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JUDICIAL CENTRE OF EDMONTON
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COURT FILE NUMBER	2103-04643
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	ROYAL BANK OF CANADA
DEFENDANT	1465770 ALBERTA LTD.
DOCUMENT	**RECEIVER'S FIRST REPORT** **NOVEMBER 23, 2021**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER** ERNST & YOUNG INC. 10423 - 101 Street, Suite 1400 PO Box 44 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Dan McCulloch Telephone: 780-638-6642 / 780-441-4695 Fax: 780-428-8977 Email: matt.mcculloch@parthenon.ey.com dan.mcculloch@parthenon.ey.com **COUNSEL** DLA PIPER (CANADA) LLP Suite 2700 10220 - 103rd Avenue NW Edmonton, Alberta T5J 0K4 Attention: Jerritt Pawlyk Telephone: 780-429-6835 Fax: 780-670-4329 Email: jerritt.pawlyk@dlapiper.com

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INTRODUCTION AND PURPOSE OF THE REPORT

1. On March 18, 2021, the Royal Bank of Canada ("**RBC**") engaged Ernst & Young Inc. (hereinafter referred to as "**EY**" or the "**Receiver**") to act as Receiver as provided for in RBC's security interest, in a private appointment capacity and on a limited basis, until such time as RBC could make an application to the Court for the appointment of a Receiver under a Receivership Order.

2. On March 24, 2021, pursuant to an application made by RBC, the Court granted an order (the "**Receivership Order**") appointing EY as receiver and manager over the properties, assets and undertakings of 1465770 Alberta Ltd. which operated as Westlake Husky (hereinafter referred to as "**Westlake Husky**").

3. The purpose of this brief report (the "**Receiver's First Report**") is to provide the Court with information in support of a request by the Receiver for a Vesting Order in relation to the sale of a 2019 Ford F-150 pick-up truck with serial number 1FTEW1EP2KFB66858 (the "**Ford**").

DISCLAIMER

4. In preparing the Receiver's First Report, the Receiver has relied upon Westlake Husky's unaudited financial information, Westlake Husky's books and records, certain financial information prepared by Westlake Husky, and discussions with Westlake Husky's Management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided. Accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this report or relied upon in its preparation.

5. This report should be read in conjunction with any other materials filed before the date of the upcoming application to Court which has currently been set for December 9, 2021. All reports and Orders, save for items directed to be sealed for confidentiality purposes, are available on the Receiver's website established for these proceedings that is located at https://documentcentre.ey.com/#/detail-engmt?eid=466.

6. All references to dollars are in Canadian currency unless otherwise noted.

FACTS IN RESPECT OF THE SALE OF THE FORD

7. On March 18, 2021, shortly after being privately appointment by RBC, the Receiver attended the Westlake Husky site in Lloydminster, Alberta and took possession of all the assets of Westlake Husky; including the Ford. The Receiver advises that it made arrangements with the former principal of Westlake Husky, Shahid Mughal, to temporarily store the Ford at his residence for safe keeping until the Receiver could determine the best method for selling the Ford. The Receiver also continued to maintain proper insurance on the Ford.

8. The Receiver conducted a search with the Alberta Personal Property Registry (the "**PPR**") and advises that Ford Credit Canada Company ("**Ford Credit**") has a security interest registered against the Ford; most likely since the Ford is being financed by Westlake Husky. As provided for in the Receivership Order, the Receiver decided to sell the Ford and marshal the costs of these receivership proceedings against the proceeds realized from the sale of the Ford on a pro-rata basis.

9. After careful consideration, the Receiver determined that selling the Ford via an auction would most likely yield the highest return for the benefit of the Estate. As such, the Receiver did not embark on a formal tender process but rather decided to contract Mirterra Industrial Appraisers & Auctioneers ("**Mirterra**"), with whom the Receiver had worked with in the past, to arrange to sell the Ford.

10. On April 21, 2021, on instruction from the Receiver, Shahid Mughal delivered the Ford to the Receiver in St. Albert, Alberta and the Receiver immediately delivered the asset to Mirterra for safe keeping until it could be included in an upcoming auction sale.

11. After consultation with the Receiver, Mirterra decided to include the Ford in an auction to be held on August 30, 2021 which it felt would most likely provide for the best market exposure and yield the highest return for the benefit of the Estate. As a result, the Ford was sold for $42,000.00, less a 4% commission of $1,680.00, resulting in net proceeds to the Estate of $40,320.00.

12. In an effort to provide the purchaser of the Ford with a clean title and to minimize costs to the Estate, the Receiver asked its legal counsel to contact Ford Credit directly to request that they discharge their registration against the Ford and release their interest in the same. The Receiver advises that its legal counsel made two separate attempts to contact Ford Credit, once on October 18, 2021 and then again on November 2, 2021, via the email address (albertaprod@teranet.ca) listed on the PPR but received no response.

13. As a result, the Receiver decided that the next best course of action would be to have its legal counsel apply to Court for a Vesting Order. The Receiver advises that the additional costs to the Estate of obtaining a Vesting Order will be deducted from the sale proceeds of the Ford.

CONCLUSION

14. Based on the information outlined in this brief report, the Receiver respectfully requests that this Honourable Court grant a Vesting Order with respect to the sale of the Ford F-150 pick-up truck with serial number 1FTEW1EP2KFB66858.

Respectfully submitted this 23rd day of November 2021.

Ernst & Young Inc.
In its capacity as Receiver of
1465770 Alberta Ltd.
and not in its Personal Capacity

Per:

Dan McCulloch, CIRP, LIT
Vice President