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JUDICIAL CENTRE CALGARY

Clerk's Stamp

APPLICANT HSBC BANK CANADA

RESPONDENTS HIGHWOOD EQUIPMENT TECHNOLOGIES INC.,  
BRENT H. KOHLS, COLIN REYNOLD KNAPP, KEVIN  
JOHN KERR, and ROBERT WAWRZYOWSKI

DOCUMENT **SECOND REPORT OF THE RECEIVER**

**July 31, 2023**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**RECEIVER**

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File No. 46030-22

## TABLE OF CONTENTS OF THE SECOND REPORT

|                                         |    |
|-----------------------------------------|----|
| INTRODUCTION .....                      | 3  |
| TERMS OF REFERENCE AND DISCLAIMER ..... | 3  |
| BACKGROUND .....                        | 4  |
| ACTIVITIES OF THE RECEIVER .....        | 4  |
| AOS CONTRACT .....                      | 6  |
| EXECUTED SETTLEMENT AGREEMENT .....     | 8  |
| SEALING ORDER .....                     | 10 |
| RECEIVER'S RECOMMENDATIONS .....        | 10 |

## APPENDIX

|                                          |            |
|------------------------------------------|------------|
| Redacted H-86 Settlement Agreement ..... | APPENDIX A |
|------------------------------------------|------------|

## INTRODUCTION

1. Ernst & Young Inc. (“**EYI**”) was appointed Receiver and Manager (the “**Receiver**”) of the property, assets and undertakings (the “**Property**”) of Highwood Equipment Technologies Inc. (“**HETI**” or the “**Company**”) pursuant to an Order of this Honorable Court (the “**Receivership Order**”) dated June 2, 2023 (the “**Receivership Date**”).
2. The Receivership Order authorized the Receiver to, among other things, carry on the business of HETI, sell, convey, transfer, lease, or assign the Property out of the normal course of business, subject to approval by this Honorable Court for any transactions exceeding \$50,000, or the aggregate of multiple transactions exceeding \$250,000, and make such arrangements or agreements as deemed necessary by the Receiver.
3. The purpose of this second report of the Receiver (the “**Second Report**”) is to provide this Honorable Court with the Receiver’s comments with respect to:
  - a) The Receiver’s activities for the period between the First Report of the Receiver (the “**First Report**”) dated July 5, 2023 and July 28, 2023 (the “**Reporting Period**”) and to provide a statement of receipts and disbursements for the period from June 2, 2023 to July 28, 2023 (the “**Receivership Period**”);
  - b) A description of a settlement agreement between the Receiver of Highwood Equipment Technologies Inc. and Alshawamikh Oil Services SAOC for the sale of Hoist 86 (“**H-86**”), currently in possession of the Receiver (the “**Settlement Agreement**”);
  - c) A description of the remaining efforts to be undertaken by the Receiver to complete the administration of the Receivership; and
  - d) The Receiver’s recommendations in respect of the foregoing.

## TERMS OF REFERENCE AND DISCLAIMER

4. In preparing this Second Report, the Receiver has relied upon unaudited financial information, HETI records, and discussions with management of the HETI. The Receiver has not performed an audit, review, or other verification of such information.
5. Capitalized terms not defined in this Second Report are as defined in the Receivership Order or the First Report of the Receiver.
6. All references to dollars are in Canadian currency unless otherwise noted.

## BACKGROUND

7. HETI is a corporation incorporated pursuant to the laws of the Province of Alberta which operated out of Calgary, Alberta and High River, Alberta in the business of oilfield service and specializing in the design, engineering, and fabrication of custom-built rigs and other equipment.
8. HETI's business was negatively impacted by the COVID-19 Pandemic and ensuing economic conditions including labour shortages, delays in component supply, and increased input costs.
9. The Company was contracted to manufacture and deliver three custom drilling rigs to a customer in the Middle East, Alshawamikh Oil Services SAOC ("**AOS**"), and the project was significantly delayed resulting in increased borrowing requirements and the Company eventually defaulted on its credit facilities.
10. As at the Receivership Date, the aggregate of all indebtedness owed by HETI to HSBC Bank Canada ("**HSBC**"), the primary secured creditor of HETI, totaled approximately \$6.7 million.
11. HSBC applied to this Honourable Court for an order appointing EYI (the "**Receiver**") as Receiver, to exercise the powers and duties pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**") section 13(2) of the *Judicature Act*, RSA 2000 c. J-2 and 65(7) of the *Personal Property Security Act*, RSA 2000 c P-7 with respect to the Property.
12. Additional background on HETI is available on the Receiver's website [www.ey.com/ca/highwood](http://www.ey.com/ca/highwood).

## ACTIVITIES OF THE RECEIVER

13. Since the First Report, the Receiver has taken various steps to affect custody and control of the Property. Specifically, the Receiver has, among other things:
  - a) Provided Century Services access to the HETI Facilities to inventory the assets subject to the Century Auction Agreement, approved by this Honourable Court on July 14, 2023. The assets are currently being staged for an auction expected in August;
  - b) Completed the sale of the Teck Components to Teck, and Teck has retrieved the Teck Components from the HETI Facilities;

- c) Imaged server drives and obtained documents related to intellectual property. The Receiver is currently cataloging the intellectual property and establishing a data room to facilitate a sales process with interested buyers; and
- d) Completed negotiations with AOS and executed a settlement agreement for the sale of H-86 to AOS.

**Statement of Receipts and Disbursements**

14. The following is a summary of the receipts and disbursements that have occurred since the Receivership Period.

| Highwood Equipment Technologies Inc.    |       | Table 1.0         |
|-----------------------------------------|-------|-------------------|
| Statement of Receipts and Disbursements |       |                   |
| June 2, 2023 to July 28, 2023           |       |                   |
| \$CAD, unaudited                        |       |                   |
|                                         | Notes |                   |
| Opening cash balance                    |       | - A               |
| <b>Receipts</b>                         |       |                   |
| Accounts receivable                     | a     | 177,060           |
| Receiver's certificate                  | b     | 50,000            |
| Other receipts                          | c     | 12,425            |
| <b>Total receipts</b>                   |       | <b>239,486 B</b>  |
| <b>Disbursements</b>                    |       |                   |
| Insurance                               | d     | (52,462)          |
| Facility rent                           | e     | (21,972)          |
| Salaries and wages                      | f     | (15,380)          |
| Operating expenses                      | g     | (2,453)           |
| <b>Total disbursements</b>              |       | <b>(92,267) C</b> |
| <b>Cash on hand (A + B + C)</b>         |       | <b>147,219</b>    |

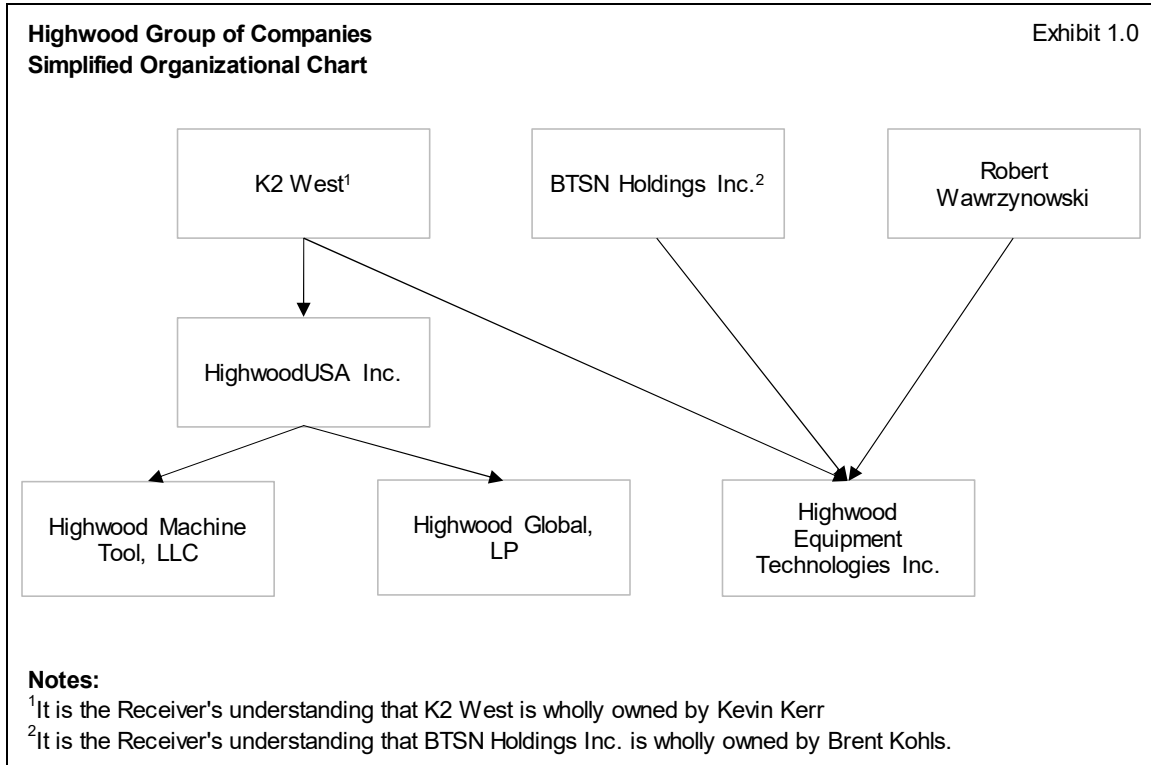
15. Notes to the Receiver's Statement of Receipts and Disbursements are as follows:
- a) Subsequent to issuing the accounts receivable collections notices, the Receiver has collected \$177,060 of approximately \$800,000 of accounts receivable (book value) per HETI's financial records;
  - b) On June 15, 2023, \$50,000 of a Receiver's certificate was received into the trust account from HSBC to fund insurance, rent, and salaries and wages;

- c) A refund from the Worker's Compensation Board of \$9,185 was collected and an insurance policy refund of \$3,240 was collected;
- d) Insurance premiums of \$30,000 were paid related to an insurance policy for H-86 located in Waco, Texas which was not previously insured by HETI. The Receiver solicited insurance proposals from multiple underwriters and only one underwriter offered to insure H-86. This is an annual premium and therefore, a portion will be refundable should the Receiver close a transaction or settlement to transfer ownership of H-86 to a third party. Monthly premiums of \$7,974 were paid related to the assets located in Canada under HETI's existing insurance policy;
- e) Rent for the HETI Facilities was paid by the Receiver;
- f) The Receiver retained HETI's controller and bookkeeper to assist with administrative support, including the collection of receivables and preparation of employee tax documents; and
- g) Other operating expenses related to imaging computers and the server were incurred.

## **AOS CONTRACT**

- 16. Prior to the Receivership Date, HETI had entered into a Purchase Agreement with AOS (the "**AOS Contract**") to fabricate, assemble, and commission three service rigs, custom-built to AOS' specifications. This comprised Hoist 84, Hoist 85, and Hoist 86 ("**H-84**", "**H-85**", and "**H-86**", respectively).
- 17. HETI delivered H-84 and H-85 to AOS Oman prior to the Receivership Date. H-84 had been fully commissioned and H-85 delivered to HETI's leased yard in Oman but was not assembled or commissioned.
- 18. Three milestone payments were associated with each rig. All milestone payments were made for H-84 and two milestone payments were made for each of H-85 and H-86.
- 19. The major components of H-86, including the associated sub-structure, were located at the Highwood Machine Tool, LLC ("**HMT**") yard in Waco, Texas as at the Receivership Date and were substantially complete in terms of fabrication. HMT is a sister company to HETI but not a guarantor of the debt owed by HETI to HSBC.
- 20. HETI sub-contracted HMT in Waco, Texas to complete the fabrication of rig H-86 and sub-contracted Highwood Global, LP in Spokane, Washington to fabricate the sub-structure

and deliver to the HMT shop and yard. A simplified organization chart is shown in Exhibit 1.0 below and is based on corporate searches performed, conversations with HETI management, however may contain omissions or errors.



21. A rig and equipment specialist from Ernst & Young LLP's Capital Equipment Valuation Group ("VME") attended the HMT yard and shop to inspect, inventory, and appraise H-86.
22. The equipment specialist from VME also inspected and reviewed the engineering drawings, manuals, and other related intellectual property for the rigs.
23. Following the Receivership Date, the Receiver considered the economics and other factors to complete the AOS Contract. The Receiver determined that reaching a settlement agreement as opposed to completing the AOS Contract would result in the highest recovery based on the following factors:
  - a) The Receiver would be required to facilitate the shipping of rig H-86 and the sub-structure from Waco, Texas to Oman and incur costs associated with completing port and customs documentation;
  - b) The Receiver would be required to operate and retain employees in Oman to complete the commissioning of H-85 and H-86;

- c) AOS was alleging liquidated damages under clause 14, Liquidated Damages, of the AOS Contract as a result of late delivery of the rigs which would reduce the net recovery;
- d) Risk of additional costs to procure additional parts or other liabilities associated with completing the AOS Contract; and
- e) As outlined in the Confidential Supplement to the Second Report dated July 31, 2023 (the “**Confidential Supplement**”), the estimated net recovery to complete the AOS Project was less than the Settlement Agreement purchase price.

## **EXECUTED SETTLEMENT AGREEMENT**

24. The Receiver has executed the Settlement Agreement with AOS, subject to the approval of this Honourable Court. A copy of the Settlement Agreement is attached as Appendix ‘A’. The material terms of the Settlement Agreement include:
- a) The material assets subject to the sale include the H-86 hoist trailer and hoist system, generator and MCC trailer, mud system, power catwalk, sub-structure, top drive assembly, spare parts, H-85 programme logistic controller, documentation & certifications for all components, and the operational control system (collectively, the “**Assets**”);
  - b) The purchase price shall be paid by AOS via a letter of credit. The purchase proceeds will be released to the Receiver’s trust account pursuant to the letter of credit concurrently with AOS retrieving H-86 and the substructure and receipt of a commercial invoice and certificates of origin for the respective H-86 parts.
  - c) AOS agrees to purchase the assets on an ‘as is, where is’ basis without representations or warranties provided by the Receiver;
  - d) AOS shall arrange delivery of all of the Assets at its own cost and expense and the Receiver shall not have any responsibility for or incur any liability or expense in respect of the Assets in relation to collection, delivery, commissioning, installation or otherwise; and
  - e) All Intellectual Property Rights associated with the hoists and auxiliary equipment will be transferred to AOS for the sole purpose of repairs and maintenance.
25. In accepting the terms of the Settlement Agreement, the Receiver considered the quantum of the remaining milestone payments under the original AOS contract, the costs associated

with completing the original AOS contract, and the appraisal performed by VME for sale to a third-party buyer. Further factors supporting the Receiver negotiating and entering into the Settlement Agreement are outlined in the Confidential Supplement.

26. In considering the above factors, the Receiver determined the Purchase Price and terms in the Settlement Agreement would result in the highest realization for the H-86 rig.
27. The Receiver reviewed the Settlement Agreement with HSBC and HSBC was in favour of the Receiver executing the Settlement Agreement.

***Settlement of Priority Liens in the United States***

28. The Receiver considered if recognition of foreign proceedings in the United States under Chapter 15 of the *United States Bankruptcy Code* was necessary in relation to the sale of H-86 and determined it not to be necessary for the following reasons:
  - a) The sale is subject to a single asset comprised of the rig hoist and associated sub-structure and there would be substantial costs incurred with seeking recognition of the Receivership Order under a Chapter 15 proceeding;
  - b) Rig H-86 and the associated sub-structure are located at the HMT facility and yard in Waco, Texas. HMT is a sister company to HETI and management of HMT has cooperated with the Receiver during these proceedings;
  - c) The only lien the Receiver is aware of in the United States is a possessory lien alleged by HMT in the amount of US\$334,049 (the “**HMT Possessory Lien Claim**”) over H-86 for amounts owed at the Receivership Date by HETI to HMT for services it provided manufacturing H-86;
  - d) Highwood Global, LP (“**Highwood Global**”) is claiming US\$104,175 (the “**Highwood Global Claim**”) for services provided in connection with manufacturing the sub-structure and components of H-86. Highwood Global shipped the sub-structure from its facility in Spokane, Washington to Waco, Texas prior to the receivership and is therefore no longer in possession of this equipment; and
  - e) Lien and tax searches were completed by the Receiver’s United States legal counsel in the States of Texas and Washington and resulted in no liens being identified.
29. Pursuant to the sale approval and vesting order (“**SAVO**”) being sought by the Receiver in connection with the sale of H-86 and the sub-structure to AOS pursuant to the Settlement

Agreement, the purchase proceeds will stand in place and stead of any liens against the Settlement Agreement Assets.

30. The Receiver, in consultation with its United States legal counsel, is reviewing the validity and enforceability of the HMT Possessory Lien Claim and the Highwood Global Claim. The Receiver is further verifying the quantum of the claim per HETI's books and records as there are multiple intercompany transactions that are being considered to arrive at the alleged HMT possessory lien.
31. The Receiver will take such steps as it considers necessary to discharge the liens on the assets. The Receiver has completed lien searches of which no liens were identified.

#### **SEALING ORDER**

32. It is the view of the Receiver that the purchase price under the Settlement Agreement, details of the H-86 and sub-structured valuation prepared by VME and factors considered by the Receiver in entering into the Settlement Agreement are commercially sensitive information that could negatively impact the monetization of the Assets if made public prior to the completion of the Settlement Agreement.
33. The Receiver is of the view that this information should remain confidential until the completion of the Settlement Agreement to preserve the integrity of the sales process in the event that the sales process does not proceed. Therefore, the Receiver is seeking an Order of this Honourable Court (the "**Sealing Order**") sealing the values of the appraisal and other factors considered in relation to the Settlement Agreement.

#### **RECEIVER'S RECOMMENDATIONS**

34. The Receiver respectfully recommends that this Honorable Court approve:
  - a) The Settlement Agreement;
  - b) The SAVO; and
  - c) The Sealing Order.

Dated at Calgary, this 31<sup>st</sup> day of July, 2023.

**ERNST & YOUNG INC.**  
in its capacity as the Receiver of  
Highwood Equipment Technologies Inc.

A handwritten signature in black ink, appearing to read 'Peter Chisholm'.

Peter Chisholm CA, CPA, CIRP, LIT  
Senior Vice President

A handwritten signature in blue ink, appearing to read 'Josh Heagy'.

Josh Heagy, CPA  
Director

**APPENDIX A**  
**H-86 SETTLEMENT AGREEMENT**

# Settlement Agreement

Highwood Equipment Technologies Inc. (in receivership) as  
Seller

Alshawamikh Oil Services SAOC as Purchaser

Dated 31 July 2023



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# Contents

|                                                         |    |
|---------------------------------------------------------|----|
| PARTIES .....                                           | 2  |
| BACKGROUND .....                                        | 2  |
| AGREED TERMS .....                                      | 2  |
| 1 Definitions and interpretation .....                  | 2  |
| 2 Conditions precedent .....                            | 4  |
| 3 Settlement, general waiver and release.....           | 5  |
| 4 Sale and Purchase of Assets .....                     | 5  |
| 5 Export Documentation.....                             | 5  |
| 6 Intellectual Property Rights .....                    | 5  |
| 7 Agreement not to sue .....                            | 6  |
| 8 Costs .....                                           | 6  |
| 9 No admission .....                                    | 6  |
| 10 Time of the essence.....                             | 6  |
| 11 Remedies for breach .....                            | 6  |
| 12 Exclusion of warranties and conditions of sale ..... | 6  |
| 13 Exclusion of Liability .....                         | 7  |
| 14 Validity .....                                       | 7  |
| 15 Severability.....                                    | 7  |
| 16 Counterparts .....                                   | 8  |
| 17 The Parties .....                                    | 8  |
| 18 Entire agreement.....                                | 8  |
| 19 Assignment .....                                     | 8  |
| 20 Variation .....                                      | 8  |
| 21 Third Party Rights .....                             | 8  |
| 22 Waiver .....                                         | 8  |
| 23 Notices .....                                        | 9  |
| 24 Governing Law .....                                  | 9  |
| 25 Dispute Resolution .....                             | 10 |
| 26 English language.....                                | 10 |
| SIGNATURE PAGE .....                                    | 19 |
| Schedules                                               |    |
| SCHEDULE 1 ASSETS .....                                 | 11 |
| SCHEDULE 2 SPARE PARTS .....                            | 13 |
| SCHEDULE 3 MATERIAL ASSETS .....                        | 14 |
| SCHEDULE 4 DRAFT ORDER.....                             | 15 |
| SCHEDULE 5 LIENS .....                                  | 16 |

This Agreement is made on 31 July 2023

## Parties

- (1) **Highwood Equipment Technologies Inc. (in receivership)**, a company incorporated in Alberta, Canada, whose registered office is at 64230-393 Loop East, Okotoks, Alberta, Canada and whose registered number is 805247434 (**Seller**);
- (2) **Ernst & Young Inc.**, solely in its capacity as receiver and manager of Highwood Equipment Technologies Inc. and not in a personal or corporate capacity (**Receiver**); and
- (3) **Alshawamikh Oil Services SAOC**, a company incorporated in the Sultanate of Oman whose registered office is at 5<sup>th</sup> Floor, Taminat Complex, Bowsher, Muscat, Sultanate of Oman whose commercial registered number is 1105135 (**Purchaser**),

(jointly the **Parties** and each individually a **Party**).

## Background

- A The Seller and the Purchaser entered into a purchase agreement with reference number AOS-2022-001 for the supply of new build workover units dated 3 February 2022 (**Contract**).
- B Pursuant to the terms of the Contract, the Seller was obliged to supply certain equipment to the Purchaser.
- C Pursuant to a receivership order of the Court of King's Bench of Alberta dated 2 June 2023, the Receiver was appointed as receiver and manager, without security, of all of the Seller's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.
- D Consequent upon the receivership of the Seller, it has not been possible for the Seller to comply with all the terms of the Contract.
- E The Parties now wish to settle all disputes between them, with no admission as to liability, according to the terms of this agreement and the schedules hereto (together, the **Agreement**).

## Agreed terms

### 1 Definitions and interpretation

#### 1.1 Definitions

Unless the context otherwise requires, the following words and expressions have the following meanings:

**Assets** means those assets listed in Schedule 1 of this Agreement, together with the Spare Parts and the Intellectual Property Rights.

**Business Days** means a day other than a Friday or Saturday on which banks are open for general business in the Sultan of Oman.

**Claims** means any and all causes of action, proceedings, claims, counter claims, rights, demands and set offs, of whatever nature and howsoever arising, whether secured, proprietary, by way of tracing, priority or otherwise, whether by way of contribution or subrogation or otherwise, whether in this jurisdiction or any other whether or not presently known to the Parties or to the law, and whether in law or equity, that Party, its Related Parties or any of them has ever had, may have or hereafter can, shall or may have against the other Party or any of its Related Parties arising out of or in connection with:

- (a) the Contract;
- (b) any agreement between or act by the Parties or their Related Parties or any of them relating to the subject matter of the Contract;
- (c) any other matter arising out of or connected with the relationship between the Parties; and
- (d) Spare Parts

except for claims arising out of this Agreement.

**Court Order** means a court order from the Court of the King's Bench of Alberta substantially in the form set out at Schedule 4 of this Agreement.

**Effective Date** means the date on which:

- (a) the conditions listed at clause 2.1 of this Agreement have been fulfilled and/or waived; and
- (b) the Material Assets have been removed from the Property by the Purchaser or the Purchaser's nominated agent or shipper.

**Export Documentation** means such documentation as may reasonably be required by the Purchaser to facilitate the exportation of the Assets.

**Intellectual Property Rights** means the intellectual property rights relating solely to the Assets, wherever situated, including the packages of H75, H76 H77, H84 and H85.

**Letters of Credit** means those letters of credit appended to this Agreement at Appendix 1.

**Letter of Credit Bank** means Bank Sohar S.A.O.C

**Liens** means the specific liens described at Schedule 5 of this Agreement.

**Longstop Date** means 15 September, 2023

**Material Assets** mean those assets listed in Schedule 3 of this Agreement.

**Property** means the property situate at the following address: Highwood Machine Tools LLC, 600 Research Ave, Waco, TX76705, United States.

**Purchase Price** means [REDACTED] exclusive of Tax including but not limited to VAT, any import duty or any other applicable taxes.

**Purchase Price Letter of Credit** means a letter of credit in substantially the form annexed at Schedule 6 of this Agreement.

**Receiver's Account** means

[REDACTED]

**Related Parties** means a Party's parent, subsidiaries, assigns, transferees, representatives, affiliates, principals, agents and current and former officers, directors and employees.

**Spare Parts** means the spare parts relating to the items referenced in the Contract, as listed in Schedule 2.

**Tax** means any form of tax and any duty, withholding, fees, charges, levies, contribution, impost or tariff in the nature of tax, together with all related penalties and interest.

**VAT** means value added Tax and any substituted or similar Tax.

## 1.2 Interpretation

Unless the context otherwise requires:

- (a) the headings in this Agreement are for convenience only and do not affect its interpretation;
- (b) the singular includes the plural and vice versa;
- (c) references to sub-clauses or clauses are to sub-clauses or clauses of this Agreement; and
- (d) references to legislation include any modification or re-enactment thereof.

## 2 Conditions precedent

2.1 This Agreement shall be conditional on:

- (a) receipt by each Party of a copy of this Agreement duly executed by each Party hereto;
- (b) receipt by the Seller of an original Purchase Price Letter of Credit;
- (c) the Court Order being obtained on or before the Longstop Date; and
- (d) receipt by the Purchaser of confirmation from the Seller that the Letters of Credit have been released.

2.2 In the event the conditions referred to in clause 2.1 above are not fulfilled and/or waived by the Parties, this Agreement shall be deemed to be null and void ab initio, including the waivers and releases at clause 3 below.

### **3 Settlement, general waiver and release**

- 3.1 Subject to clause 2, this Agreement is in full and final settlement of, and each Party waives and releases, all Claims it has or may have against the other Party and each Party's Related Parties.
- 3.2 Except as provided in this Agreement, any and all Claims asserted, or which, now or hereafter, may be asserted by the Parties against each other are, on and from the Effective Date, released and waived and any and all Claims asserted, or which, now or hereafter, may be asserted by the Parties are hereby released and waived.

### **4 Sale and Purchase of Assets**

- 4.1 Upon the Effective Date the Purchaser shall forthwith confirm to the Letter of Credit Bank that the conditions relating to the Purchase Price Letter of Credit have been satisfied and take such other steps as may be required in order to procure the immediate transfer by the Letter of Credit Bank of the Purchase Price without counter-claim or set off into the Receiver's Account.
- 4.2 For the avoidance of doubt:
- (a) the Purchaser shall arrange delivery of all of the Assets at its own cost and expense; and
  - (b) neither the Seller nor the Receiver shall have any responsibility for or incur any liability or expense in respect of the Assets whether in relation to collection, delivery, commissioning, installation or otherwise on any account whatsoever after the Effective Date.
- 4.3 The payments to be made pursuant to this Agreement shall be made without set-off, deduction or withholding by the Parties.
- 4.4 Within 10 (ten) Business Days following the Effective Date, and without prejudice to the acknowledgement at clause 12.4 of this Agreement, the Seller will take such steps as it considers necessary to discharge the Liens, in such manner as it deems in its absolute discretion appropriate. The Purchaser shall have no obligation in this regard as pursuant to the Court Order the Purchase Price paid to the Seller hereunder shall stand in place of the Assets for the purpose of such Liens.
- 4.5 The Purchaser acknowledges that neither the Seller nor the Receivers shall have any liability howsoever and whensoever arising whether known or unknown and whether in respect of any Claims, liens or otherwise relating to the Spare Parts or in respect of any other Assets situated in the Sultanate of Oman as at the date of this Agreement.

### **5 Export Documentation**

- 5.1 The Parties shall liaise in order to procure the Export Documentation.

### **6 Intellectual Property Rights**

- 6.1 The Purchaser confirms that it will use the Intellectual Property Rights solely for the purposes of maintaining, modifying and commissioning relating to the Assets, including the packages of H75, H76 H77, H84 and H85 and for no other purpose.

## **7 Agreement not to sue**

- 7.1 Each Party agrees, now and in the future, on behalf of itself and its Related Parties, not to sue, commence, voluntarily aid in any way, prosecute against the other Party and/or its Related Parties any action, claim, suit or other proceedings arising out of or in any way connected with the Claims in any jurisdiction.
- 7.2 For the avoidance of doubt, clause 2.2 above and this clause shall not apply to, and the Claims shall not include, any claims in respect of any breach of this Agreement.

## **8 Costs**

The Parties shall each bear their own legal costs in relation to the preparation of this Agreement and, except as otherwise expressly provided, the implementation of all matters provided for by this Agreement.

## **9 No admission**

None of the Parties makes any admission of liability. This Agreement is entered into in connection with the compromise of disputed matters. It is not, and shall not be represented or construed by any Party to this Agreement as an admission of liability or wrongdoing on the part of any Party to this Agreement or any other person or entity.

## **10 Time of the essence**

The Parties agree that time is of the essence to this Agreement.

## **11 Remedies for breach**

Each of the Parties acknowledges that damages would not be a sufficient remedy for any breach of this Agreement and that the remedies of injunction, specific performance and other equitable relief will lie to enforce the obligations therein.

## **12 Exclusion of warranties and conditions of sale**

- 12.1 All representations (whether made innocently, negligently or otherwise but not fraudulently), warranties, conditions and stipulations, express or implied, statutory, customary or otherwise in respect of the Assets or any of the rights, title and interests transferred or agreed to be transferred pursuant to this agreement are expressly excluded (including without limitation, warranties and conditions as to title, quiet possession, quality, fitness for purpose and description).
- 12.2 Unless otherwise required by law (and then only to that extent) the Seller and the Receiver and each of them shall not be liable for any loss or damage of any kind whatever, consequential or otherwise arising out of or due to or caused by any defect or deficiencies in any of the Assets.
- 12.3 The Purchaser agrees that the terms and conditions of this agreement and the exclusions and limitations contained in it are fair and reasonable having regard to the following:
- (a) that this is a sale by a company in receivership in circumstances where it is usual that no representations and warranties can be given by or on behalf of the Seller or the Receiver;

- (b) that the Purchaser has relied solely upon the Purchaser's own opinion and/or professional advice concerning the Assets, their quality, state, condition, description, fitness and/or suitability for any purpose, the possibility that some or all of them may have defects not apparent on inspection and examination and the use it intends or proposes to put them to; and
  - (c) that the Purchaser has agreed to purchase the Assets "as seen" in their present state and condition for a consideration which takes into account the risk to the Purchaser represented by the Parties' belief that the said exclusions and limitations are or would be recognised by the courts.
- 12.4 Subject to clause 4.4, the Purchaser acknowledges that in respect of any Assets, there may be a risk of a third party claiming a lien over such Assets and that such risk is entirely the risk of the Purchaser.
- 12.5 Subject to clause 4.4, the Purchaser acknowledges for the avoidance of doubt that if the Seller does not have title or unencumbered title to any or all of the Assets or if the Purchaser cannot exercise any right conferred or purported to be conferred on it by this agreement this shall not be a ground or grounds for rescinding, avoiding or varying any or all of the provisions of this agreement and shall not give rise to any claim to compensation or damages or a reduction in or repayment of the Purchase Price paid or payable.

### **13 Exclusion of Liability**

- 13.1 The Receiver has entered into and signed this Agreement solely in its capacity as the Court-appointed Receiver of the Seller and neither the Receiver, its partners, employees, advisers, representatives or agents shall incur any personal liability whatever in respect of any of the obligations undertaken by the Seller or in respect of any failure on the part of the Seller to observe, perform or comply with any such obligations or under or in relation to any associated arrangements or negotiations or under any document or assurance made pursuant to this Agreement.
- 13.2 The Receiver is party to this Agreement in its personal capacity only for the purpose of receiving the benefit of the exclusions, limitations, undertakings, covenants and indemnities in its favour contained in this Agreement.

### **14 Validity**

If this Agreement has not been validly executed by any of the Parties to it, it shall continue to be fully binding and enforceable against all the remaining Parties.

### **15 Severability**

- 15.1 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:
  - (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
  - (b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

## **16 Counterparts**

The Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be an original and all of which when taken together shall constitute a single agreement.

## **17 The Parties**

- 17.1 All references to a Party shall include any successor in title, parent, assignee, subsidiaries, transferees, representatives, principals, agents, officers or directors (past, present or future).
- 17.2 The Agreement shall be binding on and shall inure to the benefit of the Parties' successors and assignees.
- 17.3 The Parties agree not to do any act (or authorise, procure or permit the doing of any act) the intention of which is to seek to frustrate or circumvent the terms of this Agreement.

## **18 Entire agreement**

- 18.1 This Agreement constitutes the whole and only agreement between the parties relating to the subject matter of this Agreement.
- 18.2 Each Party acknowledges that in entering into this Agreement it is not relying upon any pre-contractual statement which is not set out in this Agreement.
- 18.3 Except in the case of fraud, no Party shall have any right of action against any other Party to this Agreement arising out of or in connection with any pre-contractual statement except to the extent that it is repeated in this Agreement.

## **19 Assignment**

- 19.1 Each Party may at any time, with the prior written consent of the other Party to this Agreement (such consent not to be unreasonably withheld or delayed) assign all or any part of the benefit of, or its rights or benefits under this Agreement.
- 19.2 This Agreement shall be binding upon any successor or assign of each Party hereto, including, without prejudice, to the generality of the foregoing, any reorganised Party.

## **20 Variation**

Other than as expressly provided elsewhere in this Agreement, no variation of this Agreement or any other documents in the agreed form shall be valid unless in writing and signed by or on behalf of each of the Parties.

## **21 Third Party Rights**

- 21.1 Save for the Related Parties, the Parties agree that no term of this Agreement shall be enforceable by any person who is not a party to this Agreement.

## **22 Waiver**

No waiver of any breach or non-fulfilment by the Parties of any provision of this Agreement shall be deemed to be waiver of any subsequent or other breach of that or any other provision

and no failure by a Party to exercise or delay in exercising any right or remedy under the Agreement shall constitute a waiver of such right or remedy by that Party. No single or partial exercise by that Party of any right or remedy under the Agreement shall preclude or restrict the further exercise of any such right or remedy. The rights and remedies of the Parties are cumulative and are not exclusive of any rights and remedies provided by law.

## **23 Notices**

23.1 Any notice, request or other communication to be given under this Agreement, or to be given in connection with any legal proceedings under this Agreement (except for service of such proceedings), to any Party shall be in writing and in English and shall be sent to the Party for the attention of the contact and at the following addresses (by hand, pre-paid first class post or recorded delivery post) or email addresses:

(a) For the Seller and the Receiver:

Ernst & Young Inc.  
2200, 215 - 2nd Street SW  
Calgary, Alberta T2P 1M4

Attention: Peter Chisholm / Josh Heagy  
Telephone: 403-206-5061 / 403-206-5070  
Email: Peter.Chisholm@parthenon.ey.com /  
Joshua.Heagy@parthenon.ey.com

With a copy to:

Burnet, Duckworth & Palmer LLP  
2400, 525 8<sup>th</sup> Avenue SW  
Calgary, AB T2P 1G1

Attention: David LeGeyt / Ryan Algar  
Telephone: 403-260-0210 / 403-260-0126  
Email: dlegeyt@bdplaw.com / ralgar@bdplaw.com

(b) For the Purchaser: Alshawamikh Oil Services SAOC

PC 115, PO Box 1640 Al Ghubra Muscat

Attention: Muhammad Sohail Manzoor  
Telephone: +96893656586  
Email: sohail@alshawamikh.com

With a copy to:

Alshawamikh Oil Services SAOC PC 115, PO Box 1640 Al Ghubra Muscat

Attention: Aflah Al Hadhrami  
Telephone: +96899367841  
Email: aflah@alshawamikh.com

## **24 Governing Law**

This Agreement shall be governed by Omani Law.

## **25 Dispute Resolution**

- 25.1 If a Party considers that a controversy, a claim, a dispute, a difference and/or other similar matter arising out of or relating to the Agreement, or the interpretation thereof, or any breach thereof, or its termination, both while in force and after its termination (all such controversies, claims, disputes, differences and other similar matters are hereinafter referred to as "**Dispute**") exists, it shall notify the other Party of the Dispute in writing (such notification hereinafter referred to as "**Dispute Notice**").
- 25.2 The Seller and Purchaser shall in good faith and using all reasonable efforts in the spirit of co-operation take all steps as may be necessary or desirable to settle amicably any Dispute through negotiations and other constructive discussions.
- 25.3 If after ninety (90) days from the date of raising a Dispute Notice, any Party considers that, despite the good faith efforts of the Parties, the Dispute is not capable of being settled, the aggrieved Party may refer the Dispute to the competent court in the Sultanate of Oman. The courts of Oman shall have exclusive jurisdiction over any suit or legal proceeding relating to the Agreement. The Parties shall submit to the exclusive jurisdiction of the courts of Oman as the proper legal venue for any dispute or controversy that cannot be settled by agreement between the Parties.
- 25.4 The court judgement shall be final and binding upon both parties from the day they were made without the right to appeal.
- 25.5 The court fee and all the other expenses of such proceedings shall be borne by the losing party unless otherwise specified elsewhere in the Agreement.

## **26 English language**

This Agreement is made in the English language. In the event this Agreement is translated into any other language, the text of the English version shall prevail.

## Schedule 1 Assets

| <b>Table 1</b> |                                                                     |
|----------------|---------------------------------------------------------------------|
| <b>No.</b>     | <b>Asset description</b>                                            |
| 1              | The Material Assets                                                 |
| 2              | Hoist 86 Package meeting PDO C6 Requirements (elements per Table 2) |
| 3              | Substructure (elements per Table 2)                                 |
| 4              | Programme Logistic Controller for Hoist 85                          |

| <b>Table 2</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>No.</b>     | <b>Asset description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 1              | Documentation & Certification for all components – All COC, manuals and drawings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 2              | Operational control system (hardware and software) for the complete hoist package with all functions, software transferable licenses and all passwords.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 3              | <p>Major hoist package components included but are not limited to the following:</p> <ul style="list-style-type: none"> <li>a. Carrier trailer complete with levelling jacks, stands, base beam, hydraulic stairs, walkways, headache rack, accumulator roof, hard lines and fireproof jumper hoses for accumulator system, mast base and outriggers</li> <li>b. Draw works assembly, VFD motor and blower, lubrication system, braking system, HPU and emergency release kit.</li> <li>c. Hydraulic Power Unit, including 150 HP and 300 HP setups with a hydraulic tank, fluid, hoses, manifolds, cooler and controls</li> <li>d. Man riding winch complete with wire rope, chain, hook end, and anchor wedge</li> <li>e. Service Utility winch complete with wire rope and 15m pneumatic control system</li> <li>f. Mast complete with crown, monkey board, raising cylinders, scoping cylinders, lighting, standpipe, Kelly hose, load &amp; guy lines manual tong weights, tong suspension system, catheads, cathead slings and MB talk-back system</li> <li>g. Travelling Blocks</li> <li>h. TDS complete with Dolley, controls, service loop, I/O panel and its components.</li> <li>i. Automatic elevators with eight inserts</li> <li>j. Bail Links, set of two with cylinder clamps and upper eyelet bushings</li> <li>k. Drill line</li> <li>l. Driller's cabin/floor trolley, complete with lifting cylinder, sling, cat line fairleads,</li> <li>m. Remote control for Raising and Lowering Mast (Including batteries 2)</li> <li>n. Work floor complete with all sections, hydraulic cylinders, pinning system, stairs, railings and anti-slip floor matting</li> <li>o. Driller's Cabin, complete with A/C, cyber chair, I/O panel &amp; internal components, twin monitors, talk back system, windshield wipers, window shades and lighting</li> <li>p. Remote control for raising and lowering the mast, including two batteries and charger.</li> <li>q. Hoist I/O panel with all internal components</li> <li>r. Hoist fully wired and operational</li> </ul> |
| 4              | <p>Catwalk Trailer</p> <ul style="list-style-type: none"> <li>a. Complete with all hydraulics, fully operational</li> <li>b. I/O panel &amp; internal components</li> <li>c. Remote control with two batteries and charger</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | d. Catwalk fully wired and operational                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 5 | VFD Trailer <ul style="list-style-type: none"> <li>a. Complete trailer with front, back and side walkways, railings and stairs</li> <li>b. Two C15 CAT generators in acoustic enclosures</li> <li>c. Two fuel tanks, hardware and distribution pump</li> <li>d. Two roof mounted AC units</li> <li>e. Roof mounted brake resistor and stand</li> <li>f. VFD building complete with all operational equipment</li> <li>g. generator synchronization controls</li> <li>h. VFD with controllers for DW and MP</li> <li>i. MCC complete with profinet communication cards</li> <li>j. 150 and 300 HP soft starter</li> <li>k. Transformer</li> <li>l. Plug board complete with plugs and receptacles.</li> <li>m. VFD trailer fully wired and operational</li> </ul> |
| 6 | Mud pump Skid <ul style="list-style-type: none"> <li>a. Mud pump complete with VFD motor and driveline</li> <li>b. Discharge block with dampener, valve and line</li> <li>c. PRV valve, discharge line and bypass system</li> <li>d. Mud pump lubrication system with electric pump and tank</li> <li>e. Plunger lubrication system</li> <li>f. I/O panel complete with touch screen and all internal components</li> <li>g. Mud Pump Skid fully wired and operational</li> </ul>                                                                                                                                                                                                                                                                                |
| 7 | Miscellaneous <ul style="list-style-type: none"> <li>a. RIDE system complete</li> <li>b. Spare tires for the four trailers</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 8 | Sub-Structure Trailer <ul style="list-style-type: none"> <li>a. Complete with diesel-powered HPU, in an acoustic enclosure</li> <li>b. operator's station</li> <li>c. hydraulic self-walking system</li> <li>d. hydraulic floor raising system</li> <li>e. hydraulic BOP handling system</li> <li>f. stairs, railings and anti-slip floor covering</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                    |

## Schedule 2 Spare Parts

| No. | Description                               |
|-----|-------------------------------------------|
| 1.  | Sensors for mud tank systems of H-85 & 86 |
| 2.  | Talkback system for monkey board of H-85  |
| 3.  | Floor trolley lifting sling of H-85       |
| 4.  | Spare tires of H-85                       |
| 5.  | Accumulator roof cover for H-85           |
| 6.  | Guy line load cells for H-85              |
| 7.  | Remote control for catwalk H-85           |
| 8.  | HPU for Circulation tank for H-86         |
| 9.  | Mud pump for Brine tank for H-86          |
| 10. | Non-slip floor matting for H-86           |
| 11. | Non-slip floor matting for Substructure   |
| 12. | AC unit for driller's cabin for H-86      |
| 13. | Standpipe, for mast of H-86               |

## Schedule 3 Material Assets

1. Hoist trailer and hoist system
  - a. Highwood Machine Tool, LLC service rig chassis: SN 1H9SR60H4NW797003
  - b. Highwood Global, LP mast assembly: SN 5136
  - c. Control System: SN 42-1000-3
  - d. Namco ARS800 800HP drawworks: SN 10299
  - e. Hydraulic power unit
  - f. Ingersoll-Rand 150kg man rider winch: SN D22 06 23MR02
  - g. American Block WSSD150 well service block: SN 220727
  - h. Drillers cabin
2. Generator and MCC trailer
  - a. Highwood Machine Tool, LLC trailer chassis: SN 1H9SV70G9NW797006
  - b. AC drive house equipment: SN PPACFD224030954
  - c. Caterpillar C18 770kVA/616kW genset: SN CAT00C18PLXK03664
  - d. Caterpillar C18 770kVA/616kW genset: SN CAT00C18TLXK03825
3. Mud system
  - a. AmeriMex 600HP motor: SN 3045466
  - b. Mud skid
4. Power catwalk
  - a. Highwood Global, LP Catwalk chassis: SN 1H9S662BXNW797009
5. Substructure
  - a. Highwood Global, LP Substructure chassis: SN 1H9SA70B0NW797010
6. Top drive assembly
  - a. Highwood Global, LP 150-ton top drive assembly: SN 5055

Schedule 4 Draft Order

COURT FILE NUMBER 2301-06740

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF (APPLICANT) **HSBC BANK CANADA**

DEFENDANTS **HIGHWOOD EQUIPMENT TECHNOLOGIES INC., BRENT H. KOHLS, COLIN REYNOLD KNAPP, KEVIN JOHN KERR and**  
(RESPONDENTS) **ROBERT WAWRZYNOWSKI**

DOCUMENT **APPROVAL AND VESTING AND SETTLEMENT APPROVAL ORDER**

Clerk's Stamp:

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

**Burnet, Duckworth & Palmer LLP**  
2400, 525 – 8 Avenue SW  
Calgary, Alberta T2P 1G1  
Attention: David LeGeyt / Ryan Algar  
Phone Number: (403) 260-0210 / 0126  
Fax Number: (403) 260-0332  
Email Address: dlegeyt@bdplaw.com  
ralgar@bdplaw.com  
File No. 46030-22

**DATE ON WHICH THE ORDER WAS PRONOUNCED:** August 8, 2023

**NAME OF JUDGE WHO MADE THIS ORDER:** The Honourable S.D. Hillier

**LOCATION OF HEARING:** Edmonton Courts Centre

**UPON** the application of Ernst & Young Inc. (the "**Receiver**") in its capacity as the receiver and manager (the "**Receiver**") of the assets, undertakings and properties of Highwood Equipment Technologies Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by a Settlement Agreement (the "**Settlement Agreement**") between the Receiver and Alshawamikh Oil Services SAOC (the "**Purchaser**") dated •, 2023 and appended to the Second Report of the Receiver dated •, 2023 (the "**Report**"), and vesting in the Purchaser (or its nominee) the Debtor's right, title and interest in and to the assets described in the Settlement Agreement (the "**Purchased Assets**");

**AND UPON HAVING READ** the Receivership Order dated June 2, 2023 (the "**Receivership Order**"), the Report and the Affidavit of Service; **AND UPON HEARING** the

submissions of counsel for the Receiver, and any other parties appearing, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

**APPROVAL OF TRANSACTION & SETTLEMENT AGREEMENT**

2. The Transaction and Settlement Agreement are commercially reasonable and in the best interest of the Debtor and its stakeholders. The Transaction is hereby approved and execution of the Settlement Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary and the purchaser shall agree. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee).

**VESTING OF PROPERTY**

3. Upon delivery of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule "A"** hereto (the "**Receiver's Closing Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets listed in **Schedule "B"** hereto shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "**Claims**") including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Receivership Order;
- (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (c) any liens or claims of lien under the *Builders' Lien Act* (Alberta) or the *Prompt Payment and Construction Lien Act* (Alberta); and
- (d) those Claims listed in **Schedule "C"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in **Schedule "D"** (collectively, "**Permitted Encumbrances**"))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets

4. Upon delivery of the Receiver's Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Receiver's Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a) the Registrar of the Alberta Personal Property Registry (the "**PPR Registrar**") shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.

5. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the

terms of this Order and the Settlement Agreement. Presentment of this Order and the Receiver's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.

6. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Settlement Agreement.
7. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.
8. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or

control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).

9. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.
10. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.
11. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).

#### **MISCELLANEOUS MATTERS**

12. Notwithstanding:
  - (a) the pendency of these proceedings and any declaration of insolvency made herein;
  - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
  - (c) any assignment in bankruptcy made in respect of the Debtor; and
  - (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial

legislation.

13. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
14. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
15. Service of this Order shall be deemed good and sufficient by:
  - (a) Serving the same on:
    - (i) the persons listed on the service list created in these proceedings;
    - (ii) any other person served with notice of the application for this Order;
    - (iii) any other parties attending or represented at the application for this Order;
    - (iv) the Purchaser or the Purchaser's solicitors; and
  - (b) Posting a copy of this Order on the Receiver's website at [www.ey.com/ca/highwood](http://www.ey.com/ca/highwood)

and service on any other person is hereby dispensed with.
16. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

---

**Justice of the Court of Queen's Bench of  
Alberta**

**Schedule "A"**  
**Form of Receiver's Certificate**

COURT FILE NUMBER        2301-06740

COURT                        COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE         CALGARY

PLAINTIFF (APPLICANT)    **HSBC BANK CANADA**

DEFENDANTS  
(RESPONDENTS)            **HIGHWOOD EQUIPMENT TECHNOLOGIES INC., BRENT H. KOHLS, COLIN REYNOLD KNAPP, KEVIN JOHN KERR and ROBERT WAWRZYNOWSKI**

DOCUMENT                 **Receiver's Certificate**

Clerk's Stamp:

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

**Burnet, Duckworth & Palmer LLP**  
2400, 525 – 8 Avenue SW  
Calgary, Alberta T2P 1G1  
Attention: David LeGeyt / Ryan Algar  
Phone Number: (403) 260-0210 / 0126  
Fax Number: (403) 260-0332  
Email Address: dlegeyt@bdplaw.com  
                                         ralgar@bdplaw.com  
File No.                        46030-22

**RECITALS**

- A. Pursuant to an Order of the Honourable Justice D.B. Nixon of the Court of King's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated June 2, 2023, Ernst & Young Inc. was appointed as the receiver (the "**Receiver**") of the undertakings, property and assets of Highwood Equipment Technologies Inc. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated •, the Court approved the agreement of purchase and sale made as of •, 2023 (the "**Settlement Agreement**") between the Receiver and Alshawamikh Oil Services SAOC (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section [2] of the Settlement Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Settlement Agreement.

**THE RECEIVER CERTIFIES** the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Settlement Agreement;
2. The conditions to Closing as set out in section **[2]** of the Settlement Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at **[Time]** on **[Date]**.

**ERNST & YOUNG INC., in its capacity as Receiver of the undertakings, property and assets of HIGHWOOD EQUIPMENT TECHNOLOGIES INC. and not in its personal or corporate capacity.**

**By:** \_\_\_\_\_

**Name: Peter Chisholm**  
**Title: Senior Vice President**

**Schedule "B"**  
**Purchased Assets**

**Schedule "B"**  
**Purchased Assets**

**Schedule "C"**  
**Encumbrances**

**PPR Registrations**

| <b>Secured Party</b>                                                                             | <b>Registration Number</b> | <b>Debtor(s)</b>                                                                               | <b>Collateral Description</b>                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------|----------------------------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HSBC BANK<br>CANADA<br>407 - 8 AVENUE<br>S.W.<br>CALGARY, AB T2P<br>1E5                          | 20031330044                | HIGHWOOD EQUIPMENT<br>TECHNOLOGIES INC.<br>10 CIMARRON ESTATES<br>MANOR<br>OKOTOKS, AB T1S 0J8 | ALL PRESENT AND AFTER<br>ACQUIRED PERSONAL<br>PROPERTY OF THE DEBTOR                                                                                                                                                                                                                                                                                                                                           |
| BUSINESS<br>DEVELOPMENT<br>BANK OF CANADA<br>BOX 6,505<br>BURRARD ST<br>VANCOUVER, BC<br>V7X 1M3 | 21010419072                | HIGHWOOD EQUIPMENT<br>TECHNOLOGIES INC.<br>10 CIMARRON ESTATES<br>MANOR<br>OKOTOKS, AB T1S0J8  | ALL PRESENT AND AFTER<br>ACQUIRED PERSONAL<br>PROPERTY, EXCEPT<br>CONSUMER GOODS.<br>PROCEEDS: GOODS,<br>INVENTORY, CHATTEL<br>PAPER, INVESTMENT<br>PROPERTY, DOCUMENTS OF<br>TITLE, INSTRUMENTS,<br>MONEY, INTANGIBLES AND<br>ACCOUNTS (ALL AS<br>DEFINED IN THE PERSONAL<br>PROPERTY SECURITY ACT)<br>AND INSURANCE<br>PROCEEDS.                                                                             |
| HSBC BANK<br>CANADA<br>407 8TH AVENUE<br>SW<br>CALGARY, AB T2P<br>1E5                            | 21052725240                | HIGHWOOD EQUIPMENT<br>TECHNOLOGIES INC.<br>PO BOX 1359<br>OKOTOKS, AB T1S 1B3                  | All documents of title,<br>certificates, invoices,<br>statements, transportation<br>documents or similar<br>instruments and the goods<br>represented thereby, in each<br>case which are at any time in<br>actual or constructive<br>possession of the secured<br>creditor or held in trust for, or to<br>the order of, the secured<br>creditor.                                                                |
| NFS LEASING, INC.<br>900 CUMMINGS<br>CENTER, SUITE<br>226-U<br>BEVERLY, MA<br>01915              | 22021812384                | HIGHWOOD EQUIPMENT<br>TECHNOLOGIES INC.<br>64230 393 LOOP E<br>OKOTOKS, AB T1S0L1              | ALL ASSETS OF THE<br>DEBTOR, NOW OWNED OR<br>HEREAFTER ACQUIRED.<br>NOTICE - PURSUANT TO AN<br>AGREEMENT BETWEEN<br>DEBTOR AND SECURED<br>PARTY. DEBTOR HAS<br>AGREED NOT TO GRANT A<br>SECURITY INTEREST IN THE<br>ABOVE COLLATERAL TO<br>ANY OTHER ENTITY.<br>ACCORDINGLY, THE<br>ACCEPTANCE<br>OF ANY SECURITY<br>INTEREST BY ANYONE<br>OTHER THAN THE SECURED<br>PARTY IS LIKELY TO<br>CONSTITUTE TORTIOUS |

|                                                                                     |             |                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                     |             |                                                                                   | INTERFERENCE WITH THE SECURED PARTY'S RIGHTS. IN THE EVENT THAT ANY ENTITY IS GRANTED A SECURED INTEREST IN THE ABOVE COLLATERAL CONTRARY TO THE ABOVE, THE SECURED PARTY ASSERTS A CLAIM TO ANY PROCEEDS THEREOF RECEIVED BY SUCH ENTITY.                                                                                                                                                                                                                                                                                                                                                             |
| NFS LEASING, INC.<br>900 CUMMINGS<br>CENTER, SUITE<br>226-U<br>BEVERLY, MA<br>01915 | 22021826073 | HIGHWOOD EQUIPMENT<br>TECHNOLOGIES INC.<br>64230 393 LOOP E<br>OKOTOKS, AB T1S0L1 | ALL ASSETS OF THE DEBTOR, NOW OWNED OR HEREAFTER ACQUIRED. NOTICE - PURSUANT TO AN AGREEMENT BETWEEN DEBTOR AND SECURED PARTY. DEBTOR HAS AGREED NOT TO GRANT A SECURITY INTEREST IN THE ABOVE COLLATERAL TO ANY OTHER ENTITY. ACCORDINGLY, THE ACCEPTANCE OF ANY SECURITY INTEREST BY ANYONE OTHER THAN THE SECURED PARTY IS LIKELY TO CONSTITUTE TORTIOUS INTERFERENCE WITH THE SECURED PARTY'S RIGHTS. IN THE EVENT THAT ANY ENTITY IS GRANTED A SECURED INTEREST IN THE ABOVE COLLATERAL CONTRARY TO THE ABOVE, THE SECURED PARTY ASSERTS A CLAIM TO ANY PROCEEDS THEREOF RECEIVED BY SUCH ENTITY. |

**Schedule "D"**  
**Permitted Encumbrances**

**N/A**

## Schedule 5 Liens

1. Highwood Machine Tool LLC claiming a possessory lien over Hoist 86 for work completed to date in an amount of US\$334,049.

Schedule 6 Draft Form of Purchase Price Letter of Credit

PLEASE FIND BELOW L/C DRAFT NOTING THAT L/C IS NOT YET ISSUED

[REDACTED]

The chart displays 20 horizontal bars, all in black. The bars are arranged in a single column, with their lengths varying significantly. The first bar is the longest, followed by a shorter one. The third bar is very long, extending almost to the right edge of the image. The fourth bar is also long, but shorter than the third. The fifth bar is medium-length. The sixth bar is short. The seventh bar is very long, extending almost to the right edge. The eighth bar is medium-length. The ninth bar is short. The tenth bar is long. The eleventh bar is medium-length. The twelfth bar is long. The thirteenth bar is medium-length. The fourteenth bar is long. The fifteenth bar is short. The sixteenth bar is very long, extending almost to the right edge. The seventeenth bar is short. The eighteenth bar is medium-length. The nineteenth bar is long. The twentieth bar is short.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

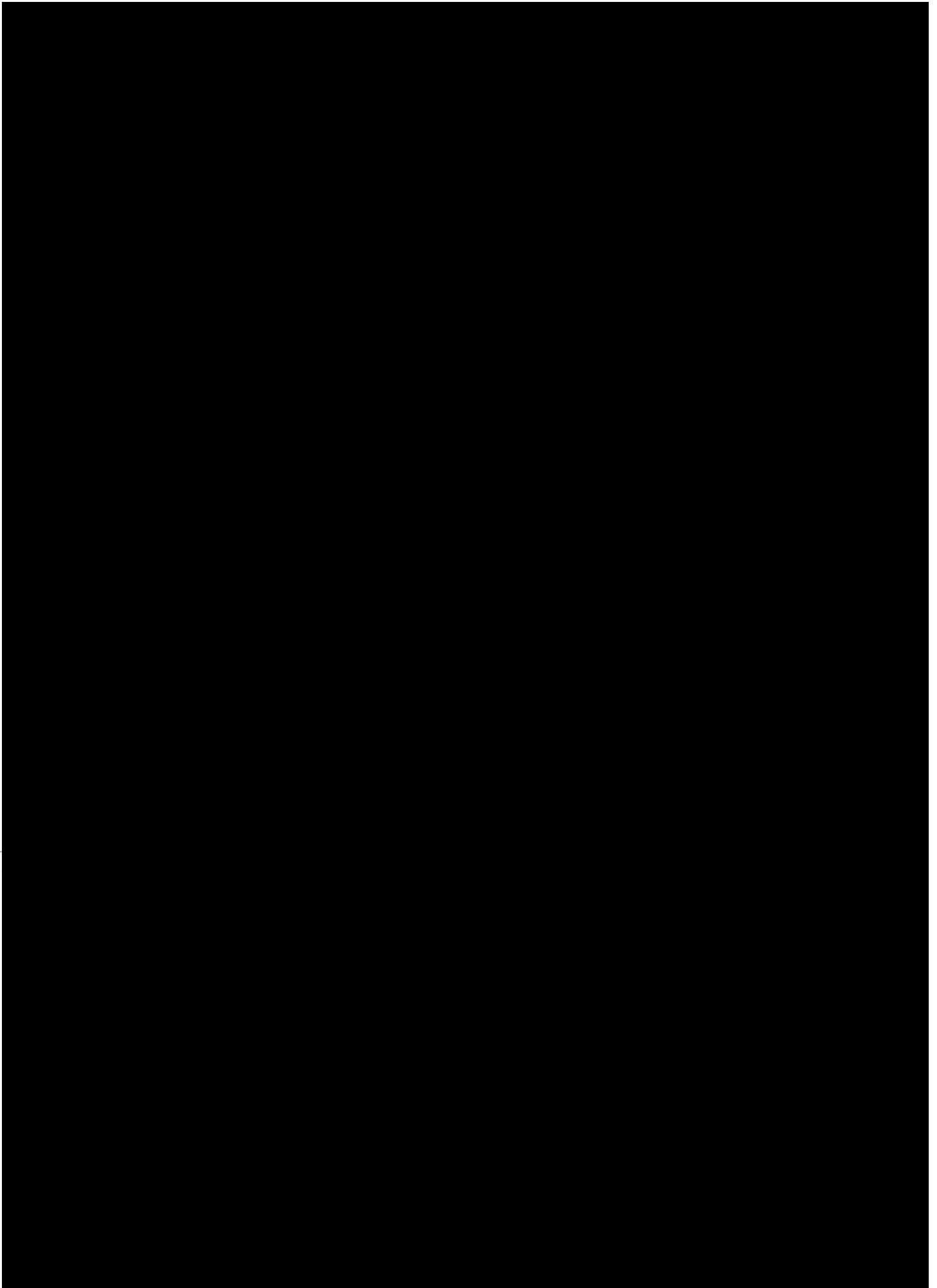
[REDACTED]

[REDACTED]

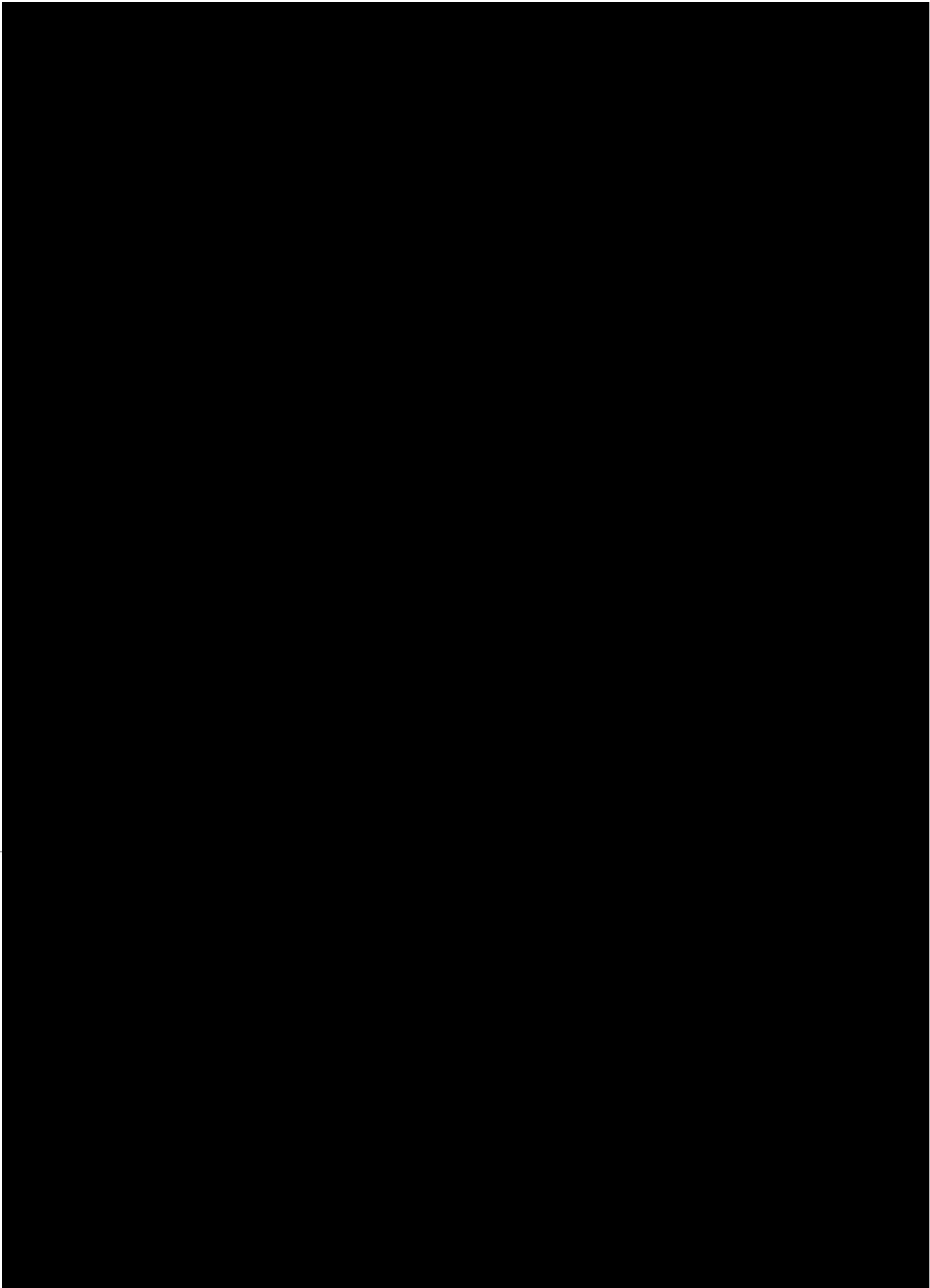
[REDACTED]

A horizontal bar chart consisting of 20 black bars of varying lengths. The bars are arranged in a single column. The lengths of the bars vary significantly, with the longest bar being the 10th bar from the top and the shortest being the 1st and 20th bars. The bars are all solid black and have no labels or titles.

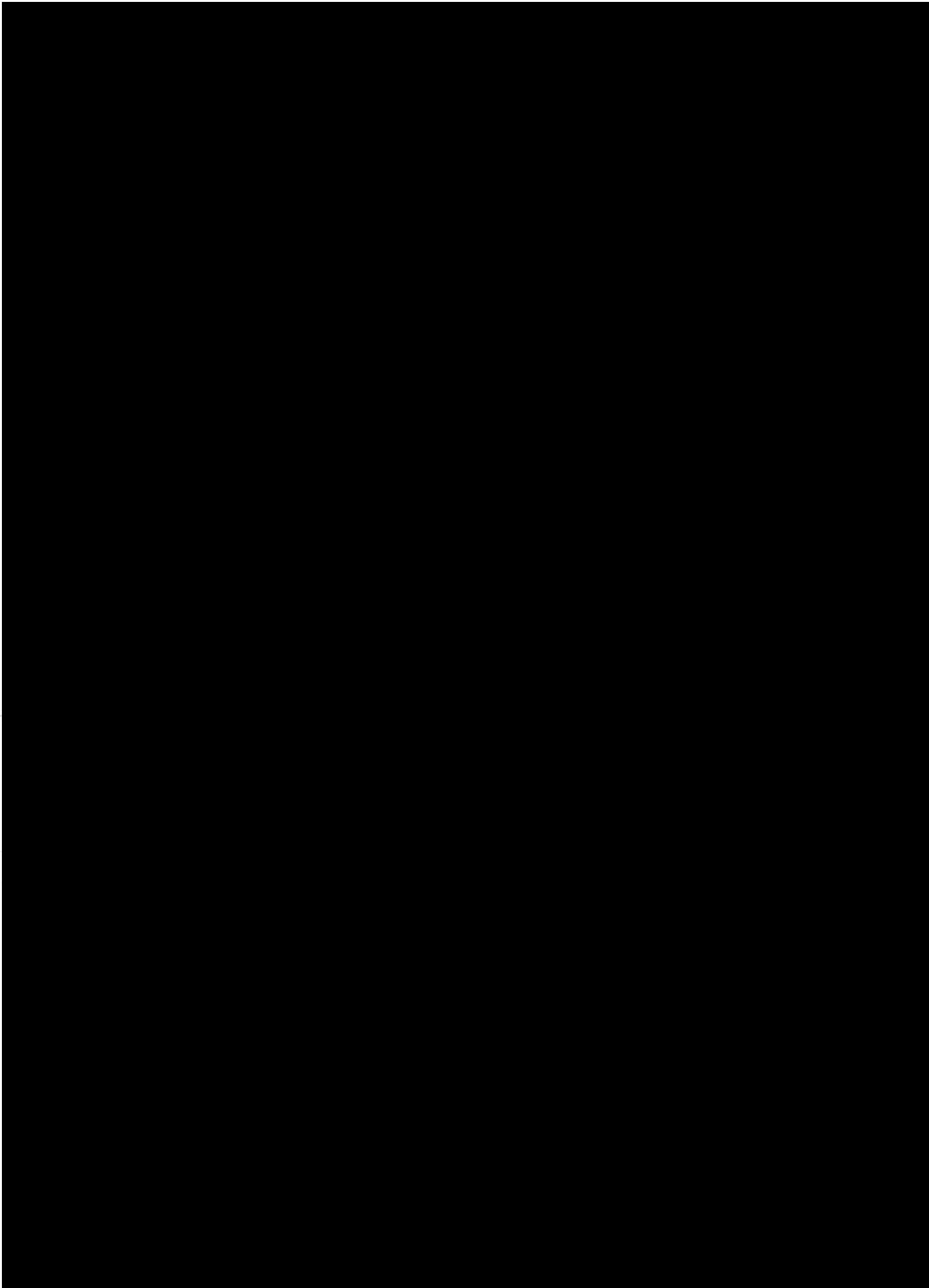
## Appendix 1 Letters of Credit

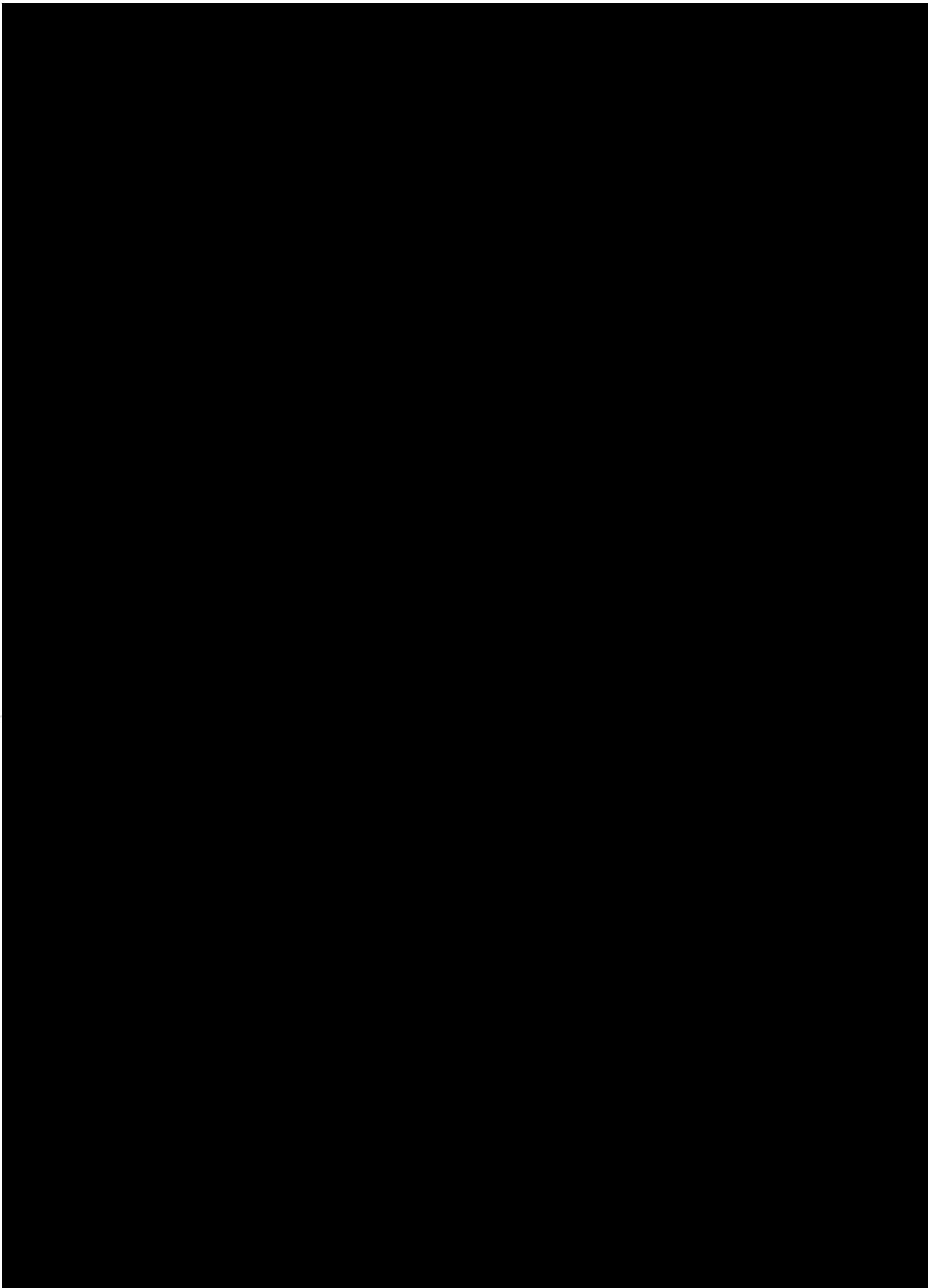


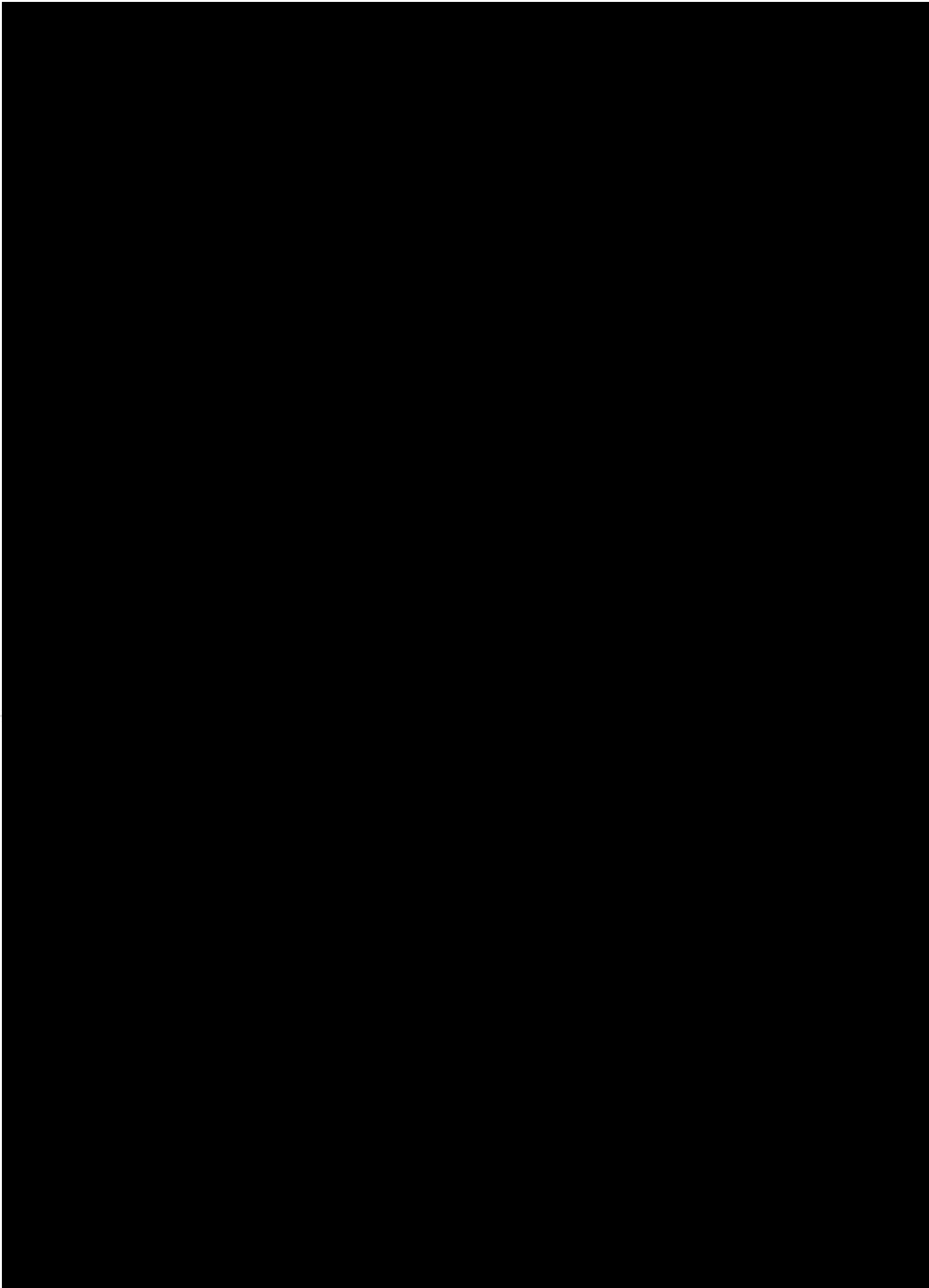


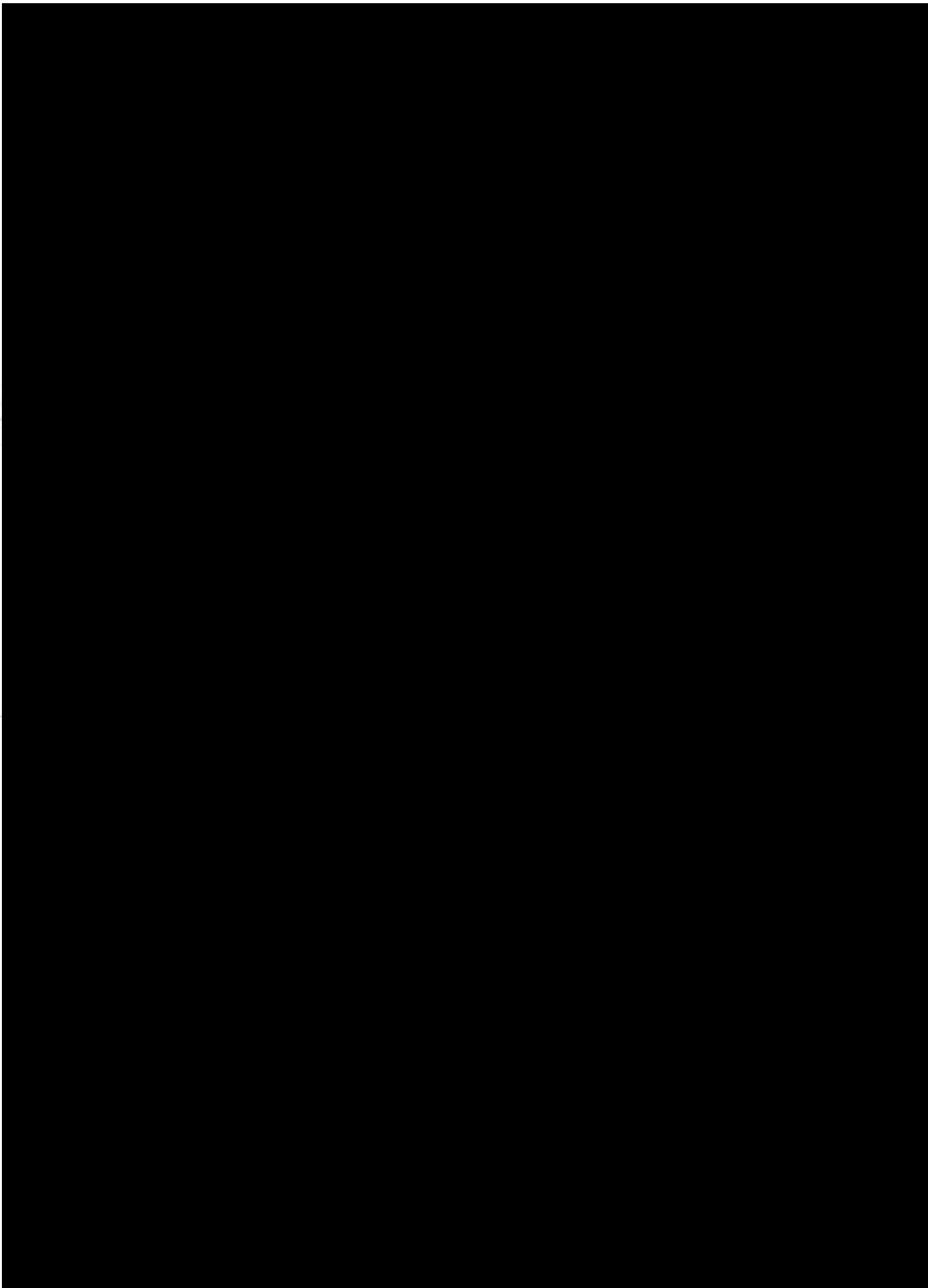












# Signature page

## SELLER

Ernst & Young Inc., in its capacity as the court- )  
appointed receiver of Highwood Equipment )  
Technologies Inc. and not in its personal or )  
corporate capacity ) Signature

  
Receiver

## PURCHASER

Executed on behalf of the Purchaser, by Aflah )  
Al Hadhrami as authorised signatory )  
)  
) Signature

  
Authorised signatory