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JUDICIAL CENTRE OF EDMONTON
FILED
JUN 10 2019
Clerk of the Court of Queen's Bench

COURT FILE NUMBER	1703-12327
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-THIRD REPORT**
	June 10, 2019
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PURPOSE OF THE REPORT

1. This report is the twenty-third report (the "**23rd Report**") of the Monitor filed in connection with these Companies' Creditors Arrangement Act ("CCAA") proceedings.

2. Over the Course of these CCAA proceedings, the Applicants and more recently, the Monitor, have made several 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-two reports with the Court and issued ten unfiled Confidential Supplements in relation to its Eleventh, Twelfth, Thirteenth, Sixteenth, Seventeenth, Eighteenth, Twentieth, Twenty-First and Twenty-Second Reports. Copies of all filed Monitor's reports, 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 23rd Report is to provide the Court and the Remaining Applicants' stakeholders with a brief update on the status of affairs and other information in support of a request of this Honourable Court by the Monitor for:

   i.) the Court's approval of an Order Amending the Order (Weslease Mortgages), which was originally pronounced on December 20, 2018 to correct a typographic error in relation to one of the legal description noted therein; and

   ii.) an Order extending the Stay to December 31, 2019.

DISCLAIMER

4. This 23rd 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 23rd 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 June 18, 2019.

5. This report should be read in conjunction with all reports previously filed by the Receiver, 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.

UPDATE ON STATUS OF AFFAIRS

7. In the 22nd Report, the Monitor provided the Court and the Applicants' stakeholders with a detailed update on the state of affairs in these proceedings, the Monitor's actions and the results derived therefrom to that date. Since the 22nd report, the Monitor advises that progress on asset sales and other matters has been slow, and as a result, it has scaled back its activities on a day-to-day basis significantly and has mostly been dealing with site management and creditor related matters as required. This said, a brief update in relation to a few of the Monitor's more significant actions since the 22nd Report and the current state of affairs is outlined in the paragraphs that follow.

State of Request for Proposals Process

8. As noted in the 22nd Report, it was the intention of the Monitor to initiate an invitation for proposals process in due course after the date of the 22nd Report; however, the Monitor has delayed initiating any proposal process to date primarily due to the receipt of regular interest in several of the Applicants' more significant assets at a few of the remaining camps. The Monitor engaged in discussions with one of its consultants in relation to most of the interest received since the 22nd Report was filed and was of the view that the estate would be significantly better off if even one of the potential sources of interest materialized into a sale versus rushing to a proposal process, where values may be expected to be lower. In addition to the above, the Monitor determined that it would likely be problematic to attempt to commence a proposal process until 726's claims of ownership and priority against certain assets had been heard and decided by the Court. As a result, the Monitor was of the view that a proposal process should be delayed.

9. Since the 22nd Report to date, no formal offers have been received, the Court has rendered a decision on the 726 matters (discussed later) and the Monitor is again looking to initiate a proposal process, or more likely a number of separate proposal processes (discussed next).

10. The Monitor has drafted a request for proposals specifically in relation to the assets that remain at HML ("**HML RFP**"), and is in the final stages of completion at present. Although there has been some informal interest in the remaining assets at HML, the Monitor is of the view that it is no longer worth while delaying a proposal process in relation to the remaining assets at HML. The Monitor will be proceeding with the HML RFP in short due course.

11. In regard to the balance of the Remaining Applicants' other remaining assets at the other camp sites, the Monitor advises that it has also drafted request for proposal documents that are currently being finalized. The Monitor has been advised by one of its consultants that there are still a few potential opportunities to sell some significant assets outside of a proposal process, and the Monitor will be working with its consultant to determine if any of these opportunities are likely to come to fruition over the next few weeks. Should no offers materialize in the next few weeks, and once the Monitor has had the opportunity to finalize its understanding of the Court's decision in relation to the 726 claims, the Monitor will be initiating a proposal process for the remaining assets at the Applicants' other camps shortly thereafter.

Reconciliation of Amounts due to/from Lodgistx

12. The Monitor has finalized its extensive banking/transaction review and reconciliation involving Lodgistx as outlined in the 22nd Report. Since the filing of the 22nd Report, it was discovered that Lodgistx had paid some wages for camp security personnel on behalf of the Monitor and some other expenses that were not previously noted. The Monitor worked with Lodgistx to complete the review and it was ultimately determined that $15,563.62 was owed to Lodgistx by the monitor as a result of the transactions that had occurred. The Monitor issued a cheque to pay this amount on May 8, 2019 and this matter has now been concluded.

Reasons for Judgement of the Honourable Mr. Justice S.D. Hillier

13. Over the course of four days, being January 10th and 11th, 2019 and March 14th and 15th, 2019, the Court heard arguments from 726 Remote Accommodations Ltd., 726 Modular finance Ltd. And Reliant Asset Management, LLC (collectively "726") the Monitor, Canadian Western Bank ("CWB") and Great White Sand Tiger Lodging Ltd ("Sand Tiger") in relation to claims by 726, Sand Tiger, CWB and 185 to ownership of or priority to property located at four camps formerly operated by the Remaining Applicants at the following locations: Bonnyville, Wandering River, Peace River and Kilometer 147/Monais.

14. The property in question consisted generally of modular camp units of various types, ancillary equipment located at those camps and smaller items found within various modular units.

15. On May 14, 2019, the Court issued Reasons for Judgement which may be found on line at www. Canlii.org. The citation is: 2019 ABQB 307 (the "726 Decision") Neither 726 nor Sand Tiger were successful in their assertions of ownership or priority. The Monitor and its counsel continue to evaluate the impact of this decision on the estates of the remaining Applicants and are working with

the applicable parties to finalize a form of Order arising from the 726 Decision.

16. No application for Permission to Appeal was filed with the Court of Appeal within the 21 day period stipulated in section 14(2) of the CCAA.

Water Damage at Wabasca and Evacuation Required due to Alberta Wild Fires

17. The Monitor continues to work with the insurer in relation to the loss occasioned by the water damage that occurred at Wabasca in late November, 2018. The insurer continues to investigate the claim at present and has been in recent contact with the Monitor in this regard.

18. The Monitor will provide an update to this matter in a future report to Court.

19. In addition to the above for the Court's reference, the Monitor was advised on May 30, 2019, that the Wabasca area was evacuated because of the wildfires burning out of control at that time in Northern Alberta. As at the date of this report, the Monitor understands that residents of the Wabasca area, including the Monitor's camp watch personnel, have not yet been allowed to return back to the area and this unfortunately means that the site has had to be left unattended since that time. The Monitor will report back to Court if any loss occurs at the Wabasca camp site as a result of the wildfires or the required evacuation and resulting lack of on site security in a future report if required.

TYPOGRAPHIC ERROR IN ORDER (WESLEASE MORTGAGES) PRONOUNCED DECEMBER 20, 2018

20. In mid-April, 2019, the Monitor's counsel was advised by the Land Titles Office that the form of the Order (Weslease Mortgages) pronounced on December 20, 2018 was rejected as there was a typographic error in respect of one of the legal descriptions noted therein. Upon review, the Monitor's counsel determined that the reference to "Block 1" in paragraph 1 of this Order should have referenced "Block 2" in its place.

21. Counsel for the Monitor worked with counsel for Weslease and have drafted an Order Amending the Order (Weslease Mortgages) to address this error, which has been consented to by counsel for Weslease. The Order Amending the Order (Weslease Mortgages) simply amends the applicable legal description. In all other respects, the Order (Weslease Mortgages) shall remain unamended.

22. The Monitor respectfully requests the Court's approval of this revised Order that corrects the typographic error outlined above.

EXTENSION OF THE STAY

23. The Monitor advises that it continues to work extensively with its external consultants and commercial realtor in an attempt to liquidate the Remaining Applicants' remaining assets and real property. There remains a significant amount of camp assets, and several parcels of land to be sold. Given the state of the economy in Alberta and the various unresolved ownership and priority disputes that have been discussed in this, and previous reports of the Monitor, the liquidation process has been challenging. The Monitor regrets to inform the Court that in light of these challenges, and other outstanding matters, it expects that a further, lengthy extension will be required.

24. The following is a listing which includes, but is not limited to, several matters that remain to be completed in these CCAA Proceedings (in no particular order and on a high-level basis):

a.) Realize on remaining camp assets and remaining real properties;

b.) Resolve insurance claim on Wabasca;

c.) Realize on remaining AR and WIP;

d.) Confirm all post-CCAA CRA returns (both GST and source deductions) have been filed and reviewed/accepted by CRA;

e.) Deal with post-CCAA trade creditors;

f.) Finalize accounting/allocation of funds received and move funds (as required) to applicable specific Applicant bank accounts;

g.) Resolve property tax priority matters with affected stakeholders or through Court determinations, and address outstanding property taxes (and the priority and application of the same) as required;

h.) Receive the Court of Appeal's decision in respect of CRA's appeal in relation to the Administration Charge, DIP Charge, and Director's Charge, and participate in further matters arising therefrom;

i.) Address the impact of the recent 726 Decision of the Court as discussed in this report and determine and administer the appropriate course of action(s);

j.) Wind up the remaining limited partnerships with 726 and others in an orderly fashion;

k.) Consider/resolve AR dispute with 726/Reliant in relation to the Arizona Dorms;

l.) Finalize and obtain Court approval in respect of a final allocation of costs;

m.) Complete a distribution to stakeholders after confirming the final allocation of costs; and

n.) Obtain the Monitor's discharge.

25. The Monitor cautions readers that, in addition to this list being not all inclusive currently, the above listing could also expand as these proceedings progress because of new obstacles or issues that arise, including any further appeals taken from decisions of the Court. It has not been unusual in these CCAA proceedings for new issues, roadblocks, disputes and other unanticipated matters to arise that will require efforts by the Monitor and its counsel to resolve.

26. As noted in the 22nd Report, given that these CCAA Proceedings have effectively become a "Liquidating CCAA", it is evident that the Remaining Applicants' residual assets and real property must be sold for there to be any recovery for the stakeholders. In addition, as noted above, there are a number of legal matters, priority disputes, property claims and related matters that still need to be resolved. Given these factors, it is the Monitor's view that the continuation of these CCAA Proceedings, and the associated Stay, is absolutely necessary and as such, the circumstances exist that make an Order extending the Stay appropriate.

27. Given all of the above, the Monitor is of the view that an extension of the Stay to December 31, 2019, is reasonable and appropriate in the circumstances in order to liquidate the remaining assets and real properties, resolve the ongoing disputes noted herein, and eventually conduct a final allocation of costs and provide distributions to creditors. The Monitor continues to act in good faith and with due diligence in bringing these estate matters to an end.

OTHER MATTERS

28. A creditor has made an inquiry about whether any distributions will be forthcoming in the near term. The 726 Decision will have an impact on several fronts, including cost allocations. What that impact will be, however, will not be readily determinable until the order is finalized, and estimated realizations updated. The Monitor had not factored into its earlier analysis that the remaining assets at Bonnyville claimed by 726 remained secured to CWB which has now been confirmed by the 726 Decision. Additionally, until the municipal tax issues are addressed and resolved, the distribution of funds is hampered. Accordingly, no distributions are contemplated on this application.

29. With respect to the municipal tax issue, the Monitor's legal counsel has reserved the date of August 22, 2019 for the hearing of the municipal tax issue. The intent is to discuss the issues with the stakeholders affected well in advance to narrow the issues for consideration by the Court on that application.

CONCLUSIONS

30. Based on the matters outlined in this report, the Monitor respectfully requests:

iii.) the Court's approval of an Order Amending the Order (Weslease Mortgages), which was originally pronounced on December 20, 2018 to correct a typographic error in relation to one of the legal description noted therein; and

iv.) the Court grant an Order extending the Stay to December 31, 2019.

All of which is respectfully submitted.

Dated at Edmonton, this 10th day of June, 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:

Dan McCulloch, CIRP, LIT
Vice President