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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 TWENTIETH REPORT** **November 26, 2018**
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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SCHEDULES

PURPOSE OF THE REPORT

1. This report is the twentieth report (the "**20th 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 nineteen reports with the Court and issued six unfiled Confidential Supplements in relation to its Eleventh, Twelfth, Thirteenth, Sixteenth, Seventeenth and Eighteenth 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 20th 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 Monitor's decision to allow a payment of $5,000.00 to counsel for First Island from the sale proceeds of the Farm to cover some of the costs in relation to the foreclosure of the Farm;

   ii.) approves the sale of the HML Kitchen unit as discussed herein and in the Confidential Supplement to the Monitor's 20th Report (the "**Confidential 20th Supplement**");

   iii.) extends the Stay to June 30, 2019; and

   iv.) seals the contents of the Confidential 20th Supplement.

DISCLAIMER

4. This 20th 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 20th 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 December 4, 2018.

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.

PAYMENT TO COUNSEL FOR FIRST ISLAND IN RELATION TO THE FORCLOSURE OF THE FARM

7. In the days leading up to the closing of the sale of the Farm, counsel for the Monitor engaged in discussions and other correspondence with counsel for First Island in relation to the costs of the foreclosure proceedings undertaken by First Island in relation to the Farm. For clarity, such costs were strictly in respect of the foreclosure action, and were not meant to include an costs associated with these broader *CCAA* proceedings.

8. Upon review of the Vesting Order in relation to the sale of the Farm, it was the opinion of counsel for the Monitor that there was arguably missing a provision relating to the payment of First Island's counsel for its fees and costs relating to the foreclosure proceedings on the Farm, and in any event, the Vesting Order permitted amounts be paid out from the sale proceeds of the Farm for adjustments or other items as were customary, and approved by the Monitor and First Island . The allowance of reasonable fees for foreclosure is a standard provision in the typical foreclosure Vesting Order. The Monitor and its counsel discussed this issue and were collectively of the view that some reasonable payment to counsel for First Island for its efforts was appropriate and customary in the circumstances. As such, the Monitor and its counsel briefly considered what the comparative and typical allowable costs would be for foreclosure actions in Edmonton, and were of the opinion that a payment of $5,000.00, all-inclusive, would be reasonable and appropriate.

9. Monitor's counsel advised, counsel for First Island that the Monitor was prepared to allow $5,000.00 to be deducted from the sale proceeds prior to remitting the remaining funds to the Monitor to be held in trust in accordance with the Vesting Order. This was accepted and agreed to by counsel for First Island. Further the Monitor advised counsel for First Island that it would seek the Court's approval of this agreement on December 4th.

It is the Monitor's recommendation that the Court approve the Monitor's agreement to allow a payment of $5,000.00 to First Island's counsel to cover the costs of the foreclosure proceedings, as such payment is customary, reasonable and appropriate in the circumstances. , First Island was the party who brought the applications for foreclosure, prepared and presented the application for Approval and Vesting and closed the transaction. They also allowed the Monitor to conduct a large auction on site pending the completion of the sale. There is no dispute with the reasonableness of the fees claimed and expending further time, effort and professional fees to argue over the sum claimed serves no benefit to the remaining creditor body.

PENDING SALE OF THE HML KITCHEN UNIT

10. 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.

11. The Monitor, through one of its consultants, Used Modulars, has recently received an offer to purchase the kitchen/rec units at the HML camp, which is comprised of the following units (hereinafter simply referred to as the "**HML Kitchen**"):

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

12. 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 a Confidential 20th Supplement which contains additional information that the Monitor considers sensitive in nature and should not be disclosed to the public at this time.

13. 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 HML Kitchen has 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 advised that the HML Kitchen has had several hundred "views". The potential purchaser is the same party that recently completed the purchase of the HML Dorms, as outlined in the Monitor's 18th Report, and as such is a very knowledgeable, qualified buyer. Used Modulars has prepared a detailed letter which outlines a

number of considerations and provides support of the offer being considered, which is attached as **Schedule "B"** to the Confidential 20th Supplement.

14. After considering the information outlined in the Confidential 20th Supplement and section 36 (3) of the CCAA, it is the Monitor's respectful submission that the proposed sale of the HML Kitchen is reasonable and appropriate in the circumstances and should be approved by this Honourable Court. In addition, 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 HML Kitchen (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 involved in the process, where required;

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

d.) As noted in the Confidential 20th Supplement, it is the Monitor's opinion that the pending purchase price for the HML Kitchen 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 Remaining Applicants' creditors;

e.) Although no creditors have been specifically consulted on this proposed sale as at the date of this report (simply due to the timing of the offer received, only recently), 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 HML Kitchen, taking into account the appraised market values, the opinion of the Monitor's consultant and the other information outlined in the Confidential 20th Supplement.

EXTENSION OF THE STAY

15. 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 still 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 are ongoing currently, the liquidation process has been challenging. The Monitor expects that a lengthy extension will be required to work through the ownership and priority disputes and realize on the remaining assets and real properties.

16. 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, there are a number of legal matters, priority disputes, property claims and related matters that 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.

17. Several sales of assets have been effected to date. **Schedule "A"** attached to this Report consist of Statements of Receipts and Disbursements in respect of the Remaining Applicants. The Statements do not include funds received by the Applicants in respect of:

    a) The sale of the head office (which occurred during the currency of the proceedings);
    b) Proceeds from the sale of the Farm conducted by First Island through its foreclosure proceedings; or
    c) The Aurora Lodging funds which are held in trust by counsel for the Monitor pending a determination of the Municipal Tax issues.

18. The Monitor continues to assess ways to reduce costs and address methods to liquidate the remaining assets in an effort to bring these proceedings to a conclusion. The Monitor anticipates making recommendations to stakeholders for their consideration in early 2019.,.

19. The Monitor advises that it is currently reviewing a number of additional asset purchase offers received recently that are not discussed in this report totalling approximately $502,000. The Monitor cautions the Court that a significant portion of these possible additional sales may be time sensitive and will require the Court's approval and as such, the Monitor respectfully advises that it may become necessary to file a supplemental report prior to the December 4th application in an attempt to move forward and finalize any such sale(s). The Monitor will make every effort to provide any such supplemental report to the Court forthwith upon confirming its intention to move

forward with any such offer(s).

20. There has recently been a breakdown in the timing and qualitative responses to written requests for information by the Monitor to certain individuals that comprised former Management of the Applicants. While the Monitor remains optimistic that such challenges will be resolved or rectified in due course the Monitor is not ruling out seeking directions from the Court if needed in order to obtain more timely responses to the information requested. The Monitor acknowledges that the accuracy of some of the information provided to the Court and stakeholders by the Applicants during the course of these proceedings has been called into question. Those matters continue to be investigated.

21. Given the above, the Monitor is of the view that an extension of the Stay to June 30, 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.

OTHER MATTERS

22. The Monitor has received a recent request from Northland Mortgage and its new counsel for an update to the cost allocation methodology. The Monitor has been updating that methodology as sales occur and reported on adjustments to the allocation in the Confidential Supplement to the 17th Report. The Monitor does intend to continue that process and provide the stakeholders with a more fulsome update in respect of the cost allocation in early 2019 as well.

CONCLUSIONS

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

    i. approves the Monitor's decision to allow a payment of $5,000.00 to counsel for First Island from the sale proceeds of the Farm to cover some of the costs in relation to the foreclosure of the Farm;

    ii. approves the sale of the HML Kitchen unit as discussed herein and in the Confidential 20th Supplement;

    iii. extends the Stay to June 30, 2019; and

iv. seals the contents of the Confidential 20th Supplement.

All of which is respectfully submitted.

Dated at Edmonton, this 26th day of November, 2018.

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

4129-3906-1017.v3

Schedule "A"

Statement of Receipts and Disbursements - EY Trust Account - CNC

Opening Cash Balance:		
EY Trust Account	$	-
Cash Receipts:		
Sale of Assets (Net of GST)	$	9,145,500.00
Collection of A/R (Net of GST)	$	663,703.90
Refunds - Misc (Net of GST)	$	190,607.09
GST Collected	$	78,472.10
Hotel Tax Collection	$	11,946.61
Funds Transferred from BMO Op Acct	$	472,300.05
Interest Received	$	25,617.51
Unallocated (EY)	$	-
Cash in Bank	$	123,153.99
Total Cash Receipts:	$	**10,711,301.25**
Cash Disbursements:		
Wages Paid	$	541.93
Source Deductions	$	27,412.96
Utilities (Net of GST)	$	68,414.56
Insurance	$	44,452.11
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	715,464.44
Waste Disposal (Net of GST)	$	16,852.20
Property Taxes	$	1,783.46
GST Paid	$	142,259.77
Other (EY)	$	4,330.00
Monitor Fees	$	1,514,162.00
Monitor Disbursements	$	24,170.39
Operating Costs/Misc (Net of GST)	$	260,236.95
Deemed Trust Claim (crown-Federal)	$	652,916.43
PST Paid	$	14.46
DIP Lenders - Payment	$	3,606,582.29
Trust Funds Allocated to CCS Disbursements	$	111,983.47
Rent	$	28,571.43
Total Cash Disbursements:	$	**7,220,148.85**
Remaining Cash on Hand:	$	**3,491,152.40**

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Statement of Receipts and Disbursements - EY Trust Account - 816

Opening Cash Balance:		
EY Trust Account	$	-
Cash Receipts:		
Sale of Assets (Net of GST)	$	540.00
Collection of A/R (Net of GST)	$	-
Refunds - Misc(net of GST)	$	-
GST Collected	$	-
Other(EY)	$	0.40
Total Cash Receipts:	**$**	**540.40**
Cash Disbursements:		
Wages Paid	$	-
Source Deductions	$	-
Utilities (Net of GST)	$	2,210.56
Insurance	$	-
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	564.20
Waste Disposal (Net of GST)	$	-
Property Taxes	$	-
GST Paid	$	138.74
PST Paid	$	15.75
Spare 1 EY	$	-
Spare 2 EY	$	-
Spare 3 EY	$	-
Spare 4 EY	$	-
Spare 5 EY	$	-
Spare 6 EY	$	-
Spare 7 EY	$	-
Total Cash Disbursements:	$	2,929.25
Remaining Cash on Hand:	-$	2,388.85

Statement of Receipts and Disbursements - EY Trust Account - 1919

Opening Cash Balance:		
EY Trust Account	$	-
Cash Receipts:		
Sale of Assets (Net of GST)	$	-
Collection of A/R (Net of GST)	$	-
Refunds - Misc(net of GST)	$	-
GST Collected	$	-
Transferred from Operating Account	$	47.21
Total Cash Receipts:	**$**	**47.21**
Cash Disbursements:		
Wages Paid	$	-
Source Deductions	$	-
Utilities (Net of GST)	$	-
Insurance	$	-
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	-
Waste Disposal (Net of GST)	$	-
Property Taxes	$	-
GST Paid	$	-
Other (EY)	$	-
Spare 1 EY	$	-
Spare 2 EY	$	-
Spare 3 EY	$	-
Spare 4 EY	$	-
Spare 5 EY	$	-
Spare 6 EY	$	-
Spare 7 EY	$	-
Total Cash Disbursements:	$	-
Remaining Cash on Hand:	$	47.21

Statement of Receipts and Disbursements - EY Trust Account - CCS

Opening Cash Balance:		
EY Trust Account	$	-
Cash Receipts:		
Sale of Assets (Net of GST)	$	-
Collection of A/R (Net of GST)	$	-
Refunds - Misc(net of GST)	$	39.80
GST Collected	$	-
CNC Trust Funds Used for Disbursements	$	111,983.47
Other(EY)	$	67,197.21
Total Cash Receipts:	$	**179,220.48**
Cash Disbursements:		
Wages Paid	$	-
Source Deductions	$	10,530.57
Utilities (Net of GST)	$	6,326.70
Insurance	$	-
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	-
Waste Disposal (Net of GST)	$	146.25
Property Taxes	$	-
GST Paid	$	5,152.12
FV Daycare Expenses (net of GST)	$	98,972.12
General Operating Expenses	$	8,269.01
Deemed Trust Claim	$	32,626.50
Spare 3 EY	$	-
Spare 4 EY	$	-
Spare 5 EY	$	-
Spare 6 EY	$	-
Spare 7 EY	$	-
Total Cash Disbursements:	$	162,023.27
Remaining Cash on Hand:	$	17,197.21

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Statement of Receipts and Disbursements - EY Trust Account - DJ

Opening Cash Balance:

EY Trust Account	$	-

Cash Receipts:

Sale of Assets (Net of GST)	$	-
Collection of A/R (Net of GST)	$	118,326.13
Refunds - Misc(net of GST)	$	-
GST Collected	$	5,951.20
Hotel Tax Collected	$	2,706.24
Funds Transferred from Op Acct	$	207,046.59
Unallocated (EY)	$	-
Interest(EY)	$	737.31
Total Cash Receipts:	$	**334,767.47**

Cash Disbursements:

Wages Paid	$	-
Source Deductions	$	-
Utilities (Net of GST)	$	52,820.34
Insurance	$	-
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	340.95
Post CCAA Payables(Net of GST)	$	894.09
Property Taxes	$	41.00
GST Paid	$	2,729.97
Other (EY)	$	-
GST Remitted	$	2,925.85
Lease/Rent Paid	$	543.50
Spare 3 EY	$	-
Spare 4 EY	$	-
Spare 5 EY	$	-
Spare 6 EY	$	-
Spare 7 EY	$	-
Total Cash Disbursements:	$	60,295.70

Remaining Cash on Hand:	$	274,471.77

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Statement of Receipts and Disbursements - EY Trust Account - 137		
Opening Cash Balance:		
EY Trust Account	$	-
Cash Receipts:		
Sale of Assets (Net of GST)	$	5,196,288.57
Collection of A/R (Net of GST)	$	-
Refunds - Misc(net of GST)	$	-
GST Collected	$	259,814.43
Interest(EY)	$	20,337.74
Transfer from BMO Operating Account(EY)	$	835.42
Total Cash Receipts:	**$**	**5,477,276.16**
Cash Disbursements:		
Wages Paid	$	-
Source Deductions	$	-
Utilities (Net of GST)	$	-
Insurance	$	-
Hotel Taxes	$	-
Legal Fees (Net of GST)	$	1,994.14
Post CCAA Payables(Net of GST)	$	2,320.00
Property Taxes	$	-
GST Paid	$	315.71
Payment to Secured Creditor	$	4,157,132.75
Spare 1 EY	$	-
Spare 2 EY	$	-
Spare 3 EY	$	-
Spare 4 EY	$	-
Spare 5 EY	$	-
Spare 6 EY	$	-
Spare 7 EY	$	-
Total Cash Disbursements:	$	4,161,762.60
Remaining Cash on Hand:	$	1,315,513.56

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OP.