" is, I can
9 tell you if that's accurate.

10 50 Q. I was just trying to get at it at
11 a general level. But we're talking typically a
12 number of months between a purchase order and
13 payment coming in?

14 A. That's correct.

15 51 Q. And it's part of the
16 cash-management system to manage the inflows with
17 your costs of manufacturing the products that have
18 been purchased?

19 A. It is.

20 52 Q. Now, when Gin-Cor became involved
21 with DEL, it was your view that DEL was a failing
22 company at that time?

23 A. It was.

24 53 Q. And was that also the case in
25 July 2019 when the relationship ended? Was it your

1 view that DEL was still a failing company at that
2 time?

3 A. It was, yeah.

4 54 Q. And were you of the view that it
5 was on the verge of insolvency in July of 2019 or
6 that it was insolvent?

7 A. I wouldn't say it was insolvent.
8 If drastic actions weren't taken, insolvency
9 would -- could be one of the consequences from not
10 taking those drastic actions.

11 55 Q. And in your affidavit you
12 mentioned that you were increasingly concerned
13 about DEL's ability to pay Gin-Cor the amounts that
14 were owed to it. And your increasing concern, was
15 that in part because Gin-Cor was an unsecured
16 creditor?

17 A. No. The communication had
18 virtually stopped, and there wasn't payment. And
19 any time you have a trade relationship,
20 communication has to continue. And payments, even
21 if they're partial payments, have to be made, and
22 that wasn't being done.

23 56 Q. Okay. And were partial payments
24 being made while Gin-Cor was managing DEL's
25 business?

1 A. Yes.

2 57 Q. Okay. So you're saying after
3 July 2019 when Gin-Cor stopped being involved in
4 the management of DEL that those partial payments
5 stopped at that point in time?

6 A. That's correct.

7 58 Q. And this caused you to be
8 increasingly concerned about DEL's ability to pay
9 Gin-Cor?

10 A. That's correct.

11 59 Q. So in July 2019, I think we heard
12 from Mr. Lucky this morning that he came in -- it
13 was, like, I think in and around July 23rd, 2019.

14 But Gin-Cor was still managing DEL's
15 operations in July 2019 until the date that the
16 relationship formally ended?

17 A. Sorry, repeat the question.

18 60 Q. So Gin-Cor was still involved in
19 the management of the operations of DEL in July of
20 2019?

21 A. On a restricted basis, yes.

22 61 Q. And as part of that management
23 function, you would have been aware of the amounts
24 that were expected to be paid to DEL over the next
25 couple of months as part of your ongoing management

1 of the cash system?

2 A. I don't understand your question.

3 Was I aware if DEL --

4 62 Q. As part of your --

5 A. Yeah?

6 63 Q. As part of your role of managing
7 DEL in July of 2019, you would have been aware of
8 the amounts that DEL was expecting to receive as
9 accounts receivable over the next couple of months?

10 A. Oh, I see. Okay. I see.

11 Yes, I was.

12 64 Q. So, Mr. Silveri, I just want to
13 talk about the order that was granted by
14 Justice Hainey that started these proceedings.
15 Sorry, not the initial order but the order
16 requiring Gin-Cor to pay the funds to Kagan
17 Shastri LLP in trust. You're familiar with that
18 order?

19 A. Yes.

20 65 Q. Okay. And Gin-Cor complied with
21 that order, right, and paid those funds to Kagan
22 Shastri in trust?

23 A. Yeah, I believe so.

24 66 Q. Okay. And Kagan Shastri still
25 holds those funds in trust?

1 A. I believe so. I'm hoping that
2 they do.

3 67 Q. Okay. It's your expectation that
4 they do?

5 A. I see a thumbs up with Rahul, so I
6 think we're fine.

7 68 Q. Okay. So a couple of minutes ago,
8 we were talking about your familiarity with DEL's
9 capital structure, and you mentioned that you were
10 aware they had secured debt. And you were aware,
11 sir, that at least one of the secured creditors was
12 Bank of Montreal?

13 A. I was.

14 69 Q. Now, in your affidavit at
15 paragraph 27 -- and I don't need to take you
16 there -- but you talk about how Diesel, which is a
17 company related to DEL Equipment, purchased BMO's
18 secured debt. Do you recall that?

19 A. Yeah.

20 70 Q. Okay. You were not involved in
21 those discussions leading to Diesel's purchase of
22 BMO's secured debt, were you?

23 A. I wasn't involved in that. I have
24 been involved in the Bank of Montreal discussions,
25 and I understood that something was going on behind

1 the scenes when we were managing. I wasn't aware
2 of it. No one told me that this was happening, but
3 clearly when we were in joint meetings, something
4 was in process that we weren't made aware of from a
5 management perspective.

6 71 Q. Okay. And so you weren't involved
7 in the discussions that actually led to Diesel
8 purchasing BMO's secured debt?

9 A. I wasn't aware of that at the --
10 from the day it happened until after, yeah.

11 72 Q. Sorry. Just to clarify, so you
12 only found out that that transaction happened after
13 it already happened?

14 A. That's correct. I had suspicions
15 of -- something was under foot before because of
16 the way people were communicating with the Bank of
17 Montreal, which wasn't consistent to what -- how
18 you would communicate with a bank. So I knew
19 something was going on, but Gin-Cor wasn't made
20 aware of what was going on at that point. That
21 was -- probably would've been June. So this --
22 these discussions or the plan was probably set well
23 before we were terminated.

24 73 Q. So when you say "it was probably
25 set in motion," I just want to clarify. You

1 weren't involved with those discussions, and you
2 don't know the contents of those discussions
3 between Diesel and Bank of Montreal; is that
4 correct?

5 A. That's correct.

6 74 Q. Now, Mr. Silveri, you mentioned
7 that Gin-Cor had a relationship with Mack Defense
8 on its own; is that correct?

9 A. That's correct.

10 75 Q. And do you know roughly the size
11 of the business that Gin-Cor did with Mack Defense
12 in 2018 or 2019?

13 A. I don't.

14 76 Q. Can you give me an order of
15 magnitude?

16 A. We are qualified to do military
17 contracts. Mack Defense is one of the general
18 contracts -- the contractors. And right now,
19 they're bidding on some large jobs with other
20 generals, and we're a qualified subcontractor in
21 northern Ontario.

22 So I'm not quite sure how much business
23 has gone through or will go through in the future.
24 I just know that it's a key relationship to us.

25 77 Q. Sorry, when did that relationship

1 start, and just ballpark?

2 A. I would think that -- 2019, so
3 probably we've -- we got certified for military
4 contracts probably two years before. So let's say
5 2017, in around, because I don't have it for
6 certain. But I would say two years before.

7 78 Q. Okay. That's understood. And so
8 Mack Defense had paid Gin-Cor previously for sales
9 that were made?

10 A. They weren't showing up on our
11 receivables list, so I would assume so.

12 79 Q. And --

13 A. And I only find out about problems
14 if they are problems. If things go the way that
15 they're supposed to, I don't really deal with it.
16 I deal with problem exceptions or things that are
17 opportunities.

18 80 Q. And so Gin-Cor would have provided
19 Mack Defense with its banking information in order
20 to get paid?

21 A. Yeah. My understanding is based
22 on the documentation that I've seen after the fact,
23 yes.

24 81 Q. Well, and you would agree with me
25 the only way in which Gin-Cor could have got paid

1 is if they provided their bank information to
2 Mack Defense?

3 A. Yeah. That's not typically the
4 only way. Our customers either pay with providing
5 banking information, sometimes they pay with
6 cheques...

7 There's a whole host of ways that
8 companies pay. Based on the information I've seen
9 after the fact, they pay based on wiring into our
10 account, specifically.

11 82 Q. And do you know who Steve Levin
12 is?

13 A. I do.

14 83 Q. And who is he?

15 A. He was the -- or he is the general
16 manager of DEL in Moncton.

17 84 Q. And you know who Anne-Marie
18 Tremblay is?

19 A. I do.

20 85 Q. And she's a Gin-Cor employee?

21 A. She's a bookkeeper at our Gin-Cor
22 facility in Mattawa, sorry.

23 86 Q. She's not a DEL employee, correct?

24 A. No, that's correct.

25 87 Q. Now, you mentioned in your

1 affidavit an invoice that you provided for
2 Gin-Cor -- or GCI provided to Mack Defense, and it
3 was Invoice Number 53998.

4 A. Okay.

5 88 Q. Do you recall that?

6 A. Yes.

7 89 Q. Okay. You didn't provide a copy
8 of that invoice in your affidavit, correct?

9 A. I don't know.

10 90 Q. Okay. Do you know how much that
11 invoice was for?

12 A. I don't.

13 91 Q. And I understand from your
14 affidavit that that invoice represented the full
15 amount that was owed by Mack Defense to Gin-Cor in
16 September of 2019?

17 A. Is that a question?

18 92 Q. Yes, yeah. You don't have any
19 evidence that Gin-Cor was owed more money from
20 Mack Defense than that which was set out in
21 Invoice 53998?

22 A. I haven't heard that Mack owes us
23 more money, so it must mean that they paid their
24 entire account.

25 93 Q. Okay. And so they've paid you for

1 Invoice 53998 as well?

2 A. I suspect so, yes.

3 94 Q. So I want to go back to the Mack
4 payment for a second, Mr. Silveri. You're not
5 suggesting that Mack Defense intended to pay GCI
6 those amounts, are you?

7 A. All I can tell you is -- I can't
8 tell you what their intent was. I can tell you
9 what the facts are. The facts, they wired funds
10 into our account.

11 95 Q. Okay.

12 A. So what spurred them to do that,
13 you'd have to ask them.

14 96 Q. Now, in your affidavit, you
15 mentioned you were not notified of the first
16 \$62,000 payment because it was relatively modest.
17 I understand from what else you told me,
18 Mr. Silveri, is that it's not the common practice
19 for someone to notify you when amounts are received
20 from your customers -- is that correct? -- unless
21 there's a problem?

22 A. Yeah, normally I get called in if
23 there's a problem or an opportunity that we have
24 to -- that has -- that's not operational, that's
25 not in the normal course of business. So they

1 would call me in on the exceptions, and people try
2 to resolve their issues at their level. And if
3 they can't resolve them, it gets stepped up to the
4 next level.

5 97 Q. And you were notified about the
6 second payment of \$811,000, correct?

7 A. I was.

8 98 Q. And you were notified about that
9 payment when you were out of the province?

10 A. I was, yes.

11 99 Q. Okay. And did you return to the
12 office on September 12th, 2019?

13 A. Thereabouts, yes.

14 100 Q. Okay. And then on your return to
15 the office, you looked into the legitimacy of that
16 second payment, didn't you?

17 A. Yes. I -- we had had a lot of
18 exposure with respect to fraudulent requests,
19 emails pertaining to "It's Luc Stang. Make this
20 cheque." And it wasn't Luc Stang. We've been hit
21 with sort of those -- where they basically lock
22 down our system and request money for it. So my
23 first indication was let's see if this is legit,
24 and then we'll look into it.

25 101 Q. So when you looked into it, you

1 looked into both the 811,000 payment and the first
2 payment of 62,000?

3 A. I did, yes.

4 102 Q. And you did that on
5 September 12th, right, on your first day back?

6 A. Thereabouts, yes.

7 103 Q. Okay. And then you learned then
8 that the money came from Mack Defense?

9 A. I did. And that the money was in
10 our bank account, and it wasn't -- it wasn't
11 fraudulent or whatever.

12 104 Q. Okay. And you also knew at that
13 time that Mack Defense didn't owe you that money;
14 is that correct?

15 A. Yeah. But, you know, in business
16 relationships, sometimes especially in cash-stress
17 relationships, people assign receivables to others.
18 So I didn't know if that was the case.

19 105 Q. Did you look into whether or not
20 that was the case?

21 A. Yes. Shortly after, I started
22 communicating with Mr. Lucky.

23 106 Q. And you learned from that that DEL
24 didn't assign the receivable to you, correct?

25 A. I didn't learn that from them.

1 107 Q. Sorry. So when you say you
2 "didn't learn that from them," did anyone tell you
3 that DEL had assigned that receivable to you or
4 to --

5 A. No, no, no.

6 108 Q. And so you were also aware that
7 DEL demanded Mack Defense to make the payment to
8 it, like, after it mistakenly paid Gin-Cor and that
9 Mack Defense has refused that; is that correct?

10 A. Okay. So you're asking me if
11 Mack Defense has refused to pay the amount to DEL?

12 109 Q. That's correct.

13 A. I agree with that.

14 110 Q. So you know that DEL has not had
15 the use of those funds, the Mack payment, since
16 August or September 2019, correct?

17 A. Yeah, and we haven't either.

18 111 Q. Right. So can you turn to
19 paragraph 44 of your affidavit, please?

20 A. Okay.

21 112 Q. You have it up in front of you
22 now?

23 A. I do.

24 113 Q. Okay. And you can see there that
25 you excerpted an email from September 13th, 2019,

1 when you emailed Mr. Lucky.

2 And you told him in part:

3 "As discussed between Paul,
4 Anne, and Luc, approximately
5 \$1 million is owing from DEL to the
6 Gin-Cor group on account of trade
7 receivables.

8 Based on the funds received from
9 DEL, we will require an allocation
10 for the specific invoices that you
11 would like to have the deposit
12 applied."

13 Do you see that?

14 A. Yes.

15 114 Q. Okay. But you didn't receive
16 those funds that you're talking about there from
17 DEL, did you?

18 A. Like I said, at that point, it was
19 a confusing issue, and I had to determine what was
20 going on. And I took the position that the funds
21 were -- might have been assigned. And what we had
22 was a whole bunch of payables from DEL to various
23 organizations, invoices from -- in the Gin-Cor
24 group, and I needed to know how to allocate those.
25 So that was at -- that was the intent of that

1 discussion.

2 115 Q. Okay. But looking into the
3 legitimacy of these payments, you didn't pick up
4 the phone and call Mr. Lucky and ask them if
5 they'll pay Gin-Cor those funds, did you?

6 A. I sent an email. I sent --

7 116 Q. You sent this email on
8 September 13th, correct?

9 A. A couple of emails. I don't know
10 if this is the only email I sent. I think I sent
11 multiple emails.

12 117 Q. All the emails you sent, are they
13 attached to your affidavit?

14 A. I don't believe so.

15 118 Q. Okay. But you didn't pick up the
16 phone and call Mr. Lucky and ask him "Did DEL send
17 me these funds?"

18 A. I think I -- I would have talked
19 to -- because at the same time, we were having
20 discussions with respect to the rent. DEL was in
21 our space and needed to move out, so I would have
22 had discussions. I would have gone to Newmarket
23 and had discussions. So did I ever discuss the
24 DEL-Mack payment? I don't know.

25 I had discussions with Doug. I don't

1 know if I had verbal discussions with him
2 specifically on this matter. I might have. I
3 can't recall. But I know I emailed him to get
4 positions on what was going on, and it was more
5 than one email.

6 119 Q. Okay. So then if you look at
7 paragraph 46...

8 A. 46, okay.

9 120 Q. Okay. You see that you say on
10 September 16th, 2019:

11 "Mr. Lucky sent me an email
12 stating in part:

13 'I have been puzzling with Paul
14 over your last email --'

15 And see, he's referring to your email,
16 September 13th:

17 "'-- trying to figure out what
18 the devil you are talking about in
19 para (d) knowing that DEL had not
20 made any recent payments to you.
21 Then it hit us. You are talking
22 about the 867k that DEL's customer,
23 Mack Defense, sent to you by
24 mistake.'"

25 And Mr. Lucky's correct in that

1 email -- sir, isn't he? -- that that's what you're
2 referring to in your email of September 13th, 2019?

3 A. Oh, for sure, yeah.

4 MR. WADDEN: Okay. I have no further
5 questions. Thank you.

6 MR. SHASTRI: Just give me a second.
7 I'll figure out if I have re-examination. Just
8 give me one minute.

9 -- RECESS AT 1:08 P.M. --

10 -- RESUMING AT 1:09 P.M. --

11 BY MR. SHASTRI:

12 121 Q. I have one question arising from
13 the cross-examination.

14 Mr. Silveri, did Mack contact you and
15 request that you return the funds?

16 R/F MR. WADDEN: I'm going to object to
17 that question because it doesn't arise through my
18 cross-examination.

19 MR. SHASTRI: Okay.

20 MR. WADDEN: But I'll answer the
21 question, and we'll deal with it later.

22 BY MR. SHASTRI:

23 122 Q. Okay. That's fine. You read the
24 excerpted paragraph 46. In paragraph 46 you read
25 all but the last line of that email. You referred

1 to paragraph 46, so I'm going to ask the question.
2 We can deal with that later.

3 So, Mr. Silveri, did Mack ever ask you
4 to return the funds?

5 A. So I -- we had -- DEL was
6 asking -- or communicating with Mack. We were
7 communicating with Mack. The comment that Mack had
8 indicated was "I wish you guys would work these
9 things out."

10 And I started communications with --
11 through Luc Stang to contact Paul Martin to see if
12 we could work this thing through. And it sounded
13 like they were trying to arrange something, and
14 then that got scuttled. And I think shortly after,
15 litigation started.

16 So the comment -- to answer your
17 question, the comment from Mack was "I wish you
18 guys would work this thing out."

19 MR. SHASTRI: Thank you.

20 MR. WADDEN: Great. Thank you,
21 everyone.

22 -- PROCEEDINGS CONCLUDED AT 1:10 P.M. --

23

24

25

1 REPORTER'S CERTIFICATE

2
3 I, MCKAYA MCDONALD, Chartered
4 Shorthand Reporter, certify;

5
6 That the foregoing proceedings were
7 taken before me at the time and place therein set
8 forth, at which time the witness was put under oath
9 by me;

10
11 That the testimony of the witness
12 and all objections made at the time of the
13 examination were recorded stenographically by me
14 and were thereafter transcribed;

15
16 That the foregoing is a true and
17 correct transcript of my shorthand notes so taken.

18
19 Dated this 22nd day of April, 2020.

20
21 

22
23 _____
24 NEESONS, A VERITEXT COMPANY

25 PER: MCKAYA MCDONALD, CSR

CHARTERED SHORTHAND REPORTER

<u>WORD INDEX</u>				
< \$ >	1985 1:8	11:19	79 22:12	advisory 8:11, 23 9:9
\$1 29:5	1987 7:24	41 13:11	< 8 >	Affidavit 1:14
\$62,000 25:16	< 2 >	42 13:13	8 7:1	6:3, 14 14:13
\$62,402.33 6:23	2 5:22	43 13:19	80 22:18	16:11 19:14
\$811,000 26:6	20 9:13	44 13:23 28:19	81 22:24	24:1, 8, 14
\$811,669.75 6:23	2000s 8:18	45 14:1	811,000 27:1	25:14 28:19
\$874,107.08 6:16	2011 9:9	46 14:5 31:7, 8 32:24 33:1	82 23:11	30:13
< 1 >	2014/2015 9:11	47 14:8	83 23:14	affirm 5:5
1 5:9	2015 9:18	48 14:11	84 23:17	AFFIRMED 3:3 5:7
1:08 32:9	2017 22:5	49 14:22	85 23:20	after 8:7 17:2 20:10, 12 22:22
1:09 32:10	2018 21:12	< 5 >	86 23:23	23:9 27:21
1:10 33:22	2019 1:14 6:22, 24 15:25 16:5	5 6:13	867k 31:22	28:8 33:14
10 7:8	17:3, 11, 13, 15, 20 18:7 21:12	50 15:10	87 23:25	afternoon 5:9
100 26:14	22:2 24:16	51 15:15	88 24:5	ago 19:7
101 26:25	26:12 28:16, 25	52 15:20	89 24:7	agree 11:14 22:24 28:13
102 27:4	31:10 32:2	53 15:24	< 9 >	agreement 5:5
103 27:7	2020 1:16 34:19	53998 24:3, 21 25:1	9 7:4	allocate 29:24
104 27:12	20th 1:16	54 16:4	90 24:10	allocation 29:9
105 27:19	21 9:16	55 16:11	90s 8:11	AMENDED 1:8
106 27:23	22 9:19	56 16:23	91 24:13	amount 24:15 28:11
107 28:1	22nd 34:19	57 17:2	92 24:18	amounts 16:13 17:23 18:8 25:6, 19
108 28:6	23 9:21	58 17:7	93 24:25	Andrew 2:4
109 28:12	23rd 17:13	59 17:11	94 25:3	Anne 29:4
11 7:11	24 9:23	5th 6:24	95 25:11	Anne-Marie 23:17
110 28:14	25 9:25	< 6 >	96 25:14	answers 5:17
111 28:18	26 10:11	6 6:19	97 26:5	appear 3:13, 17, 22
112 28:21	27 10:17 19:15	60 17:18	98 26:8	Applicant 1:11
113 28:24	28 10:23	61 17:22	99 26:11	applied 29:12
114 29:15	29 11:5	62 18:4	< A >	applies 5:4
115 30:2	29th 6:22	62,000 27:2	ability 16:13 17:8	approval 12:14
116 30:7	< 3 >	63 18:6	account 23:10 24:24 25:10 27:10 29:6	approximately 29:4
117 30:12	3 6:2	64 18:12	accounting 8:9, 15 10:12, 14	apps 5:25
118 30:15	30 11:10	65 18:20	accounts 10:20, 25 18:9	April 1:16 34:19
119 31:6	31 11:14	66 18:24	accurate 15:9	AR 11:8
12 7:17	32 11:16	67 19:3	acquired 12:21	arising 32:12
12:32 5:1	32:16 3:22	68 19:7	acquisitions 8:13 9:11	Armstrong 2:5
120 31:9	33 11:23	69 19:14	ACT 1:8	arrange 33:13
121 32:12	34 12:7	< 7 >	acting 11:25	ARRANGEMENT 1:8, 9
122 32:23	35 12:14	7 6:21	actions 12:18 16:8, 10	asked 10:5
12th 26:12 27:5	36 12:20	70 19:20	activity 12:4	asking 28:10 33:6
13 7:19	37 12:24	71 20:6	advance 5:2	assign 27:17, 24
13th 28:25	38 13:2	72 20:11	advisement 3:16	
30:8 31:16 32:2	39 13:5	73 20:24	advisements 3:7, 15	
14 7:22	3rd 1:14	74 21:6		
15 7:25	< 4 >	75 21:10		
16 8:3	4 6:6	76 21:14		
16th 31:10	40 13:8	77 21:25		
17 8:6	40-percent	78 22:7		
18 9:1				
19 9:4				

assigned 28:3
29:21
assistance 3:9
assume 22:11
attached 30:13
August 6:22
28:16
authority 12:12
aware 10:12
13:2, 5, 8, 16, 20,
23 14:1 17:23
18:3, 7 19:10
20:1, 4, 9, 20
28:6

< B >
Bachelor 7:15
back 25:3 27:5
background
7:13 10:17
ballpark 22:1
Bank 19:12, 24
20:16, 18 21:3
23:1 27:10
banking 22:19
23:5
based 22:21
23:8, 9 29:8
basically 8:21
26:21
basis 17:21
believe 18:23
19:1
belive 30:14
bidding 21:19
big 10:16
bit 6:9 7:12
9:12 15:5
BMO's 19:17,
22 20:8
board 12:17
bookkeeper
23:21
boss 10:9
bought 9:9
brought 8:21
bunch 29:22
business 8:10
12:22 13:15
14:14 16:25
21:11, 22 25:25
27:15
businesses 8:19

< C >
c.C-36 1:8
CA 7:25 8:2
call 26:1 30:4,
16
called 25:22
capital 12:24
19:9
care 9:25
career 8:7
10:18
case 15:24
27:18, 20
Cash 11:15
18:1
cash-
management
15:16
cash-stress
27:16
caused 17:7
certain 22:6
CERTIFICATE
34:1
certified 22:3
certify 34:4
CFO 10:14
12:3, 9
CGA 7:25
Chartered 34:3,
25
cheque 26:20
cheques 23:6
chief 9:13, 17
10:11
Chris 2:5
clarify 20:11, 25
class 14:17
clearly 20:3
coequals 10:3
comes 15:2
comfortable
10:19
coming 15:13
COMMENCED
5:1
comment 33:7,
16, 17
Commerce 7:16
COMMERCIAL
1:4
common 25:18

communicate
20:18
communicating
20:16 27:22
33:6, 7
communication
5:24 16:17, 20
communications
33:10
COMPANIES
1:7 8:24 10:13
23:8
company 9:12
15:22 16:1
19:17 34:23
Company's 1:15
compendious
12:8
competitive
14:15
complete 14:20
compliance 8:15
complied 18:20
concern 16:14
concerned
16:12 17:8
CONCLUDED
33:22
confusing 29:19
consequences
16:9
consistent 20:17
construction
15:6
contact 32:14
33:11
contents 21:2
continue 16:20
contractors
21:18
contracts 21:17,
18 22:4
copy 24:7
corporate 8:14
correct 6:18, 25
11:21 14:23
15:2, 14 17:6,
10 20:14 21:4,
5, 8, 9 23:23, 24
24:8 25:20
26:6 27:14, 24
28:9, 12, 16
30:8 31:25

34:17
costs 15:17
counsel 3:9
5:10
couple 5:13
6:8 17:25 18:9
19:7 30:9
course 7:21
25:25
Court 1:1, 3
5:15
CPA 7:21, 23
10:18
creditor 16:16
CREDITORS
1:7 13:3, 6, 16,
24 19:11
Cross-
Examination
1:13 3:5 5:8
32:13, 18
CSR 1:18 34:24
customer 14:25
31:22
customers 23:4
25:20
CV-19-629552-
00CL 1:1

< D >
date 17:15
Dated 34:19
David 2:8
day 20:10 27:5
34:19
day-to-day 12:4
deal 22:15, 16
32:21 33:2
debt 19:10, 18,
22 20:8
deciders 12:18
Defense 21:7,
11, 17 22:8, 19
23:2 24:2, 15,
20 25:5 27:8,
13 28:7, 9, 11
31:23
define 15:3, 8
definitions 6:8
DEL 1:10 2:3
5:10 6:10
11:17, 19, 20, 24,
25 12:10, 21
14:7, 10, 11, 12

15:1, 21 16:1
17:4, 19, 24
18:3, 7, 8 19:17
23:16, 23 27:23
28:3, 7, 11, 14
29:5, 9, 17, 22
30:16, 20 31:19
33:5
DEL-Mack 30:24
DEL's 12:22
13:15 14:15
16:13, 24 17:8,
14 19:8 31:22
demanded 28:7
depends 15:3
deposit 29:11
details 9:25
determine 29:19
devil 31:18
Diesel 19:16
20:7 21:3
Diesel's 19:21
different 14:17
direction 12:6
discuss 30:23
discussed 29:3
discussion 30:1
discussions
19:21, 24 20:7,
22 21:1, 2
30:20, 22, 23, 25
31:1
documentation
22:22
doing 12:4
Doug 30:25
Douglas 2:10
drastic 16:8, 10

< E >
earlier 5:3
early 8:11, 18
easier 6:9
education 7:13
8:8
email 28:25
30:6, 7, 10 31:5,
11, 14, 15 32:1,
2, 25
emailed 29:1
31:3
emails 5:23
26:19 30:9, 11,
12

employee 23:20, 23
ended 15:25
17:16
entire 24:24
EQUIPMENT
1:10 2:3 5:11
6:10 14:12
19:17
especially 27:16
Esq 2:3, 4, 5, 7, 8
eventually 11:3
evidence 24:19
examination
5:13 34:13
exceptions
22:16 26:1
excerpted 28:25
32:24
EXHIBITS 4:1
expectation 19:3
expected 17:24
expecting 18:8
exposure 26:18

< F >
facility 23:22
fact 22:22 23:9
facts 25:9
failing 15:21
16:1
familiar 18:17
familiarity 19:8
figure 31:17
32:7
File 1:1
finally 15:1
find 22:13
fine 5:20 19:6
32:23
following 3:7,
13, 17, 22
foot 20:15
foregoing 34:6,
16
formal 8:4 10:9
formally 17:16
forms 6:9
forth 34:8
found 20:12
fraudulent
26:18 27:11

front 6:2 28:21
full 24:14
function 17:23
funds 18:16, 21,
25 25:9 28:15
29:8, 16, 20
30:5, 17 32:15
33:4
future 21:23

< G >

GCI 7:5 24:2
25:5
general 15:11
21:17 23:15
generally 13:11
generals 21:20
Gin-Cor 2:7
7:2, 5, 8, 9 9:2,
5, 7, 10, 14, 20
10:13, 21 11:19,
25 12:9, 13
13:5, 10, 17
14:5, 25 15:20
16:13, 15, 24
17:3, 9, 14, 18
18:16, 20 20:19
21:7, 11 22:8,
18, 25 23:20, 21
24:2, 15, 19
28:8 29:6, 23
30:5
Gin-Cor's 10:24
11:7, 17 14:14
give 5:17
21:14 32:6, 8
Given 10:17
Good 5:9
Goodmans 5:10
Grant 8:10
granted 18:13
Great 33:20
group 7:9 29:6,
24
grown 9:12
guide 3:8
guys 33:8, 18

< H >

Hainey 18:14
happened 20:10,
12, 13
happening 20:2

Harmes 2:4
hear 5:18, 19
heard 5:14
17:11 24:22
help 8:20
high 10:20
highlights 8:7
history 9:5
hit 26:20 31:21
hold 10:4
holds 18:25
Honours 7:15
hoping 19:1
host 23:7

< I >

identity 5:5
including 13:16
increasing 16:14
increasingly
16:12 17:8
in-depth 7:20
INDEX 3:11, 15,
20 4:1
indicated 33:8
indication 26:23
Industries 2:8
7:2, 5
inflows 15:16
informal 10:6
information
22:19 23:1, 5, 8
initial 18:15
insolvency 16:5,
8
insolvent 16:6, 7
intended 25:5
intent 25:8
29:25
interest 8:25
9:1, 10
invoice 24:1, 3,
8, 11, 14, 21 25:1
invoices 29:10,
23
involved 11:4
12:5 15:20
17:3, 18 19:20,
23, 24 20:6 21:1
involvement 9:5
11:17, 24 12:21
issue 6:16
29:19

issues 26:2

< J >

Jason 2:3 5:10
jobs 21:19
joint 20:3
July 15:25
16:5 17:3, 11,
13, 15, 19 18:7
June 20:21
JUSTICE 1:3
18:14

< K >

Kagan 18:16, 21,
24
key 11:11 21:24
kind 10:6
knew 20:18
27:12
knowing 31:19

< L >

large 21:19
larger 14:19
Laurentian 7:18
lead 14:24
leading 19:21
learn 27:25
28:2
learned 27:7, 23
led 20:7
legit 26:23
legitimacy
26:15 30:3
level 10:20
12:12 15:11
26:2, 4
Levin 23:11
liabilities 13:9
litigation 33:15
LLP 18:17
lock 26:21
long 14:24
15:4, 6, 8
longer 15:6
looked 26:15,
25 27:1
looking 30:2
lot 8:14 26:17
Luc 9:7, 24
12:3, 9 26:19,
20 29:4 33:11

Lucky 2:10 5:4
17:12 27:22
29:1 30:4, 16
31:11
Lucky's 31:25

< M >

Mack 6:14 21:7,
11, 17 22:8, 19
23:2 24:2, 15,
20, 22 25:3, 5
27:8, 13 28:7, 9,
11, 15 31:23
32:14 33:3, 6, 7,
17
macrolevel
12:19
Madam 5:15
made 16:21, 24
20:4, 19 22:9
31:20 34:12
magnitude
21:15
main 12:2
majority 10:1
making 12:5
manage 11:11
15:16
management
11:15, 20, 24
17:4, 19, 22, 25
20:5
manager 11:25
23:16
managing 16:24
17:14 18:6 20:1
manufacturing
15:17
Marked 4:2
Martin 12:16, 17
33:11
Mattawa 23:22
MATTER 1:7, 9
31:2
McDonald 1:18
34:3, 24
McKaya 1:18
34:3, 24
meant 3:8
meetings 20:3
mentioned
13:15 14:2
16:12 19:9

21:6 23:25
25:15
mergers 8:12
messages 5:24
metrics 11:11
mid-2000s 9:8
military 21:16
22:3
million 29:5
minute 32:8
minutes 19:7
missed 14:8
mistake 31:24
mistakenly 28:8
modest 25:16
Moncton 23:16
money 24:19,
23 26:22 27:8,
9, 13
monitoring
10:24
months 15:12
17:25 18:9
Montreal 19:12,
24 20:17 21:3
morning 17:12
motion 20:25
move 30:21
multiple 30:11

< N >
needed 12:14
29:24 30:21
Neesons 1:15
34:23
Newmarket
30:22
normal 25:25
normally 25:22
northern 21:21
noted 3:12, 17,
21
notes 34:17
notified 25:15
26:5, 8
notify 25:19
November 1:14
number 9:8, 10
15:12 24:3

< O >
object 32:16
objections 34:12

office 26:12, 15
officer 9:14, 17
officers 10:12
one-month 15:4
ongoing 17:25
ONTARIO 1:2
21:21
open 5:25
operate 14:15
operating 9:14,
17 10:11
operational
25:24
operations
17:15, 19
opportunities
22:17
opportunity
25:23
opposed 10:8
order 14:25
15:12 18:13, 15,
18, 21 21:14
22:19
organizations
29:23
overlap 14:20,
21
overtalk 5:16
owe 27:13
owed 13:20
16:14 24:15, 19
owes 24:22
owing 29:5
owning 8:18

< P >
P&L 11:11
P.M 5:1 32:9,
10 33:22
pages/lines
3:13, 18, 22
paid 17:24
18:21 22:8, 20,
25 24:23, 25
28:8
para 31:19
paragraph
19:15 28:19
31:7 32:24 33:1
part 10:23 11:5
14:9 15:15
16:15 17:22, 25

18:4, 6 29:2
31:12
partial 16:21, 23
17:4
partner 5:10
Paul 12:16, 17
29:3 31:13
33:11
pay 16:13 17:8
18:16 23:4, 5, 8,
9 25:5 28:11
30:5
payables 29:22
payment 6:15,
16, 23 15:2, 13
16:18 25:4, 16
26:6, 9, 16 27:1,
2 28:7, 15 30:24
payments 6:18
7:1 13:21
16:20, 21, 23
17:4 30:3 31:20
people 11:1
20:16 26:1
27:17
perspective
8:17 20:5
pertaining 26:19
phone 30:4, 16
pick 30:3, 15
picture 10:16
place 34:7
placed 14:25
PLAN 1:9 20:22
planning 8:14,
16, 17
platform 1:15
2:2
played 12:10
point 17:5
20:20 29:18
position 12:2
14:20 29:20
positions 8:19
31:4
postsecondary
7:14 8:8
practice 25:18
preamble 5:3, 14
Predominantly
8:10
Present 2:10
previously 22:8

principal 9:7
prior 10:18
problem 22:16
25:21, 23
problems 22:13,
14
PROCEEDINGS
5:1 6:4, 17
18:14 33:22
34:6
process 10:21
11:3 20:4
produced 15:1
product 15:1
products 15:17
professional
8:22 10:18
programs 5:24
projects 9:9
provide 24:7
provided 22:18
23:1 24:1, 2
providing 9:6
12:1 23:4
province 26:9
public 8:9
purchase 14:24
15:12 19:21
purchased
15:18 19:17
purchasing 20:8
purpose 3:9
put 34:8
puzzling 31:13

< Q >
qualified 21:16,
20
question 5:18,
20 10:5 13:12
17:17 18:2
24:17 32:12, 17,
21 33:1, 17
questions 32:5
questions/reques
ts 3:12, 16, 21
quite 9:12
21:22

< R >
R.S.C 1:8
R/F 3:21 32:16
Rahul 2:7 19:5

read 5:3 32:23,
24
really 22:15
recall 19:18
24:5 31:3
receivable
10:20 18:9
27:24 28:3
receivables
10:25 22:11
27:17 29:7
receive 11:6, 7
18:8 29:15
received 7:2
25:19 29:8
RECESS 32:9
recommending
12:15
record 5:3
6:22 7:4
recorded 34:13
re-examination
32:7
refer 6:10 7:5, 8
referred 32:25
referring 6:10,
15 31:15 32:2
refusals 3:8, 20
refused 3:21
28:9, 11
regular 11:6
related 19:17
relationship
10:7, 9 11:18
15:25 16:19
17:16 21:7, 24,
25
relationships
27:16, 17
relatively 25:16
rent 30:20
RENZO 1:13
3:3 5:7
repeat 17:17
report 9:23
10:2, 15 11:2, 3
REPORTED 1:18
REPORTER 5:2,
15 34:4, 25
REPORTER'S
34:1
reporting 10:6
11:6
reports 11:7

<p>represented 24:14 request 26:22 32:15 requests 26:18 require 29:9 requiring 18:16 resolve 26:2, 3 respect 9:20 12:10 26:18 30:20 responsibilities 10:24 responsible 11:2 restate 5:20 restricted 17:21 result 10:15 RESUMING 32:10 return 26:11, 14 32:15 33:4 role 9:19 11:24 18:6 roles 12:8, 10 rolls 12:11 roughly 21:10 rules 5:13</p> <p>< S > sales 22:8 scenes 20:1 school 7:17 schooling 7:14 8:4 scuttled 33:14 secured 13:24 19:10, 11, 18, 22 20:8 send 30:16 September 6:24 24:16 26:12 27:5 28:16, 25 30:8 31:10, 16 32:2 services 8:11 12:1 set 20:22, 25 24:20 34:7 shareholder 10:1 11:20 14:5 shareholders 14:2</p>	<p>Shastri 2:7 10:4 18:17, 22, 24 32:6, 11, 19, 22 33:19 short 6:9 Shorthand 34:4, 17, 25 Shortly 27:21 33:14 showing 22:10 side 8:15 12:2 SILVERI 1:13 3:3 5:7, 9, 23 6:6 11:16 18:12 21:6 25:4, 18 32:14 33:3 Silveri's 5:5 similar 12:11 14:14, 18 sir 19:11 32:1 size 14:17 21:10 sizes 14:17 smaller 14:19 Somewhat 12:23 sorry 7:25 13:11, 13 14:8 17:17 18:15 20:11 21:25 23:22 28:1 sort 5:24 10:15 26:21 sounded 33:12 space 14:16 30:21 specialist 8:13 specific 29:10 specifically 23:10 31:2 spurred 25:12 stand 8:16 standpoint 8:15, 16 Stang 9:7, 24 12:3, 9 26:19, 20 33:11 start 22:1 started 5:12 7:12 8:18 9:10 18:14 27:21 33:10, 15 starting 7:14</p>	<p>8:7 stated 5:14 statement 11:12 stating 31:12 stenographically 34:13 stepped 26:3 Steve 23:11 stopped 16:18 17:3, 5 strategic 12:2 strategically 12:6 strengths 10:7, 8 structure 12:25 19:9 subcontractor 21:20 subordinates 11:7 Sudbury 7:18 suggesting 25:5 SUPERIOR 1:3 supposed 22:15 suspect 25:2 suspicious 20:14 swore 6:3 sworn 1:14 system 10:12 15:16 18:1 26:22</p> <p>< T > talk 18:13 19:16 talked 30:18 talking 15:11 19:8 29:16 31:18, 21 tax 7:20 8:13, 14, 16 13:9 taxes 13:20 tax-planning 8:23 team 10:8, 14 tends 14:24 term 6:14 terminated 20:23 testimony 34:11 text 5:23</p>	<p>Thereabouts 26:13 27:6 thing 33:12, 18 things 22:14, 16 33:9 Thornton 8:10 thumbs 19:5 time 9:12 14:24 15:22 16:2, 19 17:5 27:13 30:19 34:7, 8, 12 title 9:21 told 20:2 25:17 29:2 totalling 6:16 trade 13:3, 6, 16 16:19 29:6 transaction 20:12 transcribed 34:14 transcript 34:17 Tremblay 23:18 trucks 14:18, 19 true 34:16 trust 18:17, 22, 25 trying 11:11 13:13 15:10 31:17 33:13 turn 8:20 11:16 28:18 turnaround 15:5 turnarounds 8:12 two-month 15:5 type 10:9 typical 15:4 typically 15:11 23:3</p> <p>< U > U/A 3:17 U/T 3:12 ultimate 12:17, 18 understand 5:18 6:7 9:13 10:19 11:18 13:12, 14 18:2 24:13 25:17</p>	<p>understanding 12:21 14:22 22:21 understood 12:24 13:14 19:25 22:7 undertaken 3:12 undertakings 3:7, 11 University 7:18 unsecured 16:15 upfit 14:18, 19 utility 13:9, 21</p> <p>< V > various 29:22 verbal 5:17 31:1 verge 16:5 Veritext 1:15 34:23 view 15:21 16:1, 4 virtual 1:15 2:2 virtually 16:18</p> <p>< W > Wadden 2:3 5:8, 10 10:10 32:4, 16, 20 33:20 WADDEN.....5 3:5 walk 7:13 8:6 9:4 ways 23:7 Winer 2:8 wired 25:9 wiring 23:9 wish 33:8, 17 WITNESS 3:3 10:5 34:8, 11 work 8:22, 23 9:6 10:8 33:8, 12, 18 worked 8:9, 11, 12 9:8 works 10:21 would've 20:21 wrong 14:23</p> <p>< Y ></p>
--	--	--	--	--

Yeah 6:12, 20,
21 8:20 9:21
11:15 12:23
13:18 14:4
16:3 18:5, 23
19:19 20:10
22:21 23:3
24:18 25:22
27:15 28:17
32:3
years 22:4, 6

6



Court File No. CV-19-629552-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) THURSDAY, THE 27TH
)
JUSTICE HAINEY) DAY OF FEBRUARY, 2020
)

**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

STAY EXTENSION, KERP AND LITIGATION PROTOCOL APPROVAL ORDER

THIS MOTION, 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 February 22, 2020 (the "**Lucky Affidavit**"), and the Exhibits thereto and the Second Report (the "**Second Report**") of MNP Ltd. in its capacity as monitor of the Applicant (the "**Monitor**"), and on hearing the submissions of counsel for the Applicant, the Monitor, and those other parties present as indicated on the counsel sheet, and on reading the affidavit of service of Andrew Harmes sworn February 24, 2020, filed:

SERVICE AND DEFINITIONS

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

- 2 -

2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meanings given to them in the Initial Order of this Court made in the within proceedings dated October 22, 2019 (as amended, the “**Initial Order**”) or the Lucky Affidavit, as applicable.

EXTENSION OF STAY PERIOD

3. **THIS COURT ORDERS** that the Stay Period be and is hereby extended to and including 11:59 p.m. (Toronto time) on May 29, 2020, and that all other terms of the Initial Order shall remain in full force and effect during the Stay Period.

KEY EMPLOYEE RETENTION PROGRAM

4. **THIS COURT ORDERS** that the key employee retention program (the “**KERP**”) described in the Lucky Affidavit is hereby authorized and approved *nunc pro tunc*, and the Applicant (and any other person that may be appointed to act on behalf of the Applicant, including without limitation, any trustee, liquidator, receiver, interim receiver, receiver manager or other person acting on behalf of any such person) is hereby authorized to perform the obligations under the KERP, including making all payments to the Eligible Employees of amounts due and owing under the KERP in accordance with the terms and conditions of the KERP.
5. **THIS COURT ORDERS** that the Applicant is hereby authorized to execute and deliver such documents as may be necessary to give effect to the KERP, subject to prior approval of such documents by the Monitor or as may be ordered by this Court.
6. **THIS COURT ORDERS** that confidential appendix 3 to the Second Report be sealed in its entirety, kept confidential and not form part of the public record, unless otherwise ordered by this Court.

LITIGATION PROTOCOL

7. **THIS COURT ORDERS** that the Litigation Protocol, a copy of which is attached as Exhibit “A” to the Lucky Affidavit, is hereby approved, and shall govern the conduct and resolution of the Payment Dispute (including, for greater certainty, the conduct and

- 3 -

resolution of the Set-Off Dispute and, if applicable, the Claim Amount Dispute (each as defined in the Litigation Protocol)).

8. **THIS COURT ORDERS** that the Applicant, the Monitor or Gin-Cor may, on reasonable notice to the other parties, move before the Court for advice and directions regarding the implementation of the Litigation Protocol.

CLAIMS OFFICER

9. **THIS COURT ORDERS** that Andrew Diamond, or such other person as may be appointed by the Court from time to time on the application of the Applicant or the Monitor (the “**Claims Officer**”), is hereby appointed as the claims officer for the resolution of the Claim Amount Dispute in accordance with the Litigation Protocol
10. **THIS COURT ORDERS** that the Claims Officer shall determine the Claim Amount Dispute in accordance with the Litigation Protocol, as applicable, and shall provide written reasons. The Claims Officer shall determine all procedural matters which may arise in respect of his determination of the Claim Amount Dispute, including the manner in which any evidence may be adduced. The Claims Officer shall have the discretion to determine by whom and to what extent the costs of any hearing before the Claims Officer (including the costs of the Claims Officer) shall be paid.
11. **THIS COURT ORDERS** that the Monitor, the Applicant or Gin-Cor may, within ten (10) days of such party receiving notice of the Claims Officer’s determination of the Claim Amount Dispute, appeal such determination by serving and filing a notice of motion with this Court.
12. **THIS COURT ORDERS** that if no party appeals the determination of the Claim Amount Dispute by the Claims Officer within the time set out in paragraph 11, above, the decision of the Claims Officer in determining the Claim Amount Dispute shall be final and binding upon the Applicant, the Monitor, and Gin-Cor, and there shall be no further right of appeal, review or recourse to the Court from the Claims Officer’s final determination.

- 4 -

PAYMENT OF THE ACCOUNTS OF CLAIMS OFFICER

13. **THIS COURT ORDERS** that the accounts of the Claims Officer shall be delivered to the Monitor on a monthly basis or in such other intervals as the Monitor may agree, and shall be reviewed by the Monitor, who shall approve the reasonable fees and expenses of the Claims Officer incurred in the carrying out of his role.
14. **THIS COURT ORDERS** that upon approval of the Claims Officer's account by the Monitor, such account shall promptly be paid by the Applicant.
15. **THIS COURT ORDERS** that nothing in this Order shall prevent the Claims Officer from making a cost award against or in favour of any party to the Claim Amount Dispute, and such cost award may include an order that the fees and expenses of the Claims Officer must be paid by a party to the Claim Amount Dispute, provided however that (i) the Applicant shall remain obligated to pay the accounts of the Claims Officer rendered and approved in accordance with this Order, and (ii) upon payment of any such cost award by any party to the Claim Amount Dispute, any amount paid by such party on account of the fees and disbursements of the Claims Officer incurred in the Claim Amount Dispute shall be paid to the Applicant as reimbursement for its payment of such fees and disbursements.

DIRECTIONS

16. **THIS COURT ORDERS** that the Claims Officer may, at any time, and with such notice as this Court may require, seek directions from the Court with respect to this Order.

PROTECTIONS FOR CLAIMS OFFICER

17. **THIS COURT ORDERS** that the Claims Officer shall incur no liability or obligation as a result of his or her appointment or in acting as a Claims Officer pursuant to the provisions of this Order. No proceeding or enforcement process in any court or tribunal shall be commenced against or in respect of a Claims Officer, except with the prior leave of this Court granted in the within proceedings.

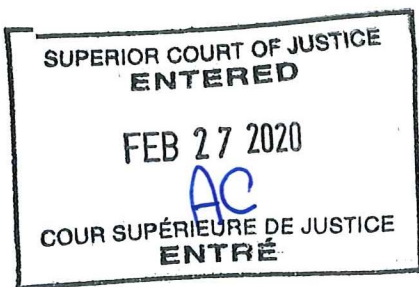
RESIDUAL ASSETS

18. **THIS COURT ORDERS** that the Applicant, in consultation with the Monitor, is hereby authorized to continue to explore opportunities for the sale of its property and assets that are not subject to the Transaction (as defined in the Lucky Affidavit) (the “**Residual Assets**”) and, with the prior approval of the Monitor, to enter into and complete any transaction for the Residual Assets (a “**Residual Asset Transaction**”) for proceeds equal to or less than \$250,000 provided that the Applicant shall seek this Court’s approval for any Residual Asset Transaction in excess of such amount.

GENERAL

19. **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, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

20. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and are 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.



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

Court File No: CV-19-629552-00CL

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

Applicant

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

**STAY EXTENSION, KERP AND LITIGATION
PROTOCOL APPROVAL ORDER
(February 27, 2020)**

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

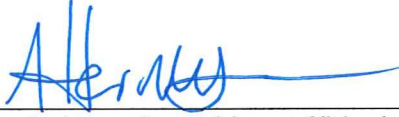
Christopher G. Armstrong LSO#: 55148B
carmstrong@goodmans.ca

Andrew Harmes LSO#: 73221A
aharmes@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for Del Equipment Inc.

**THIS IS EXHIBIT "A"
TO THE AFFIDAVIT OF DOUGLAS LUCKY
SWORN BEFORE ME THIS 22nd DAY OF FEBRUARY, 2020**

A handwritten signature in blue ink, appearing to read "Alley", written over a horizontal line.

Commissioner for Taking Affidavits

DEL EQUIPMENT INC. V. GIN-COR INDUSTRIES INC. Proposed Dispute Resolution Protocol

The purpose of this Dispute Resolution Protocol (the “**Protocol**”) is to establish the procedure and timetable for resolving the two disputes between Del Equipment Inc. (“**DEL**”) and Gin-Cor Industries Inc. (“**Gin-Cor**” and with its affiliates, the “**Gin-Cor Group**” and each, including Gin-Cor, a “**Gin-Cor Group Entity**”) outlined below . DEL and the Gin-Cor Group Entities are referred to herein as the “**Parties**”.

The term “**Fund**” as used herein has the meaning ascribed to it in the Order granted by Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on November 5, 2019, in DEL’s CCAA proceedings (Court File No. CV-19-629552-00CL) (the “**CCAA Proceedings**”).

A. The Disputes

This Protocol will address the following disputes that exist between the Parties:

1. Whether the Fund is a specific fund (the “**Fund Dispute**”).
2. Whether Gin-Cor has the right to retain all or any portion of the Fund and to set-off the Fund against: (a) any amount owing by DEL to Gin-Cor; and (b) any amount owing by DEL to another Gin-Cor Group Entity (the “**Set-Off Dispute**”), which issues include whether Gin-Cor would be unjustly enriched by retaining the Fund and whether the Fund is a fund that can be used to pay Gin-Cor’s claims; and
3. The amounts owing by: (i) DEL to each Gin-Cor Entity; and (ii) each Gin-Cor Entity to DEL, including the specific amount that Gin-Cor is entitled to set-off against the Fund if the Court determines the Set-Off Dispute in Gin-Cor’s favour (the “**Claim Amount Dispute**”).

B. Background Facts

This Protocol is structured to take account of the following background facts:

1. On October 22, 2019, DEL commenced the CCAA Proceedings before the Court.
2. Prior to the CCAA Proceedings, trade and other payables were owing between DEL and the Gin-Cor Entities. The Parties are in the process of reconciling the amounts owing between DEL and the Gin-Cor Entities.
3. There is no significant dispute between DEL and Gin-Cor regarding the factual circumstances in which Gin-Cor received the monies from Mack Defence LLC, and those circumstances are the subject of affidavits already filed by the Parties in the CCAA Proceedings, which affidavits may be used and relied on in the Fund Dispute and the Set-Off Dispute.

C. Resolution Process

As a result of the forgoing, (i) the Fund Dispute and the Set-Off Dispute will be decided by the Court first; and (ii) if the Court decides that Gin-Cor is entitled to retain all or any portion of the Fund and that one or more of the Gin-Cor Entities are entitled to exercise a right of set-off against the Fund, any Claim Amount Dispute that cannot be settled by the Parties within ten (10) days following the Court's determination of the Fund Dispute and the Set-Off Dispute will be referred to Andrew Diamond as a CCAA claims officer (the "**Claims Officer**") to be resolved within 30 days of the hearing. The Parties will work in good faith to attempt to resolve the Claim Amount Dispute.

D. Agreed Timetable

DEADLINE	STEP
Fund Dispute/Set-Off Dispute	
Wednesday, January 15, 2020	DEL delivers any supplementary affidavit(s) on the Fund Dispute and Set-Off Dispute
Friday, February 28, 2020	Gin-Cor delivers any supplementary affidavit(s) on the Fund Dispute and Set-Off Dispute
Week of March [23/30] , 2020	Cross-examinations, if requested by either Party
Friday, April 10, 2020	DEL delivers factum
Thursday, April 24, 2020	Gin-Cor delivers factum
Week of May 4, 2020	Hearing of Fund Dispute and Set-Off Dispute by Court
Claim Amount Dispute (if necessary) (initial date reference point is ten (10) days following Court's determination of the Fund Dispute and Set-Off Dispute)	
+2 weeks	Gin-Cor delivers affidavit re: Claim Amount Dispute
+2 weeks	DEL delivers affidavit re: Claim Amount Dispute
+2 weeks	Cross-examinations, if requested by any Party
+1 week	Gin-Cor delivers written submissions
+1 week	DEL delivers written submissions
+1-2 weeks	Hearing before Claims Officer
Within +30 days	Decision Rendered

7036164

7

Court File No. CV-19-629552-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)	TUESDAY, THE 5 TH
)	
JUSTICE HAINEY)	DAY OF MAY, 2020

**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

ORDER

THIS MOTION, made by Del Equipment Inc. (the "**Applicant**"), pursuant to the litigation protocol approved by the Order of the Honourable Justice Hainey dated February 27, 2020 was heard this day by videoconference in light of the COVID-19 crisis.

ON READING the affidavit of Douglas Lucky sworn October 20, 2019 and the exhibits thereto (the "**Lucky Affidavit**"), the supplementary affidavit of Douglas Lucky sworn January 15, 2020 and the exhibits thereto (the "**Supplementary Lucky Affidavit**"), the affidavit of Renzo Silveri sworn November 3, 2019 (the "**Silveri Affidavit**"), and on hearing the submissions of counsel for the Applicant and counsel for GCI Industries Inc. ("**GCI**"), and with its affiliates, "**Gin-Cor**"), and on reading the affidavit of service of ● sworn ●, 2020:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the materials filed in this Motion is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

- 2 -

2. **THIS COURT ORDERS** that the amount of \$874,107.08 (the “**Funds**”) being held in trust by Gin-Cor’s counsel Kagan Shastri LLP pursuant to the Order granted, on consent, by this Honourable Court on November 5, 2019, together with any interest earned thereon, shall be forthwith paid to the Applicant. Kagan Shastri LLP, on behalf of its client Gin-Cor, is hereby authorized and directed to transfer the Funds, and any interest earned thereon, to the Applicant forthwith and in any event by no later than May 12, 2020.
 3. **THIS COURT ORDERS** that, pending the Payment of the Funds to the Applicant in accordance with paragraph 2, the Funds are subject to a constructive trust in favour of the Applicant and the Applicant holds an equitable lien over the property of GCI to secure payment of the Funds.
 4. **THIS COURT ORDERS** that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, fixed in the amount of \$ _____ to be paid by Gin-Cor.
-

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

Court File No: CV-19-629552-00CL

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

Applicant

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

ORDER

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Jason Wadden LSO #: 46757M
jwadden@goodmans.ca

Christopher G. Armstrong LSO#: 55148B
carmstrong@goodmans.ca

Andrew Harmes LSO#: 73221A
aharmes@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicant,
Del Equipment Inc.

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

Court File No: CV-19-629552-00CL

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

Applicant

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

MOTION RECORD
(Motion returnable May 5, 2020)

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Jason Wadden LSO#: 46757M
jwadden@goodmans.ca

Christopher G. Armstrong LSO#: 55148B
carmstrong@goodmans.ca

Andrews Harmes LSO#: 73221A
aharmes@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicant,
Del Equipment Inc.