

Action No. 0903 03818

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF EDMONTON

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*
R.S.C. 1985, c. B-3, AS AMENDED

BETWEEN

MEYERS NORRIS PENNY LIMITED

Receiver

- and -

SERVUS CREDIT UNION LTD.

Creditor

- and -

TALSMA'S WELDING LTD.

Debtor

REPORT OF MEYERS NORRIS PENNY LIMITED,
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
TALSMA'S WELDING LTD.

BACKGROUND

1. Meyers Norris Penny Limited was appointed as Receiver (the "Receiver") of Talsma's Welding Ltd. ("Talsma's Welding") effective May 27, 2009.
2. Subsequently, Talsma's Welding made an assignment in bankruptcy effective May 29, 2009 and Meyers Norris Penny Limited was appointed as Trustee of the Estate (the "Trustee").
3. Effective March 3, 2009, the officers and directors of Talsma's Welding, being Albert Talsma and Shirley Talsma (the "Individual Debtors"), made a Division I Proposal and Meyers Norris Penny Limited was appointed Trustee in respect of same. The Proposal was made further to a demand for payment by Servus Credit Union Ltd., in relation to Talsma's Welding's indebtedness, on the joint and several unlimited personal guarantees of the Individual Debtors. The Proposal was accepted by the creditors of the Individual Debtors.

PURPOSE OF THIS REPORT

4. The Receiver is seeking Court approval with respect to the following:
 - (a) transfer of the land and buildings owned by Talsma's Welding (the "Bentley Property") to Servus Credit Union Ltd. as holder of the first mortgage against the property, and an order vesting title in Servus free and clear of any subsequent financial encumbrance on title;
 - (b) remitting to Service Canada from proceeds realized from the sale of current assets, payment in satisfaction of their secured claim under the WEPPA program.

LAND AND BUILDING – BENTLEY, ALBERTA (LEGAL DESCRIPTION PLAN 0424299, BLOCK 2, LOT 6) (the "Bentley Property")

5. In June, 2009 the Receiver listed the Bentley Property for sale through Ralph Salomons Commercial Inc. (the "Realtor") at a listing price of \$1.3 million with any sale subject to Court approval. At that time, the Realtor was of the opinion the Bentley Property had a value of \$1.2 to \$1.3 million.
6. In November, 2009, based on the recommendation of the Realtor, the listing price on the Bentley Property was reduced to \$1,095,000.
7. The following is a summary of the two Offers presented to the Receiver by the Realtor:
 - (a) In January, 2010 the Receiver was presented with an Offer to purchase the Bentley Property for \$501,000 from 1487457 Alberta Ltd. The Receiver countered this Offer at \$950,000. 1487457 Alberta Ltd. countered at \$530,000 in March, 2010 and this counter was not accepted by the Receiver.
 - (b) In June, 2010 the Receiver received an Offer of \$500,000 from the Town of Bentley and Lacombe County. The Receiver countered this Offer at \$860,000. A response was not received to the Receiver's counter offer.
8. The Town of Bentley, while presenting its offer, raised the issue that the Bentley Property has substantial fire code deficiencies and they estimated the cost to rectify these deficiencies for the purpose they intended for the property to be approximately \$315,000.

9. We attach as Exhibit "A" the letter report dated August 23, 2010 from the Realtor recommending a further reduction in the listing price to \$980,000, indicating that their recommendation on a revised listing price took into consideration the estimated cost to rectify the fire code deficiencies which they estimated at \$250,000.
10. We attach as Exhibit "B" the letter report dated August 27, 2010 from the Realtor providing further particulars of the fire code deficiencies. The Realtor's report provided a further recommendation that the Receiver reduce the listing price by a further \$100,000 (to \$880,000) in an attempt to move the Bentley Property over the following 90 day period.
11. We attach as Exhibit "C" a copy of the Independent Legal Opinion prepared by Gowlings LLP for the Trustee providing the opinion that Servus Credit Union Ltd.'s first mortgage of \$886,000 plus interest is valid and enforceable. We attach as Exhibit "D" the Land Titles search conducted by the Receiver on November 12, 2010 confirming the mortgage of Servus' predecessor, Community Credit Union Ltd., was registered as #062 437 447 as a first charge subsequent only to the Utility Right of Way held by Atco Gas registration #042 310 253.
12. We attach as Exhibit "E" the loan statements from Servus Credit Union Ltd. indicating that Talsma's Welding remains indebted to them on three loans totaling \$2,039,509.43.
13. We attach as Exhibit "F" the Receiver's Interim Statement of Receipts and Disbursements for the period from March 17, 2009 to November 16, 2010.
14. We attach as Exhibit "G" a summary of the direct expenses incurred by the Receiver to date in maintaining the property, totaling \$97,872.34.
15. The Bentley Property has been offered up for sale for 16 months and we have not received any acceptable offers. The Receiver is of the opinion that the value of the Bentley Property, net of direct costs already incurred, is approximately \$530,000.00 further to the counter offer referenced at paragraph 7(a) above.
16. Servus Credit Union Ltd. has requested that the Receiver consider transferring the property to them. The Receiver supports the transfer of the property to Servus Credit Union Ltd. at a value of \$530,000.00 or such other amount as the Court deems appropriate.
17. Following transfer of the Bentley Property to Servus Credit Union Ltd. as contemplated in this application, Servus Credit Union Ltd. will continue to have a secured interest in the assets of Talsma's Welding pursuant to advances made to MNP under the Receiver's Certificate herein, and pursuant to the General Security Agreement of Servus Credit Union Ltd. covering all Talsma Welding's present and after acquired personal property. We expect there will be insufficient proceeds realized from Talsma Welding's assets to satisfy the total indebtedness owed to the Credit Union. As such, we anticipate the Credit Union will file as an unsecured creditor in Talsma's Welding's bankruptcy for the amount of any such deficiency.
18. The only remaining item which the Receiver is dealing with relates to two lawsuits initiated by the Receiver seeking to cover a total of approximately \$1 million. The Receiver has entered into an agreement with Servus Credit Union Ltd. that in the event the Bentley Property is transferred to them, we will surrender our right to hold the property as security pursuant to the Order appointing us as Receiver and we will rely on the indemnity provided by Servus Credit Union Ltd. with respect to the payment of professional fees, both Receiver and legal, to pursue the litigation commenced by the Receiver. The Receiver has reached an agreement with Servus Credit Union Ltd. that in

the event the lands are transferred, Servus Credit Union Ltd. will assume responsibility for the Receiver Certificate issued by the Receiver used to fund ongoing expenses.

WEPPA CLAIMS

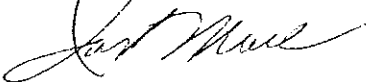
19. Five employees filed claims under the WEPPA program and Service Canada paid out \$11,222.19 in relation to which Service Canada is entitled to a secured claim against current assets realized on by the Receiver, in the amount of \$9,290.63. The Receiver requires Court approval to pay Service Canada's secured claim.

ORDER BEING SOUGHT

20. The Receiver is seeking an Order of the Court as follows:
 - (a) approving transfer of title in the Bentley Property to Servus Credit Union Ltd. at a value of \$530,000.00 or such other amount as the Court deems appropriate, and vesting title in Servus Credit Union Ltd free and clear of all encumbrances excepting Utility Right of Way registration #042 310 253;
 - (b) authorizing the Receiver to pay Service Canada their secured claim of \$9,290.63 from the proceeds set aside by the Receiver.

All of which is respectfully submitted this 9th day of December, 2010.

MEYERS NORRIS PENNY LIMITED
In its capacity as Court-appointed Receiver of
Talsma's Welding Ltd.,
And not in its personal or corporate capacity



Ian P. Mackin, CA, Trustee
Senior Vice President

EXHIBITS

EXHIBIT A - Letter report of Ralph Salomons Commercial Inc. dated August 23, 2010

EXHIBIT B - Letter report of Ralph Salomons Commercial Inc. dated August 27, 2010

EXHIBIT C - Legal Opinion prepared by Gowlings LLP

EXHIBIT D - Land Titles search

EXHIBIT E - Loan statements from Servus Credit Union Ltd.

EXHIBIT F - Receiver's Interim Statement of Receipts and Disbursements

EXHIBIT G - Receiver's summary of direct expenses



August 23, 2010

by email

Meyers Norris Penny
 102 MNP Place, 4922 – 53rd Street
 Red Deer, Alberta T4N 2E9
 Attn: Ian Mackin

Dear Mr. Mackin,

Re: Talsma's Welding Market Evaluation in Bentley Alberta

In response to your request on current market conditions in the central Alberta region and an opinion of value on Talsma's Welding building in Bentley Alberta, we present the following.

Overall Market

Since the start of 2010, there has been an increasingly positive trend in all sectors of the real estate market. Confidence in the market, low interest rates and an overall perception that the bottom has come is what has been fueling this up-swing.

Leading this activity has been the industrial sector. The demand for existing properties that are 10,000 sq.ft. or larger has been so great that the supply in Red Deer is starting to decrease to the point that building will soon be the only option for companies. Construction prices for industrial properties have also decreased to \$90-\$110 per sqft (not including site work) which combined with the 25% to 50% decrease in land prices has started to make constructing new industrial buildings a viable option.

Some of our recent industrial transactions through our brokerage include:

Property	Type	Location	Building	Land	Closing Date	Price
Peterbilt	Lease – SO	Petrolia Industrial Park	14,560 sq.ft.	2.5 acres	Pending	
Big Country	Lease – SO	Sylvan Lake	12,500 sq.ft.	2.09 acres	Pending	
Technicoil	Sale – SO	Edgar Industrial Park	9,899 sq.ft.	1.49 acres	Sept. 1 st	\$1,500,000
Clearview	Lease – MT	Clearview Industrial Park	11,250 sq.ft.	N/A	Aug. 6 th	\$11 / sq.ft.
Toromont	Lease – SO	Blindman Industrial Park	28,851 sq.ft.	4.62 acres	June 1 st	\$12 / sq.ft.

Parkland Industries	Sale – SO	Petrolia Industrial Park	12,500 sq.ft.	5.79 acres	July 15 th	\$2,000,000
Century	Sale – SO	Clearview Industrial Park	17,064 sq.ft.	8.6 acres	June 30 th	\$3,250,000
Macbain	Lease – MT	Edgar Industrial Park	2,400 sq.ft.	N/A	June 1 st	\$9.25 / sq.ft.
Macbain	Lease – MT	Edgar Industrial Park	2,400 sq.ft.	N/A	Apr. 3 rd	\$10 / sq.ft.
Pipe Wranglers	Lease – SO	Blindman Industrial Park	15,716 sq.ft.	5.36 acres	Mar. 1 st	\$11 / sq.ft.

Legend: MT = Multi-tenant building SO = Single Occupancy building

On top of these transactions, we have a number of other companies still looking for acceptable properties with some requirements going as large as 40,000 sq.ft. on 10 acres of land. The general consensus from our oilfield clientele is that in the next year we will see an increase in drilling activity and a growing demand in the oilfield service industry. A number of oil companies in the Red Deer region have already started aggressively hiring.

The residential and commercial markets generally lag behind the industrial sector and we have not seen the activity the industrial sector has been producing just yet. We have done a number of commercial transactions as well which include the sale of the Stanford Inn, various commercial leases and a sale of a multi-tenant building in Lacombe. The surge in the industrial sector will start to create jobs which in turn will spur activity for the residential sector and the commercial sector.

Subject Property – Talsma's Welding

The Talsma's Welding building provides a large amount of desirable shop space with the capabilities of a crane system being installed. It includes a large power supply, large overhead doors and high ceiling height. This building fits the requirements of most industrial users. However, two drawbacks are most apparent with this building (1) the location being within the town of Bentley which does not have a large oilfield presence there and (2) the fire code issues with the building.

Looking at the price of the building of \$1,095,000 this gives a per square foot price of \$54.75. Construction prices for this building would be in excess of \$90 per square foot which would not include sitework. In light of this, the current pricing is justified. However, due to the requirement of bringing the building up to fire code, which is estimated at \$250,000, an adjustment on price is warranted.

Therefore, it is our recommendation that the price be reduced to \$980,000. Most of the interest on building has been coming from local sources so a reduction in the price would address the public knowledge of the fire code issues as well as try to pull some of the interested parties off of the fence.

The increase in oilfield activity is expected to continue well into the first quarter of 2011 which, combined with the fact that the location of Bentley is directly on highway 20, a major roadway for the

oilfield industry, will generate business in the local economy and the need for someone to acquire the space.

If you should have any questions then please feel free to give our office a call.

Yours truly,

RSalomons

Ralph Salomons, Broker



Talsma Building, Bentley
Ian Mackin to: ralph

25/08/2010 02:26 PM

Ralph,

I met with the CU this morning and went over your report. Before they support the idea of lowering the price they would like the following additional information:

1. They are struggling understanding the magnitude of the code deficiencies relating to the building. Can you provide a more detailed breakdown of the deficiencies and secondly can you outline if all deficiencies affect all types of users (ie do the deficiencies apply to all purchasers regardless of use, or are there likely uses that would not call into play the rectification of all deficiencies).
2. The CU is attempting to understand the approval process used by the town so they can take into consideration when they finance future projects. Evidently they relied on a Certificate of Compliance With Land Use Bylaw which was provided to by the Town of Bentley. Why would the town issue such a certificate if in fact there were substantial deficiencies or no occupancy permits issued?. Can you recommend some one they can talk to on these processes to get a better understanding?
3. Considering the property is in Bentley and it has been on the market for over a year, are we be being aggressive enough on the pricing reduction to move this property? Is \$980K enough of a motivator? Your comments please.

Give me a call if you have any questions regarding the above. I'd like to get back to the CU this week if I can.

Thanks,

**Ian P. Mackin, CA, Trustee,
CIRP, Senior Vice-President**

DIRECT 403.356.1290
FAX 403.342.5388
CELL 403.358.2135
102 MNP Place, 4922 - 53 St.
Red Deer, AB T4N 2E9
ian.mackin@mnp.ca
mnpdebt.ca



MEYERS NORRIS PENNY LIMITED

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D201, 5212 - 48th Street
Red Deer, AB T4N 7C3
Tel: (403) 343-3023
Fax: (403) 343-6490
www.ralphsalomons.com

August 27, 2010

by email

Meyers Norris Penny
102 MNP Place, 4922 – 53rd Street
Red Deer, Alberta T4N 2E9
Attn: Ian Mackin

Dear Mr. Mackin,

Re: Talsma's Welding Additional Information

Please find below the information requested in response to the concerns brought up by yourself and the Credit Union.

Fire Code Deficiencies

The fire code deficiencies relate to the amount of open space allowed before either firewalls are required to separate the maximum allowable or sprinklers are constructed in the building. I refer to the Standata Building Code Variances 2006 for Water Supply for Fire Fighting for Industrial Buildings which was revised in June of 2010. A copy of the document can be obtained by accessing the Government of Alberta Municipal Affairs Code & Permits section on their website or by clicking [here](#).

The document states that industrial buildings require a water supply for firefighting purposes that exceed 600 m² (6,458 ft²) whenever the location of the building resides with access to a municipal water supply. If the building is has not been constructed with combustible materials and is not connected to a municipal water supply, the maximum allowable space is increased to 1,200 m².

With regards to the Talsma's Welding facility, the building is 20,000 ft² and of a wood frame design which puts the maximum open area to 600m² (6,458 ft²). The building is also constructed fairly close to the north property line which puts a requirement to have the north wall fire-rated. This means that the minimum any industrial user who occupies the building and requires the building to meet provincial fire code requirements must have two fire-rated walls separating the open shop space in addition to the north wall being fire-rated.

Therefore the minimum estimated cost obtained from a general contractor to bring the building up to fire code would be \$270,000. Anything above and beyond that would be specific to the user.

Town of Bentley Approval Process

I have been informed that the municipalities are in charge of enforcing the requirements needed for the construction in their jurisdictions. It is up to the municipality to approve occupancy permits and whether they accept the condition of the building in its state or not.

Since it was the Town of Bentley looking to acquire the Talsma's Welding building, the town had to investigate to ensure the building met applicable codes.

The discrepancy lies in the fact that the municipalities were not enforcing the necessary provincial requirements and therefore the occupancy permits were issued.

Market Price

In regards to the recommended price reduction to \$980,000, this was taken in line with past requests to not appear that this property needed to be moved. Further, a price of \$980,000 would still allow some negotiating room with potential purchasers in light of the above mentioned fire code deficiencies.

If your desire is to move the property within the next 90 days then a further reduction of \$100,000 is recommended as this will represent a 20% drop and demonstrate to purchasers your intent to sell and address the code deficiencies with the property. However, please expect offers in the \$600,000 to \$800,000 range as some buyers will perceive this transaction as distressed.

Another recommendation we offer if the property is to be moved quickly is to take the bottom line the Credit Union is willing to accept and increase the price accordingly to allow some negotiating room.

I hope this clarifies some of the questions yourself and the Credit Union had. If you have any other questions then please contact our office.

Regards,

Brett Salomons, B.Sc.
Associate
Ralph Salomons Commercial Inc.



Suite 1400
700 - 2nd Street S.W.
Calgary, Alberta
Canada T2P 4V5
Telephone (403) 298-1000
Facsimile (403) 263-9193
www.gowlings.com

Peter S. Jull, Q.C.
Direct (403) 292-9807
Direct Fax (403) 695-3499
Assistant (403) 298-1038
peter.jull@gowlings.com
File No. A115846

June 11, 2009

Meyers Norris Penny Limited
102, MNP Place, 4922 - 53 Street
Red Deer, Alberta T4N 2E9
Attention: Ian P. Mackin

Dear Sir:

**Re: Talsma's Welding Ltd (Bankuptee) - Security Review of Security Granted to Servus
Credit Union Ltd. (Servus)**

You have asked us to conduct a security review of the following security granted by Talsma's to Servus :

- (a) General Security Agreement dated April 29, 2004 granted over all of Talsma's present and after acquired personal property as amended by amendments dated June 6, 2006 and July 10, 2007 (the "GSA");
- (b) A land mortgage in the principal amount of \$886,000 dated April 30, 2006 (the "Mortgage" both of which are collectively referred to as the "Security Agreements").

There are additional security documents, including Guarantees and other documents, which are not to relevant to the requested review.

I. SCOPE OF REVIEW

We reviewed the GSA and the Mortgage generally to identify any aspect of the documents or any registrations which did not appear complete and regular on their face or which appeared to affect their enforceability. In conducting our review we have assumed:

1. with respect to all documents examined by us, the genuineness of all signatures, the legal capacity of individuals signing any documents, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified or photocopied copies;
2. that there are no agreements to which Talsma's is a party which may impair the ability of its to grant security or performance obligations under the Security Agreements;
3. that the descriptions in the GSA and the Mortgage of the property and assets intended to be secured thereby are correct and complete;

4. that the indices and records in all filing systems maintained in all public offices where we have searched or inquired or have caused searches or inquiries to be conducted are accurate and current, and all certificates and information issued or provided pursuant thereto are and remain accurate and complete;
5. that the GSA and the Mortgage have been duly authorized, executed and delivered by all parties to them, and that the authorization, execution and delivery of the Security Agreements by Talsma's and the performance by any of its obligations under the Security Agreements, does not breach any of the constating or trust documents of any of them or any laws to which it is subject;
6. that Servus is the Successor in name to Community Credit Union Ltd.
7. and that the only jurisdiction where Talsma's carried on business is the Province of Alberta.

II. OUR OPINION ON THE SECURITY

We have examined the copies of the GSA and the Mortgage and they appear to be valid and enforceable in accordance with their terms, subject to our comments and to the assumptions and qualifications set out in this letter. The priorities between Servus and other creditors are subject to our comments below.

III. SEARCHES

We have conducted the following searches as part of the security review:

1. Corporate Searches

We conducted a corporate search in the Province of Alberta against Talsma's. The result of this search is set out in Schedule "A" to this letter.

2. Personal Property and other Searches

We conducted a search in Alberta under the *Personal Property Securities Act* to identify the relative competing claims to the personal property described in the Security Documents. A copy of the search is set out in Schedule "B" to this letter. The search results returned the following:

- (a) *Personal Property Security Act* Registration Number 04043036724 registration of security, registration date April 30, 2004, expiry date April 30, 2014. The secured party is Servus Credit Union Ltd.
- (b) Collateral Description:

- (i) All present and after acquired personal property
- (ii) 2007 Haco Kompakt 3015 Full CNC Plasma Centre, Serial Number 40056
- (iii) 2005 Haco Full CNC Pressbrake Synchronmaster 36150, S/N 823345
- (iv) 2006 Haco HSL-3010 Full CNC Hydraulic Guillotine Shear, S/N 078177

We have the following comments about the GSA:

- (a) the Borrowing Resolution of September 28, 2008 authorizes Talsma's to borrow and grant security (which would include the mortgage and the GSA) up to the sum of \$1,932,820. The total debt claimed in the proceedings appointing the Receiver is \$2,043,089.73 and there may be an issue as to whether the borrowing in excess of the authorized amount is subject to the Servus security.
- (b) the Servus PPR registration against Talsma's does not include serial numbered goods as one of the included collateral classifications. We note that there are registrations made against Talsma's by Third Parties that are against specific vehicles and equipment which appear to constitute serial number goods. There are also registrations by Third Parties against leased goods. The Secured Parties under those registrations would likely have priority over Servus with respect to the property described in the registrations. Some of the registrations filed subsequent to the Lender's registrations could be Purchase Money Security Interest registrations ("PMSIs") or security agreements that have priority over the GSA. If all requirements to PMSIs have been met with respect to any of those registrations then the Third Party would have perfected PMSIs which will have a priority over the Servus Security Agreements. A copy of the Third Parties who appear to have priority over Servus for such chattels is listed on Schedule "C" for the property disclosed in Schedule "B".

3. Real Property Searches

We have conducted a search of the Certificate of Title of the land over which Talsma's granted the Mortgage. We enclose a copy of the Certificate of Title as Schedule "D" to the property. The Certificate evidences the registration of the Mortgage in the principal amount of \$886,000 dated August 30, 2006 in favour of Servus.

Based on our review of the Mortgage and the registrations and subject to the qualification set out as to the execution and delivery of the documents, in our opinion the Mortgage is valid and enforceable and is registered as a first financial charge against the lands to a limit of \$886,000 plus interest, subject to certain statutory priorities.

4. Statutory Priority

Under the *Land Titles Act*, there are certain statutory priorities including business taxes, property taxes, environmental liabilities which would have priority over the Mortgage.

There are additional statutory priorities including priorities for employee payroll remittances, GST remittances under the *Income Tax Act* and *Excise Tax Act*, employment priorities under the *Wage Earner Protection Program Act* which may have priority over the GSA and the Mortgage. Please contact us if you require clarification of these priorities.

We trust you should find the enclosed to be in satisfactory. If you have any questions with respect to the Security and its enforceability, please contact the writer.

Yours very truly,

GOWLING LAFLEUR HENDERSON LLP



Peter S. Jull, Q.C.

PSJ:pg

Encls.



LAND TITLE CERTIFICATE

S		
LINC	SHORT LEGAL	TITLE NUMBER
0030 586 490	0424299;2;6	042 310 255

LEGAL DESCRIPTION
 PLAN 0424299
 BLOCK 2
 LOT 6
 EXCEPTING THEREOUT ALL MINES AND MINERALS
 AREA: 0.815 HECTARES (2.01 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
 ATS REFERENCE: 5;1;40;22;NE

MUNICIPALITY: TOWN OF BENTLEY

REFERENCE NUMBER: 042 310 251

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
042 310 255	27/07/2004	TRANSFER OF LAND	\$20,000	\$20,000

OWNERS
 TALSMA'S WELDING LTD..
 OF BOX 113
 BENTLEY
 ALBERTA T0C 0J0

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
042 310 253	27/07/2004	UTILITY RIGHT OF WAY GRANTEE - ATCO GAS AND PIPELINES LTD.. AS TO PORTION OR PLAN:0424300

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
042 310 255

REGISTRATION
NUMBER

DATE (D/M/Y)

PARTICULARS

062 437 447 28/09/2006 MORTGAGE
MORTGAGEE - COMMUNITY CREDIT UNION LTD..
BOX 237
BENTLEY
ALBERTA T0C0J0
ORIGINAL PRINCIPAL AMOUNT: \$886,000

062 437 448 28/09/2006 CAVEAT
RE : ASSIGNMENT OF RENTS
CAVEATOR - COMMUNITY CREDIT UNION LTD..
BOX 237
BENTLEY
ALBERTA T0C0J0
AGENT - KENNETH CRUICKSHANK

092 071 168 09/03/2009 CERTIFICATE OF LIS PENDENS
AFFECTS INSTRUMENT: 062437447

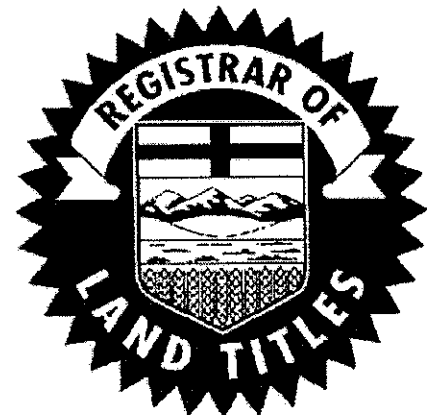
092 117 834 17/04/2009 WRIT
CREDITOR - NWP INDUSTRIES INC..
C/O PARLEE MCLAWS LLP
3400, 150- 6 AVENUE SW
CALGARY
ALBERTA T2P3Y7
DEBTOR - TALSMA'S WELDING LTD..
BOX 113
BENTLEY
ALBERTA T0C0J0
AMOUNT: \$50,370 AND COSTS IF ANY
ACTION NUMBER: 0901-02291

TOTAL INSTRUMENTS: 005

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED
HEREIN THIS 12 DAY OF NOVEMBER, 2010 AT 10:48 A.M.

ORDER NUMBER:17786712

CUSTOMER FILE NUMBER: 354797 Talsm



END OF CERTIFICATE

(CONTINUED)

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Servus, Common Wealth and Community Savings
are now Canada's first province-wide credit union - Servus.

SERVUS CREDIT UNION LTD. - BENTLEY
PO BOX 237 - Branch 197
BENTLEY ALBERTA T0C 0J0
(403) 748-4202
1.888.888.8792
www.communitysavings.ca

EXHIBIT E

TALSMA'S WELDING LTD
PO BOX 113
BENTLEY ALBERTA T0C 0J0

Account No. 600105520770
No. of Enclosures 0
Page: 1 of 2
Date: 31-10-2010

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Pay As you Go Business ACCOUNT 600105520770

Cheques Not Enclosed

Date	Description	Debits/ Interest	Credits/ Principal	Balance
Oct01	Balance Forward			1,201,822.64
Oct01	Descriptive Withdrawal Professional Fees - Receiver and Legal	-101,282.97		1,303,105.64
Oct08	Descriptive Withdrawal Legal Fees	-632.17		1,303,737.81
Oct31	Limit OD Interest Charge	-5,095.92		1,308,833.73
Oct31	OD Excess Bal Interest Charge	-2,573.56		1,311,407.29
Oct31	Stand By & Usage Fee	-180.00		1,311,587.29
Oct31	Maintenance Service Charge	-4.95		1,311,592.24
Total Debits		-109,769.57		
Total Credits			0.00	

Meyers Norris Penny Ltd.
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Account No. 53795550
No. of Enclosures 0
Page: 1 of 1
Date: 31-10-2010

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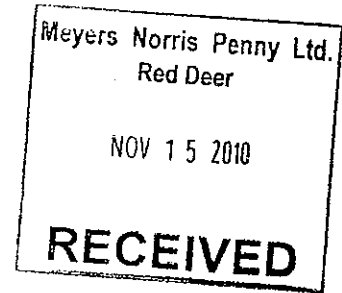


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Business Term Variable 53795550

Commercial Loan

Interest Paid YTD \$0.00
Interest Payments \$0.00
Principal Advanced \$0.00
Principal Payments \$0.00



Date	Description	Debits/ Interest	Credits/ Principal	Balance
Oct01	Balance Forward			90,640.17
Oct30	Late Charge Assessment	25.00		90,665.17



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Account No. 53129720
No. of Enclosures 0
Page: 1 of 1
Date: 31-10-2010

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Business Fixed Closed 53129720

Mortgage Loan
Interest Paid YTD \$0.00
Interest Payments \$0.00
Principal Advanced \$0.00
Principal Payments \$0.00

Date	Description	Debits/ Interest	Credits/ Principal	Balance
Oct01	Balance Forward			637,226.62
Oct30	Late Charge Assessment	25.00		637,251.62



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**Talsma's Welding Ltd. - Receivership
Interim Statement of Receipts and Disbursements
For the Period March 17, 2009 to November 16, 2010**

	Mar. 17/09 to Aug. 13/10	Activity During Period	Mar. 17/09 to Nov. 16/10
Receipts			
Sale of Assets	\$ 613,558.50	\$ -	\$ 613,558.50
Accounts Receivable	130,206.63	-	130,206.63
Insurance Proceeds	15,590.00	-	15,590.00
GST Collected	100.00	-	100.00
GST Refund	12,569.08	-	12,569.08
Miscellaneous Refund	1,793.18	-	1,793.18
Receiver's Certificate	-	100,000.00	100,000.00
Total Receipts	773,817.39	100,000.00	873,817.39
 Disbursements			
General and Administrative	70.00	251.27	321.27
Stocktaking, Inventory, Possession and Security	15,436.94	932.80	16,369.74
Repairs and Maintenance	965.90	-	965.90
Insurance	30,306.00	4,500.00	34,806.00
Consulting Services	3,790.00	-	3,790.00
GST Paid	9,142.79	1,635.35	10,778.14
Utilities	22,615.83	2,986.14	25,601.97
Auctioneer Expenses			
Commission	53,518.23	-	53,518.23
Auctioneer Expenses	26,622.21	-	26,622.21
Auction Expenses	8,492.81	-	8,492.81
Property Taxes	16,612.59	15,479.49	32,092.08
Legal Fees and Disbursements	8,743.71	7,535.77	16,279.48
Professional Fees and Disbursements (Note 1)			
Interim Receiver's Fees and Disbursements	64,975.09	-	64,975.09
Receiver's Fees and Disbursements	68,147.11	17,806.83	85,953.94
Transfer to Bankrupt Estate	11,230.00	-	11,230.00
Total Disbursements	340,669.21	51,127.65	391,796.86
	\$ 433,148.18	\$ 48,872.35	\$ 482,020.53
 Represented by:			
Payment of Deemed Trust Claim - Canada Revenue Agency	157,196.09	-	157,196.09
Payment to Secured Creditor - Servus Credit Union Limited	260,000.00	-	260,000.00
Retained by Receiver (Note 2)	15,952.09	48,872.35	64,824.44
Total	\$ 433,148.18	\$ 48,872.35	\$ 482,020.53

Notes:

1. A schedule of these amounts is attached as Appendix 1.

2. Includes an amount of \$9,290.63 held in trust to satisfy payment of the deemed trust portion of the claims filed under the *Wage Earners' Protection Program Act*.

**Talsma's Welding Ltd. - In Receivership
Summary of Building Costs**

	Amount
	(Note 1)
Security	\$ 10,424.39
Utilities	25,601.97
Insurance	28,788.00
Maintenance and Repairs	965.90
Property Taxes	32,092.08
	<u>\$ 97,872.34</u>

NOTE 1: All amounts are net of GST.

Action No. 0903 03818

IN THE COURT OF QUEEN'S BENCH OF
ALBERTA
JUDICIAL DISTRICT OF EDMONTON

IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, V.B-3, AS
AMENDED*



BETWEEN:

MEYERS NORRIS PENNY LIMITED

Receiver

- and -

SERVUS CREDIT UNION LTD.

Creditor

- and -

TALSMA'S WELDING LTD.

Debtor

REPORT OF RECEIVER

WARREN SINCLAIR LLP
Barristers and Solicitors
600, 4911 - 51 Street
Red Deer, AB T4N 6V4

Telephone: (403) 343-3320
Fax: (403) 343-6069
reider@warrensincclair.com

File. 74685rme