COURT FILE NUMBER	1201-10692	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	CLERK OF THE COURT FILED APR 25 2013 JUDICIAL CENTRE OF CALGARY
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	**THIRD REPORT OF THE MONITOR** **APRIL 25, 2013**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR**	

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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 third report (the "Third 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");

    b) The forecast to actual cash flow results for the company for the period of December 8, 2012 to April 23, 2013 (the "Reporting Period");

    c) The cash flow forecast (the "Forecast") from April 23, 2013 to September 30, 2013 (the "Forecast Period");

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

    e) The Monitor's recommendations.

6. Capitalized terms not defined in this Third 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 Third 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. On December 19, 2012 this Honourable Court approved a court-supervised marketing process ("Marketing Process") to solicit offers to market and sell the property of 135 (the "Property"). Avison & Young was approved as the "Marketing Agent" for the Property.

11. Following the "Marketing Process" was approved by the court:

    a) The Marketing Agent distributed marketing materials to at least 65 targeted parties;

    b) Seven of those parties were then given an information package from the Marketing Agent and had access to due diligence materials; and

    c) Advertisements were placed in the *Calgary Herald* and the *Globe and Mail*.

12. By March 28, 2013, (the Proposal Date as defined in the Marketing Process), no

acceptable bids were received.

13. The Marketing Agent and CRO are continuing to market the Property and are in discussions with a number of interested parties. The CRO expects that a viable offer can be negotiated and brought to this Court for approval in June 2013.

FORECAST TO ACTUAL RESULTS

14. 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 Second Report of the Monitor dated December 12, 2012.

15. Outlined below is a summary of the actual results to April 23, 2013:

135 Forecast to Actual Dec. 8/12 - Apr. 23/13	Forecast	Actual	Variance
RECEIPTS	49,200	44,709	(4,491)
DISBURSEMENTS	(78,904)	(65,018)	13,886
NET CASH FLOWS	(29,704)	(20,310)	9,394
OPENING CASH	40,412	40,399	
NET CHANGE IN CASH FLOWS	(29,704)	(20,310)	
ENDING CASH	10,708	$ 20,089	

16. 135 received advances of approximately $44,000, from Harvest CCAA Operations Ltd., to cover its portion of operating costs during the Reporting Period. No other significant cash receipts we received during the Reporting Period.

17. Disbursements of approximately $65,000 were paid during the Reporting Period for 135. These payments relate to approximately $55,000 of operating expenses and $10,000 of planning fees.

CASH FLOW FORECAST THROUGH SEPTEMBER 30, 2013

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

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

Cash Flow Forecast April 24, 2013 - September 30, 2013	Total
RECEIPTS	
Advances from Harvest CCAA Operations	$ 30,883
Advances from related parties	43,585
Total receipts	74,468
DISBURSEMENTS	
Repayment of advances from Harvest CCAA Operations	43,585
Salaries, consulting fees and operating expenses	30,883
Planning fees	20,000
CCAA professional fees	135,000
Administrative charge offset	(135,000)
Total disbursements	94,468
NET CASH FLOWS	(20,000)
OPENING CASH	20,089
NET CHANGE IN CASH FLOWS	(20,000)
ENDING CASH	$ 89

20. As summarized above, 135 is projecting cash advances of approximately $74,000 to September 30, 2013 against cash disbursements of approximately $94,000, resulting in a net decrease in cash of approximately $20,000 during the Forecast Period. Approximately $44,000 of 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.

21. The Forecast assumes the Company is able to obtain an extension on the term of the current DIP Financing. The DIP Lender has advised that their decision to renew the DIP facility, if requested, will be considered in light of the progress of the sale process at that time.

22. The Companies are seeking an Order to allow the CRO and Winman Ltd, the benefit of the Administration Charge established by the Initial Order.

23. The Monitor has reviewed the assumptions supporting the Forecast and believes the assumptions to be reasonable.

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

24. Pursuant to the Stay Extension Order of this Honourable Court dated December 19, 2012 the Stay Period expires on April 30, 2013 for the Company.

25. The Company is seeking an extension of the Stay Period up to and including September 30, 2013 (the "Stay Extension").

26. The Stay Extension is necessary to allow the Company to complete the Marketing Process allowing for an acceptable offer to be negotiated and brought to this Court for approval.

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

MONITOR'S RECOMMENDATIONS

28. The Monitor recommends that this Honourable Court approve:

    a) The Stay Extension; and

    b) The Order providing that the CRO and Winman Ltd shall be entitled to the benefit of the Administration Charge established by the Initial Order.

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

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

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

Cassie Riglin, CA
Manager

APPENDIX A

1357686 Alberta Ltd. ("Calaway")
Forecast to Actual Comparison
December 8, 2012 - April 23, 2013

	Notes	Forecast	Actual	Variance
	1			
RECEIPTS	2			
Other income		-	1,124	1,124
Advances from CCAA Operations	3	49,200	43,585	(5,615)
Total receipts		**49,200**	**44,709**	**(4,491)**
DISBURSEMENTS				
Salaries, consulting fees and operating expenses	3	49,200	54,643	(5,443)
Planning fees		30,000	10,375	19,625
CCAA professional fees	4	181,704	64,316	117,388
Administrative charge offset		(182,000)	(64,316)	(117,684)
Total disbursements		**78,904**	**65,018**	**13,886**
NET CASH FLOWS		**(29,704)**	**(20,310)**	**9,394**
OPENING CASH		40,412	40,399	13
NET CHANGE IN CASH FLOWS		(29,704)	(20,310)	9,394
ENDING CASH		$ 10,708	$ 20,089	$ 9,407

Notes and Assumptions

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

2 1357686 Alberta Ltd. has no operating revenues.

3 Salaries, consulting fees and office expenses comprise 1357686's share of Harvest Calgary office monthly operating expenses. Harvest CCAA advancesd $43,585 to fund current period amounts which will be repaid subsequent to April 23, 2013.

4 Professional fees for the period were less than forecast as the anticipated sale of the Calaway Lands and completion of a Plan of Arrangement did not materialize and are expected to occur subsequent to April 30, 2013.

APPENDIX B

1357686 Alberta Ltd. ("Calaway")
Cash Flow Forecast
April 24, 2013 - September 30, 2013

	Notes	May	June	July	August	September	Total
	1						
RECEIPTS							
Advances from Harvest CCAA Operations	3	$ 10,375	$ 9,750	$ 7,958	$ 2,800	$ -	$ 30,883
Advances from related parties	2	43,585	-	-	-	-	$ 43,585
Total receipts		53,960	9,750	7,958	2,800	-	74,468
DISBURSEMENTS							
Repayment of advances from Harvest CCAA Operations	2	43,585	-	-	-	-	43,585
Salaries, consulting fees and operating expenses	3	10,375	9,750	7,958	2,800	-	30,883
Planning fees	4	-	10,000	10,000	-	-	20,000
CCAA professional fees	5	15,000	30,000	50,000	25,000	15,000	135,000
Administrative charge offset	5	(15,000)	(30,000)	(50,000)	(25,000)	(15,000)	(135,000)
Total disbursements		53,960	19,750	17,958	2,800	-	94,468
NET CASH FLOWS		-	(10,000)	(10,000)	-	-	(20,000)
OPENING CASH		20,089	20,089	10,089	89	89	20,089
NET CHANGE IN CASH FLOWS		-	(10,000)	(10,000)	-	-	(20,000)
ENDING CASH		$ 20,089	$ 10,089	$ 89	$ 89	$ 89	$ 89

Notes and Assumptions

1 1357686 Alberta Ltd.'s primary asset is the Calaway Lands. A court-sanctioned sale process is on-going. 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 Salaries, consulting fees and office 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 relate to the the costs of an anticipated land subdivision application.

5 Professional fees will be offset by the Administrative Charge until such time that additional DIP financing is arranged or the property sold. At April 23, 2012 there were $77,733 of unpaid professional fees secured by the Administration Charge.