

COURT FILE NUMBER Q.B. 572 of 2021

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE SASKATOON

APPLICANT AFFINITY CREDIT UNION 2013

RESPONDENTS RITCHIE INDUSTRIES INC. and DUCK MOUNTAIN
ENVIRONMENTAL LTD.

**IN THE MATTER OF THE RECEIVERSHIP OF RITCHIE INDUSTRIES INC.
and DUCK MOUNTAIN ENVIRONMENTAL LTD.**

**AND IN THE MATTER OF THE BANKRUPTCY OF RITCHIE INDUSTRIES
INC. and DUCK MOUNTAIN ENVIRONMENTAL LTD.**

**SECOND REPORT OF THE RECEIVER, MNP LTD.,
IN RELATION TO RITCHIE INDUSTRIES INC. DATED FEBRUARY 22, 2022**

Introduction and Purpose of the Report

1. MNP Ltd. was appointed interim receiver of Ritchie Industries Inc. ("Ritchie" or the "Company") by the Court of Queen's Bench for Saskatchewan (the "Court") by order dated May 31, 2021.
2. Concurrently, Ritchie filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* on May 31, 2021. The Bowra Group Inc. was appointed as proposal trustee. The period for making a proposal pursuant to the Notice of Intention dated May 31, 2021 was terminated by Court order dated June 29, 2021, resulting in the deemed bankruptcy of Ritchie effective June 29, 2021.
3. MNP Ltd. was substituted as Trustee in lieu of The Bowra Group Inc. by consent order dated June 29, 2021.
4. MNP Ltd. was appointed as Receiver of Ritchie by the Receivership Order of this Court dated June 29, 2021.
5. MNP Ltd. is acting in a dual capacity as Court appointed Receiver and Licensed Insolvency Trustee of Ritchie in its bankruptcy proceedings.

6. MNP Ltd. is also acting in a dual capacity as Court appointed Receiver and Licensed Insolvency Trustee of Duck Mountain Environmental Ltd. ("DME") pursuant to the above process. DME is considered to be a related entity by way of common shareholder.

7. Ritchie operated the following businesses as at June 29, 2021:

- A Petro Canada service station in Kamsack, SK (the "Petro Can");
- As partner and general partner of a limited partnership operating a liquor store in Kamsack, SK (the "Liquor Store"); and
- As the finance and management office for DME.

8. In accordance with a Corporate Registry Search dated May 18, 2021, the sole director and shareholder of Ritchie is Robert Ritchie (the "Shareholder/Director"). Robert Ritchie is also the sole director and shareholder of DME.

9. This is the Receiver's Second Report to Court in relation to Ritchie Industries Inc. (the "Ritchie Second Report") and it should be read in conjunction with:

- Receiver's First Report to Court in relation to Ritchie Industries Inc. dated October 29, 2021 (the "Ritchie First Report");
- Receiver's First Report to Court in relation to Duck Mountain Environmental Ltd. dated October 31, 2021 (the "DME First Report");
- Receiver's Confidential Addendum to the Ritchie First Report dated October 29, 2021 ("First Ritchie Confidential Addendum");
- Receiver's Confidential Addendum to the DME First Report dated October 31, 2021 ("First DME Confidential Addendum");
- Receiver's Supplemental Report in relation to the DME First Report dated November 4, 2021; and
- Receiver's Supplemental Report in relation to the Ritchie First Report dated November 9, 2021

10. The purpose of the Ritchie Second Report is to advise the Court with respect to the following matters in relation to Ritchie:

- Activities of the Receiver;
- Remaining Assets of Ritchie;
- Priority Creditors and Secured Creditors;
- Interim Statement of Receipts and Disbursements and Professional Fees;
- Allocation of the Petro Can Sale Proceeds and Proposed Interim Distribution;

11. In preparing the Ritchie 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.

12. Further information relating to the receivership proceedings can be located on the Receiver's website at <https://mnpdebt.ca/en/corporate/corporate-engagements/>

Activities of Receiver

13. Subsequent to filing the Ritchie First Report the Receiver has:

- Continued to manage the operation of the Petro Can;
- Continued to manage the Liquor Store;
- Continued to analyse options to realize on the remaining assets; and
- Continued to file required statutory returns.

14. The Receiver has negotiated a sale of Ritchie's interest in the Liquor Store, however, the form of Asset Purchase Agreement is still being finalized. An application for Court approval for this transaction is expected to be brought in March 2022.

15. In accordance with the terms of the November 18, 2022 Court Order (Sale Approval and Vesting – Gas Bar Other Property) and the November 18, 2022 Court Order (Sale Approval and Vesting – Gas Bar Property) (collectively as the "November 18 Orders") the sale of the Petro Can assets was completed on December 3, 2021. The Receiver and the

purchaser agreed on a November 22, 2021 adjustment date for closing due to an inventory being completed on that date, however, the actual closing of the sale transaction took place on December 3, 2021. The Receiver and the purchaser agreed to post closing adjustments in relation to the ongoing operations for the period of November 22, 2021 to December 3, 2021.

16. The Receiver has prepared all required statutory filings and documents required for employees post closing the sale of the Petro Can assets.

Remaining Assets

17. The remaining Company assets are comprised of the following:

- Real property for the administration office located in Kamsack, Saskatchewan;
- Real property, equipment and chattels and inventory for the Liquor Store;
- Shares in private companies; and
- Funds on Deposit.

Administration Property

18. The Administration Property consists of an office building located within the Town of Kamsack, SK and is currently listed with a commercial realtor for a listing price of \$375,000. An offer to purchase has not been submitted on this property at this time.

Liquor Store Assets

19. The Liquor Store assets are comprised of real property, equipment and chattels and inventory.

20. Upon review of the Ritchie books and records and based on discussions with Management the Receiver was advised that the Liquor Store business was operated through a limited liability partnership referred to as Kamsack Liquor Store Limited Partnership (the "KLS LP"). The partners included in the KLS LP are Ritchie and G.C.O. Investments Ltd. ("GCO"). Ritchie is also listed as the General Partner of KLS LP.

21. The Receiver and GCO have agreed on the terms of sale transaction for the Liquor Store assets with GCO advising all financing and equity required is currently in place to

complete the transaction. Counsel for the Receiver and counsel for GCO are finalizing a form of Asset Purchase Agreement that, once executed, would be brought to Court for approval.

Private Company Shares

22. Ritchie holds a majority share ownership of Madge Lake Developments (“MLD”) that the Receiver is currently reviewing to determine what, if any, value the private shares might hold for the purposes of realization for the receivership estate. In addition to equity value, as at March 31, 2021 the internal books and records of Ritchie reflected a balance owing of \$721,904.26 from MLD to Ritchie, however, after further review of the books and records the intercompany loan balances were substantially changed with a potential balanced owed from Ritchie to MLD. The Receiver continues to review these transactions.

23. The Receiver has been in contact with the minority shareholder of MLD, Fred Perepiolkin (“Perepiolkin”) in relation to certain equipment assets and intercompany transfers. Perepiolkin has filed a Statement of Claim against Ritchie (and other parties) in relation to intercompany transfers from Madge Lake Developments to Ritchie prior to the appointment of the Receiver. The Receiver, Perepiolkin and Rob Ritchie have agreed to a Stand Still Agreement in relation to the Statement of Claim filed.

24. Perepiolkin has expressed an interest in purchasing the MLD owned by Ritchie and is working with the Receiver to resolve questions around intercompany loans and other accounts payable between companies. The Receiver continues to work with Perepiolkin to resolve the intercompany accounts and potentially negotiate a sale of the MLD shares.

25. The books and records of Ritchie reflect an investment in Doppl Ltd. (“Doppl”) of \$1,413,309.23 as at March 31, 2021. These balances reflect monies advanced to Doppl prior to the appointment of the Receiver as either share purchases or shareholder loans.

26. The Receiver (and its counsel) have been in contact with counsel for Doppl with respect to the share ownership and shareholder loan amounts owed to Ritchie.

27. On September 21, 2021, Doppl issued a Notice of Exercise of Option under a Unanimous Shareholder Agreement (“USA”) to purchase the Doppl shares owned by Ritchie

in accordance with the terms of the USA. The Doppl shares owned by Ritchie are referenced as 1,000,000 Class A common voting shares.

28. On September 21, 2021 102103953 Saskatchewan Ltd. ("102 Saskatchewan") issued a Notice of Exercise of Option under a Unanimous Shareholder Agreement ("USA") to purchase the 102 Saskatchewan shares owned by Ritchie in accordance with the terms of the USA. 102 Saskatchewan is a related entity to Doppl where Ritchie also purchased shares. The 102 Saskatchewan shares owned by Ritchie are referenced as 1,000 Class A common voting shares.

29. The valuation of the Doppl shares and the 102 Saskatchewan shares included in the September 21, 2021 Notices are based on December 31, 2020 financial statements and, to the Receiver's knowledge, the Exercise of Options have not been approved through a Director Resolution. The September 21 Notice also fails to reference the shareholder loan balances owed to Ritchie.

30. The Receiver is requesting updated financial and operating information in relation to Doppl and 102 to properly assess the value of the shares and balances owed to Ritchie as shareholder loans. The realization value of this asset is not known at this time.

Priority Creditors and Secured Creditors

31. Ritchie has two active CRA accounts related to payroll source deductions with arrears accrued prior to the appointment of the Receiver. Based upon the information available the balances outstanding on the two accounts are:

- (a) CRA account Petro Can - \$55,344.98; and
- (b) CRA account Ritchie (administration) - \$27,665.30

32. CRA is in the process of completing a trust exam of the Ritchie payroll source deduction accounts and as such the amounts currently stated as outstanding are subject to change.

33. The Receiver has borrowed the sum of \$174,176.54 under Receiver's Certificates (in relation to Ritchie) for the purposes of paying its professional fees.

34. In relation to the Petro Can assets, Affinity holds security by way of two mortgages registered on title of the Petro Can Property on September 25, 2014 and by way of a General Security Agreement ("GSA") registered on September 19, 2014 over all present and after-acquired personal property of the Bankrupt. The estimated balance owed to Affinity for term financing secured by mortgages is \$2,911,228 million plus accrued interest and costs as of February 15, 2022.

35. In relation to the Ritchie assets, Affinity holds security by way of a mortgage registered on title of the Ritchie Property on March 10, 2016 and by way of a General Security Agreement ("GSA") registered on March 2, 2016 over all present and after-acquired personal property of the Company. The estimated balance owed to Affinity is \$1,148,125 (comprised of three separate line of credit facilities to Ritchie) plus accrued interest and costs as of February 15, 2022.

36. In relation to the Liquor Store assets, Affinity holds security by way of two mortgages registered on title of the Liquor Store Property on November 14, 2017 and by way of a General Security Agreement ("GSA") registered on October 30, 2017 over all present and after-acquired personal property of the Bankrupt. The estimated balance owed to Affinity for term financing secured by the mortgages is \$849,625 plus accrued interest and costs as of February 15, 2022.

37. 394633 Alberta Ltd. ("394") holds security by way of a mortgage registered on title of the Petro Can Property on June 16, 2020 and a General Security Agreement registered on June 12, 2020. The estimated balance owed to 394 is \$722,630 plus accrued interest and costs.

38. CV Smart Structures Inc. ("CV Smart") has registered a builder's lien on title as against the Liquor Store Property on April 27, 2018. The estimated balance owed to CV Smart based on the registration is \$862,819.

39. 101198359 Saskatchewan Ltd. ("101") holds security by way of a General Security Agreement registered on March 26, 2020. The estimated balance owed to 101 is \$922,500 as of June 29, 2021.

40. Crossroads Credit Union ("Crossroads") holds security by way of a General Security Agreement registered on February 2, 2021. The estimated balance owing to Crossroads is \$800,000.

41. Equirex, a Division of Bennington Financial Corp. registered a General Security Agreement and interest in specific serial numbered items on Jun 6, 2019. The Receiver does not have updated balances owing to Equirex, however, the serial numbered assets referenced on the Personal Property Search are not owned by Ritchie.

42. Counsel for the Receiver has completed security reviews for the Affinity security registrations in relation to the Petro Can assets and has provided an opinion that Affinity holds a first position secured interest in the real property assets and a first position secured interest in the personal property assets.

Interim Statement of Receipts and Disbursements and Professional Fees

43. Attached as **Schedule 1** to this report is the Receiver's Interim Statement of Receipts and Disbursements for Ritchie for the period ending February 14, 2022.

44. Attached as **Schedule 2** to this report is the Receiver's Interim Statement of Receipts and Disbursements for the Liquor Store for the period ending February 14, 2022.

45. Attached as **Schedule 3** to this report is a summary of the Receiver's Fees and Disbursements in relation to the Ritchie Receivership estate.

46. Attached as **Schedule 4** to this report is a summary of the Interim Receiver's Fees and Disbursements in relation to the Ritchie Receivership estate and the DME Receivership estate (combined). The Receiver has allocated 80% of the total fees and disbursements to the Ritchie receivership.

47. Attached as **Schedule 5** to this report is a summary of the Receiver's Legal Fees and Disbursements. The Receiver has allocated 80% of the Interim Receiver's Legal Fees (included in Schedule 5) to the Ritchie receivership estate.

48. Counsel for the Receiver tracked professional fees separately for the completion of the Petro Can sale transaction. Those fees are included and identified in Schedule 5.

Allocation of Sale Proceeds and Proposed Interim Distribution

49. The Receiver has completed the sale of the Petro Can assets and seeks Court approval to complete an interim distribution of the net sales proceeds.

50. Attached as **Schedule 6** is a summary of net sales proceeds by asset category in relation to the sale of the Petro Can assets. The net sales proceeds from each category are

- Personal Property - \$935,207.92; and
- Real Property - \$3,201,036.07

51. For the purposes of allocating the costs to administer the receivership estate the Receiver has estimated the realization value of the remaining known assets at approximately \$1.21 million (this value includes the Liquor Store assets, Administration Property and shares in private companies).

52. Schedule 6 identifies the percentage share of realizable value for each of the following asset categories:

- Petro Can – Personal Property 17% of total asset value;
- Petro Can – Real Property 60% of total asset value; and
- Remaining Assets – 23% of total asset value

53. Schedule 6 also identifies the percentage share of realizable value for each asset category in the Petro Can asset sale only. The Personal Property represents 23% of the total value and the Real Property represents 77%.

54. The Receiver has allocated its fees and disbursements (including the Interim Receivership fees and disbursements) on a pro-rata basis using the percentage of total value of each asset category listed in Schedule 6.

55. The Receiver has allocated its general receivership legal fees (not including those legal fees directly related to the Petro Can sale transaction) on a pro-rata basis using the percentage of total value of each asset category with the exception of the legal fees identified specifically for the completion of the Petro Can sale transaction. The legal fees associated with the Petro Can sale transaction have been allocated between the two asset classes involved in the sale (on a pro rata basis).

56. The Receiver has included an accrual of \$15,000 to account for the additional costs required to seek Court approval for the interim distribution of the net sale proceeds of the Petro Can assets. The professional fee accrual has been allocated on a pro-rata basis between the Petro Can asset values only.

57. Table 1 below provides a summary of the pro-rata allocation of professional fees described in paragraphs 49 -52.

TABLE 1

	Professional Fees	Petro Can Assets		Other Assets
		Real Property (60%)	Personal Property (17%)	Various Assets (23%)
Interim Receiver's Fees	37,475.20	22,438.08	6,555.46	8,481.65
Receiver's Fees - Ritchie Industries	137,020.00	82,040.02	23,968.64	31,011.34
Receiver's Legal Fees (General)	71,986.50	43,101.55	12,592.46	16,292.50
Receiver's Legal Fees (Petro Can Transaction)*	77,660.07	60,101.07	17,559.00	-
Accrual to Authorize Distribution*	15,000.00	11,608.49	3,391.51	-
	339,141.77	219,289.21	64,067.07	55,785.49

Notes: * allocated pro-rata using only the Petro Can assets net realization values.

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58. Based upon the pro-rata calculations in Table 1 the Receiver proposes to allocate \$283,356.28 in professional fees against the Petro Can sale transaction net sales proceeds.
59. In addition to the allocation of professional fees the Receiver proposes to allocate a \$95,000 holdback amount (the "Holdback") to address any significant variances in the estimated realization values of the remaining assets used to calculate the pro-rata allocations. Based on the Receiver's current analysis the Petro Can assets represent 77% of the net realization value and the remaining assets represent 23%. The Receiver has completed a variance analysis whereby that allocation increases to 70% Petro Can assets and 30% remaining assets and 80% Petro Can assets and 20% remaining assets and the \$95,000 holdback appears to be sufficient to address any changes to the allocation of professional fees based on these outcomes.
60. Attached as **Schedule 7** is a summary of the net realization values, less allocation of professional fees, Holdback amounts and priority claim from CRA for payroll source deductions. Based on this analysis the following amounts are available for distribution to the secured creditors (rounded to the nearest \$1,000):
- Petro Can Real Property Assets - \$2,911,000; and
 - Petro Can Personal Property Assets - \$764,000
61. Affinity holds a first position secured interest in both classes of assets and has provided support for amounts owing under its mortgage security interest of \$2.911 million and GSA of \$1.148 million.
62. The Receiver proposes to distribute the following amounts as an interim distribution from the sale of the Petro Can assets:
- a) Payment in the amount of \$174,176.54 plus accrued interest to Affinity as repayment of Receiver's Borrowings;
 - b) Payment in the amount of \$83,010.28 to CRA for balances owing under a deemed trust priority interest for payroll source deductions; and

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- c) Payment in the amount of \$3,675,000 to Affinity as the primary secured lender (\$2.911 million in relation to the term debt secured by mortgage security and \$764,000 towards debts secured by the first position GSA).

Conclusion

63. The Receiver submits this Ritchie Second Report in support of an application for the following:

- (a) Approval of the Receiver's Activities to date as outlined in the Ritchie Second Report; and
- (b) Authorization to complete an Interim Distribution of the net sale proceeds from the sale of the Petro Can assets as outlined in paragraph 62.

DATED at the City of Edmonton, in the Province of Alberta, this 22nd day of February, 2022.

MNP Ltd.

In its capacity as Receiver of

Ritchie Industries Inc.

And not in its personal capacity



Per: Eric Sirrs, CIRP, Licensed Insolvency Trustee
Senior Vice President

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Kanuka Thuringer LLP
Attention: Alex Shalashniy
1400-2500 Victoria Avenue
Regina, SK S4P 3X2
Email: ashalashniy@kanuka.ca
Phone: 306.525.7200
Fax: 306.359.0590
Solicitors for the Receiver, MNP Ltd.

SCHEDULE 1

RECEIVERSHIP OF RITCHIE INDUSTRIES INC.

RECEIVER'S SECOND REPORT TO COURT

Ritchie Industries Inc. and Kamsack Petro Canada
Statement of Receipts and Disbursements
For the Period of June 29, 2021 to February 14, 2022

	June 29, 2021 to October 22, 2021	Variance	June 29, 2021 to February 14, 2022
RECEIPTS:			
<u>Ritchie Industries</u>			
Opening Bank Balance	- 6,498.65	-	6,498.65
Cash Deposits	5,407.35	247.88	5,655.23
Intercompany Transfers	15,000.00	15,870.00	30,870.00
Management Fees from Related Entities	24,566.93	27,437.65	52,004.58
<u>Petro Canada</u>			
Opening Bank Balance	35,207.48	-	35,207.48
Sale of Assets	-	4,223,375.39	4,223,375.39
Revenue	614,981.90	213,242.01	828,223.91
Suncor Deposits	915,976.47	158,834.84	1,074,811.31
Good Spirit School Division	3,401.93	10,456.04	13,857.97
Miscellaneous Deposits	-	4,237.80	4,237.80
Total Receipts	\$ 1,608,043.41	\$ 4,649,463.81	\$ 6,261,745.02

DISBURSEMENTS:

<u>Ritchie Industries</u>			
Banking Fees and Interest	349.07	524.70	873.77
Book Keeping	346.32	11,062.82	11,409.14
GST/PST	205.79	5,192.84	5,398.63
Insurance	1,731.69	2,950.02	4,681.71
Payroll	27,421.85	11,616.74	39,038.59
Payroll Source Deductions	12,056.24	6,784.56	18,840.80
Employee Benefits	1,615.52	-	1,615.52
Utilities	2,577.22	2,259.34	4,836.56
TD VISA	53.59	34.99	88.58
Operating Expenses	2,116.25	899.40	3,015.65
<u>Petro Canada</u>			
Banking Fees and Interest	1,516.17	520.65	2,036.82
GST/PST/Tax	29,722.12	18,435.92	48,158.04
Insurance	8,930.45	3,002.52	11,932.97
Payroll	105,960.36	66,712.34	172,672.70
Payroll Source Deductions	25,089.92	24,957.77	50,047.69
Ritchie - Management Fees	9,225.00	12,653.63	21,878.63

Transfer to Related Entities	15,000.00	46,370.00	61,370.00
Utilities	14,729.73	11,964.57	26,694.30
TD VISA	713.53	18.32	731.85
Operating Expenses	51,176.84	27,717.89	78,894.73
Supplier Payments	776,810.84	184,794.61	961,605.45
Suncor	449,501.64	84,384.74	533,886.38
Total Disbursements	\$ 1,536,850.14	\$ 522,858.37	\$ 2,059,708.51
Excess of Receipts over Disbursements	\$ 71,193.27	\$ 4,126,605.44	\$ 4,202,036.51

Notes:

- (1) Operating expenses are related to Superpass cards, employee reimbursements, lawn care, cash required for ATMS and other general maintenance work.

SCHEDULE 2

RECEIVERSHIP OF RITCHIE INDUSTRIES INC.
RECEIVER'S SECOND REPORT TO COURT

Kamsack Liquor Store
Statement of Receipts and Disbursements
For the Period of June 29, 2021 to February 14, 2022

	June 29, 2021 to October 22, 2021	Variance	June 29, 2021 to February 14, 2022
RECEIPTS:			
Opening Bank Balance	46,228.47	-	46,228.47
Revenue	1,027,307.10	842,365.76	1,869,672.86
Total Receipts	1,073,535.57	842,365.76	1,915,901.33
DISBURSEMENTS:			
Bank and Merchant Fees	6,838.43	6,078.98	12,917.41
GST/PST	666.09	17,968.77	18,634.86
Sask Liquor Tax	89,160.04	36,820.48	125,980.52
Insurance	2,154.96	3,931.54	6,086.50
Payroll	34,896.43	70,971.54	105,867.97
Payroll Source Deductions	11,282.14	18,250.85	29,532.99
Employee Benefits	673.22	-	673.22
Ritchie - Management Fees and Monitoring	8,060.63	5,916.00	13,976.63
Transfer to Related Entities	3,812.50	108.75	3,921.25
Utilities	5,979.95	5,178.32	11,158.27
TD VISA	4,637.45	639.08	5,276.53
Operating Expenses (1)	3,003.64	4,912.72	7,916.36
Supplier Payments	784,252.67	603,400.65	1,387,653.32
Total Disbursements	955,418.15	774,177.68	1,729,595.83
Excess of Receipts over Disbursements	\$ 118,117.42	\$ 68,188.08	\$ 186,305.50

Notes:

- (1) Operating expenses are related to employee reimbursements, lawn care and plumbing and cleaning services.

SCHEDULE 3

RECEIVERSHIP OF RITCHIE INDUSTRIES INC.

RECEIVER'S SECOND REPORT TO COURT

RITCHIE INDUSTRIES - RECEIVERS FEES AND DISBURSEMENTS

FEE SUMMARY

	Hours	Fees
Betty Dyck	6.10	1,128.50
Carolina Bautista	0.20	70.40
Chelene Riendeau	208.80	66,887.60
Comfort Uche	2.00	383.20
Devan Foster	19.10	3,533.50
Eric Sirrs	40.40	21,614.00
Jane Ma	35.50	4,568.40
Karen Aylward	0.40	192.00
Maha Shah	109.70	26,260.40
Reina Ainsworth	3.20	684.80
Ryann Cale	52.90	8,673.30

478.30 133,996.10

Total Hours

478.30

TOTAL FEES

133,996.10

DISBURSEMENT SUMMARY

Travel	3,023.79
	<u>3,023.79</u>

TOTAL DISBURSEMENTS

3,023.79

TOTAL FEES AND DISBURSEMENTS

137,019.89

Less Interim Billings

(120,071.62)

NET FEES AND DISBURSEMENTS

16,948.27

SCHEDULE 4

RECEIVERSHIP OF RITCHIE INDUSTRIES INC.

RECEIVER'S SECOND REPORT TO COURT

**Ritchie Industries Inc. and Duck Mountain Environmental Ltd. - Interim Receivership
Interim Receiver's Fees and Disbursements - June 29, 2021**

FEE SUMMARY

Eric Sirrs	18.70	10,004.50
Marina Perengliyeva	0.10	25.60
Naida Kornuta	0.50	197.50
Betty Dyck	1.00	185.00
Devan Foster	4.50	832.50
Reina Ainsworth	0.20	42.80
Nitin Gupta	18.50	2,775.00
Chelene Riendeau	77.50	23,045.20
Maha Shah	15.00	3,210.00
Ryann Cale	0.30	38.70
Jane Ma	29.20	4,060.80
	165.50	44,417.60

Total Hours

165.50

TOTAL FEES

44,417.60

DISBURSEMENT SUMMARY

Travel	2,014.53
Meals	38.42
Lodging	373.63
	<u>2,426.58</u>

TOTAL DISBURSEMENTS

2,426.58

TOTAL FEES AND DISBURSEMENTS

46,844.18

Less Interim Billings

NET FEES AND DISBURSEMENTS

46,844.18

Date	Description	Units	Amount	Notes
01-Jun-2021	Eric Sirrs	1.00	535.00	Call with counsel and secured creditor counsel. Review court order.
01-Jun-2021	Chelene Riendeau	1.00	320.00	Meetings with Eric Sirrs; review of Interim Receivership Order
02-Jun-2021	Eric Sirrs	3.20	1,712.00	Call with counsel re status of interim receivership order. Meet with controller re interim receivership. Attend to various locations to view operations.
02-Jun-2021	Chelene Riendeau	3.80	904.40	Travel from Kamsack, SK to Saskatoon, SK
02-Jun-2021	Chelene Riendeau	3.80	904.40	Travel from Saskatoon, SK to Kamsack, SK
02-Jun-2021	Chelene Riendeau	1.00	320.00	Preparation of notes from meeting; email to Eric Sirrs; receipt and review of email exchange from Wayne Pederson and Eric Sirrs
02-Jun-2021	Chelene Riendeau	3.00	960.00	Meeting with bookkeeper, Crystal Fissel, Ritchie Industries; touring various business
03-Jun-2021	Eric Sirrs	0.60	321.00	Email to controller information required. Email to and from Affinity.
03-Jun-2021	Chelene Riendeau	2.40	571.20	Recapture of time spent prior to appointment including: May 19, 2021 Telephone discussions Eric Sirrs re initial appointment; review of information from Affinity CU re exposure; attendance re finding individual to monitor business premises; May 26, 2021: Email exchanges with Eric Sirrs; telephone and email exchange with Glenn Zeigler; May 27, 2021: Preparation for attendance on business site; telephone attendance on Matt from Homestead Glass & Lock re changing lock; May 28, 2021: Telephone attendance on Eric Sirrs re adjournment of court application; telephone attendance on Matt from Homestead Glass & Lock; email to Glenn Ziegler re court adjournment
03-Jun-2021	Chelene Riendeau	2.50	800.00	Receipt and review of emails from Eric Sirrs; email exchanges with Crystal Fissel; review of upcoming invoices; creation of spreadsheet for upcoming payments for all companies; Email to Judy DuChalard enclosing upcoming payments
04-Jun-2021	Eric Sirrs	1.50	802.50	Review financial information. Call with CR re requested payments. Call and emails with counsel. Email to Affinity re expenses.
04-Jun-2021	Chelene Riendeau	7.40	2,368.00	Attendance on file re email exchanges with Eric Sirrs; email exchanges with Crystal Fissel, Ritchie Industries re approval of payments and obtaining and review of financial information; email exchanges with Judy DuChalard re approval of payments, etc.
07-Jun-2021	Eric Sirrs	1.90	1,016.50	Review financial information, request additional subledgers. Call with Affinity CU. Call x2 with counsel. Review expenses.
07-Jun-2021	Chelene Riendeau	3.30	1,056.00	Attendance on file re email exchanges with Eric Sirrs; Crystal Fissel, Ritchie Industries re approval of payments and obtaining and review of financial information; email exchanges with Judy DuChalard; Team Meeting with Judy DuChalard, Nicole Zieglansberger, Terri Uhrich and Eric Sirrs
07-Jun-2021	Chelene Riendeau	2.00	640.00	Attendance on file re multiple email exchanges with Crystal Fissel, Ritchie Industries; email exchanges with Eric Sirrs
07-Jun-2021	Maha Shah	1.00	214.00	Reviewed financial information provided by Crystal. Prepared draft of monthly CF
08-Jun-2021	Eric Sirrs	2.50	1,337.50	Review financial information. Emails to and from CR re additional information and expenses required. Call x2 with counsel re application. Call with Affinity CU. Emails to and from book keeper. Emails to and from R Ritchie.
08-Jun-2021	Chelene Riendeau	7.00	2,240.00	Attendance on file re email exchanges with Eric Sirrs; Crystal Fissel, Ritchie Industries re approval of payments and obtaining financial information; email exchanges with Judy DuChalard and Nicole Zieglansberger
08-Jun-2021	Ryann Cale	0.30	38.70	SPPR and Corporate Registry Search
09-Jun-2021	Eric Sirrs	2.50	1,337.50	Review financial data. Call with counsel x2. Review draft order. Call with R Ritchie. Draft email to Affinity.
09-Jun-2021	Chelene Riendeau	7.60	1,808.80	Round Trip travel to Kamsack, SK and back to Saskatoon, SK
09-Jun-2021	Chelene Riendeau	1.50	480.00	Attendance at Ritchie Industries re check-in; obtaining accounting information; meetings/dissussions with Robert Ritchie and bookkeeper, Crystal Fissel
09-Jun-2021	Maha Shah	2.50	535.00	Prepared Cash flow (disb) for all 4 entities.
09-Jun-2021	Maha Shah	0.50	107.00	Meeting with ERic to discuss format of Cash Flow and bank statement analysis
10-Jun-2021	Eric Sirrs	1.30	695.50	Review of financial information. Call with Affinity. Call with CR.

Date	Description	Units	Amount	Notes
10-Jun-2021	Chelene Riendeau	5.20	1,664.00	Attendance on file re review of bank accounts/transactions; email exchanges with Crystal Fissel; review of accounting information; Teams call with Eric Sirrs
10-Jun-2021	Maha Shah	1.50	321.00	Updated cash disbursement spreadsheet and emailed to Eric for review
11-Jun-2021	Eric Sirrs	1.00	535.00	Reviewing financial data and projected cashflows. Emails to and from R Ritchie. Emails to and from Affinity. Emails to and from counsel.
11-Jun-2021	Chelene Riendeau	2.70	864.00	Review of bank accounts; email to Crystal Fissel re clarification of bank transactions; telephone attendances on Betty Dyck, MNP Bookkeeping, telephone attendances on Crystal Fissel; email to Maha Shah; email to Eric Sirrs;
11-Jun-2021	Maha Shah	1.00	214.00	Prepared AUT01 forms for Ritchi industries, DME and Liquor Store and submit through represent a client
14-Jun-2021	Eric Sirrs	0.80	428.00	Review financial data and cashflows. Email to and from Affinity. Call with Affinity and counsel.
14-Jun-2021	Chelene Riendeau	2.50	800.00	Attendance on file re review of daily deposits and charges from June 11th and June 14, 2021; email exchanges with Crystal Fissel and Rob Ritchie; email exchange with Eric Sirrs; obtaining list of equipment of DME with serial numbers; review of CRA payroll source deduction remittances
14-Jun-2021	Maha Shah	1.50	321.00	Prepared summary of outstanding CRA debt using AP reports
15-Jun-2021	Eric Sirrs	0.40	214.00	Emails from and to CR re financial transactions. Emails from and to counsel. Email from and to Affinity.
15-Jun-2021	Chelene Riendeau	1.50	357.00	Review of weekend sales from entities; email exchanges with Crystal Fissel re payments/invoices to clear; email exchange with Eric Sirrs re Ritchie Industries rental and management fee income
15-Jun-2021	Chelene Riendeau	0.30	96.00	Attendance re review of daily bank accounts and verification with daily deposits; email exchanges with Crystal Fissel re upcoming payments to clear
15-Jun-2021	Maha Shah	2.50	535.00	Cash flow
16-Jun-2021	Betty Dyck	0.50	92.50	received info from Chelene, meeting with tech team for the workflow required
16-Jun-2021	Eric Sirrs	0.40	214.00	Review projected cashflows, make edits and request further support. Emails from and to CR re financial transactions.
16-Jun-2021	Devan Foster	0.40	74.00	meeting to discuss receipts
16-Jun-2021	Nitin Gupta	1.50	225.00	Meeting with tech team and started inputting data.
16-Jun-2021	Chelene Riendeau	2.20	704.00	Attendance on file re receipt and review of daily sales and deposits; review of bank accounts; email exchanges and payment verification with Crystal Fissel; email exchanges with Maha Shah re obtaining payroll information and rental information for Cash Flow Projection; meeting with MNP Bookkeeping service re daily gas sales and adjustment spreadsheets received/task; email to Glenn Zeigler re liquor inventory count
16-Jun-2021	Maha Shah	0.50	107.00	Meeting with Eric to discuss Cash Flow
16-Jun-2021	Maha Shah	2.50	535.00	Updated Cash Flow to include Eric's recommended changes for 3 entities and completed formatting.
16-Jun-2021	Jane Ma	0.40		Check in with Betty and team on the file and work needed to do going forward
16-Jun-2021	Jane Ma	1.40	197.40	Entering penny round and all info needed on the Excel spreadsheet
17-Jun-2021	Eric Sirrs	0.30	160.50	Emails from and to staff re projected cashflow. Email from counsel on Madge Lake Dev re financial transactions.
17-Jun-2021	Chelene Riendeau	1.80	576.00	Attendance on file review receipt and review of daily sales and deposits; review of bank accounts; email exchanges with Maha Shah re payroll matters and GST balance; emails to Eric Sirrs; email exchanges with Crystal Fissel re upcoming payments; payment of rental and managements fees, etc.
17-Jun-2021	Maha Shah	1.50	321.00	Prepared CF for Duck Mountain and emailed to Eric
17-Jun-2021	Jane Ma	3.00	423.00	Enter info such as penny rounding, lottery payout and etc on Excel spreadsheet for Nov 2020
17-Jun-2021	Jane Ma	4.00	564.00	Enter info such as penny rounding, lottery payout and etc on Excel spreadsheet for Sep and Oct 2020
18-Jun-2021	Eric Sirrs	0.20	107.00	Emails from and to CR re financial transactions. Email from and to counsel for secured creditor.
18-Jun-2021	Devan Foster	2.00	370.00	entering applicable amounts from receipts into spreadsheet

Date	Description	Units	Amount	Notes
18-Jun-2021	Chelene Riendeau	0.60	192.00	Telephone attendances on Rob Ritchie re employee overtime and vacation pay; telephone attendanc eon Chrystal Fissel re employee overtime and suspension of Saputo account
21-Jun-2021	Eric Sirrs	0.50	267.50	Call and email with service provider re invoice. Email to counsel for affinity. Emails from and to Affinity. Review CRA statement.
21-Jun-2021	Devan Foster	2.10	388.50	entering receipts into spreadsheet
21-Jun-2021	Nitin Gupta	0.80	120.00	Entered receipts.
21-Jun-2021	Chelene Riendeau	1.50	480.00	Email exchanges with Chyrstal Fissel re: suspension of Home Hardware, Saputo and Kreg's auto ccounts; attendance re review of upcoming payments; review of daily sales and deposits and bank account review
21-Jun-2021	Jane Ma	2.50	352.50	Enter info such as penny rounding, item discounts and etc for Jan 2021 on Excel
21-Jun-2021	Jane Ma	1.70	239.70	Enter info such as penny rounding, item discounts and etc for Feb 2021 on Excel
21-Jun-2021	Jane Ma	3.00	423.00	Enter info such as penny rounding, item discounts and etc for Dec 2020 on Excel
22-Jun-2021	Betty Dyck	0.50	92.50	review info posted to date
22-Jun-2021	Eric Sirrs	0.30	160.50	Emails from and to R Ritchie and controller. Correspondence with CR re sask liquor authority arrears. Email from and to counsel.
22-Jun-2021	Chelene Riendeau	0.80	190.40	Telephone attendance on Eric Sirrs re change in role/full receivership; next steps required etc.
22-Jun-2021	Chelene Riendeau	1.50	357.00	Attendance on file re email exchanges with Crystal Fissel re upcoming payments of invoices for businesses; review of daily sales and deposits; bank account review
22-Jun-2021	Jane Ma	4.00	564.00	Enter sales info including pending rounding, discounts for Mar 2021 on Excel. Prepare totals on Excel as requested.
22-Jun-2021	Travel		71.43	03/06/2021 / Eric Sirrs / Expense Claim - 17June2021: Edmonton Airport Parking
22-Jun-2021	Travel		222.07	03/06/2021 / Eric Sirrs / Expense Claim - 17June2021: Avis Rental Car
22-Jun-2021	Travel		65.41	03/06/2021 / Eric Sirrs / Expense Claim - 17June2021: Shell Canada- Fuel for rental car
22-Jun-2021	Travel		954.00	30/05/2021 / Eric Sirrs / Expense Claim - 17June2021: Westjet- Flight to Saskatoon
22-Jun-2021	Lodging		168.27	01/06/2021 / Eric Sirrs / Expense Claim - 17June2021: Expedia - Hotel Saskatoon
22-Jun-2021	Lodging		173.60	02/06/2021 / Eric Sirrs / Expense Claim - 17June2021: The Hotel Saskatchewan
22-Jun-2021	Lodging		31.76	02/06/2021 / Eric Sirrs / Expense Claim - 17June2021: hangTag- Parking Regina
22-Jun-2021	Meals		38.42	02/06/2021 / Eric Sirrs / Expense Claim - 17June2021: Iron Grill - Travel Meal
23-Jun-2021	Eric Sirrs	0.30	160.50	Call with Paul (consultant to debtor) re cashflow and invoice. Review Doppl Inc. documents and forward to counsel.
23-Jun-2021	Nitin Gupta	3.00	450.00	Entered receipts.
23-Jun-2021	Chelene Riendeau	2.50	800.00	Attendance on file re email exchanges with Crystal Fissel re upcoming payments; email exchange with Eric Sirrs re outstanding Liquor Consumption and payment of Marjerrison Financial invoice; email exchange with Nicole Zieglgansberger and Judy Duchalard re etransferring employee wages; telephone attendance on Glenn Zeigler re change in role and check-in requirements after Receivership appointment
23-Jun-2021	Jane Ma	3.70	521.70	Enter sales infor for Jul 2020 on Excel
23-Jun-2021	Jane Ma	2.50	352.50	Enter sales info for Aug 2020 on Excel
23-Jun-2021	Travel		350.81	10/06/2021 / Chelene Riendeau / June 2021 Expenses: Round trip travel June 2, 2021 travel to Kamsack from Saskatoon
23-Jun-2021	Travel		350.81	10/06/2021 / Chelene Riendeau / June 2021 Expenses: Roundtrip Travel June 9, 2021 to Kamsack, SK from Saskatoon
24-Jun-2021	Nitin Gupta	2.20	330.00	Data entry.
24-Jun-2021	Chelene Riendeau	2.50	800.00	Attendance on file re various email exchanges with Crystal Fissel, Ritchie Industries re upcoming payments, review of payroll; review of daily deposits and sales; review of bank accounts; telephone attendances on and emails to representatives from Coca Cola; email to representative of Saputo; email exchange with Rob Ritchie re insurance claim re DME; email exchange with Maha Shah; email exchange with Glen Ziegler re check-in and inventory count;

Date	Description	Units	Amount	Notes
24-Jun-2021	Jane Ma	3.00	423.00	Entering sales info per receipts on Excel for Jun and Jul 2020
25-Jun-2021	Naida Kornuta	0.50	197.50	discussion with CR regarding progress of the now Receivership/concurrent bankruptcy. position court has taken on concurrent assignment of bankruptcy as opposed to returning for order when required.
25-Jun-2021	Nitin Gupta	6.50	975.00	Entered the slips.
25-Jun-2021	Chelene Riendeau	1.80	576.00	Emails exchange with Coca Cola re EFT payments; email exchange with Crystal Fissel re Coca Cola account and payments for today; telephone conversation with Crystal Fissel; review of daily sales and deposit; bank account review
28-Jun-2021	Chelene Riendeau	1.00	320.00	Email exchanges with Crystal Fissel re upcoming payments; receipt of weekend sales and deposits; review of bank accounts; email exchange with Saputo re outstanding invoices
29-Jun-2021	Nitin Gupta	4.50	675.00	Entered the slips.
29-Jun-2021	Chelene Riendeau	1.30	416.00	Attendance at Court by teleconference re come-back hearing to hear application for appointment of Receiver
29-Jun-2021	Chelene Riendeau	1.50	480.00	Attendance re telephone attendance on Cyrstal Fissel to arrange meetings time for June 30th; meeting with Maha Shah re daily reporting and sales and next steps in receivership with concurrent bankruptcy; email exchange with Glenn Ziegler; preparation for June 30, 2021 meeting with employees re receivership appointment
26-Jul-2021	Marina Perengliyeva	0.10	25.60	adjusted wip
18-Oct-2021	Reina Ainsworth	0.20	42.80	WIP Export.
TOTALS:		165.50	46,844.18	

SCHEDULE 5

RECEIVERSHIP OF RITCHIE INDUSTRIES INC.
RECEIVER'S SECOND REPORT TO COURT

SCHEDULE 6

RECEIVERSHIP OF RITCHIE INDUSTRIES INC.

RECEIVER'S SECOND REPORT TO COURT

RITCHIE INDUSTRIES INC. - PETRO CAN REALIZATION SCHEDULE AND PRO-RATA CALCULATION

	SALE VALUE	NET REALIZATION VALUE	% OF TOTAL	% OF PETRO CAN ASSET SALE
PERSONAL PROPERTY ASSETS (Cash, Equipment, Inventory)				
Sale Proceeds (Equipment, Inventory Chattels)	1,000,388.69			
Less (Distribution to Suncor)	- 65,180.77			
NET REALIZATION VALUE OF PERSONAL PROPERTY ASSETS		935,207.92	17%	23%
REAL PROPERTY ASSETS				
Sale Proceeds (Real Property)	3,201,036.07			
NET REALIZATION VALUE OF REAL PROPERTY ASSETS		3,201,036.07	60%	77%
TOTAL ESTIMATED REALIZATION VALUE REMAINING ASSETS		1,210,000.00	23%	0%
TOTAL		5,346,243.99	100%	100%

SCHEDULE 7

RECEIVERSHIP OF RITCHIE INDUSTRIES INC.
RECEIVER'S SECOND REPORT TO COURT

PETRO CAN ASSETS NET REALIZATION VALUE - INTERIM DISTRIBUTION

Net Realization Personal Property	935,207.92
Less allocation of Receivership costs	- 64,067.07
Less allocation of Holdback	- 24,481.37
Net Proceeds for Secured and Priority Claims	846,659.48
Less CRA Deemed Trust Claim	- 83,010.28
Net Proceeds for Distribution Secured Claims (Personal Property)	763,649.20

Net Realization on Real Property	3,201,036.07
Less allocation of Receivership costs	- 219,289.21
Less allocation of Holdback	- 70,518.63
Net Proceeds for Secured and Priority Claims (Real Property)	2,911,228.23