

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

D.M. ROBICHAUD ASSOCIATES LTD.

Respondent

**SECOND REPORT TO THE COURT
SUBMITTED BY BDO CANADA LIMITED,
IN ITS CAPACITY AS INTERIM RECEIVER OF**

D. M. ROBICHAUD ASSOCIATES LTD.

March 20, 2019

Listing of Appendices

- Appendix A - Interim Receiver Appointment Order, dated March 13, 2019
- Appendix B - Teaser Advertisement
- Appendix C - Globe & Mail Advertisement
- Appendix D - Sale Process Procedures
- Appendix E - Non-Disclosure Agreement
- Appendix F - Template Asset Purchase Agreement

1.0 INTRODUCTION AND PURPOSE OF REPORT

1.1 Introduction

1.1.1 This is the Second Report to Court (the “**First Report**”) of BDO Canada Limited (“**BDO**”) in its capacity as the interim receiver (the “**Receiver**”) of D. M. Robichaud Associates Ltd. (“**DMR**” or the “**Company**”) pursuant to the Order of the Honourable Mr. Justice Hainey dated March 13, 2019 (the “**Appointment Order**”) a copy of which is attached as Appendix “**A**”.

1.2 Purpose of this Report

1.2.1 This Second Report is filed by the Receiver to provide an update on the status of the Receiver’s sales process and to approve the Receiver’s activities to date.

2.0 RECEIVER'S SALES PROCESS

- 2.1 The Receiver developed a sales process (the "Sale Process") to solicit offers over a five (5) week period with all offers due by the Bid Deadline (defined below). A copy of the Sale Process documents are attached as **Appendices "B" to "F"**. The Company's ability to operate is rapidly deteriorating as both office and hourly staff resign. The Receiver's Sale Process balances the need to have a sale accomplished in a short time frame, due to increasing operational challenges and significant operating costs, with the desire to adequately expose the Company's assets to the marketplace to maximize recovery for the stakeholders.
- 2.2 Summarized in the table below are the key aspects of the Sale Process. All capitalized terms in this section not otherwise defined in this Second Report have the meanings ascribed to them in the Sale Process.

Term / Event	Description
Property offered for sale (the "Assets")	<ul style="list-style-type: none"> • Operating Equipment • Inventory • Office furniture and equipment • Potential ongoing contracts
Solicitation	<ul style="list-style-type: none"> • The Receiver has prepared a list of potential purchasers for the Assets (the "Target List"). The Company operates in a niche market with relatively few competitors. Most competitors are already aware of the Company's financial difficulties. Certain competitors had already made inquiries to purchase certain assets and have hired Company staff prior to the Receiver's appointment. • The Receiver has placed an invitation for proposals (the "Invitation for Proposals") in the Globe and Mail (National Edition). • The Interim Receiver has also placed the Invitation for Proposals on BDO's creditor website at http://www.extranets.bdo.ca/DMRobichaud • The Receiver sent a teaser document to the Target List notifying potential purchasers of the existence of the Sale Process and inviting them to make an offer to acquire the Assets. Included with the teaser was a form of non-disclosure agreement (the "NDA").
Due Diligence	<ul style="list-style-type: none"> • Once the signed NDA is received, the potential purchaser will be provided with an opportunity to commence due diligence, including reviewing the documents included in the Receiver's electronic data room.

Term / Event	Description
	<ul style="list-style-type: none"> Potential purchasers will be required to submit an offer using a template Asset Purchase Agreement (a "Bid").
Bid Deadline	April 17, 2019 at 5PM EDT (the "Bid Deadline")
Court Approval	All sale transactions will be subject to Court approval.
Material Bid Requirements	<p>En bloc offers will receive priority consideration.</p> <p>Deposit - a refundable deposit of 15% of the purchase price is required to be submitted to the Receiver with each Bid.</p> <p>Closing Date - no later than 30 days after Court approval.</p>
Break Fee	There is no entitlement to a break fee or any expense reimbursement.
Receiver's Reservation of Rights	<p>The Receiver reserves the right in its reasonable discretion to, among other things:</p> <ul style="list-style-type: none"> (i) waive strict compliance with any one or more of the Bid requirements set out in the Sale Process; (ii) extend any deadline set forth in the Sale Process; (iii) the Receiver shall have the right to enter into an exclusive transaction for the sale of the Assets, or any portion thereof, outside of the Sale Process prior to the selection of a Successful Bidder; (iv) reject any or all Bids; (v) not be bound to accept the highest or any Bid; and (vi) adopt such ancillary and procedural rules not otherwise set out in the Sale Process.

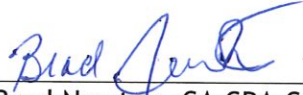
2.3 The Receiver does not have sufficient funding to support the Company's operations and holding costs during a lengthy sale process and the Company personnel are resigning at a rapid rate. In the Receiver's view, the Sale Process exposes the Assets to the market for sufficient time to allow interested parties to perform their due diligence and to submit Bids, is transparent, and is designed to obtain the highest and best value for the Assets. To date, the Receiver has already received three completed NDA's and those three prospective purchasers are reviewing the information in the Receiver's electronic data room.

2.4 The Receiver is in the process of obtaining an appraisal of the Assets. As noted above, the Company operates in a niche market. Accordingly, the equipment is difficult and time consuming to appraise.

- 2.5 The Receiver submits that the Receiver's Sale Process will provide a public and transparent process under which potential purchasers will be identified and the Assets marketed and respectfully requests this Court's approval of the Receiver's actions to date.

All of which is respectfully submitted this 20th day of March, 2019.

BDO CANADA LIMITED
COURT-APPOINTED INTERIM RECEIVER OF
D. M. ROBICHAUD ASSOCIATES LTD.
and without personal or corporate liability

Per: 
Brad Newton, CA CPA CBV CIRP LIT
Vice President