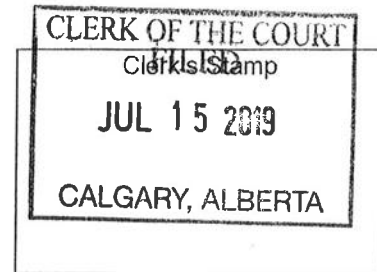




COURT FILE NO. 1801-00498
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



PLAINTIFF ROYAL BANK OF CANADA
DEFENDANTS KUZZII MOTORSPORTS INC., DANA KUZMANOVSKI and OLIVER KUZMANOVSKI
DOCUMENT **SECOND AND FINAL REPORT OF MNP LTD. IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND MANAGER OF KUZZII MOTORSPORTS INC.**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

TORYS LLP
46th Floor, 525 - 8 Avenue SW
Calgary, AB T2P 1G1

Lawyer: Kyle Kashuba
Telephone: 403-776-3744
Fax: 403-776-3800
Email: kkashuba@torys.com
File No.: 34004-2006



APPENDICES

- APPENDIX A** Redacted Polar Creek Industries Inc. Offer to Purchase
- APPENDIX B** June 30, 2019 Statement of Receipts and Disbursements

INTRODUCTION AND BACKGROUND

1. MNP Ltd. was appointed as receiver and manager (the "Receiver") of the assets, undertakings and property of Kuzzii Motorsports Inc. ("Kuzzii" or the "Company"), by an Order granted by the Court of Queen's Bench of Alberta (the "Court") on January 18, 2018 (the "Receivership Order").
2. Kuzzii was formed in May 2015 and was a performance parts and accessories dealer operating in the Calgary area.
3. This is the Receiver's second and final report to the Court (the "Second Report" or "this Report"). Capitalized terms not defined in the Second Report are as defined in the First Report and/or the Receivership Order. All references to currency are in Canadian dollars unless otherwise stated.

NOTICE TO READER

4. In preparing the Second Report and making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Company, the Company's books and records, and information from other third-party sources (collectively, the "Information"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada.
5. Copies of the relevant documents relating to these proceedings are available on the Receiver's website at www.mnpdebt.ca/kuzzii.

PURPOSE OF THE REPORT

6. The purpose of the Second Report is to provide this Honourable Court with the Receiver's comments and information in respect of the activities of the Receiver and to seek an order granting the following relief:
 - a. Approving the steps taken by the Receiver in these receivership proceedings to date, as set out in this Second Report;
 - b. Approving the sale of the Kuzzii premises located at Unit 20, 6420 – 79 Avenue SW Calgary, AB (the "Premises") to Polar Creek Industries Inc.;
 - c. Approving of a Sealing Order in relation to the Confidential Report to the Second Report (the "Confidential Report");
 - d. Approving the Receiver's Interim Statement of Receipts and Disbursements for the period January 18, 2018 to June 30, 2019;
 - e. Approving the fees of the Receiver and the fees of its legal counsel; and
 - f. Discharging the Receiver.

RECEIVER'S ACTIVITIES

7. Since the First Report, the Receiver has undertaken a number of activities including, but not limited to, the following:
 - a. Continued to arrange for regular security checks on the Premises by a security company;
 - b. Received and responded to various creditor and stakeholder inquiries;
 - c. Continued to monitor the Premises listing with Avison Young Real Estate Alberta Inc. ("Avison Young");
 - d. Prepared and issued all statutory reporting as required pursuant to subsections 245(1), 246(1) and 246(2) of the *Bankruptcy and Insolvency Act* ("BIA");
 - e. Continued to prepare and file monthly GST returns; and
 - f. Entered into an offer to purchase agreement for the Premises.

OFFER TO PURCHASE AGREEMENT

8. The Premises have been listed since March 15, 2018, when the Receiver entered into a listing agreement with Avison Young. As more fully described in the First Report, Avison Young targeted the automotive industry, hosted a broker open house in July 2018, released a new marketing campaign in September 2018 and followed up with prospective purchasers directly via phone calls after each listing price reduction.
9. The Receiver reduced the listing price three times between November 2018 and April 2019 from the initial listing of \$1,135,000 to \$930,000. Although the price reductions garnered some additional interest and viewings of the Premises, no offers were received.
10. Adding an additional hurdle to any sale, two other units in the 14-unit condo complex were listed for sale in April 2018 and June 2018. These units are more traditionally built-out with office space but have also seen minimal interest from prospective purchasers. These units have a higher listing price than the Premises and neither seller has reduced the listing price since originally listing the property.
11. Monthly carrying costs being funded by Receiver's Certificates total approximately \$1,300, plus professional fees of the Receiver and the Receiver's legal counsel.
12. In early May 2019, Avison Young, in conjunction with their other efforts, reached out to approximately ten real estate investors to solicit interest for the Premises.
13. On May 21, 2019, the Receiver received an offer from Polar Creek Industries Inc. ("PCI") for the Premises.
14. The Receiver entered into an offer to purchase agreement (the "Purchase Agreement") for the Premises with PCI on June 6, 2019. A copy of the Purchase Agreement which has been redacted to remove the selling price, financial details and personal information for PCI is attached as Appendix A to this Report. A full, unredacted copy of the Purchase Agreement is attached to the Confidential Report.

SEALING ORDER APPLICATION

15. With a view to protecting the integrity of the sales process, in the event the PCI transaction contemplated herein does not close, the Receiver respectfully requests and recommends that the Confidential Report be sealed (the "Sealing Order") until the closing of the of the sale of the Premises.

CREDITORS

16. As at the date of receivership, Kuzzii owed approximately \$1.5 million to its creditors with Royal Bank of Canada ("RBC") being owed approximately \$1.1 million.

LEGAL OPINION ON SECURED LENDER'S SECURITY

17. The Receiver is in possession of an independent legal opinion dated February 1, 2018 prepared by Torys LLP stating that the loan agreements, general security agreements and mortgage granted by Kuzzii to RBC are valid and enforceable.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

18. The Receiver's Interim Statement of Receipts and Disbursements for the period from January 18, 2018 to June 30, 2019 (the "June 30, 2019 R&D") is attached as Appendix B.

TAXATION OF ACCOUNTS

19. Included as Schedule 1 to the June 30, 2019 R&D is a summary of professional fees paid by the Receiver. Copies of the underlying invoices with respect to the fees and disbursements of the Receiver will be available to the Court at the hearing, if required.
20. This Honourable Court approved fees of the Receiver to November 30, 2018 and the Receiver's legal counsel to December 13, 2018 in the February 26, 2019 Court Order.
21. For the period December 1, 2018 to May 31, 2019, the Receiver expended a total of 35 hours with respect to the administration of the receivership proceedings and its professional fees and disbursements, excluding GST, for this same period total \$14,937.33.
22. For the period December 14, 2018 to May 31, 2019, the Receiver's legal counsel has expended a total of 15 hours with respect to the administration of the receivership proceedings and its professional fees and disbursements, excluding GST, for this same period total \$9,428.01. The Receiver has reviewed the fees of its legal counsel and is of the view that the fees are reasonable and appropriate in the circumstances.
23. Final invoices will be rendered by the Receiver and its legal counsel that will include any unbilled work in progress, the fees and disbursements pertaining to this application and the wind up of the administration of the receivership.

DISCHARGE OF THE RECEIVER

24. There are certain administrative matters in these receivership proceedings that remain outstanding, which are summarized as follows:

- a. Making the distributions to CRA with respect to its deemed trust in the amount of \$961.65;
 - b. Repaying the Receiver's Certificates and distributing the balance of sale proceeds to RBC;
 - c. Preparing the final GST returns and closing the Receiver's GST account;
 - d. Preparing and issuing the Receiver's final report pursuant to subsection 246(3) of the BIA; and
 - e. Any other matters incidental to the wind up of the administration of the receivership proceedings of Kuzzii.
25. Upon resolution of the above noted administrative matters, which are not material and in the Receiver's view should not prevent this Honourable Court from granting an unconditional discharge, the Receiver's administration of the receivership of Kuzzii will be completed.

CONCLUSION AND RECOMMENDATION

26. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court issue an Order:
- a. approving the activities of the Receiver as set out in this Second Report;
 - b. approving the sale of the Premises to PCI;
 - c. sealing the Confidential Report to the Second Report;
 - d. approving the June 30, 2019 R&D for the period January 18, 2018 to June 30, 2019;
 - e. approving the fees and disbursements of the Receiver and of its legal counsel;
 - f. approving the distribution to CRA and the balance to RBC; and
 - g. discharging the Receiver.

All of which is respectfully submitted this 15th day of July, 2019.

MNP Ltd.
in its capacity as Court-appointed Receiver and
Manager of Kuzzii Motorsports Inc. and not in its
personal capacity

Per: 

Julie Kennedy, CIRP, LIT
Vice President

APPENDIX A

OFFER TO PURCHASE

To: Avison Young Real Estate Alberta Inc.
Attn: Tyler Wellwood
Eighth Avenue Place – West Tower
Suite 1200, 585 – 8th Avenue SW
Calgary, Alberta T2P 1G1

RE: Offer to Purchase Unit 20, 6420 79 Avenue SE, Calgary, Alberta

Polar Creek Industries Inc. hereby offers to purchase the property herein described on an as is, where is basis (the "Offer" and upon acceptance, the "Agreement").

1. PROPERTY

"Property" shall mean collectively:

the premises specifically defined as:

- (a) those improvements municipally and legally described in Schedule "A" herein;
- (b) all fixtures, appliances, improvements, equipment and chattels owned by the Vendor and located thereon.

Title to the Property shall be conveyed to the Purchaser free and clear of all mortgages, encumbrances, liens or interests except for those permitted encumbrances set forth in Schedule "B" hereto (the "Permitted Encumbrances").

2. PURCHASER

Polar Creek Industries Inc.
#103, 536 Laura Avenue
Red Deer County, Alberta T4E 0A5

(the "Purchaser")

3. VENDOR

MNP Ltd. in its capacity as Court Appointed Receiver and Manager of Kuzzii Motorsports Inc.
1500, 640 5 Avenue SW,
Calgary, AB T2P 3G4

(the "Vendor")



4. PURCHASE PRICE

Purchase Price for the Property is [REDACTED] to be paid as follows:

- (a) [REDACTED] by way of first deposit (the "First Deposit") to be paid to the Vendor in trust, within two (2) Business Days of acceptance of this Offer by the Vendor;
- (b) [REDACTED] by way of a further deposit (the "Additional Deposit") to be paid to the Vendor in trust (along with the First Deposit), within two (2) Business Days, upon satisfaction or waiver of the Purchaser's Conditions Precedent described herein;
- (c) THE BALANCE by way of cash and/or new mortgage financing to be paid on or prior to the Closing Date ("Closing Date" means the date on which closing occurs, and "closing" means the completion of the transactions contemplated by this Agreement that are to occur contemporaneously with such purchase and sale).

5. CONDITIONS PRECEDENT

The obligations of the Purchaser and Vendor to complete this transaction shall be subject to the following conditions (the "Conditions Precedent") being satisfied, which if not met within the indicated time period will render this Agreement null and void and entitle the Purchaser to the return of all deposit monies and accrued interest without penalty.

- (a) Purchaser's satisfactory review in their sole discretion of all items to be delivered to the Purchaser by the Vendor (if available and in the possession of the Vendor) as described herein all of which are to be delivered within five (5) calendar days after the date of acceptance of this Offer (the "Delivery Date");
 - (i) all leases, amendments and accepted offers to lease affecting the Property if any;
 - (ii) true copies of all service, maintenance or other contracts affecting the Property;
 - (iii) a list of the chattels and equipment included in the Purchase Price;
 - (iv) most recent financial information for the Property, outlining and confirming all revenues and all expenses (both capital and operating);
 - (v) copies of assessment notices and tax bills relative to the Property for the current year;
 - (vi) copies of all building, site, electrical, mechanical, and structural drawings, and/or all development and permits approved by the relevant municipality for the Property in the Vendor's possession;

- (vii) copies of any building condition assessment reports or roof inspection reports, if in the Vendor's possession;
 - (viii) any environmental information and/or reports or audits or any other information relative to the Property in the Vendor's possession;
 - (ix) copies of the current condominium corporation budget and the most recent financials available for the corporation;
 - (x) copy of the condominium reserve fund study;
 - (xi) copy of the condominium insurance certificate;
 - (xii) copy of the condominium bylaws; and
 - (xiii) copy of the condominium plan.
- (b) The Purchaser shall have fifteen (15) calendar days following mutual acceptance of this Offer to complete and/or be satisfied in its sole discretion with all due diligence related to the acquisition of the Property (the "Condition Removal Date"), including but not limited to:
- (i) all items listed in clause 5 (a)(i-xiii) herein.

6. MUTUAL CONDITION PRECEDENT

This Agreement shall be subject to the mutual condition precedent (the "Court Approval Condition") that the Receiver will make best efforts to obtain Court approval of this Agreement and the transaction contemplated thereunder, as soon as is reasonably practicable following the Purchaser's Conditions being satisfied or waived in accordance with section 5, and the Purchaser will make best efforts to assist and support the Receiver in obtaining such Court approval. The Vendor (acting through the Receiver) shall have obtained approval of this Agreement by way of an Approval and Vesting Order from the Court of Queen's Bench of Alberta (the "Approval and Vesting Order"), in accordance with Paragraph 3(l)(ii) of the Receivership Order granted on January 18, 2018 by the Honourable Mr. Justice P.R. Jeffrey in Court of Queen's Bench of Alberta Court File Number 1801-00498. This condition is a true condition precedent and may not be waived by either the Vendor or the Purchaser.

7. PHYSICAL INSPECTION

The Purchaser shall have until the Condition Removal Date to carry out such inspections of the Property without requesting inspections by any governmental authorities having jurisdiction over the same as it deems necessary or desirable, including, without limitation inspections of all mechanical, structural, environmental, electrical and any other systems on the Property, including zoning and development restrictions, if any. All costs associated with such inspections or studies shall be borne solely by the Purchaser.

8. INSPECTION OF TITLE

The Purchaser shall have until the Condition Removal Date to carry out an inspection of the title to the Property and all encumbrances, liens or interests registered thereon, all of such encumbrances to be satisfactory to the Purchaser and its solicitors.

9. WAIVER OR SATISFACTION OF CONDITIONS

- (a) The Conditions Precedent are inserted for the sole and exclusive benefit and advantage of the Purchaser and may be unilaterally waived by the Purchaser. In the event that any of the Conditions Precedent are not satisfied or waived by the Purchaser providing notice of satisfaction or waiver, this Agreement shall terminate and be of no further force or effect, in which case the First Deposit together with accrued interest thereon shall be forthwith returned to the Purchaser.
- (b) In the event that all of the Conditions Precedent are satisfied or waived by the Purchaser and the Vendor is ready, willing and able to close on the Closing Date and lawfully in a position to insist the Purchaser close, and in the event that the Purchaser fails to close the transaction, the First Deposit and Additional Deposit and accrued interest shall be forfeited to the Vendor as liquidated damages and the First Deposit and Additional Deposit being a genuine pre-estimate of the damages that will be suffered by the Vendor and the Vendor shall have no further recourse against the Purchaser. The Purchaser expressly waives any present or future right, at law or in equity, that would prohibit or may prohibit the retention of the First Deposit and Additional Deposit as liquidated damages by the Vendor in connection with closing not occurring after the satisfaction or waiver of the conditions precedent in favour of the Purchaser.
- (c) In the event that the transaction of purchase and sale contemplated herein is not completed solely due to a breach or default by the Vendor under this Agreement, then the First Deposit and Additional Deposit and accrued interest shall be immediately released to the Purchaser without in any way limiting the liability of the Vendor hereunder or in any way restricting the rights or remedies that the Purchaser may have against the Vendor.

10. PROPERTY UNTIL CLOSING

From and after mutual acceptance of this Offer, the Vendor;

- (a) shall not enter into any new leases or agreements to lease or consent to the assignment of or surrender, cancellation or amendment of any existing leases of the Property except upon terms and conditions approved by the Purchaser in writing;
- (b) agrees to, in good faith, maintain and operate the Property as it is currently being operated including the payment of any and all expenditures and continuing programs currently being conducted on the Property;
- (c) shall not make any application for or consent to any application for zoning, rezoning, development or re-development of the Property, without the prior written consent of the Purchaser; and

- (d) the Vendor shall maintain such insurance on the Property as would a prudent owner and the Property shall remain at the risk of the Vendor pending completion of the sale.

11. REPRESENTATIONS AND WARRANTIES

The Vendor represents and warrants to the Purchaser as follows:

- (a) it has the full power, right and authority to enter in to this Agreement;
- (b) the Vendor is not a "non-resident" of Canada according to the meaning and intent of the Income Tax Act of Canada;
- (c) the Vendor has sole and absolute right and power to transfer good title to the Property free and clear of all charges, mortgages, interests, liens, pledges, easements or other encumbrances except for the Permitted Encumbrances and the conditions, reservations and exceptions upon obtaining approval of the Court;
- (d) the Vendor has not received any notice of and is not aware of any expropriation or proposed expropriation of the Property or any part thereof and the Vendor is not aware of any work orders from any governmental authority with respect to the Property; and
- (e) there are no leases, tenancies or parties with a right to possession of the Property, save and except as disclosed to the Purchaser pursuant to Article 5 hereof.

The Vendor covenants that the representations and warranties made herein are materially correct and accurate to the best of the Vendor's knowledge and belief without special investigation. The Purchaser acknowledges having been given the opportunity to conduct independent investigation of the matters forming the basis of the representation and warranties.

The Purchaser represents and warrants to the Vendor as follows:

- (a) it has the full power, right and authority to enter in to this Agreement;
- (b) The Purchaser has adequate funds available in an aggregate amount sufficient to pay: (i) all amounts required to be paid by the Purchaser under this Agreement; and (ii) all expenses which have been or will be incurred by the Purchaser in connection with this Agreement and the transaction;
- (c) The Purchaser acknowledges and agrees that: (a) it has had an opportunity to conduct any and all due diligence regarding the Property; (b) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property; (c) it is not relying upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied, (by operation of law or otherwise), regarding the Property or the completeness of any information provided in connection therewith, except as expressly stated in this Agreement; and (d) the obligations of the Purchaser under this Agreement are not conditional upon any additional due diligence;

- (d) The Purchaser is not prohibited from acquiring an interest in the Property pursuant to the *Foreign Ownership of Land Regulations* (Alberta) and will in connection with completion of the transaction contemplated herein file any declaration and provide to the Foreign Ownership of Land Administration any information as may be required;
- (e) In entering into this Agreement and closing the purchase of the Property, the Purchaser has relied and will continue to rely entirely and solely upon its own inspections and investigations with respect to the Property;
- (f) Except as expressly referenced herein, the Property is being purchased and assumed by the Purchaser on an "as is, where is" basis and without any further express or implied agreement or representation and warranty of any kind whatsoever or any liability or obligation of the Vendor as to the physical or financial condition, suitability for development, fitness for a particular purpose, merchantability, title, physical characteristics, profitability, use or zoning, environmental condition, existence of latent defects, quality, or any other aspect or characteristic thereof; and
- (g) The Vendor shall have no obligation, responsibility or liability to the Purchaser after the Closing Date with respect to any matter relating to the Property or the condition thereof.

The Purchaser shall be liable to the Vendor for and shall, in addition, indemnify the Vendor from and against, all losses suffered, sustained, paid or incurred by the Vendor insofar as such losses are a result of any act, omission, circumstance or other matter arising out of, resulting from, attributable to or connected with a breach of the representations and warranties contained herein.

The representation and warranties contained herein shall not merge on Closing but shall survive for one (1) year following the Closing Date.

12. "As Is, Where Is", No Additional Representations

Without limiting any other provision of this Agreement, the Purchaser acknowledges and agrees that it is acquiring the Property on an "as is, where is" and "without recourse" basis with all defects, both patent and latent, and with all faults, whether known or unknown, presently existing or that may hereafter arise. The Purchaser acknowledges and agrees that the Vendor and its representatives have not made, do not make and specifically negate and disclaim any representation, warranty, promise, covenant, agreement or guaranty of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to the Property.

13. NO COLLECTION OF TAX

The Purchaser represents and warrants to the Vendor that Purchaser is registered pursuant to Subdivision (d) of Division V of Part 9 of the *Excise Tax Act* (Canada), as amended (the "Act") for the purposes of remission of Goods and Services Tax ("GST") on taxable supplies made by the Purchaser. Accordingly, pursuant to the provisions of Section 221 (2) of the Act, no amount is required or shall be remitted by the Purchaser to the Vendor in respect of any GST payable by the Purchaser in relation to its acquisition of the Property. The Purchaser on or before the Closing Date

shall provide an undertaking to self-assess regarding GST and shall indemnify the Vendor for any and all GST otherwise payable, including interest and penalties in connection with this purchase and sale.

14. CLOSING & ADJUSTMENTS

The Closing Date shall be five (5) business days following waiver of the Conditions Precedent or such other date as the parties may agree in writing. The Vendor and Purchaser agree that:

- (a) the Vendor is to provide all closing documents, in a format satisfactory to the Purchaser acting reasonably. The Vendor will also provide all documents as necessary to convey clear title to the Property subject only to the Permitted Encumbrances and all collateral documents necessary to complete the transaction ten (10) Business Days prior to the Closing Date. The Vendor shall also provide to the Purchaser the originals or electronic copies of all documentation described hereunder;
- (b) all adjustments shall be as of the Closing Date;
- (c) all adjustments relating to the Property and with respect to deposits, taxes, utilities, future free rent, prepaid rent, security deposits, lease concessions including tenant improvements and other similar expenses shall be made as of the Closing Date. All amounts which cannot be adjusted on the Closing Date by virtue of the same being unknown at that date and including, without limitation, percentage rent and common area expenses payable by the Tenants, shall be adjusted between the parties as soon as possible after the Closing Date and in any event within 1 year following the Closing Date. All arrears due by Tenants until the Closing Date shall accrue to the Vendor and no adjustment shall be made in favour of the Vendor for such items. The day of closing in respect of the Property shall be for the Vendor's account, both as to income and expenses;
- (d) in the event the Vendor agrees to accept monies after the Closing Date as a result of the delay in the registration of the transfer of land and the Purchaser's new mortgage in the Land Titles Office, the Purchaser agrees to pay interest to the Vendor on any monies so outstanding at the rate of six (6%) percent per annum;
- (e) the parties will execute on closing an Assignment and Assumption Agreement regarding all maintenance, service, management and other agreements pertaining to the Property which the Purchaser agrees in writing to the Vendor to accept or reject at the sole and absolute discretion of the Purchaser by the Condition Removal Date; and
- (f) the Transfer of Land is to be prepared and the non-permitted encumbrances are to be discharged at the expense of the Vendor. Registration of the Transfer shall be at the expense of the Purchaser.

15. DEPOSITS

The First Deposit and Additional Deposit and any interest earned thereon shall be dealt with according to the terms of this Agreement. All interest earned on the First Deposit and Additional Deposit shall accrue to the benefit of the Purchaser to the Closing Date.

16. PURCHASER'S ENCUMBRANCES

The Purchaser shall not be permitted to encumber the Property in any way prior to the removal of the Conditions Precedent.

17. ASSIGNMENT

This Agreement constitutes a binding contract of purchase and sale. It shall extend to and be binding upon and enure to the benefit of the Parties hereto and their respective successors and assigns.

18. NOTICES

Any notice required to be given hereunder by any party shall be deemed to have been well and sufficiently given if:

- (a) personally delivered to the party to whom it is intended or if such party is a corporation to an officer of that corporation; or
- (b) mailed by prepaid registered mail, transmitted by e-mail or facsimile, or delivered to the mailing address, e-mail address or facsimile number of the party to whom it is intended as follows:

- (i) if to the Purchaser, then,

Polar Creek Industries Ltd.
[REDACTED]
#103, 536 Laura Avenue
Red Deer County, Alberta T4E 0A5

with a copy to:

Avison Young Real Estate Alberta Inc.
Attn: Tyler Wellwood
Suite 1200, 585 – 8th Avenue SW
Calgary, Alberta T2P 1G1

- (ii) if to the Vendor, then,

MNP Ltd. in its capacity as Court Appointed Receiver and Manager of
Kuzzii Motorsports Inc.
1500, 640 5 Avenue SW,
Calgary, AB T2P 3G4

or to such other address or number as a party may from time to time direct in writing. Any such notice delivered before 4:30 p.m. local time on a day that is not a Saturday, Sunday or statutory holiday in Alberta (a "Business Day") shall be deemed to have been received on the date of delivery

and any notice delivered after 4:30 p.m. local time on a Business Day or delivered on a day other than a Business Day, shall be deemed to have been received on the next Business Day. Any notice mailed shall be deemed to have been received seventy-two (72) hours after the date is it postmarked. Any notice sent by facsimile or emailed before 4:30 p.m. local time on a Business Day shall be deemed to have been received when the sender receives the answer back confirming receipt of the recipient; provided, however, that any facsimile or email received after 4:30 p.m. local time on a Business Day or received on a day other than a Business Day shall be deemed to have been received on the next Business Day. If normal mail or communication service is interrupted by strike, slow-down, force majeure or other cause after the notice has been sent the notice will not be deemed to have been received until actually received. In the event normal mail service is impaired at the time of sending the notice, then the personal delivery, facsimile or email transmission only shall be effective.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the parties hereto hereby submit to the jurisdiction of the Courts of the Province of Alberta.

20. TIME OF ESSENCE

Time shall be of the essence of this Agreement and of every part hereof.

21. NO COLLATERAL WARRANTIES

There are no representations, warranties, collateral agreements or conditions effecting this Agreement or the Property other than as expressed herein.

22. CONFIDENTIALITY

The Purchaser and the Vendor agree that all negotiations regarding the Property shall be confidential, including the contents of this Offer and will not be disclosed to anyone other than the parties' respective legal counsel, accountants, lenders, internal staff, agents and equity partners. Furthermore, the Purchaser and the Vendor agree that no press or other publicity, release or communication to the general public concerning the proposed transaction will be issued without the other party's prior approval, unless required by law. If the transaction contemplated by this Agreement is not completed for any reason, the Purchaser shall promptly deliver to the Vendor all materials and information provided by the Vendor and others herein, (excluding its notes and not including all reports and information prepared by or for the Purchaser in regard to the Property, including, but not limited to environmental and engineering reports), including all copies, and shall destroy all of the Purchaser's notes and other due diligence material containing information set out in the materials and information provided by the Vendor herein.

23. PROFESSIONAL ADVICE

The parties to this Offer to Purchase agree and acknowledge that Avison Young Real Estate Alberta Inc. has recommended that all legal, tax, accounting, engineering and regulatory advice be

obtained through the Purchaser's and Vendor's own professional advisors and that no information provided by Avison Young Real Estate Alberta Inc. is to be considered as expert legal, tax, accounting, engineering or regulatory advice.

24. ACCEPTANCE

June 6, 2019

PURCHASER	VENDOR
<i>[Signature]</i>	<i>[Signature]</i>

This Offer shall be open for acceptance until 4:30 p.m. (Alberta time) on ~~June 4, 2019~~ and may be accepted by the Vendor by causing a duly signed and accepted copy of the Offer to be delivered to the Purchaser.

Dated this 6 day of June, 2019

Purchaser: Polar Creek Industries Inc.

Per: *[Signature]*

Print Name: A. L. Dumas

I have authority to bind the Corporation.

Accepted this 7th day of June, 2019

Vendor: MNP Ltd. in its capacity as Court Appointed Receiver and Manager of Kuzzi Motorsports Inc.

Per: *[Signature]*

Print Name: Julie Kennedy, VP.

I/We have authority to bind the Corporation.

[Signature]

SCHEDULE "A"

Municipal Address:

Unit 20, 6420 79 Avenue SE

Legal Description of the Property:

CONDOMINIUM PLAN 1412265
UNIT 10
AND 707 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

SCHEDULE "B"

PERMITTED ENCUMBRANCES

<u>REGISTRATION NUMBER</u>	<u>DATE (D/M/Y)</u>	<u>PARTICULARS</u>
091 305 550	09/10/2009	Restrictive Covenant
131 139 437	13/06/2013	Easement
141 027 742	29/01/2014	Utility Right of Way

APPENDIX B

Kuzzii Motorsports Inc. - In Receivership
Interim Statement of Receipts and Disbursements
For the period January 18, 2018 to June 30, 2019

	Jan 18/18 to Jun 30/19
Receipts	
Receiver's Certificate	\$ 123,000.00
Purchase Deposit	75,000.00
Accounts Receivable	1,881.37
GST Refund	1,955.79
Miscellaneous Receipts	483.57
Sale of Assets	21,013.00
Interest Income	61.68
Total Receipts	223,395.41
Disbursements	
Appraisal Fees	2,803.43
Auctioneer Commission	5,263.50
Bank Charges	108.01
Filing Fees	70.00
Garbage Removal	640.00
GST Paid/Received (Net)	5,384.20
Receiver's Fees and Disbursements (Schedule 1)	76,870.93
Receiver's Legal Fees and Disbursements (Schedule 1)	17,425.31
Repairs and Maintenance	390.00
Security	4,448.00
Utilities	5,361.48
Insurance	1,122.00
Condo Fees	14,343.37
Interest Expense	310.45
Total Disbursements	134,540.68
Excess of Receipts over Disbursements	88,854.73
Represented by:	
Cash in Bank	\$ 13,854.73
Purchase Deposit	\$ 75,000.00

Note: 2017/18 Property taxes totaling \$30,208.22 and 2019 property taxes totaling \$15,889.47 paid by RBC directly.

Kuzzii Motorsports Inc. - In Receivership
Summary of Professional Fees and Disbursements
For the period January 18, 2018 to June 30, 2019

Description	Invoice Number	Invoice Date	Fees \$	Disbursements \$	Subtotal \$	GST \$	Total \$	Amount Paid (Net of GST) \$
Receiver's Fees and Disbursements								
For the period January 17 to February 28, 2018	8273869	01-Mar-18	25,441.50	1,687.88	27,129.38	1,356.47	28,485.85	27,129.38
For the period March 1 to 31, 2018	8326385	05-Apr-18	15,039.00	-	15,039.00	751.95	15,790.95	15,039.00
For the period April 1 to 30, 2018	8418666	14-May-18	11,552.00	20.57	11,572.57	578.63	12,151.20	11,572.57
For the period May 1 to 31, 2018	8452589	11-Jun-18	6,908.00	20.58	6,928.58	346.43	7,275.01	6,928.58
For the period June 1, 2018 to July 31, 2018	8515089	28-Aug-18	6,836.50	38.40	6,874.90	343.74	7,218.64	6,874.90
For the period August 1 to 31, 2018	8549136	01-Oct-18	2,296.50	-	2,296.50	114.82	2,411.32	2,296.50
For the period September 1, 2018 to October 31, 2018	8573673	02-Nov-18	1,172.00	-	1,172.00	58.60	1,230.60	1,172.00
For the period February 1 to 28, 2019	8707618	13-Mar-19	5,858.00	-	5,858.00	292.90	6,150.90	5,858.00
For the period March 1 to 31, 2019 (see Note 1)	8803956	24-Apr-19	1,552.00	505.33	2,057.33	102.87	2,160.20	-
For the period April 1 to 30, 2019 (see Note 1)	8853857	15-May-19	1,520.00	-	1,520.00	76.00	1,596.00	-
For the period May 1 to 31, 2019	8913389	03-Jul-19	5,502.00	-	5,502.00	275.10	5,777.10	-
Total MNP Ltd.'s Fees and Disbursements			83,677.50	2,272.76	85,950.26	4,297.51	90,247.77	76,870.93
Receiver's Legal Fees and Disbursements								
Tony's LLP								
For the period January 18, 2018 to 31, 2018	1423469	27-Feb-18	6,688.00	203.30	6,891.30	342.07	7,233.37	6,891.30
For the period February 2, 2018 to March 30, 2018	1428713	23-Apr-18	1,015.00	554.00	1,569.00	76.50	1,645.50	1,569.00
For the period April 2 to April 27, 2018	1430584	11-May-18	4,794.00	256.01	5,050.01	252.50	5,302.51	5,050.01
For the period May 7 to 29, 2018	1434661	22-Jun-18	652.50	-	652.50	32.63	685.13	652.50
For the period October 29, 2018 to November 12, 2018	1454416	13-Dec-18	1,377.50	-	1,377.50	68.88	1,446.38	1,377.50
For the period January 14, 2019 to January 16, 2019	1460457	20-Feb-19	1,885.00	-	1,885.00	94.25	1,979.25	1,885.00
For the period February 13, 2019 to February 26, 2019	1462677	13-Mar-19	3,094.50	61.50	3,156.00	155.30	3,311.30	-
For the period March 12, 2019 to May 31, 2019	1471369	13-Jun-09	4,364.50	22.51	4,387.01	218.85	4,605.86	-
Total Receiver Legal Fees and Disbursements			23,871.00	1,074.81	24,945.81	1,240.98	26,209.30	17,425.31