

This is the 1st affidavit of Alankar Khara in this case and was made on November 20, 2023.

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985
c. C-36, AS AMENDED

-AND-

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF TEBO MILL
INSTALLATIONS INC., TEBO MILL CONSTRUCTION INC., ALGON HOLDINGS INC.,
FRASERVIEW FABRICATION AND MACHINING INC., and PTOLEMYTECH
CONSULTANTS INC.

PETITIONERS

AFFIDAVIT

I, Alankar Khara, BUSINESSMAN, of the City of Vancouver, in the Province of British Columbia, AFFIRM THAT:

1. I am the Managing Director of TEBO Group of Industries (“**TEBO**” or the “**TEBO Group**”), and as such have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief, and where so stated, I verily believe them to be true.

RELIEF SOUGHT

2. I make this affidavit in support of an urgent application by the Petitioners for an Order (the “**Initial Order**”) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the “**CCAA**”), for certain relief including, among other things, the following:

- a. a declaration that the CCAA applies to the Petitioners;
- b. a stay, for an initial period of not more than ten (10) days (the “**Stay of Proceedings**”) of all proceedings and remedies taken or that might be taken in respect

of the Petitioners or any of their property, except with the written consent of the Petitioners and the Monitor, or with leave of the Court;

- c. authorizing the Petitioners to carry on business in a manner consistent with the preservation of their property and business and to make certain payments in connection with their business during the proposed CCAA proceedings (the “**CCAA Proceedings**”);
- d. appointing Crowe Mackay LLP as an officer of the Court to monitor the assets, business and affairs of TEBO in these proceedings (once appointed in such capacity, the “**Monitor**”); and
- e. granting the following priority charges (collectively, the “**Charges**”) over the Petitioners’ current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively, the “**Property**”):

- (a) the Administration Charge (as defined below) in favour of the Monitor, counsel to the Monitor and counsel to the Petitioners; and

- (b) Directors’ Charge (as defined below) in favour of the Petitioners’ directors and officers.

3. Unless otherwise provided, all amounts set out in this affidavit are provided in Canadian currency.

OVERVIEW AND NEED FOR CCAA PROTECTION

4. The Petitioners, TEBO Mill Installation Inc., TEBO Mill Construction Inc., Frasersview Fabrication and Machining Inc, and Algon Holdings Ltd., collectively do business as the “TEBO Group of Industries” (all together, the “**TEBO Group**” or “**TEBO**”). Ptolemytech Consultants Inc. is a related company owned and run by my wife, Jyoti Khara, who is also a part of TEBO’s ownership group.

5. TEBO is a leading industrial component developer, with four decades of experience on all seven continents. It has completed various industrial and commercial construction projects both as an EPC (engineering-procurement-construction) contractor and as a prime contractor.

6. The TEBO Group consists of three main business segments: (i) installation, (ii) construction, and (iii) fabrication. These business segments are conducted through three corporations. They are, respectively:

(a) TEBO Mill Installations Inc. (“**TMI**”);

(b) TEBO Mill Construction Inc. (“**TMC**”); and

(c) Fraserview Fabrication and Machining Inc. (“**FFM**”).

7. TEBO established its installation and construction businesses in 1986, and the fabrication business was established in 1993. Algon Holdings Ltd. (“**Algon**”) is primarily a financial vehicle for the TEBO Group.

Fibreco Silo Collapse

8. In or around 2020 and 2021, TEBO completed two major projects at Fibreco Export Inc.'s (“**Fibreco**”) export terminal in North Vancouver (“**Terminal Projects**”) for Fibreco and Ag Growth International Engineering (“**AGI**”). Specifically, they fabricated the steel for the Fibreco export chip loading facility and the Silos reconstruction project.

9. On September 11, 2020, one of Fibreco’s silos collapsed (the “**Silo Collapse**”). This impacted TEBO’s financial position through delayed payment of Accounts Receivable (“**AR**”) on the projects and unanticipated rental costs, as is explained in more detail below.

New Ownership and RBC Financing

10. In 2021, the current ownership group acquired TEBO. At that time, they still expected to recover the Terminal Projects’ AR, and they anticipated a pipeline of work in the sawmill, pulp and paper industries.

11. To address its working capital constraints, TEBO entered into credit agreements with the Royal Bank of Canada (“**RBC**”) on November 10, 2021. Amended and restated credit

agreements were entered into on July 20, 2022 (collectively, the “**RBC Credit Agreements**”). Attached hereto and marked as **Exhibits “A”** and “**B**” are copies of the RBC credit agreement with Algon Holdings Inc., and TEBO Mill Installations Inc., respectively, both dated November 10, 2021.

Consequences of Silo Collapse

12. Fibreco’s Silo Collapse caused TEBO’s equipment to be damaged, including a leased crane which was trapped in the collapsed silo. TEBO incurred unexpected rental costs as a result of the trapped equipment.

13. Even more significantly, TEBO's Accounts Receivable (“**AR**”) on the Terminal Projects remained outstanding after the Silo Collapse. Despite consistent efforts to have that AR paid, it took over a year for AGI and Fibreco to complete payment of the remaining \$1.6 million, which finally occurred in October, 2022.

14. Fibreco and AGI’s delay in paying the AR materially affected liquidity for the entire TEBO Group in 2021 and 2022. Attached hereto and marked as **Exhibit “C”** is an email from Bill Mullins of TEBO Group to Justin Paterson of AGI regarding outstanding invoices. Attached hereto and marked as **Exhibit “D”** is an email chain beginning with an email from Bill Mullins of TEBO Group to Megan Owen-Evans of Fibreco dated May 5, 2022 following up on outstanding invoices, and then concluding with an email from Dan Williamson of Fibreco dated May 17, 2022 in response to Mr. Mullins.

Downturn in pulp and paper and sawmills industries

15. TEBO was initially set up to service pulp and paper mills and sawmills. It is in fact one of the oldest extant forestry construction and maintenance services providers in Western Canada. Since TEBO’s establishment in 1986, it has served the needs of local mills including providing overload services, millwrights, welders, carpenters, pipe fitters, maintenance supervisors, and installation project managers.

16. However, in recent years, there has been a downturn in the sawmill, pulp and paper industries due to, among other things (a) a shortage in the supply of wood fibre and other supply shortages; (b) regulatory changes in respect of fibre quotas and stumpage rates; and (c) ongoing

trade tensions regarding fibre exports to the United States and resulting antidumping and countervailing duties. As a result, this source of business has decreased greatly.

Diversification and expansion in response to market conditions

17. In response to these industry conditions, TEBO diversified into other industries and jurisdictions. However, there have been challenges on these fronts as well, as described in the paragraphs below.

18. First, TEBO tried to build on its previous work in other jurisdictions, namely in Europe and across North America, with limited success. Then, TEBO expanded its international scope and successfully secured project work in Africa. However, this project work has proven difficult to finance. Locally, TEBO also diversified into other industries, such as road maintenance, and has been successful in doing so. Though it has faced payment timing issues with these, as elaborated upon below.

RBC facilities unsuited to new circumstances

19. The RBC Facilities were not suited to TEBO's new project financing requirements. As TEBO's diversified projects proceeded, and the revenue and financing associated with them stalled, TEBO could not service its debts while maintaining operations. Consequently, TEBO found itself in default on its RBC Credit Agreements.

20. In March, 2023, RBC locked TEBO out of its operating line of credit. RBC ceased margining TEBO's AR as well. From this point, and until it could secure more credit, TEBO had to operate on a cash basis.

Project payment delays

(a) African Projects

21. In response to domestic circumstances described above, TEBO expanded into new markets internationally. TEBO had international experience prior to this in the United States and Europe, however it had not operated previously in Africa.

22. In May and June, 2023, TEBO was successful in its bids on two projects in Africa, specifically, the design-build construction of (a) the YKN Pan African Library and William Ruto

Leadership Centre in Uganda, and (b) a large housing relocation and construction project which will create over five thousand affordable and mixed residential units in Rwanda over five years, worth a combined value of €36 million (“**African Projects**”). Attached hereto and marked as **Exhibits “E”** and **“F”** are the agreements TEBO entered into agreements for these African Projects: the Memorandum of Understanding between the TEBO Group of Industries and the Rwanda Housing Authority dated May 24, 2023, and the Design-Build Contract between the East Africa Strategic Investment Forum, the Government of Uganda, and the TEBO Group of Industries with the East Africa Investment Forum and the Government of Uganda dated June 6, 2023 (the “**African Contracts**”), respectively. Attached hereto and marked as **Exhibit “G”** is a Summary of the Project document by TEBO, explaining the Affordable Housing in the city of Kigali, Rwanda Project.

23. These projects are of a much larger scope than TEBO’s previous projects, and project financing has correspondingly taken longer to secure as well. This is further complicated by new jurisdictional challenges.

(i) African Project Financing Challenges

24. Project financing for the African Projects has proven difficult. TEBO sought project financing with RBC for the African Projects. RBC referred TEBO to EDC, which was able to provide a bonding facility for approximately \$2 million. After further back and forth with RBC's Trade Finance Department, TEBO developed a strategy to seek financing based on the security of a private equity funded standby letter of credit. This necessary strategy has significantly extended the process timeline for obtaining project financing, as described further below. Attached hereto and marked as **Exhibit “H”** is the template form of standby letter of credit which RBC sent to TEBO in response to its request for financing of its Africa Projects.

(b) Local Projects

25. Locally, TEBO diversified into other types of construction as well as roadwork. It had done so previously in its history to address market changes as well. For example, TEBO undertook projects for green energy developments in 2008, which saved it from the 2008 industrial crunch. Motivated this time by the sawmill and pulp and paper downturn, TEBO bid

on, and was successfully awarded, two projects from the BC Ministry of Transportation and Infrastructure (“**MOTI**”) recently:

- a. \$2,575,000 contract awarded to TMI for maintenance and repairs to the Summit Lake Overhead on Trans-Canada Highway No. 1 near Revelstoke; and
- b. \$5,895,000 contract awarded to TMC for constructing a wildlife overpass on Highway Nos. 93/95 near Radium Hotsprings.

(the “**MOTI Projects**”)

Attached hereto and marked as **Exhibits “I”** and “**J**” are copies of the agreements between TMI and MOTI, dated August 29, 2023 and September 13, 2023, respectively.

26. A significant amount of time can elapse between beginning the bidding process and receiving payment on such projects, however. For example, TEBO worked for over a month on its bids, including completing a question-and-answer period, in June and July, 2023 for the MOTI projects, and then submitted its bid in July, 2023. It was not informed that it was successful until August 29, 2023 on one project, and September 13, 2023 on the other, and the project did not begin until October, 2023.

27. Moreover, compensation occurs through end-of-the-month invoicing with payment made within a month after the invoice is issued. Thus, TEBO issued its first invoice on the project on October 31, 2023, and anticipates being paid soon, before November 30, 2023 on its first invoice which was in the amount of approximately \$400,000. This creates another temporal liquidity constraint within TEBO, with significant costs paid up-front and corresponding accounts receivable paid months thereafter.

28. To summarize, the downturn in the sawmill, pulp and paper industries, the challenges in securing more credit to complete various construction projects, and the delays in payment, have made the current ownership’s business plan for TEBO challenging.

(Re)financing efforts

29. To address its working capital deficiency and repayment to RBC, TEBO made efforts to refinance. These efforts are ongoing, progress is being made, and certain financings are at an advanced stage.

30. On the one hand, TEBO has made efforts to obtain an asset-based lending facility by margining its AR on the MOTI Projects. These efforts have advanced with BDC for a \$2-3 million credit facility and are now just subject to underwriting. They informed us on November 6, 2023, that the underwriting process will take a further two to three weeks. Two bridge lenders, Pillar Capital, and United Trust Bank, have also expressed interest in providing such asset-based lending facility as well and TEBO is pursuing negotiations with those bridge lenders concurrently.

31. On the other hand, TEBO made efforts to finance its African Projects which are elaborated upon below. As discussed above, a standby letter of credit was required to secure this. TEBO negotiated the standby letter of credit with private parties.

32. Due diligence on the standby letter of credit began in April, 2023. The standby letter of credit was approved in early May, 2023.

Original Forbearance Agreement

33. On or around May 26, 2023, TEBO entered into a forbearance agreement with RBC, pursuant to which RBC agreed to forbear from demanding repayment of the RBC indebtedness or enforcing on its security until June 30, 2023 (the “**Original Forbearance Agreement**”).

34. As referenced above, TEBO genuinely expected that approval of the standby letter of credit meant that it could meet its June 30, 2023 deadline with RBC.

35. However, although it was approved in May, 2023, the standby letter of credit was not ultimately issued until August, 2023.

Investment agreement

36. On July 17, 2023, TEBO executed a confidential investment agreement with a UK real estate investment company (“**UK Investor**”) whereby the UK Investor agreed to invest USD\$50 million to partner with TEBO on certain assets. TEBO took further steps to finalize this Investment Agreement but encountered delays in this process. Specifically, given the UK Investor would be providing funds by raising capital from using cash collateral banking instruments, the banks determined they needed to proceed by way of syndication with other banks in order to contain the risk exposure. TEBO is still working to obtain these funds, and is optimistic this can be completed in the near future. Attached hereto and marked as **Exhibits “L”** and **“M”** are the Investment Agreement between the UK Investor and TMC, dated July 17, 2023, and a bank guarantee of funds wire instructions dated September 20, 2023 (but remaining unfiled, except as sealed).

Amending Forbearance Agreement

37. On August 18, 2023, in light of the delayed but progressing financing efforts, the Original Forbearance Agreement was amended and extended on certain terms to September 15, 2023 (the “**Amending Forbearance Agreement**”, and together with the Original Forbearance Agreement, the “**Forbearance Agreements**”).

(Re)financing efforts advanced, yet to be finalized

(a) Citibank syndicated project finance

38. TEBO has secured a commitment from Citibank NA (“**Citibank**”) to lead a USD\$50 million syndicated credit facility for project financing based on the security of the standby letter of credit, which would be led by Citibank as administrative agent.

39. TEBO erroneously believed that financing would be completed rather quickly after the standby letter of credit was issued. However, that process is not yet complete despite TEBO’s best efforts. Initially, syndication was explored with a different consortium of banks, and this evolved into Citibank taking the lead and with a different group. TEBO had communicated the earlier iteration of the plan to RBC. TEBO understands from Citibank that the process of syndication and funding may be completed in the very near future.

40. In the event this financing concludes, TEBO's management intends to use USD40 million for operations in Africa and utilize the remaining USD\$10 million in Canada as working capital and to repay the RBC Indebtedness.

(b) Alternate financing of African Projects

41. TEBO is also in discussions with a lender in the United Arab Emirates ("**UAE Bank**") for a credit facility to finance the African Projects. This involves the UAE Bank lending against the African Projects based on certain potential government guarantees. TEBO is in the process of seeking out this additional pre-requisite in order to potentially secure this line of financing for its African Projects. The intention would be again to repatriate a portion of it to repay TEBO's Canadian debts, and address its Canadian operating needs. Attached hereto and marked as **Exhibits "N" and "O"** are the Memorandum of Agreement dated November 13, 2023, the Letter of Guarantees for the Sukuk bonds dated November 6, 2023, as between the UAE Bank and TEBO (intended to be remain unfiled, except as sealed)

(c) Other funding prospects

42. TEBO has also been seeking AR margining on its BC projects, particularly the MOTI Projects, in order to address the payment timing lag on those projects. These efforts have been mainly with BDC. TEBO paid \$230,000 and \$62,000.00 from its AR recovery against the RBC loan during this time in good faith effort to repay its indebtedness.

Receivership Application

43. As described above, TEBO has ongoing operational projects, and has secured further projects in its future pipeline, yet it has also faced challenges with refinancing, and in obtaining adequate project financing for its African Projects. As a result, TEBO was unable to meet the September 15, 2023, payment deadline. TEBO remained in communication with RBC and urged RBC to communicate directly with the bankers in New York involved in establishing the syndicated loan facility.

44. On October 30, 2023, RBC filed a Notice of Application seeking to assign a receiver over all of the assets, undertakings, and property of the TEBO Group ("**Receivership Application**").

45. According to RBC, as of October 16, 2023, the balance on the RBC Credit Agreements was over \$5,541,000, plus interest. The Petitioner, Ptolemytech Consultants Inc. (“**Ptolemytech**”) is also indebted to RBC for a small amount in connection with a corporate credit card (the “**RBC Indebtedness**”).

Receivership could jeopardize projects and enterprise value

46. TEBO remains committed to paying out RBC at the earliest opportunity.

47. If the Receivership Application is granted, I believe it would disrupt and potentially jeopardize ongoing projects, and would erode upside enterprise value.

48. First, the appointment of a receiver would be considered an “Event of Default” under the MOTI Projects' agreements, and TEBO is concerned that counterparties such as MOTI in particular would be reticent to continue project work with TEBO if it was under receivership.

49. TEBO’s Directors and Officers are committed, and better positioned, to oversee its ongoing projects, and thereby preserve enterprise value. TEBO repeats that its management and employees have longstanding project experience.

50. Going into receivership which could lead to liquidation would be especially harmful to stakeholders, especially employees, subcontractors, and project partners and counterparties.

Conclusion

51. The requested Initial Order, and the Stay of Proceedings provided for thereunder, is urgently required to provide much needed breathing space for TEBO to address its solvency issues and avoid potential unilateral action by its creditors that may result in the liquidation of the TEBO and their assets, which would be a suboptimal outcome for nearly all stakeholders. In addition to addressing balance sheet issues, the CCAA filing is also intended to benefit all TEBO’s stakeholders, including, among others, TEBO's employees, customers, suppliers and other contracting parties.

CORPORATE STRUCTURE OF THE TEBO GROUP

52. The Petitioners are corporations incorporated under the *Business Corporations Act (British Columbia)* with registered and records office at #300-15127 100th Avenue, Surrey, BC,

V3R 0N9, a head office at 3230 Baird Street, North Vancouver, BC, V7K 2G7, (the “**Head Office**”) and operating facility at 8056 and 8086 Alexandra Road, Delta, BC, V4G 1G7.

53. As mentioned above, in 2021, a transfer of ownership occurred. At that time, the purchaser numbered company representing the Khara family entered into a Share Purchase Agreement with the three founders of TEBO as the vendors. Two of the three original founders remained on in senior management positions after the transfer of ownership and continue to work with the TEBO Group.

54. After the change in ownership, TEBO’s three main business segments of (i) installation, (ii) construction, and (iii) fabrication were disaggregated into the three main corporations: TMI, TMC, and FFM.

55. Algon Holdings Ltd. (“**Algon**”) was also incorporated following the change of ownership. As noted above, it exists mainly as a financing vehicle for the TEBO Group.

56. All four were created on October 25, 2021 following the transfer of ownership, and incorporated under the laws of British Columbia. TMI was created as a result of an amalgamation with TMI’s predecessor corporation.

57. Ptolemytech Consultants Inc. (“**Ptolemytech**”) was incorporated earlier, in 2017, and its sole director is, and has been, another member of the Khara family, Jyoti Khara, who is a member of TEBO's ownership group. It has a different registered and records office: 638 Derwent Way, Delta, BC, V3M 5P8.

58. As such, the TEBO Group is a corporate organization based primarily in Canada. Attached hereto and marked as **Exhibit “P”** are corporate profiles for the TEBO Group available at the time of swearing this affidavit.

59. The TEBO Group operates a functionally integrated group. The managerial decision-making is centralized out of its Head Office and many of its operational functions are consolidated.

60. As at November 17, 2023, the TEBO Group had approximately 132 employees – further details regarding the Employees (as defined below) can be found below.

THE BUSINESS

Overview

61. The TEBO Group is a progressive group of industries with a solid industry reputation specializing in all types of general contracting and EPC contracting (engineering, procurement, and construction) work in the field of industrial and commercial construction and installations.

62. Each of the three business segments has developed its own identity as well:

- a. TMI is a leading industrial plant installer globally. It provides industrial installation services to clients, and to the TEBO Group for its engineering, procurement, and construction projects. It is one of the largest and oldest industrial installation companies in Western Canada, and has completed several industrial installations at the Vancouver port terminal and Vancouver International Airport.
- b. TMC is an industrial and commercial construction company completing projects both as a general contractor and as a subcontractor. TMC has managed projects with an average project budget of \$50 million.
- c. FFM is a major manufacturer of steel structures used in industrial and commercial construction. It is the largest custom steel fabrication manufacturer in the Lower Mainland, and has developed structured steel parts for the Port Mann Bridge and BC Ferries' docking stations, among other projects.

63. Collectively, the three business segments of the TEBO Group comprise a vertically integrated business enterprise, capable of fabricating, constructing and installing industrial plants and infrastructure on a global basis in a sustainable way.

64. The TEBO Group is a global leader in industrial construction, with successful projects in Canada, Ireland, Chile, Argentina, the USA, and the UK. These projects include the construction of a new sawmill with 100 bin sorters at Balcas Timber in Northern Ireland (the largest sawmill in the UK and Ireland) and the construction of a Trim/Sort/Stack system for Arauco Forest Products in Chile. Its construction and installation projects also include baggage handling systems at the Vancouver International Airport, Victoria Airport, and Saskatoon Airport.

65. TMI and TMC currently operate from a five-acre facility located at 8056 Alexander Road and 8086 Alexander Road, in Delta, British Columbia.
66. TEBO is currently contracted to complete projects in the following locations:
- a. road maintenance and repairs to the Summit Lake Overhead on Trans-Canada Highway No. 1 near Revelstoke, BC, valued at \$2,575,000;
 - b. construction of a wildlife overpass near Radium Hot Springs, BC, valued at \$5,895,000;
 - c. warehouse extension project for Richmond Plywood in Richmond, BC valued at \$1.5 million;
 - d. fabrication on a gassification plant by Nexterra Systems at the University of British Columbia Point Grey campus in Vancouver, BC, valued at \$2 million;
 - e. fabrication and construction on a proposed biogas facility in South Surrey, BC with Andion Global, funded by the Government of Canada in partnership with Semiahmoo First Nations, valued at \$35 million;
 - f. various smaller (\$100,000 to \$500,000 in value) custom steel fabrication projects, mainly for other clean energy plants across various jurisdictions;
 - g. construction of government housing project to build over five thousand affordable and mixed housing over five years in Kigali for the Rwanda Housing Authority in Rwanda;
 - h. design-build construction of the YKN Pan African Library and William Ruto Leadership Centre in Uganda commissioned by the East African Investment Initiative, and the Ugandan government, in collaboration with the Kenyan government, with a budget of USD\$250,000,000; and
 - i. construction on a 32-storey residential development (City Center 100) in Surrey, BC (awaiting permitting).

Employees

67. The TEBO Group currently employs approximately 132 individuals (the “**Employees**”). Of this number, eight are salaried while the rest are paid hourly. The number of Employees, and the specific Petitioner who employs them is further detailed in the chart below.

Entity	Total
TMI	88
TMC	13
FFM	31
Total	132

68. TMI’s employees are unionized (the “**Unionized Employees**”). The Unionized Employees and their employment relationships are governed by a Collective Agreement (the “**Collective Agreement**”) by and between TMI and the United Steelworkers Union. Attached hereto and marked as **Exhibit “Q”** is the current Collective Agreement.

69. TEBO has mainly long-term employees, many working for the TEBO Group for years and even decades. Approximately 60% of the workforce has been with TEBO for over ten years.

Leased Assets

70. The TEBO Group operates from leased premises. TMI entered into its current lease agreement on August 17, 2023 to operate out of the leased premises located at 8056 and 8086 Alexander Road, Delta, BC for a period between May 1, 2014 until April 30, 2029. Attached hereto and marked as **Exhibit “R”** is the Lease Agreement between 5690 Imperial Holdings Ltd. and TMI, dated August 17, 2023.

71. TEBO also leases a premises in Calgary, Alberta (“**Calgary Office**”). Attached hereto and marked as **Exhibit "S"** is a copy of the lease for the Calgary Office.

72. TEBO also leases various motor vehicles: two 2020 Ford F150 motor vehicles bearing serial numbers 1FTEW1E41LFA52485 and 1FTEW1E41LFB16962, a 2020 Ford F150 motor vehicle bearing serial number 1FTFW1E40LKF42895, a 2023 Ford F150 motor vehicle bearing serial number 1FTFW1E87PFA25997.

Suppliers

73. The TEBO Group relies on a number of vendors, suppliers, and third-party service providers to operate its business (collectively, the “**Third-Party Suppliers**”). The Third-Party Suppliers are essential to the operations of the TEBO Group. To provide an example of the ongoing Third-Party Suppliers, attached hereto and marked as **Exhibit "T"** are Accounts Payable lists of TMI, TMC, and FFM, as at July 19, 2023.

74. Since operating on only a cash-basis, TEBO has been negotiating invoices and utilizing credits with Third-Party Suppliers to avoid being in arrears with these Third-Party Suppliers.

Cash Management and Credit

75. TEBO banks mainly with RBC. TEBO holds six accounts at RBC. It also holds one bank account with TD Canada Trust and four with Bank of Montreal. All its credit cards are also with RBC and no other bank.

76. In connection with the CCAA Proceedings and the proposed Initial Order, the TEBO Group are seeking the authority to continue to operate the Cash Management System to maintain the funding and banking arrangements already in place.

FINANCIAL STATEMENTS

77. The following TEBO entities have consolidated financials: TMI, TMC, FFM, and Algon. Attached hereto and marked as:

- a. **Exhibit “U”** are copies of TEBO Mill Installations Inc.’s financial statements for the period from March 1, 2022 to February 28, 2023 and for the period from March 1, 2023 to August 31, 2023 (the “**TMI Financial Statements**”).

- b. **Exhibit “V”** are copies of TEBO Mill Construction Inc. financial statements for the period from March 1, 2022 to February 28, 2023, and for the period from March 1, 2023 to August 31, 2023 (the “**TMC Financial Statements**”).
- c. **Exhibit “W”** are copies of Frasersview Fabrication and Machining Inc’s financial statements for the period from March 1, 2022 to February 28, 2023 for the period from March 1, 2023 to August 31, 2023 (the “**FFM Financial Statements**”).
- d. **Exhibit “X”** are copies of Algon Holdings Inc.’s financial statements for the period from October 25, 2021 to February 28, 2022 (the “**Algon Financial Statements**”).

78. As set out in their respective Financial Statements, the TEBO Group has \$16,747,530 in total assets and total liabilities of \$13,810,838. The TMI, TMC, and FFM Financial Statements are for the 12-month period ending of February 28, 2023 and the Algon Financial Statements are for the year ending February 28, 2022 for Algon. Since Algon is primarily a financial vehicle, and not involved in performance of TEBO services, I believe the Algon Financial Statements are illustrative of the state of affairs for 2023 as well.

Secured Indebtedness

79. Attached hereto and marked as **Exhibit “Y”** to this affidavit are search results from searches (collectively, the “**PPSA Searches**”) conducted against each member of the TEBO Group under the Personal Property Security Act (*British Columbia*) as of November 10, 2023.

(a) RBC

80. As mentioned above, on November 10, 2021, Algon and TMI (“**RBC Borrowers**”) entered into credit agreements with RBC. Pursuant to TMI’s credit agreement with RBC, RBC provided a non-revolving credit facility in the amount of \$5,000,000 (“**TMI/RBC Credit Facility**”). The TMI/RBC Credit Facility bears an interest rate at the Royal Bank Prime Rate (“**RBP**”) per annum.

81. Algon and RBC entered into a credit agreement whereby RBC established a revolving line in the amount of \$1,500,000 in favour of Algon (the “**Algon/RBC Credit Agreement**”, and together with the “TMI/RBC Credit Facility”, the “**RBC credit facilities**”). The TMI/RBC Credit Facility is guaranteed by TMC, Algon, FFM, and Ptolemytech.

82. The following general security agreements (“GSA”s) were granted in favour of RBC:

- (a) a GSA, dated November 19, 2021, granted by Algon;
- (b) a GSA dated November 19, 2021 granted by Ptolemytech;
- (c) a GSA dated January 21, 2022 granted by FFM;
- (d) a GSA, dated July 20, 2022, granted by TMI; and
- (e) a GSA, dated July 28, 2022, granted by TMC.

(b) *Other secured obligations*

83. As indicated in the PPSA Searches, which are attached hereto and marked as **Exhibit “Y”**, in addition to the registrations in favour of RBC, I am advised by counsel and do verily believe that the following additional registrations, among others, have been filed against the various TEBO Group entities:

- (a) WS Leasing Ltd. registered motor vehicle collateral against Tebo Mill Installations Ltd. and Tebo Mill Installations Inc. for two 2020 Ford F150 motor vehicles bearing serial numbers 1FTEW1E41LFA52485 and 1FTEW1E41LFB16962;
- (b) Travelers Leasing Ltd. registered motor vehicle collateral against Tebo Mill Installations Ltd. for a 2020 Ford F150 motor vehicle bearing serial number 1FTFW1E40LKF42895;
- (c) William Mullins, William Nay and Garth Bryers registered a general collateral against Tebo Mill Installations Inc. for all presently owned and after acquired personal property. This was in relation with the transaction for transfer of ownership, and is expressly subordinate to bank debt per the Share Purchase Agreement; and
- (d) Jim Peplinski Leasing Inc. registered motor vehicle collateral against Tebo Mill Construction Inc. for a 2023 Ford F150 motor vehicle bearing serial number 1FTFW1E87PFA25997 and a general collateral against all of the

debtor's right, title and interest in any equipment purchased by the debtor and financed by the secured party.

Unsecured indebtedness

84. Gross payroll for the TEBO Group is approximately \$60,000 biweekly. While the TEBO Group is current with respect to the payment of payroll and the remittance of employee source deductions, its ability to meet future payroll obligations, including the next funding due date, is dependent on the granting of the relief sought in the Initial Order.

CASH-FLOW STATEMENT

85. TEBO has prepared, with the assistance of the Proposed Monitor, cash flow forecasts for the 13-week period from the week ending February 17, 2024 (the "**Cash-Flow Statement**"). The Cash-Flow Statement demonstrates that additional financing is urgently required to provide the TEBO Group with the required liquidity for continued business operations in the ordinary course. In light of the foregoing, the TEBO Group is seeking creditor protection so it can have the time necessary to secure urgently needed liquidity and otherwise support the TEBO Group's restructuring efforts. Attached hereto and marked as **Exhibit "Z"** to this affidavit is a copy of the Cash-Flow Statement.

86. Regarding the Cash-Flow Statement:

- a. The hypothetical assumptions are reasonable and consistent with the purpose of the projections described in the notes to the Cash-Flow Statement, and the probable assumptions are suitably supported and consistent with the plans of the TEBO Group and provide a reasonable basis for the projections. All such assumptions are disclosed in the notes to the Cash-Flow Statement.
- b. Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material; and
- c. The projections have been prepared solely for the purpose described in the notes to the Cash-Flow Statement, using the probable and hypothetical assumptions set out in the notes. Consequently, readers are cautioned that it may not be appropriate for other purposes.

ANTICIPATED RESTRUCTURING

87. Should the Initial Order be granted, TEBO intends to address its insolvency through a number of steps including (i) finalizing interim financing arrangements in order to obtain short-term liquidity, and (ii) pursuing potential financing options in order to address operational funding shortages, and to repay its RBC Indebtedness, all under the supervision of the Court and with the assistance of the proposed Monitor.

RELIEF SOUGHT

Stay of Proceedings

88. TEBO urgently requires a stay of proceedings to prevent action by creditors and to provide it breathing room while it finds financiers to provide new capital and/or refinance its debt. The Stay of Proceedings will also protect and preserve the value of the TEBO Group's businesses for their benefit and for the benefit of their creditors and stakeholders.

89. TEBO is concerned about the disruption to its business operations and its ability to continue as a going concern if Receivership proceedings were allowed to continue, or rights or remedies were executed against TEBO. Absent a Stay of Proceedings, TEBO's ability to operate its business and fulfill its ongoing projects would be jeopardized.

90. In light of the foregoing, the Stay of Proceedings is in the best interests of TEBO and its stakeholders. I understand that the Proposed Monitor believes that the Stay of Proceedings is appropriate in the circumstances.

Proposed Monitor

91. The proposed Initial Order contemplates that Crowe Mackay LLP ("**Crowe Mackay**") will act as Monitor in the CCAA Proceedings. Crowe Mackay is qualified and competent to act as Monitor under the CCAA.

Administration Charge

92. The Initial order provides for a Court-ordered charge in favour of the Proposed Monitor, as well as counsel to the Proposed Monitor and TEBO over the Property, to secure payment of their respective fees and disbursements incurred in connection with services rendered in respect of the TEBO Group up to a maximum amount of \$200,000 (the "**Administration Charge**").

93. TEBO require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the CCAA Proceedings in order to complete a successful restructuring and there will be no duplication of roles.

94. TEBO has worked with the Proposed Monitor to estimate the proposed quantum of the Administration Charge. I understand that the Proposed Monitor has indicated the quantum is reasonable.

Directors' Charge

95. As I understand is customary in CCAA proceedings, the TEBO Group is seeking to stay all proceedings against the former, current and future directors and officers of the TEBO Group (the "**Directors and Officers**"). I am advised by David Gruber of Bennett Jones LLP, counsel to the TEBO Group, and believe that, in certain circumstances, directors can be held liable for certain obligations of a company owing to employees and government entities.

96. The TEBO Group maintains director's and officer's liability insurance (the "**D&O Insurance**"). The D&O Insurance covers the directors of the corporations making up the TEBO Group and their present and former officers who are or were employed by those corporations within the TEBO Group. However, I understand that the D&O Insurance has various exceptions, exclusions and carve-outs. The D&O Insurance may not provide sufficient coverage against the potential liability that the Directors and Officers could incur in connection with the CCAA Proceedings.

97. Given the risks, I understand that the Directors and Officers have indicated their continued involvement, including in the CCAA Proceedings, is conditional upon the granting of a priority charge in favour of the Directors and Officers in the amount of \$65,000 (the "**Directors' Charge**"). The Directors' Charge would serve as security for the indemnification obligations and potential liabilities the Directors and Officers may face during the initial 10-day period of the CCAA Proceedings. The Directors' Charge is proposed to rank subordinate to the Administration Charge, and second in priority provided that it be subordinated to any perfected pre-filing secured debt. The TEBO Group believes that the Directors' Charge is reasonable in the circumstances.

Cash Management System


98. The bank accounts described in paragraphs 75 and 76 above comprise the Petitioners' "Cash Management System". TEBO needs to be able to maintain access to their Cash Management System, and to retain the ability to transfer funds among the various bank accounts held by its related companies and subsidiaries, throughout its restructuring proceedings. TEBO's continued access to its Cash Management System is critical to its ongoing business and its restructuring efforts.

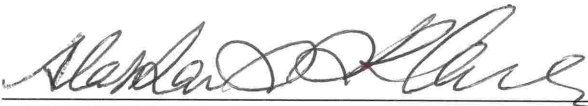
CONCLUSION

99. The Petitioners are currently unable to meet their obligations as they come due, including amounts owing to their secured and unsecured creditors.

100. The Petitioners are seeking a stay of proceedings under the CCAA in order to maintain the status quo and provide the Petitioners with much needed breathing room to explore refinancing opportunities with the assistance of the Monitor.

101. For the reasons outlined in this Affidavit, I believe that this CCAA proceeding is the best means of maximizing the recovery of the Petitioners' creditors and stakeholders.

AFFIRMED BEFORE ME at Vancouver,)
British Columbia, on November 20, 2023)
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)
A Commissioner for taking affidavits for)
British Columbia)


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