COURT FILE NUMBER	1703-12327	Clerk's Stamp JUDICIAL CENTRE OF EDMONTON FILED JAN 04 2019 Clerk of the Court
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	EDMONTON	
	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 ARRANGEMENT OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS LTD.	
DOCUMENT	**THE MONITOR'S TWENTY-FIRST REPORT** **January 3, 2019**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** ERNST & YOUNG INC. EPCOR Tower 10423 - 101 Street, Suite 1400 PO Box 44 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Dan McCulloch Telephone: 780-638-6642 / 780-441-4695 Fax: 780-428-8977 Email: matt.mcculloch@ca.ey.com dan.mcculloch@ca.ey.com **COUNSEL** Duncan Craig LLP Suite 2800, 10060 Jasper Avenue Edmonton, Alberta T5J 3V9 Attention: Darren R. Bieganek, QC / Ryan F.T. Quinlan Phone: 780-441-4386 / 780-441-4336 Fax: 780-428-9683 Email: dbieganek@dcllp.com rquinlan@dcllp.com	

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PURPOSE OF THE REPORT

1. This report is the twenty-first report (the "**21st Report**") of the Monitor filed in connection with these CCAA proceedings.

2. Over the course of these CCAA proceedings, the Applicants and more recently, the Monitor, have made a number of applications to this Court, which have not been outlined in this report, requesting various relief and corresponding extensions of the Stay. Prior to this report, the Monitor has filed twenty reports with the Court and issued eight unfiled Confidential Supplements in relation to its Eleventh, Twelfth, Thirteenth, Sixteenth, Seventeenth, Eighteenth and Twentieth Reports. Copies of all filed Monitor's reports (excluding the Confidential Supplements), materials filed by the Applicants, application materials and previous Orders of the Court can be accessed on the Monitor's website as noted in the disclaimer section of this report below.

3. The purpose of this 21st Report is to provide the Court and the Remaining Applicants' stakeholders with information in support of a request of this Honourable Court by the Monitor for an Order that:

   i.) approves the sale of various modular camp units located at the Wandering River Camp, formerly operated by the Applicants, as discussed herein and in the Confidential Supplement to the Monitor's 21st Report (the "**Confidential 21st Supplement**");

   ii.) amends the Order Extending the Stay of Proceedings and Approving and Vesting Title (HML Kitchen) granted on December 4, 2018 (the "**HML Kitchen Vesting Order**") to correct a typographic error in one of the serial numbers included in the sale approved by that Order;

   iii.) amends the powers granted to the Monitor in these proceedings in order to permit it to sell, convey, transfer, lease or assign the property of the Applicants, or any part or parts thereof, without the approval of this Court in respect of any single transaction not exceeding $500,000.00, provided all creditors directly affected by the proposed sale, as a result of having a direct security interest in the specific property forming part of any specific transaction, consent and agree to the transaction; and

   iv.) seals the contents of the Confidential 21st Supplement.

DISCLAIMER

4. This 21st Report should be read in conjunction with all previously filed affidavits and reports, as well as Court Orders previously issued in these proceedings all of which, save for items directed to be sealed for confidentiality purposes, are available on the Monitor's website established for these

proceedings that is located at http://documentcentre.eycan.com/Pages/Main.aspx?SID=1410. In addition, this 21st Report should be read in conjunction with any new materials filed with the Court by the Applicants (if any), or others, prior to the date of the upcoming application set for January 10-11, 2019.

5. This report should be read in conjunction with all reports previously filed by the Monitor, as well as all filed Confidential Supplements, as only new details not previously provided to the Court will be discussed herein, unless otherwise stated.

6. Unless otherwise stated, all references to monetary amounts contained herein are expressed in Canadian currency. Capitalized terms used herein not otherwise defined are as defined in the previous reports of the Monitor and other materials filed in connection with these CCAA proceedings to date.

PENDING SALE OF WANDERING RIVER CAMP UNITS

7. As noted in previous reports of the Monitor, it has been working with two separate independent consultants who specialize in the sale of camp dorms and related assets for several months in an attempt to sell the assets of the remaining camps.

8. The Monitor received an unsolicited offer from A.O.S. Services Ltd. (**"AOS"**) to purchase the following modular units located at the Wandering River camp (hereinafter referred to as the **"WRC Assets"**):

Unit	DESCRIPTION	VIN
43	WELLSITE EXEC DOUBLE ENDER	104
44	WELLSITE EXEC DOUBLE ENDER	106
45	WELLSITE EXEC DOUBLE ENDER	108
50	WELLSITE EXEC DOUBLE ENDER	119
	WELLSITE EXEC DOUBLE ENDER	111
	WELLSITE EXEC DOUBLE ENDER	117
125	REC - 6 UNIT	FX6UR201319001 to 006
126	REC 3 UNIT	SLF3UR201315001 to 003

9. As with previous potential sales, the Monitor considers the some of the details in relation to the offer received to be sensitive in nature in the event the sale does not close and also on account of the significant number of other dorms and similar assets still to be sold in these circumstances. Given the Monitor's concerns in this regard, the Monitor has prepared the Confidential 21st

Supplement which contains additional information that the Monitor considers sensitive in nature and should not be disclosed to the public at this time.

10. The email from AOS stating the amounts that they are offering for the WRC Assets, as well as the appraised forced sale values is attached as **Schedule "A"** to the Confidential 21st Supplement.

11. Used Modulars has advised the Monitor that it has been actively pursuing potential purchasers for all of the assets on the remaining camps over the past several months. To this end, the WRC Assets have been listed for sale on Used Modulars' website, and on Used Modulars' other social media profiles such as LinkedIn, Twitter and Kijiji, and Used Modulars has not received any offers for the WRC Assets.

12. Upon receipt of the AOS offer, the Monitor approached Used Modulars to inquire as to whether it or one of its customers were interested in purchasing the WRC Assets. Used Modulars canvassed its customers and verbally advised the Monitor that there would not be an offer forthcoming from any of them at this time and that it had no ability to make an offer itself.

13. CWB and ECN respectively have security interests in one or more of the WRC Assets. ECN has a first charge on units 125 and 126 referenced above, with CWB having a subsequent security interest in those units. CWB also has a security interest over the remaining WRC Assets. The Monitor provided the details of the AOS offer, on a confidential basis, to CWB and ECN and advises that as of the date of this report, CWB and ECN have advised that they are in agreement with accepting the AOS offer.

14. After considering the information outlined in the Confidential 21st Supplement and section 36 (3) of the CCAA, it is the Monitor's respectful opinion that the proposed sale of the WRC Assets is reasonable and appropriate in the circumstances and should be approved by this Honourable Court. In addition to that set out in the Confidential 21st Supplement, the Monitor provides the following considerations in support of its request to approve the pending sale:

a.) It is the Monitor's position that its use of two outside consultants, who specialize in the sale of such assets, in non-exclusive agreements, to assist the Monitor in the marketing and sale of the WRC Assets (and other assets of the Applicants) has resulted in a process that has sufficiently canvassed the applicable market, and further marketing will not result in a superior offer over the offer being contemplated herein;

b.) The Monitor has not only approved of the process leading up to the proposed sale, but has also been leading the process;

c.) The sale process utilized by the Monitor in respect of the WRC Assets was fair, transparent and reasonable in the circumstances;

d.) It is the Monitor's opinion that the pending purchase price for the WRC Assets is beneficial to the creditors and other stakeholders of the estate, and that completing this sale will have a positive effect on the recoveries for the Applicants' creditors;

e.) CWB and ECN, as the creditors directly affected by this proposed sale, were consulted by the Monitor in respect of AOS' offer. Further, the Monitor has shared marketing related information with creditors upon their request, including CWB, who was previously provided, on a confidential basis, with the information and materials relating to the arrangements the Monitor has with its outside consultants, and their marketing and sale strategies;

f.) The purchaser is an arm's length party to the Monitor and the Applicants; and

g.) The proposed sale price is fair and reasonable for the WRC Assets taking into account the appraised market values as noted in the Confidential 21st Supplement and the other information set out herein.

AMENDING THE HML KITCHEN VESTING ORDER

15. Pursuant to the HML Kitchen Vesting Order, the following assets were sold:

Asset Description	Serial Numbers
KITCHEN DINER BOOT ROOM	169231250D02N07
KITCHEN DINER	CCSLKD074
KITCHEN DINER	CCSLKD075
KITCHEN DINER	**CCSLKD076**
KITCHEN	CP424259
KITCHEN STORAGE	FXHMLKA201332001
KITCHEN DINER	FXHMLKA201332002
KITCHEN DINER	FXHMLKA201332003

16. Following the granting of the HML Kitchen Vesting Order, the Monitor and the purchaser discovered

that one of the Kitchen Diner units had a different serial number than what had been understood to be the case. The correct serial numbers for the assets sold pursuant to the HML Kitchen Vesting Order are:

Asset Description	Serial Numbers
KITCHEN DINER BOOT ROOM	169231250D02N07
KITCHEN DINER	CCSLKD074
KITCHEN DINER	CCSLKD075
KITCHEN DINER	**CCSLKS073**
KITCHEN	CP424259
KITCHEN STORAGE	FXHMLKA201332001
KITCHEN DINER	FXHMLKA201332002
KITCHEN DINER	FXHMLKA201332003

17. There was no change the units that the Monitor and purchaser intended to be sold pursuant to the HML Kitchen Vesting Order. This is simply a matter of one of the applicable serial numbers being inadvertently misidentified.

18. The Monitor requests that this Honourable Court grant an Order amending the HML Kitchen Vesting Order to correct the serial number of the applicable Kitchen Diner unit described in Schedule B of the HML Kitchen Vesting Order. No other amendment or variation of the HML Kitchen Vesting Order is being sought.

MONITOR'S POWER OF SALE

19. In the Amended Order Approving Winterburn Sale, etc dated April 30, 2018, paragraph 18(c)(vi) confirms that the Monitor may "subject to the terms of the Initial Order" sell, convey, transfer, lease or assign the Property or any parts thereof out of the ordinary course of business of the Remaining Applicants.

20. In the Initial Order, paragraph 10(a) gives the Applicants the right to dispose of redundant or non-material assets not exceeding $100,000.00 in any one transaction or $500,000.00 in the aggregate, provided that any sale that is either in excess of these thresholds or in favour of a person

related to the Applicants shall require authorization by the Court in accordance with section 36 of the CCAA.

21. The Monitor has found that many of the potential, and in some case ultimate, purchasers of the Applicants' assets have expressed a need to complete the purchase of the assets in an urgent manner. It is common that interested parties move to make offer on assets when there is an immediate need for them as a result of some existing or imminent job or project. As such, purchasers are often looking to complete sales with the Monitor and take possession of the assets on a very prompt basis.

22. While this Honourable Court has been very accommodating in terms of making time to hear applications in these proceedings, the Monitor is of the opinion that enhancing its ability to complete sales of assets up to a certain financial threshold without the need for Court approval will provide the Monitor with increased flexibility to complete sales in short timelines and be able to take advantage of potential sale opportunities where a purchaser may not otherwise offer to purchase the Applicants' assets because the sale may not be completed within the timeline required by the purchaser.

23. Further, there are still many camp assets remaining to be liquidated, and enhancing the Monitor's ability to complete sales of assets up to a certain financial threshold without the need for Court approval will save the estate the professional fees associated with the sale approval applications that would otherwise be required for financially modest sales.

24. The Monitor proposes that it be granted the power to sell, convey, transfer, lease or assign the property of the Applicants, or any part or parts thereof, without the approval of this Court in respect of any single transaction not exceeding $500,000.00, provided all creditors directly affected by the proposed sale, as a result of having a direct security interest in the specific property forming part of any specific transaction, consent and agree to the transaction.

25. Pursuant to this proposed power, if in respect of any proposed sale:

a) the purchaser requires a Vesting Order;
b) one or more of the directly affected creditors do not consent and agree to the proposed sale; and/or
c) the proposed sale exceeds the $500,000.00 threshold,

the Monitor would apply for Court approval in respect of the proposed sale.

26. It is the Monitor's opinion that this proposed power provides the efficiency and costs advantages set out above, while also protecting the interests of the creditors who would be directly affected by the proposed sales, since either they would consent to the sale or the Monitor would be required to seek Court approval over the objection of the creditor to the proposed sale.

CONCLUSIONS

27. Based on the matters outlined in this report, the Monitor respectfully requests an Order from this Honourable Court that:

i. approves the sale of the WRC Assets as discussed herein and in the Confidential 21st Supplement;

ii. amends the Order Extending the Stay of Proceedings and Approving and Vesting Title (HML Kitchen) granted on December 4, 2018 (the "HML Kitchen Vesting Order") to correct a typographic error in one of the serial numbers included in the sale approved by that Order;

iii. amends the powers granted to the Monitor in these proceedings in order to permit it to sell, convey, transfer, lease or assign the property of the Applicants, or any part or parts thereof, without the approval of this Court in respect of any single transaction not exceeding $500,000.00, provided all creditors directly affected by the proposed sale, as a result of having a direct security interest in the specific property forming part of any specific transaction, consent and agree to the transaction; and

iv. seals the contents of the Confidential 21th Supplement.

All of which is respectfully submitted.

Dated at Edmonton, this 3rd day of January, 2019.

Ernst & Young Inc.
In its capacity as Monitor of
667402 Alberta Ltd.; 18512398 Alberta Ltd.; 816956 Alberta Ltd.; 1371047 Alberta Ltd.;
1919209 Alberta Ltd.; and Canada North Group LP Holdings Ltd.
and not in its personal or corporate capacity

Per: [signature]
Dan McCulloch, CIRP, LIT
Vice President