

Entered

C53394

Form 49
[Rule 13.19]

COURT FILE NUMBER BK01 – 095206
COURT COURT OF QUEEN’S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY
PLAINTIFF THE BANK OF NOVA SCOTIA
DEFENDANTS NORTH AMERICAN STEEL ERECTORS
INC.
DOCUMENT **AFFIDAVIT**
ADDRESS FOR SERVICE Ramsay Legal Counsel
AND CONTACT #101, 4603 Varsity Dr. NW
INFORMATION OF PARTY Calgary, Alberta T3A 2L6
FILING THIS DOCUMENT Tel: (403) 247-2111
Fax: (403) 247-1270



COM
June 14 2022

Attn: Dan B. Ramsay
Solicitor's File No. 21-0016

AFFIDAVIT OF STEEVE TOUPIN

Sworn/affirmed on April 20, 2022

I, STEEVE TOUPIN, of Cochrane, Alberta, SWEAR AND SAY THAT:

1. I am a principal and the Corporate Representative of the Defendant, North American Steel Erectors Inc. ("NASE"), and as such have personal knowledge of the matters hereinafter deposed to except where stated to be based on information and belief.
2. NASE carries on business throughout Canada providing steel erector contracting and other services to large construction projects, including bridges, commercial and residential condominium towers, and sports facilities.
3. On July 29, 2021 NASE was ordered into bankruptcy by the Order of Justice C.M. Jones, and MNP Ltd. (the "Trustee") was appointed as trustee of the bankrupt estate.
4. At the time of the bankruptcy, NASE was the plaintiff in 2 separate ongoing legal actions in Alberta and in Manitoba, and a related action in Ontario.

5. On December 9, 2020, NASE had filed a Statement of Claim in the Court of Queen's Bench of Alberta, Calgary, Court File No. 2001-16202, against Shield Industries Ltd. and Wynward Insurance Group arising from NASE's provision of materials and services for a bridge located at 9th Avenue in Calgary, Alberta (the "Shield Action"). Attached hereto and marked as **Exhibit "A"** is a copy of the Statement of Claim of the Alberta Action.
6. As alleged in the Alberta Action, NASE entered into a purchase order with Shield Industries Ltd. for it to fabricate and supply steel for the bridge project. Shield Industries Ltd.'s obligations were guaranteed under a performance bond issued by Wynward Insurance Group in favour of NASE. Shield Industries Ltd. failed to meet its obligations, and Wynward has disputed the amounts owing to NASE for the costs of the materials and services Shield Industries Ltd. was to provide under the purchase order. The total sought in this action against both defendants is \$3,673,856.02.
7. As the amount sought in the Shield Action was secured by way of a performance bond, NASE will be guaranteed payment of \$1.9 million (the amount of the bond coverage) by Wynward Insurance Group if NASE can establish liability.
8. At the time of the bankruptcy, Statements of Defence had been filed in the Shield Action and the parties were in the process of compiling their documents for Affidavits of Records.
9. On May 7, 2020, NASE filed a Statement of Claim in the Court of Queen's Bench, Winnipeg Centre, Court File No. CI 20-01-27129 against Exact Detailing Ltd. (the "Exact Action"). The action pertains to an agreement for Exact Detailing Ltd. to provide structural steel detailing design services to the construction of a tower located in Winnipeg, Manitoba. Exact Detailing Ltd. breached the terms of the agreement by failing to attain approval for extra work orders, failing to provide electronic drawings, and causing delays in the progress of work and prevented NASE from completing its work on the project, causing damages to NASE of \$4,677,711.08. Attached hereto and marked as **Exhibit "B"** is a copy of the Statement of Claim in the Exact Action.
10. The Exact Action was proceeding under the above-mentioned court file number, but there had been earlier proceedings under the *Builder's Lien Act* which were effectively incorporated into the Exact Action, Court of Queen's Bench Action No. CI19-01-24911.
11. In addition to the Manitoba Exact Action, Exact commenced a claim against NASE and several other defendants in Oshawa, Ontario, CV19000032230000 in respect of the same subject matter as the Winnipeg action (the "Ontario Exact Action").
12. Prior to the date of the bankruptcy, the parties to the Exact Action had agreed to arbitration. This was to take place sometime in the near future, though an actual date had not been scheduled. Attached hereto and marked as **Exhibit "C"** is a copy of a Year End Audit Letter from NASE's Manitoba counsel for the Exact Action.

referred to in the Affidavit of
Steeve Toupin
Sworn before me this *20*
day of *April* A.D. 20 *22*

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Form 10
[Rule 3.25]

COURT FILE NUMBER 2001-16202 Daniel Bertram Ramsay
Barrister & Solicitor
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NORTH AMERICAN STEEL ERECTORS INC.
DEFENDANT(S) SHIELD INDUSTRIES LTD. and WYNWARD
INSURANCE GROUP
DOCUMENT STATEMENT OF CLAIM



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Jeffrey D. Vallis, Q.C. / Theron Davis
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9404 / 9761
Facsimile: (403) 266-1395
File No. 446270-000001

THIS IS EXHIBIT "*A*"
referred to in the Affidavit of
Steeve Toupin
Sworn before me this *2*
day of *June* A.D. 20*21*
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Daniel Bertram Ramsay
Barrister & Solicitor

NOTICE TO DEFENDANT(S)

You are being sued. You are a defendant.

Go to the end of this document to see what you can do and when you must do it.

Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

1. North American Steel Erectors Inc. ("NASE") is a body corporate, duly incorporated pursuant to the laws of the Province of Alberta. NASE carries on the business of supplying and installing structural steel on commercial, institutional, bridge and sports facility projects.
2. The Defendant, Shield Industries Ltd. ("Shield") is a body corporate, duly incorporated pursuant to the laws of the Province of Alberta. Shield carries on business as a fabricator of, among other things, structural steel.
3. The Defendant, Wynward Insurance Group ("Wynward") is a body corporate, duly incorporated pursuant to the laws of Canada and is duly authorized to transact the business of suretyship in Canada, including in the Province of Alberta.

The Project

4. Pursuant to Subcontract #463022 – OS, dated May 30, 2019, NASE was engaged by PCL Construction Management Inc. (“PCL”) to supply, fabricate and install structural steel on the 9th Ave Vehicle Bridge Replacement project (the “Project”), located in Calgary, Alberta (the “Subcontract”).
5. On or about April 4, 2019, NASE and Shield entered into Purchase Order Number 1906-002 (the “Purchase Order”), whereby Shield agreed to fabricate and supply the structural steel for the Project as described in Shield’s Quotation No. 6317, dated January 31, 2019 (the “Work”), for a stipulated price of \$3,720,348.03 (including GST) (the “Purchase Order Price”).
6. The Purchase Order incorporated the terms and conditions of the Subcontract by express reference and Shield was bound to adhere to those terms and conditions in the performance of the Work.

The Performance Bond

7. Pursuant to clause 4 of the special conditions of the Subcontract, Shield was obligated to provide a performance bond in favour of NASE, providing a penal sum equivalent to one-half of the Purchase Order Price.
8. On or about October 9, 2019, Wynward issued Performance Bond No. W086-102-001P/L-A (the “Bond”), with a penal limit of \$1,860,174.02 (the “Bond Amount”), which replaced Bond No. W0186-102-001P/L. Under the Bond, NASE was the named Obligee, Shield was the Principal, and Wynward was the Surety. NASE pleads and relies upon the terms and provisions of the Bond.
9. In the event that Shield defaulted on any of its obligations under the Purchase Order, NASE could deliver to Wynward a written statement that Shield was in such default and request that Wynward fulfill its obligations under the Bond (a “Demand”).
10. In advance of making a Demand on the Bond, NASE was, entirely at its own discretion, entitled to notify Wynward if Shield was, or was soon to be, in default and request that the parties attend a conference to communicate those concerns (a “Pre-Demand Conference”).
11. Upon receipt of a Demand, Wynward would be afforded a reasonable time within which to conduct an investigation of the Demand and determine its liability under the Bond.
12. Twenty-one days following receipt of the information required to conduct the investigation, Wynward was obligated to complete its investigation and advise NASE of its decision. Alternatively, if Wynward required more time to complete its investigation then, before the expiry of the aforementioned twenty-one days, it was obligated to write to NASE and set out the status of the investigation and provide an estimate of when the investigation would be complete.
13. While Wynward performed its investigation, NASE was entitled under the terms of the Bond to engage a replacement contractor or contractors to proceed with the Work for the benefit and protection of the Project and in order to mitigate its losses.
14. Where NASE engaged a replacement contractor, and subject to the conditions of the Bond, the reasonable costs incurred by NASE were to be reimbursed by Wynward.
15. Following an investigation, if the conditions precedent have been satisfied and Shield’s default confirmed, Wynward would then be obligated to promptly:

- (a) remedy the default;
- (b) complete the Purchase Order in accordance with its terms and conditions;
- (c) obtain a bid, or bids, for submission to NASE for completing the Purchase Order in accordance with its terms and conditions, and upon determination by NASE and Wynward of the lowest responsible bidder, arrange for a contract between such bidder and NASE, and make available as work progresses (even though there should be a default, or a succession of defaults, under the contract or contracts of completion, arranged under this option) sufficient funds to pay to complete Shield's obligations in accordance with the terms and conditions of the Purchase Order, and to pay those expenses incurred by NASE as a result of Shield's default relating directly to the performance of the Work under the Purchase Order, less the balance of the Purchase Order Price; or,
- (d) pay NASE the lesser of: (1) the Bond Amount; or, (2) NASE's proposed cost of completion less the balance of the Subcontract price.

Shield's Default and the Surety's Investigation

16. In order to ensure that Shield was meeting its obligations under the Purchase Order on or about October 31, 2019, among other times, NASE, PCL and Shield met and discussed Shield's progress. Part of that meeting included potential options that would ensure that Shield met the Purchase Order with respect to schedule, and conformed to the plans and specifications incorporated into the Purchase Order. Among the options discussed was the possibility that Shield engage a subcontractor to assist with portions of its Work.
17. Entirely of its own volition, Shield subcontracted with Supreme Steel LP to perform portions of the Work.
18. In the months subsequent to the October 31, 2019 meeting, it began to become clear to NASE that Shield was unable to adequately manage its obligations under the Purchase Order. As a result, on December 11, 2019, NASE issued a notice of non-compliance to Shield requesting that Shield take steps to avoid a default (the "**Notice of Non-Compliance**").
19. NASE received and reviewed Shield's response to the Notice of Non-Compliance upon returning from a shut down for the holiday season and, on or about January 2, 2020, NASE contacted a representative of Wynward regarding its continuing concerns related to Shield's performance.
20. Without any appreciable improvement following receipt of Shield's response to the Notice of Non-Compliance, on January 16, 2020, NASE informed Wynward in writing that Shield was in default under the Purchase Order, and that NASE had become aware that Shield was facing financial difficulties, and requested a Pre-Demand Conference. That Pre-Demand Conference was held on January 30, 2020, during which Shield confirmed that it was facing financial difficulties.
21. On or about February 20, 2020, Shield indicated that it would be laying off its employees and that its financial difficulties would prevent it from being able to continue with the Work.
22. Further, Shield's performance had not improved following the Pre-Demand Conference and, on or about February 27, 2020, NASE made a Demand to Wynward, declared that Shield was in default and requested that Wynward fulfill its obligations under the Bond (the "**Bond Claim**").

23. On or about March 2, 2020 to March 5, 2020, Shield made the final deliveries of materials and then subsequently abandoned the Project.
24. Following the Bond Claim, Wynward began an investigation, with the full cooperation of NASE.
25. Shield failed to satisfy its obligations under the Purchase Order. These failures include, but are not limited to, the following:
 - (a) Shield issued invoices that included, and Shield sought payment for, Work that was not complete;
 - (b) Shield failed to follow the change request requirements of the Purchase Order and failed to justify additional costs for which it was seeking payment, which in turn resulted in NASE being unable to obtain a corresponding approval from PCL;
 - (c) Shield failed or otherwise refused to perform the Work as outlined in the plans, specifications, or as otherwise contemplated within the Purchase Order;
 - (d) Shield performed the Work negligently and in breach of the express or implied terms of the Purchase Order;
 - (e) Shield failed or refused to adequately correct significant portions of its negligent and deficient Work, but even where some portions of the Work were corrected, Shield failed to do so in a timely manner;
 - (f) Shield failed to implement adequate quality assurance and quality control processes;
 - (g) Shield failed to staff and maintain a sufficient number of employees, agents or subcontractors to complete the Work properly, on time, and in accordance with the express or implied terms of the Purchase Order;
 - (h) Shield failed to staff appropriately skilled and competent employees, agents or subcontractors so that the Work could be completed properly, on time, and in accordance with the express or implied terms of the Subcontract;
 - (i) Shield failed to properly train the employees, agents or subcontractors that it did have to ensure they were adequately qualified to perform the Work;
 - (j) Shield failed to properly manage and supervise its employees, agents, or subcontractors;
 - (k) Shield failed to maintain a safe work site at all times in accordance with the express or implied terms of the Subcontract; and
 - (l) Shield failed to complete its scope of Work and abandoned the Purchase Order

(collectively, “Shield’s Defaults”).
26. By contrast, NASE has satisfied all of its obligations under the Purchase Order including, but not limited to, having made timely payment to Shield for all of its validly performed Work and properly submitted invoices.

27. At no point in time did NASE relieve Shield from its contractual obligations, or otherwise waive, acquiesce or abandon its right to demand that Shield perform its obligations under the Purchase Order.
28. On or about August 8, 2020, Wynward and NASE entered into a mitigation agreement (the "**Mitigation Agreement**"), whereby Wynward agreed that NASE could proceed with a remedial plan (the "**Remedial Plan**") to complete the remaining work (the "**Remaining Work**"), as described in Schedules to the Mitigation Agreement. Pursuant to the Mitigation Agreement, Wynward agreed not to challenge or dispute the completion of the Remaining Work performed by NASE in accordance with the Remedial Plan.
29. Wynward and NASE entered into the Mitigation Agreement without prejudice to the rights and/or obligations of the parties under the Bond.
30. To date, Wynward has failed or otherwise refused to provide a decision with respect to the Bond Claim and, despite repeated demands, has further failed to fulfill its obligations under the Bond.

The Costs to Complete

31. At this time, and subject to uncovering further deficiencies in Shield's work, the total cost to NASE to complete Shield's Work will be not less than \$4,336,846.93.
32. NASE had already paid to Shield \$1,919,409.12 and, as a result, the balance of the contract price is \$1,800,938.91.
33. The resulting short fall from Shield's Defaults and abandonment of the Purchase Order is, therefore, not less than \$2,535,908.02.

Claims against the Defendants

34. Shield has failed, refused, or been otherwise unable to perform its obligations under the Purchase Order. As a result of Shield's Defaults, negligence, and breaches of the Purchase Order, NASE has suffered and continues to suffer damages and losses.
35. Wynward has failed to fulfill its obligations under the Bond. Specifically, Wynward has failed to take the steps necessary to see that Shield's Defaults were corrected and the Work completed. By so doing, Wynward has exacerbated the delay on the Project to such an extent that NASE has had to incur significant additional costs and its losses have been substantially increased.
36. Further, Wynward has failed and or otherwise refused to render a decision regarding the Demand and has taken an unreasonable amount of time in so delaying.
37. As a result of both Shield's Defaults or its negligence in carrying out the Work under the Purchase Order, and Wynward's conduct and breaches of the Bond, NASE has suffered, and continues to suffer, serious damages including, but not limited to, losses from delay, additional costs, Work deficiencies, bank charges, interest costs, increased administrative and overhead costs, and costs to complete Shield's unfinished Work. NASE currently estimates such losses, the particulars and total amount of which shall be proven at trial, to be not less than as follows:

- (a) Shortfall on costs to complete of \$2,535,908.02;

- (b) Additional manpower costs of \$385,948.00;
- (c) Delay and acceleration costs of \$648,000.00;
- (d) Liquidated damages losses of approximately \$104,000.00; and,
- (e) Such additional costs as may be proven at trial.

Remedy sought:

38. The Plaintiff, NASE, claims against the Defendant, Wynward:
- (a) a declaration that the Performance Bond remains in full force and effect; and,
 - (b) a declaration that NASE has discharged all preconditions for payment under the Performance Bond, or alternatively for relief from forfeiture in respect thereof.
39. The Plaintiff, NASE, claims against the Defendants, Wynward and Shield, jointly and severally:
- (a) judgment in the amount of \$3,673,856.02, or in the case of Wynward the Bond Amount;
 - (b) pre-judgment and post-judgment interest in accordance with the *Judgment Interest Act*, RSA 2000, c J-1;
 - (c) costs of this action on a solicitor-client basis or on such other basis as may be determined by this Honourable Court;
 - (d) such further and other relief as this Honourable Court may deem just.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's(s') address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.

File No. CI-20-01-27129^B
THIS IS EXHIBIT "B"
referred to in the Affidavit of
Steeve Toupin
Sworn before me this 2
day of June A.D. 2021
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

THE QUEEN'S BENCH
Winnipeg Centre

BETWEEN:

NORTH AMERICAN STEEL ERECTORS INC.,

Daniel Bertram Ramsay
Barrister & Solicitor

plaintiff,

- and -

EXACT DETAILING LTD.,

defendant.

STATEMENT OF CLAIM

MARR FINLAYSON POLLOCK LLP
Barristers and Solicitors
240 River Avenue
Winnipeg, Manitoba
R3L 0B4

DAVID I. MARR

Ph.: (204) 925-5308
Fax: (204) 992-7099

File No. DM190024

THIS IS EXHIBIT "B"
referred to in the Affidavit of
Steeve Toupin
Sworn before me this 29
day of April A.D. 2022
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Daniel Bertram Ramsay
Barrister & Solicitor

**THE QUEEN'S BENCH
Winnipeg Centre**

BETWEEN:

NORTH AMERICAN STEEL ERECTORS INC.,

plaintiff,

- and -

EXACT DETAILING LTD.,

defendant.

STATEMENT OF CLAIM

TO THE DEFENDANT:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or a Manitoba lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the *Queen's Bench Rules*, serve it on the plaintiff's lawyer or where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Manitoba.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGEMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$750.00 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$750.00 for costs and have the costs assessed by the court.

Date: May 7, 2020

**D. CHAMPAGNE
DEPUTY REGISTRAR
COURT OF QUEEN'S BENCH
FOR MANITOBA**

Issued by: _____

Deputy Registrar
Address of Court Office:
100C – 408 York Avenue
Winnipeg, MB R3C 0P9

TO: EXACT DETAILING LTD.
c/o Thompson Dorfman Sweatman LLP
1700 – 242 Hargrave Street
Winnipeg, MB R3C 0V1
Attention: Meghan C. Ross
lawyers for the defendant

CLAIM

1. The plaintiff claims from the defendant:
 - a) the sum of \$4,677,711.08 (resulting from piecemeal procurement of steel and costs to engage TDS Industrial Services Ltd. to provide detailing services);
 - b) payment for additional damages for breach of contract and breach of the duty of good faith in contractual performance in an amount to be determined at trial;
 - c) pre-judgment and post-judgment interest;
 - d) costs of this action; and
 - e) such further and other relief as this Honourable Court may deem just.

2. The plaintiff, North American Steel Erectors Inc. ("NASE"), is a corporation incorporated pursuant to the laws of the Province of Alberta, and is duly registered to carry on business in the Province of Manitoba, and carries on business as a prime steel contractor across Canada.

3. The defendant, Exact Detailing Ltd. ("Exact") is a corporation incorporated pursuant to the laws of the Province of British Columbia, and carries on the business of providing steel detailing services.

4. This action arises from the design and construction of the Winnipeg Artis Tower (the "Project") located in Winnipeg, Manitoba.

5. On or about April 6, 2018, NASE submitted a revised proposal for the supply and installation of structural steel, joists and decking for the Project and on or about June 13, 2018 Diaser Management (2006) Ltd. ("Diaser"), the Construction Manager, issued a purchase order to NASE to perform the work (the "Contract").

The Sub-Contract

6. On or about May 31, 2018 Exact tendered a quote to NASE for the supply of structural steel design detail services which included the supply of structural and steel design, direction drawings, shop drawings and steel erection detailed layout instructions and modelling and, on or about June 19, 2018 NASE issued a purchase order to Exact therefor, upon terms which included weekly model sharing and progress reporting and payments to be made to Exact when NASE is paid by Diaser (the "Sub-Contract").

7. The value of the Sub-contract is made up of the base contract price of \$375,000.00 plus \$18,750.00 in sales tax (GST of 5%).

8. Clause 2 of the Sub-contract directs that "payments (are) to be made within the latter of thirty (30) days or five (5) days after receipt of payment for such work from Construction Manager" (the "pay when paid clause"). For the purposes of the pay when paid clause, the Construction Manager and the Owner under NASE's contract are one and the same.

9. NASE and Exact have collaborated on previous projects, which were governed by purchase orders issued by NASE which also contained a "pay when paid" clause. Exact understood that "pay when paid" clauses governed the contractual relationship between Exact and NASE, and Exact accepted the pay when paid clause under the Sub-contract.

Extra Work Orders

10. In addition to the base contract, between on or about July 6, 2018 to on or about May 30, 2019, Exact issued 56 extra work orders ("EWOs"), 3 of which were cancelled, for which Exact claimed the sum of \$205,152.41 for the remaining 53 EWOs.

11. In accordance with the Sub-contract, and as agreed by Exact, any changes, including EWOs, had to be approved and paid by the Owner before NASE could issue payments to Exact.
12. Contrary to the terms of the Sub-contract, Exact withheld and failed to provide electronic drawings (models) and issued viewer only drawings such that NASE was unable to make any changes as required, and insisted on payment prior to NASE being paid by the Owner which also contributed to delays in the progress of the work.
13. Notwithstanding NASE's efforts to have Exact comply, on or about June 28, 2019, NASE terminated the Sub-contract and retained TDS Industrial Services Ltd. who had to re-do some of Exact's work for which Exact had been paid, and complete the work left outstanding under the Sub-contract at a cost to NASE of \$230,500.00 and GST of \$11,525.00, totalling \$242,025.00.
14. On or about July 25, 2019, Exact caused a Builder's Lien to be registered against the Owner's property for the sum of \$205,152.41 (the "Lien Amount"), which NASE vacated with Exact's consent by payment into court the Lien Amount without prejudice to any claims, set-offs, or counterclaims which NASE may have, including the validity of the claim for lien itself. The lien was discharged as of January 13, 2020.
15. Exact's claim for lien is improper and exaggerated, and NASE pleads and relies upon section 40 of *The Builders' Liens Act*, C.C.S.M. c. B91.
16. As a result of Exact's misconduct described herein, including its failure to deliver the detailed design model and insisting on premature payment before releasing shop drawings

pursuant to its Sub-contract with NASE, Exact severely impeded NASE's ability to perform the Contract, NASE claims as set out in paragraph 1 hereof.

7th
Date: May 8, 2020

MARR FINLAYSON POLLOCK LLP
Barristers and Solicitors
240 River Avenue
Winnipeg, MB R3L 0B4
Telephone: (204) 925-5308
Facsimile: (204) 992-7099
DAVID I. MARR
lawyers for the plaintiff



MARR FINLAYSON POLLOCK

THIS IS EXHIBIT "C" referred to in the Affidavit of Steve Toupin Sworn before me this 20 day of April A.D. 20 23

DAVID I. MARR dmarr@mfplawco.com (204) 925-5308 Christine Watson cwatson@mfplawco.com

February 18, 2021

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

Daniel Bertram Ramsay File No. DM190024 Barrister & Solicitor

Via email to: stoupin@nasteelerectors.com

North American Steel Erectors 160 Griffin Ranch Road Cochrane, AB T4C 2B8

Attention: Mr. Steve Toupin, PE, P.Eng

Dear Sir:

Daniel Bertram Ramsay Barrister & Solicitor

Re: Year End Audit – Exact Detailing Ltd.

THIS IS EXHIBIT "C" referred to in the Affidavit of Steve Toupin Sworn before me this 2 day of June A.D. 20 21 A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA

In response to your request for a status report of the claim of North American Steel Erectors Inc. (NASE) against Exact Detailing Ltd. (Exact) and Exact's counterclaim against NASE in the Court of Queen's Bench, Winnipeg Centre, under file No. CI20-01-27129, we would advise as follows.

In response to a Builder's Lien filed by Exact against land owned by Artis Winnipeg Square Parade Ltd. on July 25, 2019 in regard to its claim for the sum of \$205,152.41 for alleged unpaid accounts, NASE paid the said sum into court, following which Exact consented to the discharge of the Builder's Lien. Thereafter, on May 7, 2020 NASE commenced an action in the Court of Queen's Bench, Winnipeg Centre, against Exact claiming the sum of \$4,677,711.08, resulting from piecemeal procurement of steel and costs to engage another detailing service to correct the deficient work of Exact and to complete unfinished work. Exact filed a Statement of Defence and Counterclaim against NASE on June 9, 2020 for the said sum of \$205,152.41.

Notwithstanding the pending action and counterclaim (the "Dispute"), the parties have agreed to refer the Dispute to arbitration. Discussions are underway to decide upon a sole arbitrator and, in the meantime, documents relevant to the Dispute are in the process of being exchanged. It is anticipated that an arbitrator will be agreed upon within the next month or so, after which the arbitrator's terms of appointment will be settled and pre-hearing matters including the exchange of documents and examinations for discovery will be arranged and dates will be set for the arbitration hearing, which may take place before the end of this year.

Assuming NASE can satisfy the arbitrator of the validity and quantum of its claim (and correspondingly, that Exact is not entitled to its counterclaim), we anticipate an award in NASE's favour although the prospect of recovery of an award is unknown at this time. Regardless, assuming NASE can satisfy the arbitrator that Exact breached its contract with NASE, Exact's counterclaim should fail, thereby allowing NASE to make an application for payment out of court of the said sum of \$205,152.41 (plus interest), which NASE paid into Court to have the Builder's Lien discharged.



I trust this is satisfactory but should you have any questions, please do not hesitate to contact me.

Yours truly,

MARR FINLAYSON POLLOCK LLP

Per:

A handwritten signature in black ink, appearing to read 'David I. Marr', written over a horizontal line.

DAVID I. MARR

DIM:cw

**Services Provided by David I. Marr Law Corporation*

District of Alberta
Division No: 02-Calgary
Estate No.: 25-095246
Court No: 25-095246

THIS IS EXHIBIT " 2 " referred to in the Affidavit of Steel Company Sworn before me this day of April A.D. 20 22
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

IN THE MATTER OF THE BANKRUPTCY OF
NORTH AMERICAN STEEL ERECTORS INC.
(the "Company")

Daniel Bertram Ramsay
Barrister & Solicitor

NOTICE

(Section 38 of the *Bankruptcy and Insolvency Act*)

TAKE NOTICE THAT MNP Ltd., Trustee of the Estate of North American Steel Erectors Inc. ("NASE"), a Bankrupt, is willing to assign and transfer to any one or more of the creditors all of the Trustee's right, title and interest in the action described below pursuant to Section 38 of the *Bankruptcy and Insolvency Act* ("Act").

- Litigation regarding a contract for the supply of steel on a project in Calgary, Alberta, (the "9th Avenue Bridge Project") commenced by NASE against Shield Industries Ltd. ("Shield") and Wynward Insurance Group ("Wynward"), who had issued a Performance Bond concerning the 9th Avenue Bridge Project with the Court of Queen's Bench of Alberta. The claim is for \$3,673,856.02 and the penal limit of the Performance Bond is \$1,860,174.02. Shield has not defended the claim, but a Statement of Defence has been filed by Wynward. This litigation was at the document exchange phase as at the date of bankruptcy.

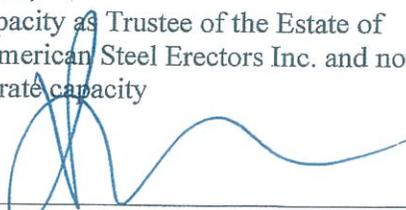
AND FURTHER TAKE NOTICE THAT the Trustee performed its due diligence and completed its investigation with respect to the realization of the subject property. The Trustee has concluded that it does not have access to funds to continue the litigation and effect a potential realization for the benefit of the Creditors.

AND FURTHER TAKE NOTICE THAT Section 38 of the Act provides that, any one or more of the creditors may make application to the Court for an Order authorizing them to take a proceeding in their own name and at their own expense and risk.

Dated at Calgary, Alberta this 23rd day of February 2022.

MNP Ltd.,

In its capacity as Trustee of the Estate of
North American Steel Erectors Inc. and not in its personal
or corporate capacity


Victor P. Kroeger, CPA, CA, CIRP, LIT, CFE
Senior Vice President

Promissory Note

\$741,868.28

FOR VALUE RECEIVED, the undersigned, **CENTRAL ERECTORS INC.** (the "**Borrower**"), unconditionally promises to pay to **STEEVE TOUPIN** (the "**Lender**") the principal sum of SEVEN HUNDRED FORTY-ONE THOUSAND EIGHT HUNDRED SIXTY-EIGHT DOLLARS AND TWENTY-EIGHT CENTS (\$741,868.28) (the "**Principal Amount**") in accordance with the provisions of the Bill of Sale between the Borrower and the Lender dated as of the date hereof (the "**Bill of Sale**") and the Principal Amount shall be payable on demand without interest (the "**Loan**").

The Borrower may prepay all or any part of the outstanding balance of the Loan at any time without notice, bonus or penalty.

The Borrower hereby waives presentment for payment, notice of dishonour, protest, notice of protest and demand with regard to this Promissory Note. No course of dealing between the Borrower and the Lender or any delay on the part of the Lender in exercising any rights hereunder shall operate as a waiver of any rights of the Lender. All the covenants, stipulations, promises and agreements in this Promissory Note contained by or on behalf of the Borrower shall bind any successor and assigns of the Borrower, whether permitted or not and whether so expressed or not.

This Promissory Note shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the undersigned makes and delivers this Promissory Note with effect as of the 18th day of January, 2016.

CENTRAL ERECTORS INC.

Per: _____

Steeve Toupin, Director

THIS IS EXHIBIT "E"
referred to in the Affidavit of
Steeve Toupin
Sworn before me this
day of April A.D. 20 22

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Daniel Bertram Ramsay
Barrister & Solicitor

Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2022/04/20
Time of Search: 09:29 AM
Search provided by: A-PLUS REGISTRY SERVICES LTD.
Service Request Number: 37451027
Customer Reference Number: NORTH AMERICAN STEEL EREC

THIS IS EXHIBIT " F "
referred to in the Affidavit of
Steve Tapin
Sworn before me this 20
day of April A.D. 2022
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Daniel Bertram Ramsay
Barrister & Solicitor

Corporate Access Number: 2019448758
Business Number: 739358497
Legal Entity Name: NORTH AMERICAN STEEL ERECTORS INC.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
CENTRAL ERECTORS INC.	2016/03/08

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2016/01/18 YYYY/MM/DD

Registered Office:

Street: 160 GRIFFIN RANCH ROAD
City: COCHRANE
Province: ALBERTA
Postal Code: T4C2B8

Records Address:

Street: 160 GRIFFIN RANCH ROAD
City: COCHRANE
Province: ALBERTA
Postal Code: T4C2B8

Email Address: MGOSWAMI@NASTEELERECTORS.COM

Directors:

Last Name: TOUPIN

First Name: STEEVE
Street/Box Number: 264095 MONTERRA DRIVE
City: COCHRANE
Province: ALBERTA
Postal Code: T4C0A7

Voting Shareholders:

Last Name: SPALDING
First Name: GORDON
Street: 10432 GLENROSE DRIVE
City: DELTA
Province: BRITISH COLUMBIA
Postal Code: V4C0A6
Percent Of Voting Shares: 22.22

Last Name: TOUPIN
First Name: STEEVE
Street: 264095 MONTERRA DRIVE
City: COCHRANE
Province: ALBERTA
Postal Code: T4C0A7
Percent Of Voting Shares: 77.78

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: 100 CLASS "A" SHARES
Share Transfers Restrictions: NONE
Min Number Of Directors: 1
Max Number Of Directors: 5
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: NONE

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2021	2020/12/15

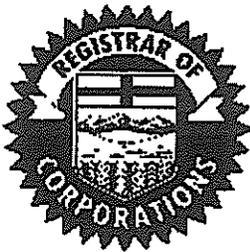
Outstanding Returns:

Annual returns are outstanding for the 2022 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2016/01/18	Incorporate Alberta Corporation
2016/03/08	Name Change Alberta Corporation
2017/06/07	Name/Structure Change Alberta Corporation
2019/01/11	Change Address
2019/03/08	Change Director / Shareholder
2020/02/22	Update BN
2020/12/15	Enter Annual Returns for Alberta and Extra-Provincial Corp.

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



North American Steel Erectors Inc.

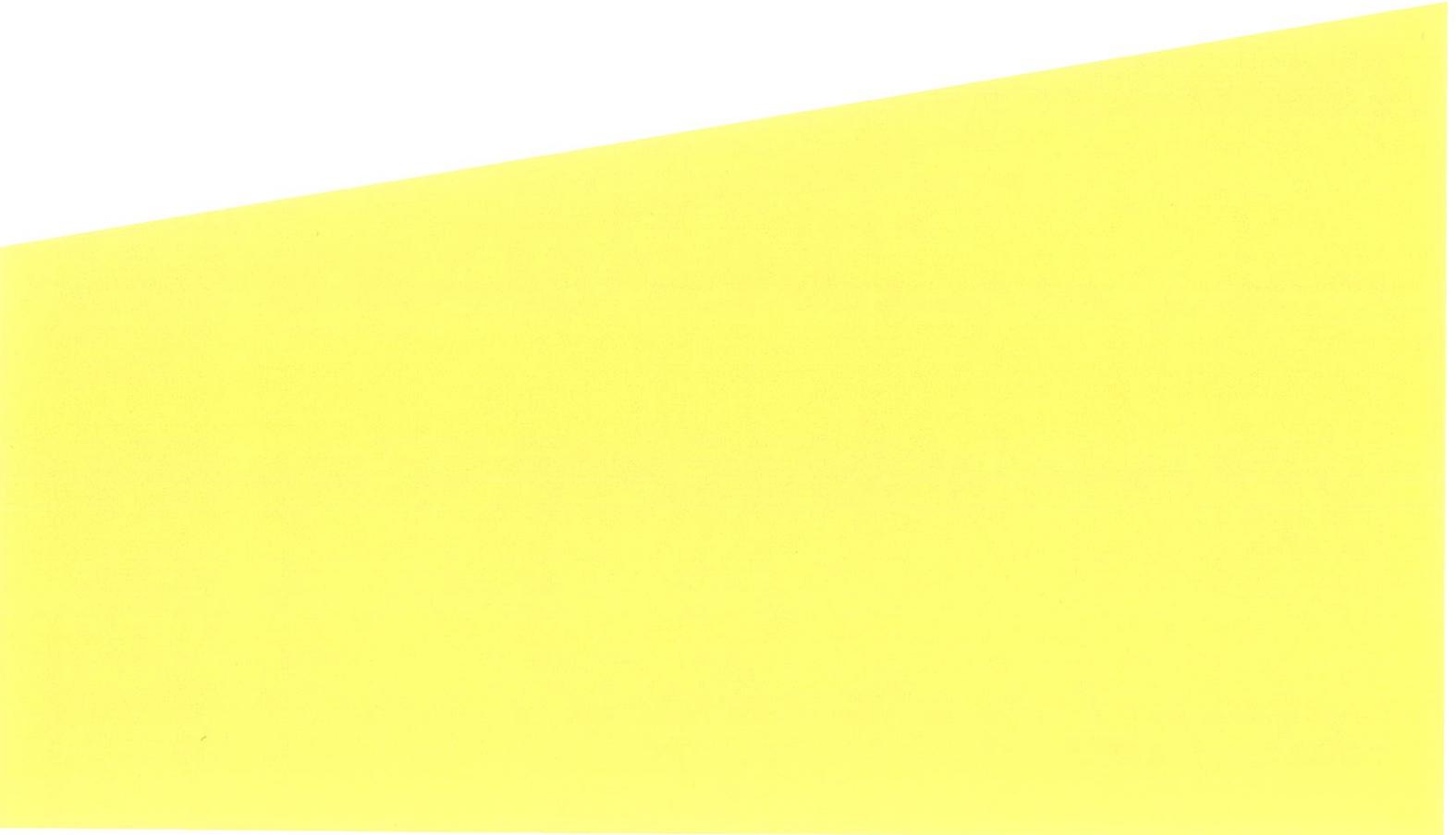
Financial statements

Unaudited – See independent practitioner's
review engagement report
August 31, 2020

THIS IS EXHIBIT " ^G"
referred to in the Affidavit of
George Loup
Sworn before me this *20*
day of *April* A.D. 20 *23*
.....
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
Daniel Bertram Ramsay
Barrister & Solicitor



Building a better
working world



Independent practitioner's review engagement report

To the Shareholders of
North American Steel Erectors Inc.

We have reviewed the accompanying financial statements of **North American Steel Erectors Inc.** that comprise the balance sheet as at August 31, 2020, and the statement of (loss) income and (deficit) retained earnings, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 3 to the financial statements, which indicates that North American Steel Erectors Inc. incurred a net loss of \$4,971,654 during the year ended August 31, 2020 and as of that date, had an accumulated deficit of \$4,558,260 and its current liabilities exceeded its current assets by \$6,681,869. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about North American Steel Erectors Inc.'s ability to continue as a going concern.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of **North American Steel Erectors Inc.** as at August 31, 2020, and results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Calgary, Canada
March 23, 2021

Ernst & Young LLP

Chartered Professional Accountants

North American Steel Erectors Inc.

Balance sheet

As at August 31

Unaudited – See independent practitioner's
review engagement report

	2020	2019
	\$	\$
Assets		
Current		
Cash	-	234,791
Accounts receivable [notes 4 and 5]	2,966,390	5,658,897
Goods and services tax recoverable	-	88,470
Prepaid expenses and deposits	-	7,500
Income taxes recoverable	-	41,058
Total current assets	2,966,390	6,030,716
Property and equipment [note 7]	1,461,964	1,128,707
Advance to 2127712 Alberta Ltd. [note 6]	856,814	546,620
	5,285,168	7,706,043
Liabilities and shareholders' equity (deficiency)		
Current		
Bank indebtedness [note 8]	1,064,430	-
Accounts payable and accrued liabilities [note 9]	2,287,474	6,221,427
Goods and services tax payable	419,325	-
Deferred revenue	20,984	-
Current portion of long-term debt [note 10]	73,097	61,992
Advances from shareholders [note 11]	634,862	774,147
Due to related individual [note 12]	59,262	59,262
Liability for contract loss [note 16]	2,670,225	-
Contingent liability [note 8]	2,418,600	-
Total current liabilities	9,648,259	7,116,828
Long-term debt [note 10]	195,079	175,731
Total liabilities	9,843,338	7,292,559
Commitments [note 13]		
Shareholders' (deficiency) equity		
Share capital [note 14]	90	90
(Deficit) retained earnings	(4,558,260)	413,394
Total shareholders' (deficiency) equity	(4,558,170)	413,484
	5,285,168	7,706,043

See accompanying notes

North American Steel Erectors Inc.

Statement of (loss) income and (deficit) retained earnings

Year ended August 31

Unaudited – See independent practitioner's
review engagement report

	2020	2019
	\$	\$
Sales		
Revenue	15,213,834	16,127,505
Cost of sales	11,900,712	13,435,311
Gross profit	<u>3,313,122</u>	<u>2,692,194</u>
Expenses		
General and administrative <i>[note 15]</i>	2,863,187	2,003,350
Amortization	341,992	194,466
Interest on long-term debt	6,611	5,947
	<u>3,211,790</u>	<u>2,203,763</u>
Income before the following	<u>101,332</u>	<u>488,431</u>
Contract loss <i>[note 16]</i>	2,670,225	-
Contingent loss <i>[note 8]</i>	2,418,600	-
Loss on foreign exchange	146	7,255
Interest	(34)	-
Gain on sale of property and equipment	(5,951)	-
Government assistance <i>[note 4]</i>	(10,000)	-
	<u>5,072,986</u>	<u>7,255</u>
Net (loss) income for the year	<u>(4,971,654)</u>	<u>481,176</u>
Retained earnings (deficit), beginning of year	413,394	(67,782)
Retained earnings (deficit), end of year	<u>(4,558,260)</u>	<u>413,394</u>

See accompanying notes

North American Steel Erectors Inc.

Statement of cash flows

Year ended August 31

Unaudited – See independent practitioner's
review engagement report

	2020	2019
	\$	\$
Operating activities		
Net (loss) income for the year	(4,971,654)	481,176
Add items not involving cash		
Amortization	341,992	194,466
Contract loss	2,670,225	-
Contingent loss	2,418,600	-
Gain on sale of property and equipment	(5,951)	-
Government assistance	(10,000)	-
	<u>443,212</u>	<u>675,642</u>
Changes in non-cash working capital balances related to operations		
Accounts receivable	2,692,507	(2,715,087)
Goods and services tax recoverable	88,470	(88,470)
Prepaid expense	7,500	(7,500)
Income tax recoverable	41,058	-
Accounts payable	(3,933,953)	3,884,845
Goods and services tax payable	419,325	(124,951)
Deferred revenue	20,984	-
	<u>(664,109)</u>	<u>948,837</u>
Cash (used in) provided by operating activities	<u>(220,897)</u>	<u>1,624,479</u>
Financing activities		
Proceeds from long-term debt	156,898	36,494
Repayment of long-term debt	(116,445)	(34,451)
Cash provided by financing activities	<u>40,453</u>	<u>2,043</u>
Investing activities		
Purchase of property and equipment	(723,423)	(365,003)
Proceeds on disposal of property and equipment	54,125	-
Advance to related company	(310,194)	(151,276)
Repayment of advances by shareholders	(139,285)	(87,695)
Cash used in investing activities	<u>(1,118,777)</u>	<u>(603,974)</u>
Net (decrease) increase in cash during the year	<u>(1,299,221)</u>	<u>1,022,548</u>
Cash (bank indebtedness), beginning of year	234,791	(787,757)
(Bank indebtedness) cash, end of year	<u>(1,064,430)</u>	<u>234,791</u>

See accompanying notes

North American Steel Erectors Inc.

Notes to financial statements

August 31, 2020

Unaudited – See independent practitioner's
review engagement report

1. Nature of business

North American Steel Erectors Inc. (the "Company") was incorporated under the Business Corporations Act of Alberta on January 18, 2016. Company's primary business activity is construction and engineering services.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ["ASPE"].

Financial instruments

The Company initially records a financial instrument at its fair value except for a related party transaction, which is recorded at the carrying or exchange amount depending on the circumstances.

The Company recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Subsequently, the Company measures financial instruments as follows:

- investments in equity instruments that are quoted in an active market at fair value;
- all other investments in equity instruments at cost less impairment;
- all other financial assets at amortized cost;
- financial liabilities at amortized cost; and
- derivative contracts, other than designated in a qualifying hedging relationship, at fair value.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided on the following bases over the assets' estimated useful lives:

On the declining balance method:

Furniture and fixtures	20%
Machinery and equipment	20%
Computer equipment	55%
Vehicles	30%

On the straight-line method:

Leasehold improvements	over the lease term
------------------------	---------------------

North American Steel Erectors Inc.

Notes to financial statements

August 31, 2020

Unaudited – See independent practitioner's
review engagement report

Income taxes

The Company follows the taxes payable method whereby only the cost or benefit of current income taxes for the year is reported, as determined in accordance with the rules established by taxation authorities.

Revenue recognition

Revenue is recorded on contracts using the percentage of completion method. Under this method, revenue is recorded as costs are incurred, and includes gross profit on each contract. Percentage of completion is determined as total incurred costs over estimated total costs. Periodic reviews of estimated final revenues and cost during the terms of such contracts may result in revisions of contract estimates which have the effect of including on a prospective basis, cumulative adjustments necessary to reflect the results indicated by the revised estimates. Anticipated losses are recognized in earnings when they first become identifiable.

Deferred revenue represents the excess of billings to date over the amount of contract costs and profits recognized to date on the percentage of completion accounting method.

Long-lived assets

Long-lived assets, which comprise property and equipment, are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If the sum of the undiscounted future cash flows expected from use and residual value is less than the carrying amount, the long-lived asset is considered impaired. An impairment loss is measured as the amount by which the carrying value of the long-lived asset exceeds its fair value.

Government assistance

Amounts received or receivable resulting from government assistance programs are reflected as reductions of the cost of the assets or expenses to which they relate when the Company becomes eligible to accrue them, provided there is reasonable assurance the benefits will be realized.

3. Going concern

The financial statements of the Company have been prepared in accordance with Canadian accounting standards for private enterprises on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

North American Steel Erectors Inc.

Notes to financial statements

August 31, 2020

Unaudited – See independent practitioner's
review engagement report

The Company has a current year loss of \$4,971,654 and has an accumulated deficit of \$4,558,260 as at August 31, 2020. As at August 31, 2020, the Company's current liabilities exceed its current assets by \$6,681,869 [2019 – \$1,086,112]. Further, the Company is in violation of all financial covenants under its non-revolving term loan facility and the revolving loan facility as well as a mortgage-backed loan that it has guaranteed for a related party. These factors create a material uncertainty about the use of the going concern assumption. The Company's continuation as a going concern is dependent upon its ability to obtain financing, the continued support of existing lenders and related parties and achieving profitable operations. As the outcomes of these matters cannot be predicted at this time, there exists material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The accompanying financial statements do not give effect to any adjustments which could be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different than those reflected in the accompanying financial statements.

4. Government assistance

In response to the negative economic impact of COVID-19, the Government of Canada announced a number of measures aimed to minimize the impact of the virus. The Company has recorded the following government assistance:

[a] Canada Emergency Wage Subsidy

The Company qualified for wage subsidies totaling \$328,918 under the Canada Emergency Wage Subsidy Program. Under the terms of this program, companies that experienced declines in revenues meeting the eligibility criteria for each eligible period were entitled to receive wage subsidies for each employee based on the percentage of revenue decline up to maximum amounts specified for each period under the legislation. Of this amount, \$163,242 is included in accounts receivable as at August 31, 2020.

[b] Canada Emergency Business Account Loan

During the year, the Company received \$40,000 [2019 - \$nil] Canada Emergency Business Account ("CEBA") Term Loan that is non-interest bearing and which has no required principal repayments prior to December 31, 2022. Under the terms of the loan, if 75% of the principal is repaid prior to December 31, 2022, the remaining 25% principal will be forgiven. The loan has been recorded at the principal amount expected to be repaid and a benefit accrued for the amount expected to be forgiven.

North American Steel Erectors Inc.

Notes to financial statements

August 31, 2020

Unaudited – See independent practitioner's
review engagement report

5. Accounts receivable

	2020	2019
	\$	\$
Trade receivables	1,837,877	4,091,458
Holdback receivables	965,271	1,567,439
Government assistance receivable	163,242	-
	<u>2,966,390</u>	<u>5,658,897</u>

6. Advance to 2127712 Alberta Ltd.

Amounts owing from 2127712 Alberta Ltd. ("2127712 AB"), a company related by common ownership, are non-interest bearing with no set terms of repayment. The amount receivable is subject to measurement uncertainty as 2127712 AB has breached debt covenants on its mortgage-backed loan, as described in *note 8*.

7. Property and equipment

	2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computers and printers	38,478	26,666	11,812	21,344
Furniture and equipment	19,570	4,693	14,877	18,265
Tools and equipment	1,092,610	489,764	602,846	595,432
Leasehold improvement	700,468	159,406	541,062	202,424
Vehicles	468,567	177,200	291,367	291,242
	<u>2,319,693</u>	<u>857,729</u>	<u>1,461,964</u>	<u>1,128,707</u>

8. Bank indebtedness

In the prior year, the Company entered into demand credit facility with a Canadian chartered bank for a maximum amount of \$500,000, bearing interest at the bank's prime rate plus 1.2%. The relevant prime rate at August 31, 2020 was 2.45% [2019 - 3.95%]. Subsequent to the fiscal year end, the maximum amount on this facility was increased to \$1,500,000. The credit facility is secured a general security agreement, a guarantee from 2127712 AB, and guarantees from the Company's shareholders. As at August 31, 2020, the Company had drawn \$1,109,950 [2019 - \$nil] on the facility. The terms of the banking agreement require the Company to comply with certain financial covenants. As at August 31, 2020, the Company was not in compliance with these requirements, and as a result, it is not known what actions, if any will be taken by the lender.

North American Steel Erectors Inc.

Notes to financial statements

August 31, 2020

Unaudited – See independent practitioner's
review engagement report

The Company has also guaranteed the mortgage-backed loan of 2127712 AB with the same Canadian chartered bank. As at August 31, 2020 the amount owing on the related party loan is \$2,418,600 [2019 - \$2,523,000]. The loan bears interest at the bank's variable interest rate plus 3.75% per annum, repayable in monthly instalments of \$8,700, and maturing on October 15, 2023. This loan requires both 2127712 AB and the Company to comply with certain financial covenants. As at August 31, 2020, both the Company and 2127712 AB were not in compliance with these covenants. The lender has not provided a waiver to the borrower for the breach of covenants as at August 31, 2020, and therefore, a contingent liability of \$2,418,600 has been accrued in these financial statements with respect to the guarantee. This represents the outstanding principal amount on the loan, and the ultimate payment of the contingent liability would be potentially offset from proceeds of sale of the secured building.

9. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$1,213,602 [2019 - \$368,669] of government remittances payable, including an estimate of penalties on unpaid payroll withholdings of \$122,000.

North American Steel Erectors Inc.

Notes to financial statements

August 31, 2020

Unaudited – See independent practitioner’s review engagement report

10. Long-term debt

	2020 \$	2019 \$
Ford Credit loan bearing interest at 1.99% per annum, with monthly installment of \$1,124. The loan matures on August 21, 2022 and is secured by a vehicle which has a carrying value of \$32,657.	26,412	39,241
Ford Credit loan bearing interest at 1.99% per annum, with monthly installment of \$1,124. The loan matures on August 21, 2022 and is secured by a vehicle which has a carrying value of \$32,657.	26,412	39,241
Ford Credit loan bearing interest at 3.49% per annum, with monthly installment of \$1,221. The loan matures in August 23, 2023 and is secured by a 2019 Ford Truck which has a carrying value of \$44,116.	41,647	54,600
Ford Credit loan bearing interest at 3.99% per annum, with monthly installment of \$672. The loan matures on August 24, 2024 and is secured by a Ford Truck which has a carrying value of \$44,123.	29,764	36,494
Ford Credit loan bearing interest at 7.04% per annum, with monthly installment of \$976. The loan matures on June 15, 2023 and is secured by a 2018 Ford Truck which has a carrying value of \$30,379.	29,977	-
Ford Credit loan bearing interest at 1.49% per annum, with monthly installment of \$1,478. The loan matures on July 24, 2025 and is secured by a 2020 Ford Truck which has a carrying value of \$92,332.	83,964	-
CEBA Loan. \$40,000 loan with \$10,000 forgivable portion, non-interest bearing with no payments required until December 31, 2022. [note 4[b]]	30,000	-
Ford Credit loan bearing interest at 2.99% per annum, with monthly installment of \$1,539. The loan matures in July 23, 2023 and is secured by a 2018 Ford Truck. This loan was fully repaid in the year.	-	68,147
	268,176	237,723
Less current portion of long-term debt	73,097	61,992
	195,079	175,731

Principal repayments on long-term debt due in next five years are as follows:

	\$
2021	73,097
2022	75,306
2023	78,455
2024	25,240
2025	16,078

North American Steel Erectors Inc.

Notes to financial statements

August 31, 2020

Unaudited – See independent practitioner's
review engagement report

11. Advances from shareholders

Advances from shareholders are non-interest bearing, unsecured and have no specified terms of repayment.

12. Due to related individual

Amounts due to a former shareholder of the Company are non-interest bearing with no set terms of repayment.

13. Commitments

Future annual minimum lease payments required under operating leases with 2127712 AB for the Company's premises through 2023 are as follows:

	\$
2021	90,000
2022	90,000
2023	75,000
	<u>255,000</u>

14. Capital stock

Authorized

100 Class A common voting shares.

Issued

90 Class A common voting shares

90 90

15. Related party transactions

The Company, in the normal course of operations, rented a storage and residential building, from 2127712 AB. These transactions are measured at the exchange amount. Rental payments included in general and administrative expenses during the year totaled \$90,000 [2019 – \$60,000].

16. Contract loss

During the year, the Company has accrued projected losses on an ongoing project totaling \$2,670,225. The losses were incurred predominantly due to significant additional costs incurred by the Company on this project in relation to engaging multiple companies for detailing work as the original entity contracted went bankrupt during the contract. The company is involved in litigation in an attempt to recover additional costs incurred.

North American Steel Erectors Inc.

Notes to financial statements

August 31, 2020

Unaudited – See independent practitioner's
review engagement report

17. Financial instruments

Risk and uncertainties

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and the capital base is adequate in relation to these risks. The principal financial risks to which the Company is exposed are described below:

Credit risk

The Company is exposed to credit risk in the event of non-payment by its customers for their accounts receivable. The Company believes there is minimal risk associated with these amounts due to the size of the Company's customers. As at August 31, 2020, two [2019 - two] customers comprised 89% [2019 - 100%] of trade receivables.

Liquidity risk

The Company is exposed to liquidity risk due to its negative working capital and accumulated deficit, as disclosed in *note 3*.

Interest rate risk

The Company is exposed to interest rate risk with respect to its long-term debt facilities which bear fixed rates of interest and with respect to its bank indebtedness which bear interest at a floating rate based on the bank prime rate.

18. Contingencies

The Company is currently involved in multiple litigations in which it is the plaintiff. Management is unable to estimate the likelihood of success as well as the amount of any likely recovery in these litigations.