COURT FILE NUMBERS	1201-06934	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANT(S)	ERNST & YOUNG INC. IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF 1252064 ALBERTA LTD., 1330075 ALBERTA LTD. AND HARVEST CAPITAL MANAGEMENT INC. AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY	
DOCUMENT	**FOURTH REPORT OF THE RECEIVER**	
	JULY 17, 2014	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER**	

RECEIVER

Ernst & Young Inc.
1000, 440 - 2nd Avenue SW
Calgary, Alberta T2P 5E9
Attention: Neil Narfason / Nick Purich
Telephone: 403-206-5067 / 403 206-5170
Fax: 403-206-5075
Email: Neil.Narfason@ca.ey.com
Nick.JB.Purich@ca.ey.com

COUNSEL

McCarthy Tétrault LLP
Suite 3300, 421 7th Avenue SW
Calgary AB T2P 4K9
Attn: Sean Collins / Walker MacLeod
Telephone: 403-260-3531 / 403-260-3710
Email: scollins@mccarthy.ca
wmacleod@mccarthy.ca

TABLE OF CONTENTS OF THE FOURTH REPORT

INTRODUCTION

1. On June 7, 2012, 1252064 Alberta Ltd. ("125"), 1330075 Alberta Ltd. ("133") and Harvest Capital Management Inc. ("HCMI") sought and obtained protection from their creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Initial CCAA Order"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor (the "Monitor") of 125, 133 and HCMI (the "CCAA Proceedings").

2. Ernst & Young Inc. was appointed Receiver and Manager (the "Receiver") of the property, assets and undertakings (the "Property") of 125, 133 and HCMI pursuant to an Order (the "Receivership Order") of this Honourable Court dated September 30, 2013.

3. Concurrent with the issuance of the Receivership Order, the CCAA Proceedings were terminated by an order (the "Termination Order") of this Honourable Court dated September 30, 2013. The Termination Order provides that the charges in the Initial CCAA Order endure, notwithstanding the termination of the Initial CCAA Order.

4. The Receivership Order authorized the Receiver, among other things, to carry on the business of the Company, to sell, convey, transfer, lease or assign the Property out of the normal course of business, subject to court approval for transactions in excess of $100,000, and to make such arrangements or agreements as deemed necessary by the Receiver.

5. The purpose of this fourth report (the "Fourth Report") of the Receiver is to provide this Honourable Court with the Receiver's comments on:

    a) The progress towards selling certain lands owned by 133 near Calmar, Alberta (the "Calmar Lands");

    b) An update on the progress towards resolution of certain issues with secured creditors of the Calmar Lands; and

    c) The Receiver's requested relief.

6. Capitalized terms not defined in this Fourth Report are as defined in the Receivership Order.

7. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

8. In preparing this Fourth Report, the Receiver has relied upon unaudited financial information and Company records. The Receiver has not performed an audit, review or other verification of such information.

BACKGROUND

9. The Calmar Land consists of two parcels of land, "Lot 1" (Block 1 Lot 1 Plan 0522859) is 53.13 acres and "Lot 2" is 76.36 acres. Lot 1 and Lot 2 each have different secured creditors.

10. The first position secured creditor on Lot 2 is a combination of 49 undivided interest mortgages (the "UDI Mortgages"). The validity and enforceability of the UDI Mortgages has come in to question. The issues with the UDI Mortgages is described further in the Eighth Report of the Monitor dated August 29, 2013 (the "Eighth Monitor's Report") in these proceedings.

11. By Order of this Honourable Court on September 6, 2013 (the "UDI Representation Order"), legal counsel ("UDI Counsel") was appointed to represent the UDI Mortgage holders. The UDI Representation Order provided that UDI Counsel had the power to represent the UDI Mortgage Holders (the "UDI Counsel Mandate") at the Receiver's application for advice and direction with respect to the validity and enforceability of the UDI Mortgages (the "Advice and Direction Application") and that the UDI Counsel's reasonable fees and costs up to $25,000 would carry a first charge against the sale proceeds from Lot 2 (the "UDI Counsel Charge").

12. The Receiver's Advice and Direction Application has been adjourned.

13. Additional background information and other information regarding these receivership proceedings have been posted by the Receiver on its website at: www.ey.com/ca/foundationgroup.

SALE PROGRESS

14. 133 entered into an agreement with Colliers MacAulay Nicholls Inc. ("Colliers") on July 7, 2013 to market the Calmar Lands (the "Marketing Agreement").

15. Since entering into the Marketing Agreement, only one offer on the Calmar Lands has been received. The purchaser did not clear the conditions of the offer due to potential environmental concerns.

16. The Receiver understands that oil wells had previously been drilled on the Calmar Lands by one or more major oil companies including Penn West Petroleum Ltd. ("PennWest") and that the site of one of the wells drilled by PennWest has not been sufficiently remediated to obtain a government reclamation certificate.

17. PennWest had provided a letter to 133 on January 9, 2013 indicating that it would work with a purchaser of the lands to remediate the problem area; however, the Receiver understands from Colliers that this letter was not satisfactory to the purchaser.

18. The Receiver continues to work with PennWest to achieve a solution to the reclamation issue.

19. Colliers advises the Receiver that it continues to market the Calmar Lands but has not received any new interest.

UDI SETTLEMENT POSSIBILITY

20. The Receiver understands there may be potential for a settlement amongst certain creditors on the Calmar Lands (a "Settlement").

21. Presently, the UDI Counsel Mandate does not provide for the UDI Counsel to represent the UDI Mortgages in any discussions related to a Settlement.

22. The Receiver believes that an expansion of the UDI Counsel Mandate could be beneficial to all creditors secured against the Calmar Lands, and as such, is of the opinion that the UDI Counsel Mandate should be expanded to include, among other things:

    a) Review and make recommendation to the UDI Mortgage holders on any settlement that may be offered or proposed by other secured creditors in respect of issues relating to the Advice and Direction Application;

    b) Attend and participate in any meetings involving the UDI Mortgage holders; and

    c) To take any steps or actions reasonably incidental to any of the foregoing (the "Expanded UDI Counsel Mandate").

23. The UDI Counsel advises the Receiver that UDI Counsel Charge is not sufficient to proceed with the Expanded UDI Counsel Mandate. As such, the UDI Counsel has requested that the UDI Counsel Charge be increased from $25,000 to $40,000 (the "UDI Counsel Charge Increase").

24. The Receiver believes that the UDI Charge Increase is both reasonable and necessary to facilitate the Expanded UDI Counsel Mandate.

RECEIVER'S REQUESTED RELIEF

25. The Receiver respectfully requests that this Honourable Court approve:

a) The Expanded UDI Counsel Mandate; and

b) The UDI Counsel Charge Increase.

Dated at Calgary AB, this 17th day of July, 2014.

ERNST & YOUNG INC.
in its capacity as Receiver and
Manager of 1252064 Alberta Ltd., 1330075 Alberta Ltd.
and Harvest Capital Management Inc.

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Nick J.B. Purich, CA
Senior