COURT FILE NUMBER	1201-07772	Clerk's Stamp CLERK OF THE COURT FILED DEC 0 6 2012 CALGARY, ALBERTA
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFF	CENTURY SERVICES INC,	
DEFENDANTS	KT CONSTRUCTION SERVICES INC. and KT INDUSTRIAL CONSTRUCTION INC.	
DOCUMENT	**FIRST REPORT OF ERNST & YOUNG INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF KT CONSTRUCTION SERVICES INC. AND KT INDUSTRIALCONSTRUCTION INC.** **DECEMBER 6, 2012**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**<u>RECEIVER</u>** Ernst & Young Inc. 1000, 440 – 2nd Avenue S.W. Calgary, AB T2P 5E9 Neil Narfason/Peter Chisholm Telephone: (403) 206-5067/(403) 206-5061 Fax: (403) 206-5075 Email: neil.narfason@ca.ey.com peter.chisholm@ca.ey.com **<u>COUNSEL</u>** Norton Rose Canada LLP Barristers & Solicitors Steven H. Leitl/Kyle D. Kashuba 3700, 400 – 3rd Avenue S.W. Calgary AB T2P 4H2 Phone: (403) 267-8140/(403) 267-8399 Fax: (403) 264-5973 Email: steven.leitl@nortonrose.com kyle.kashuba@nortonrose.com	

TABLE OF CONTENTS TO THE FIRST REPORT OF THE RECEIVER

APPENDICIES TO THE FIRST REPORT OF THE RECEIVER

INTRODUCTION

1. Ernst & Young Inc. was appointed receiver and manager (the "Receiver") of the property, assets and undertakings (the "Property") of KT Construction Services Inc. ("KT Construction") and KT Industrial Construction Inc. ("KT Industrial" and together with KT Construction, the "KT Group") pursuant to an Order (the "Appointment Order") of the Alberta Court of Queen's Bench (the "Court") dated June 20, 2012 ("Appointment Date").

2. The Appointment Order authorized the Receiver, among other things, to carry on the business of the KT Group, to market and solicit offers to purchase the Assets of the KT Group, and to make such arrangements or agreements as deemed necessary by the Receiver.

3. The purpose of this First Report of the Receiver (the "First Report") is to advise the Court with respect to:

    a) the activities of the Receiver for the period of June 20, 2012 to December 4, 2012 (the "Receivership Period");

    b) the Receiver's Final Statement of Receipts and Disbursements since the Appointment Date to December 4, 2012;

    c) an agreement (the "Assignment Agreement") to assign the builders liens registered by the Receiver and certain remaining assets of the KT Group to Century Services Inc. ("Century"); and

    d) the recommendation for the discharge of the Receiver; and

    e) the Receiver's additional recommendations.

4. All references to currency in this First Report are in Canadian dollars.

BACKGROUND

5. The KT Group was a full-service general contractor offering complete construction services to the Alberta, British Columbia and Saskatchewan commercial markets. KT Construction's contract primarily related to government facilities, industrial properties and retail store properties and KT Industrial's contracts primarily related to the oil and gas industry in Northern Alberta.

6. The head office of the KT Group was located in Calgary, Alberta. The KT Group had satellite offices in Edmonton, Alberta and Fort McMurray, Alberta.

ACTIVITIES OF THE RECEIVER SINCE JUNE 20, 2012

Custody & Control

7. On June 20, 2012 the Receiver attended the leased head office of the KT Group located at 7015 8th St., Calgary, Alberta to meet with the President of the KT Group and employees of the KT Group in order to discuss the transition of operations from management to the Receiver.

8. In accordance with the Appointment Order, on June 22, 2012, the Receiver froze the bank accounts of the KT Group.

9. The KT Group's insurance provider was notified of the Receiver's appointment and the Receiver was required to fund insurance premiums in order to retain insurance coverage during Receivership Period as there were outstanding balances owing to the insurance provider as at the Appointment Date.

Employees and Consultant

10. As at the Appointment Date, KT Construction employed 89 employees and KT Industrial employed 22 employees.

11. The Receiver understood that certain of the projects being undertaken by the KT Group as at the Appointment Date may result in positive net realizations if the projects were

completed by the Receiver. The Receiver reviewed the listing of KT Group projects as at the Appointment Date and retained 22 of the KT Group employees (the "Remaining Employees") in anticipation of completing certain projects which would result in positive net realizations to the receivership. The Receiver retained the Remaining Employees on terms consistent with their salaries and wages prior to the Appointment Date and provided a key employee retention plan (the "Key Employee Retention Plan") to certain employees. The Key Employee Retention Plan is described in further detail below.

12. The Receiver further retained a consultant (the "Consultant") to review the KT Group books and records and advise which of the projects being completed as at the Appointment Date would result in positive net realizations to the estate if the projects were to be completed by the Receiver.

Key Employee Retention Plan

13. As a result of the Receivership proceedings, the employees of the KT Group expressed certain concerns about their employment situation. The employees were aware that the KT Group had insufficient funds to meet payroll due on June 22, 2012 owing for the period of June 1, 2012 to June 14, 2012 and the Receiver was unable to identify which employees would be retained by the Receiver as described above, the Receiver in conjunction with the Consultant was performing a review of the KT Group's books and records to evaluate which projects could be completed by the Receiver to provide a positive net realization to the estate.

14. The ability of KT Group to continue operations in the normal course and to complete certain projects which the Receiver understood would result in positive net realizations to the estate was dependent on the retention of certain of the project managers, site supervisors and certain head office employees employed by the KT Group (the "Key Employees").

15. The Receiver concluded that finding suitable replacements for departing Key Employees without negatively impacting operations in the short-term would be difficult in the circumstances. In addition, given the required expediency of the completion of certain

projects in progress as at the date of the Appointment Order, the Key Employees' knowledge of the projects was considered by the Receiver to be vital to the completion of the projects on a basis that would provide the highest net positive realization to the estate.

16. As such, the Receiver implemented a Key Employee Retention Plan for the Key Employees. The payments under the Key Employee Retention Plan would only be earned and paid upon the earlier of a successful completion of the projects which the Receiver understood would result in a positive net realization to the estate or the Receiver's termination of the Key Employees' employment.

17. Century, the senior secured creditor to the KT Group, and the Plaintiff and Applicant to the Appointment Order, supported the general terms of the Retention Plan.

18. The Receiver, in consultation with its Consultant, understood by mid-July 2012 that none of the projects undertaken by the KT Group would result in positive net realization if completed by the Receiver. A significant amount of sub-contractor work performed on the projects had not been recorded correctly by the KT Group in its accounting system. As such, the exposure to sub-contractors filing liens against the projects reduced the realization on the projects to an amount under which the Receiver could not economically complete the projects with the associated risk.

19. The Receiver immediately ceased work on the projects and terminated the employment of the Key Employees, with the exception of those employees that were required to assist in the collection of accounts receivables and update accounting records. These employees were retained until August 2012.

20. The Receiver paid $94,500 in bonuses to the Key Employees under the Key Employee Retention Plan, excluding normal salaries and benefits payable to the Key Employees.

Office Leases

21. The Receiver understood that the KT Group was the leasee with respect to multiple commercial and residential tenancy leases in Alberta as at the Appointment Date. The Receiver only occupied the KT Group's head office at 7015 – 8th St. NE, Calgary, Alberta

and 101 Signal Rd., Fort McMurray, Alberta and disclaimed both leases near the end of August 2012 with the agreement of the respective lessors.

FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

22. The table below summarizes the final statement of receipts and disbursements of the Receiver during the Receivership Period:

Final Statement of Receipts and Disbursements
Period of June 20, 2012 to December 4, 2012

	Notes	
Receipts		
Receiver's Borrowings	*a*	$ 655,000
Proceeds from sale of equipment/inventory	*b*	87,195
Accounts Receivable		1,648
Interest Earned		398
GST Collected		29
		744,270
Disrbursements		
Salaries and Wages	*c*	272,974
Professional Fees	*d*	192,152
Retention Bonuses	*e*	94,500
Office Leases	*f*	48,468
Consultant's Fees	*g*	36,750
IT Consultant		16,652
GST Paid		15,778
Insurance		15,759
Fuel and Sundry Costs		4,000
Contract Services		2,946
Utilities		2,826
Materials - Millshop		2,752
Employee Medical Benefits		1,523
Miscellaneous Administrative Expenses		502
Bank Charges		119
		707,702
Change in Cash		**36,568**
Opening Cash		0
Ending Cash		**$ 36,568**

23. The following is a description of the major categories in the table above:

a. The Receiver has received $655,000 from Century as Receiver's borrowings (the "Receiver's Borrowings") in accordance with Appointment Order to cover professional fees and operating costs of the estate;

b. An auction of the KT Group's vehicles and equipment was held on August 15, 2012, and the Receiver collected $87,195 which represents the net auction proceeds less a 10% auction commission and costs of the auctioneer;

c. Wages and salaries were paid to employees retained to complete projects which the Receiver understood as at the Appointment Date would provide a positive realization to the estate;

d. Professional fees include the fees of the Receiver and its legal counsel including costs with respect to the filing of builders liens to preserve receivables owed to the KT Group;

e. Payments to Key Employees under the Key Employee Retention Plan;

f. Office lease payments made for the period that the Receiver occupied the head office of the KT Group in Calgary, Alberta and satellite office in Fort McMurray, Alberta; and

g. Remuneration paid to the Consultant retained by the Receiver to evaluate the net proceeds to be realized if the Receiver completed certain projects of the KT Group being undertaken as at the Appointment Date and to assist in the administration of the receivership.

24. The net receipts less disbursements totaled approximately $37,000 and the remaining proceeds will be used to fund activities associated with completing the receivership. Any remaining proceeds will be distributed to Century as Century has funded $655,000 in Receiver's borrowings since the Appointment Date and has not received any recoveries from the Receiver. The only recovery to Century from the estate will be the assets being assigned by the Receiver to Century, however, the value of these assets is significantly less than the Receiver's Borrowings provided by Century.

ASSIGNMENT AGREEMENT

Background

25. Century entered into a factoring facility with KT Construction on October 26, 2011 (the "KT Construction Factoring Agreement") to purchase accounts receivable owing to KT Construction at $0.75 on the dollar up to a maximum of $5.0 million. Century also received a general security agreement (the "Century Construction GSA") from KT Construction and other guarantors, providing Century with security over all of KT Construction's present and after acquired property.

26. During the period of October 26, 2011 to the Appointment Date, Century purchased approximately $21.1 million of accounts receivable from KT Construction for consideration of $15.9 million paid to KT Construction. Of these amounts, Century collected approximately $10.6 million.

27. Century subsequently entered into a factoring facility with KT Industrial on March 22, 2012 ("KT Industrial Factoring Agreement") to purchase accounts receivable owing to KT Industrial at $0.75 on the dollar up to a maximum of $500,000. Century also received a general security agreement (the "Century Industrial GSA") from KT Industrial and other guarantors, providing Century with security over all of KT Industrial's present and after acquired property.

28. During the period of March 22, 2012 to the Appointment Date, Century purchased approximately $1.4 million of accounts receivable from KT Industrial for consideration of approximately $1.0 million paid to KT Industrial. Of these amounts, Century collected approximately $500,000.

Registration of Builder's Liens

29. The Receiver registered builders liens against various properties in Alberta and Saskatchewan which the KT Group had performed construction on; however, the KT Group's books and records indicated that the KT Group had not received full payment for the construction as at the Appointment Date.

30. The Receiver registered liens in the amount of approximately $2.8 million for work performed by KT Construction and approximately $250,000 for work performed by KT Industrial (collectively the "KT Group Liens"). These balances exclude certain liens the Receiver was required to discharge as the liens were registered outside of the period to file liens or the claims of sub-contractors was greater than KT Construction's claim.

31. Based upon discussions with the property owners and sub-contractors employed by the KT Group, the Receiver understands that there are significant set-offs which can be claimed against the KT Group Liens. These off-sets include amounts outstanding from the KT Group that are owed to sub-contractors and costs associated with project owners retaining other contractors to complete projects with costs to be borne by bonding companies. The Receiver estimates that the realizations from the KT Group Liens will be significantly less than the value of the gross liens filed against the properties.

32. The Receiver understands that Century had purchased all of the accounts receivable associated with the KT Group Liens under the KT Construction Factoring Agreement and KT Industrial Factoring Agreement with the exception of the following accounts receivable.

Customer	Description of Property	Sub-Total	GST	Total
Mac's Convience Stores	Mac's Spruce Grove, Alberta	$ 59,373.00	$ 2,968.65	$ 62,341.65
Pembina Gas Services LP	Saturn Gas Plan - Near Fox Creek, Alberta	$ 82,900.00	$ 4,145.00	$ 87,045.00
Aastair Cockburn Architect Ltd.	Robb Fire Hall - Yellowhead County, Alberta	$ 270,270.00	$ 13,513.50	$ 283,783.50
Alberta Health Services	Innisfail Health Centre - Innisfail, Alberta	$ 64,327.47	$ 3,216.37	$ 67,543.84
Alberta Health Services	Red Deer Hospital - Red Deer, Alberta	$ 18,531.43	$ 926.57	$ 19,458.00
Total		$ 495,401.90	$ 24,770.09	$ 520,171.99

(collectively, the "KT Construction AR"). The Receiver anticipates that the recovery of these receivables is less than 50% of the gross amount above ($260,086.00).

Validity and enforceability of Century's Security

33. Century's security, including the Century Construction GSA and Century Industrial GSA (collectively, the "Century Security"), has been reviewed by the Receiver's counsel who has advised that the security creates a valid security interest in favour of Century in any present and after acquired property of the KT Group as at the Appointment Date.

34. The Agriculture Financial Services Corporation ("AFSC") and the Business Development Bank of Canada ("BDC") were secured creditors of KT Construction prior to the granting of the Century Security. However, both AFSC and BDC executed postponement agreements granting Century with a priority charge over the accounts receivable and inventory of KT Construction.

35. The Receiver has identified the following liabilities of KT Construction and KT Industrial as at the Appointment Date which would be in priority to the Century Security.

KT Construction
Liabilities in priority to the Century Security

Creditor	Notes	Balance
Receiver's Borrowings	*a*	$ 458,500.00
Canada Revenue Agency	*b*	158,898.40
Workers' Compensation Board of Alberta ("WCB")	*c*	32,579.59
Unpaid Wages and Salaries	*d*	275,197.59
Service Canada	*e*	134,881.73
Total		**$ 601,557.31**

KT Industrial
Liabilities in priority to the Century Security

Creditor	Notes	Balance
Receiver's Borrowings	*a*	$ 196,500.00
Canada Revenue Agency	*b*	71,569.39
Workers' Compensation Board of Alberta ("WCB")	*c*	18,255.66
Unpaid Wages and Salaries	*d*	66,113.89
Service Canada	*e*	19,064.98
Total		**$ 371,503.92**

36. A description of the deemed trust and priority claims in advance of the Century Security is as follows:

a. Receiver's Borrowings funded by Century rank in priority to all outstanding claims against the KT Group pursuant to the Appointment Order. The Receiver has allocated 70% of the Receiver's Borrowings to KT Construction and 30% of the Receiver's Borrowings to KT Industrial based upon the general costs associated with the administration of each estate;

b. unpaid source deductions owing by KT Construction and KT Industrial as at the Appointment Date which are considered a deemed trust claim. (CPP, EI and Income Tax deducted from employee's salaries and wages but not remitted to the Canada Revenue Agency by KT Construction and KT Industrial);

c. unpaid premiums owing to the WCB as at the Appointment Date which the WCB maintains a secured charge on the property of KT Construction and KT Industrial;

d. employees maintain a deemed trust claim against the property of KT Construction pursuant to the Employment Standards Code of Alberta; and

e. the majority of employees with unpaid wages, vacation and termination pay filed claims under the Wage Earner Protection Program ("WEPP") with Service Canada. Service Canada subrogates into the employees priority claim under section 81.4 of the Bankruptcy and Insolvency Act for amounts paid to an employee up to $2,000 per employee for unpaid wages earned during the 6 months prior to the Appointment Date and $1,000 per employee for unpaid expenses of a travelling salesperson incurred in the 6 months prior to the Appointment Date.

Assignment

37. The Receiver will be entering into an Assignment Agreement with Century shortly and a draft of the proposed Assignment Agreement is attached as Appendix "A" hereto which is subject to approval of this Honourable Court. The Assignment Agreement will assign the KT Group Liens to Century on the basis that all of the accounts receivable were purchased by Century under the KT Construction Factoring Agreement and KT Industrial Agreement with the exception of the KT Construction AR.

The Assignment Agreement further assigns the Receiver's interest in the KT Construction AR and the associated builders' liens filed by the Receiver to preserve KT Construction's rights to collect the KT Construction AR and the following vehicles in the possession of the KT Group as at the Appointment Date in partial satisfaction of the $655,000 funded by Century as Receiver's Borrowings which ranks ahead of all other claims against the KT Group.

2009 Ford F-350, VIN #1FTWW31R49EA16855

2007 Snake River 6x12 Utility Trailor VIN#5PTBU121771008439

2011 Dodge Ram 1500, VIN # 3D7JV1ET3BG563384

2011 Dodge Ram 1500, VIN # 3D7JV1ETXBG512531

2011 GMC Savana, VIN # 1GTW7FBAXB1142562

2011 Dodge Ram 2500, VIN # 3D7TT2CT3BG571024

2011 Dodge Ram 2500, VIN # 3D7TT2CT4BG570559

2012 Dodge Ram 2500, VIN # 3C6TD5DT7CG113227

2011 GMC Savana, VIN # 1GTW7FBA3B1114084

2011 GMC Savana, VIN # 1GTW7FBA4B1122386

2011 Dodge Ram 1500, VIN # 1D7RV1GT3BS604038

2011 Dodge Ram 1500, VIN # 1D7RV1GT7BS60475

(collectively, the "KT Vehicles").

38. Certain of the KT Vehicles above are subject to a dispute between the Receiver and Stampede Leasing Ltd., and it is expected that Century will continue to pursue this matter.

39. The KT Vehicles have an estimated maximum value of $200,000 based upon the black book value of similar vehicles and estimated selling costs. The KT Construction AR has an estimated maximum recovery of $260,086 and due to damage claims that property owners are able to set-off against the KT Construction AR and legal costs associated with collection, the Receiver estimates that the net recovery to Century from realizing upon the KT Vehicles and KT Construction AR will be significantly less than the amount due to Century under the Receiver's Borrowings.

40. If Century does recover an amount greater than that amount it is due under the Receiver's Borrowings from realizing upon the KT Vehicles and KT Construction AR than an application will be brought to obtain direction from this Honourable Court to distribute the surplus recovery to the next priority creditor of the KT Group.

Books and Records

41. The Receiver is recommending that the books and records of the KT Group be delivered to Century in order to assist with the collection of the outstanding receivables for which the Receiver filed the KT Group Liens and for Century to perform an investigation into the activities of the KT Group prior to the Appointment Date that arose to the shortfall on the debt owing from the KT Group to Century.

42. The Receiver has undertaken a preliminary review of the books and records of the KT Group for any documents that may be subject to solicitor-client privilege as between the KT Group and their counsel, and no documents have been so identified. If any such documents are identified at a later point, they will be segregated and sealed accordingly.

APPROVAL OF PROFESSIONAL FEES

43. The Receiver's total fees are $99,971.57 (plus applicable taxes). The Receiver's counsel fees are $90,040.69 (plus applicable taxes), including both Saskatchewan and Alberta counsel. The Receiver has examined the bills of costs referred to above, and is of the opinion that the services referred to therein have been duly authorized and duly rendered and the charges therein are reasonable.

44. Copies of the invoices for these Receiver's and the Receiver's counsel's fees are available to this Honourable Court if requested.

45. The Receiver's and the Receiver's counsel estimate fees to completion of this engagement will not exceed $25,000.

46. The Receiver respectfully requests that this Honourable Court approve the Receiver's and the Receiver's counsel fees and disbursements along with the estimate of fees to completion.

DISCHARGE OF THE RECEIVER

47. The Receiver's administration of the estates is essentially complete and the Receiver's discharge will be granted upon the filing of the Certificate of Discharge in the form attached as Appendix "B" to this report". The Receiver may have some miscellaneous administrative items to attend to post-discharge, but these items are immaterial and in the Receiver's opinion should not prevent this Honourable Court from granting an unconditional discharge.

48. The Receiver respectfully requests that this Honourable Court approve an Order discharging absolutely, forever and unconditionally discharging the Receiver from any and all obligations as Receiver of the KT Group.

RECOMMENDATIONS

49. The Receiver recommends that this Honourable Court approve the following:

a) the Receiver's Final Statement of Receipts and Disbursements;

b) the Assignment Agreement;

c) the Receiver's and its counsels fees and disbursements; and

d) the discharge of the Receiver.

All of which is respectfully submitted this 6th day of December, 2012.

ERNST & YOUNG INC.
in its capacity as receiver and manager of KT Construction Services Inc. and KT Industrial Construction Inc.

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Peter Chisholm, CA
Manager

APPENDIX A

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT is made as of the __ day of _____, 2012.

AMONG:

ERNST & YOUNG INC. in its capacity as Court-appointed receiver and manager of KT CONSTRUCTION SERVICES INC., and not in its personal capacity

(hereinafter referred to as the "**Assignor**")

- and -

CENTURY SERVICES INC., an Alberta corporation having an office in Calgary, Alberta

(hereinafter referred to as the "**Assignee**")

RECITALS:

A. On October 26, 2011, KT Construction Services Inc. and the Assignee entered into a Factor Facility and Construction Factor Facility Agreement which assigned and transferred to the Assignee ownership of all current and future factored accounts receivable owing to KT Construction Services Inc.

B. On June 20, 2012, the Court of Queen's Bench of Alberta granted a Receivership Order in Action No. 1201-07772 against KT Construction Services Inc. (and KT Industrial Construction Inc.), at which time the Assignor became Court-appointed receiver and manager of all of KT Construction Services Inc.'s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.

C. The Assignor and Assignee (together, the "**Parties**") acknowledge and agree that any and all current and future accounts receivable, progress billings, choses in action related to the aforesaid accounts receivable and progress billings, statutory rights to payment, including rights under the *Builders' Lien Act*, RSA 2000, c B-7 (the "***Builders' Lien Act***"), or any other amounts owing to KT Construction Services Inc. for work performed by KT Construction Services Inc. at various locations and projects throughout western Canada (the "**Projects**"), are owned by the Assignee, and the Assignee is authorized by this Agreement to pursue and collect on these amounts owing.

D. The Parties acknowledge and agree that this Assignment Agreement ("**this Agreement**") shall serve as written notice of the assignment of lien rights as contemplated by section 30 of the *Builders' Lien Act*.

NOW THEREFORE, in consideration of the covenants herein, and other good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the parties hereby agree as follows:

1. Interpretation

(a) The division of this Agreement into Articles, Sections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Notwithstanding the foregoing, the Recitals shall form a part of this Agreement.

(b) In this Agreement:

(i) the terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer, unless otherwise specified, to this Assignment Agreement taken as a whole and not to any particular section, subsection or paragraph;

(ii) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa; and

(iii) words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

(c) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The Parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Alberta, without prejudice to the rights of the parties to take proceedings in any other jurisdictions, including, without limiting the generality of the foregoing, in respect of Projects located in the Province of Saskatchewan.

(d) If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction, it shall not affect the validity, legality or enforceability of any such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Agreement.

2. Assignment of Assigned Interest

The Assignor hereby agrees to assign and transfer to the Assignee, and the Assignee hereby agrees to assume all of the Assignor's rights, interest and benefit in and to, in pursuit of any and all accounts receivable owing to KT Construction Services Inc., including rights to pursue any amounts owing at common law or pursuant to statute, including but not limited to rights under the *Builders' Lien Act* (the "**Assigned Interest**").

3. Ownership of Accounts Receivable and Any Realized Payments

The Parties acknowledge and agree that any funds received by the Assignee pursuant to this Agreement, in the nature of accounts receivable or any realized payments in respect of work completed on the Projects, are owned by the Assignee, and the Assignor shall have no further claim or claims to these funds.

4. Amendments and Waivers

Any amendment or modification or waiver of any right under any provision of this Agreement shall be in writing (in the case of an amendment or modification, signed by the parties) and any such waiver shall be effective only for the specific purpose for which given and for the specific time period, if any, contemplated therein. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any party's rights with respect to any other or further breach.

5. General Provisions

(a) The parties hereto shall from time to time and at all times do all such further acts and things and execute and deliver all such documents as are required in order to give effect to, fully perform and carry out the terms of this Agreement.

(b) The provisions of this Agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

(c) This Agreement may be executed in one or more counterparts by the parties hereto and may be delivered by facsimile, each of which shall be deemed an original but all of which together shall constitute one agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by its duly authorized representative(s) as of the date first above written.

ERNST & YOUNG INC. in its capacity as Court-appointed receiver and manager of KT CONSTRUCTION SERVICES INC., and not in its personal capacity, as Assignor

Per: ______________________________

Name:
Title:

CENTURY SERVICES INC., as Assignee

Per: ______________________________

Name:
Title:

APPENDIX B

SCHEDULE "A"

COURT FILE NUMBER	1001-19016	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFF	CENTURY SERVICES INC.	
DEFENDANT	KT CONSTRUCTION SERVICES INC. and KT INDUSTRIAL CONSTRUCTION INC.	
	IN THE MATTER OF THE RECEIVERSHIP OF KT CONSTRUCTION SERVICES INC. and KT INDUSTRIAL CONSTRUCTION INC.	
APPLICANT	ERNST & YOUNG INC. in its capacity as Court-appointed Receiver and Manager of the assets, undertakings and property of KT CONSTRUCTION SERVICES INC. and KT INDUSTRIAL CONSTRUCTION INC.	
DOCUMENT	**CERTIFICATE OF DISCHARGE**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Norton Rose Canada LLP 400 3rd Avenue SW, Suite 3700 Calgary, Alberta T2P 4H2 Phone: +1 403.267.8222 Fax: +1 403.264.5973 Email: steven.leitl@nortonrose.com kyle.kashuba@nortonrose.com Attention: Steven H. Leitl / Kyle D. Kashuba File No. 01128610-0054	

RECITALS

1. Pursuant to an Order of the Honourable Madam Justice B.E.C. Romaine of the Alberta Court of Queen's Bench (the "**Court**") dated June 20, 2012 (the "**Appointment Order**"), Ernst & Young Inc. was appointed as the receiver and manager (the "**Receiver**") over the undertaking, property and assets of KT Construction Services Inc. and KT Industrial Construction Inc. (together, "**KT**").

2. Pursuant to an Order of the Court dated December 11, 2012 (the "**Discharge Order**"), the Court approved the discharge of the Receiver, subject to the Receiver filing a

Certificate of Discharge certifying that it has completed such other administrative activities required to complete its administration of the KT receivership.

3. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the First Report.

THE RECEIVER CERTIFIES the following:

A. The Receiver has completed all other activities required to complete its administration of the receivership; and

C. Accordingly, the Receiver has completed its administration of the KT receivership estate.

This Certificate of Discharge was delivered by the Receiver at __________ on ____________.

ERNST & YOUNG INC., in its capacity as Court-appointed Receiver and Manager of the undertaking, property and assets of KT Construction Services Inc. and KT Industrial Construction Inc., and not in its personal capacity

By: ________________________________

Name:

Title: