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COURT FILE NUMBER	1201-10692
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS AMENDED AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9 AND IN THE MATTER OF 1357686 ALBERTA LTD.
DOCUMENT	**FOURTH REPORT OF THE MONITOR** **SEPTEMBER 25, 2013**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** Ernst & Young Inc. 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Alex Corbett Telephone: 403-206-5067 / (403) 206-5001 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Alex.B.Corbett@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

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APPENDICIES TO THE FOURTH REPORT

INTRODUCTION

1. On August 24, 2012, 1357686 Alberta Ltd. ("135") sought and obtained protection from its 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 Order").

2. 135 is sometimes referred to as the "Company" or the "Debtor".

3. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of the Company (the "Monitor").

4. Pursuant to an order of this Honourable Court dated August 24, 2012, BTM Advisory Services Inc. ("BTM") was appointed the Chief Restructuring Officer ("CRO") of the Company.

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

    a) The results to date of the marketing process (the "Marketing Process") of 135 lands (the "Calaway Lands");

    b) The forecast to actual cash flow results for the company for the period of August 24, 2012 to September 30, 2013 (the "Reporting Period");

    c) The cash flow forecast (the "Forecast") from October 1, 2013 to January 31, 2014 (the "Forecast Period");

    d) The request to increase the CCAA Administration Charge;

    e) The Debtor's request for an extension of the Stay Period; and

    f) The Monitor's recommendations.

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

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

BACKGROUND

8. Background for the Debtor together with other information regarding these CCAA proceedings; have been posted by the Monitor on its website at: www.ey.com/ca/foundationgroup.

TERMS OF REFERENCE

9. In preparing this Fourth Report, the Monitor has relied upon unaudited financial information, company records and discussions with the CRO of the Company. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future orientated financial information relied upon in this report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

MARKETING PROCESS UPDATE

10. The Marketing Agent (as defined in the Third Report of the Monitor) and CRO are continuing to market the Calaway Lands and are in discussions with a number of interested parties for either an outright sale of the Calaway Land or for a joint venture ("JV"). The CRO expects that a viable sale agreement or JV agreement can be negotiated and brought to this Court for approval in October, 2013.

11. Additional information regarding 135's Marketing Process can be found in the supporting Affidavit of Gary Bentham, Sworn September 25, 2013 (the "Bentham Affidavit").

FORECAST TO ACTUAL RESULTS

12. The cash flow forecast to actual presented at Appendix A contains the cash receipts and disbursements incurred to date for 135 as compared to the cash flow forecast previously provided to this Court in the Third Report of the Monitor dated April 25, 2013.

13. Outlined below is a summary of the actual results to September 30, 2013:

135 Forecast to Actual April 24, 2012 - September 30, 2013	**Forecast**	**Actual**	**Variance**
Receipts	$ 74,468	$ 44,947	$ (29,521)
Disbursements	(94,468)	(64,932)	29,536
Net Cash Flows	(20,000)	(19,985)	15
Opening Cash	$ 20,089	$ 20,089	
Net Cash Flows	(20,000)	(19,985)	
Ending Cash	$ 89	$ 104	

14. 135 received advances of approximately $45,000 as compared to expected receipts of approximately $74,000, from Harvest CCAA Operations Ltd. and an unrelated company, to cover its portion of operating costs during the Reporting Period. No other significant cash receipts we received during the Reporting Period.

15. Disbursements of approximately $65,000 were paid during the Reporting Period for 135. These payments relate to approximately $45,000 repayment of the above noted advances, and operating expenses and planning costs of $20,000. The disbursements were less given the lower amount of actual receipts.

CASH FLOW FORECAST THROUGH JANUARY 31, 2014

16. The Company, with the assistance of the CRO and the Monitor, have prepared a Forecast for the Forecast Period which is attached to this Fourth Report as Appendix B. The Forecast is based on the most current information available.

17. The table below summarizes the cash flows for 135 for the Forecast Period:

1357686 Alberta Ltd. ("Calaway") Cash Flow Forecast October 1, 2013 - January 31, 2014	Total
RECEIPTS	
Advances from related parties	$ 34,461
Total receipts	34,461
DISBURSEMENTS	
Repayment of advances from Harvest CCAA Operations	12,321
CCAA consulting and operating expenses	12,140
Planning fees	10,000
CCAA professional fees	120,000
Administrative charge offset	(120,000)
Total disbursements	34,461
NET CASH FLOWS	-
OPENING CASH	104
NET CHANGE IN CASH FLOWS	-
ENDING CASH	$ 104

18. As summarized above, 135 is projecting cash advances of approximately $34,000 to January 31, 2014 against cash disbursements of the same amount resulting in no change in cash over the Forecast Period. The advances will be provided by related parties holding secured charges against the 135 land in order to preserve their security position. During the Forecast Period, the professional fees will rely on the Administration Charge.

19. The DIP Lender has provided an extension on the facility to October 31, 2013. They have advised that their decision to renew the DIP facility, if requested, will be considered in light of the progress of the marketing process at that time.

20. In light of the position of the DIP Lender, 135 is seeking a stay extension beyond the date the Dip facility matures on the basis that 135 believes it will have negotiated either a sale or JV agreement for the Calaway Lands prior to October 31, 2013 that will result in the Dip Lender providing a further extension. In the event that a sale of

JV agreement is not negotiated prior to October 31, 2013, 135 will need to reach a resolution with the Dip Lender as to how to proceed beyond October 31, 2013.

THE REQUEST TO INCREASE THE CCAA ADMINISTRATION CHARGE

21. As a result of the marketing process, there are substantial unpaid professional fees totaling approximately $210,000 at September 30, 2013. The current Administration Charge of $300,000 granted by this Honourable Court will not be sufficient to complete the marketing process. Accordingly, the CRO, with the support of the Monitor, is requesting that the Administration Charge be increased to $500,000 (the "Revised Administration Charge"). The Monitor and the CRO expect this amount to be sufficient to cover professional fees for the Forecast Period.

22. The Monitor has reviewed the assumptions supporting the Forecast and believes the assumptions to be reasonable in the circumstances.

THE COMPANY'S REQUEST FOR AN EXTENSION OF THE STAY PERIOD

23. Pursuant to the Stay Extension Order of this Honourable Court dated April 30, 2013 the Stay Period expires on September 30, 2013 for the Company.

24. The Company is seeking an extension of the Stay Period up to and including January 31, 2014 (the "Stay Extension").

25. The Stay Extension is necessary to allow the Company to complete the marketing process allowing for an acceptable sale or JV agreement to be negotiated and brought to this Court for approval and to close such an agreement.

26. In the Monitor's view, the Company is acting in good faith and with due diligence.

MONITOR'S RECOMMENDATIONS

27. The Monitor recommends that this Honourable Court approve:

    a) The Stay Extension; and

    b) The Revised Administration Charge.

Dated at Calgary, this 25th day of September, 2013.

ERNST & YOUNG INC.
in its capacity as
Monitor of 135

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

Alex Corbett, CA, CIRP
Senior Manager

Appendix A

1357686 Alberta Ltd. ("Calaway")
Cash flow Forecast
Forecast to Actual Comparison
April 24, 2012 - September 30, 2013

	Notes	Forecast	Actual	Variance
RECEIPTS	2			
Advances from CCAA Operations		30,883	7,227	(23,656)
GST refund		-	1,995	1,995
Advances from related parties	3	43,585	35,724	(7,861)
Total receipts		**74,468**	**44,947**	**(29,521)**
DISBURSEMENTS				
Repayment of advances from Harvest CCAA Operations		43,585	35,724	7,861
CCAA consulting fees and operating expenses	3	30,883	7,838	23,045
Planning fees		20,000	14,495	5,505
Appraisals		-	5,000	(5,000)
CCAA professional fees	4	135,000	39,396	95,604
Administrative charge offset		(135,000)	(37,520)	(97,480)
Total disbursements		**94,468**	**64,932**	**29,536**
NET CASH FLOWS		**(20,000)**	**(19,985)**	**15**
OPENING CASH		20,089	20,089	-
NET CHANGE IN CASH FLOWS		(20,000)	(19,985)	15
ENDING CASH		$ 89	$ 104	$ 15

Notes and Assumptions

1 1357686 Alberta Ltd.'s primary asset is the Calaway Lands.

2 Planning fees are for ongoing costs relating to the subdivision of the lands.

3 CCAA consulting fees and operating expenses comprise 1357686's share of Harvest Calgary office monthly operating expenses. Harvest CCAA advancesd $7,227 to fund current period amounts, and a related party lender provided $35,723 to repay advances from Harvest CCAA Operaitions received prior to April 24, 2013.

4 Forecast professional fees had been estimated on the basis that a sale of the lands or Plan of Arrangement would be completed by September 30, 2013. As neither of those events occurred during the period the actual professional fees were less than forecast.

Appendix B

1357686 Alberta Ltd. ("Calaway")
Cash Flow Forecast
October 1, 2013 - January 31, 2014

	Notes	Oct	Nov	Dec	Jan	Total
RECEIPTS						
Advances from related parties	2	$ 14,867	$ 7,380	$ 7,213	$ 5,000	$ 34,461
Total receipts		14,867	7,380	7,213	5,000	34,461
DISBURSEMENTS						
Repayment of advances from Harvest CCAA Operations	2	12,321	-	-	-	12,321
CCAA consulting and operating expenses	3	2,547	2,380	2,213	5,000	12,140
Planning fees	4	-	5,000	5,000	-	10,000
CCAA professional fees	5	20,000	40,000	35,000	25,000	120,000
Administrative charge offset	5	(20,000)	(40,000)	(35,000)	(25,000)	(120,000)
Total disbursements		14,867	7,380	7,213	5,000	34,461
NET CASH FLOWS		-	-	-	-	-
OPENING CASH		104	104	104	104	104
NET CHANGE IN CASH FLOWS		-	-	-	-	-
ENDING CASH		$ 104	$ 104	$ 104	$ 104	$ 104

Notes and Assumptions

1 1357686 Alberta Ltd.'s primary asset is the Calaway Lands. The lands are being actively marketed for sale to or investment by third parties. Sale proceeds have not been estimated due to the uncertainy of the timing of a sale and the volatility of the land market.

2 Funding will be provided by related parties holding secured charges against the land in order to preserve their security postion.

3 CCAA consulting fees and operating expenses comprise Calaway's share of Harvest Calgary office monthly operating expenses. Funding for these expenses is provided by a related party through Harvest CCAA Operations.

4 Planning fees are for ongoing costs relating to the subdivision of the lands.

5 Professional fees will be offset by the Administrative Charge until such time that additional DIP financing is arranged or the property sold. At September 30, 2013 there were $209,665 of unpaid professional fees secured by the Administration Charge. At September 30, 2013 there were estimated unpaid professional fees invoiced and accrued of approximately $210,000.