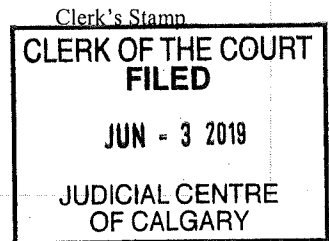


RCOURT FILE NUMBER 1801-09188
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANTS THIRD EYE CAPITAL CORPORATION



RESPONDENTS RANCH ENERGY CORPORATION, OPSMOBIL INC.,
1734163 ALBERTA INC., 1859821 ALBERTA INC.,
OPSMOBIL GROUP INC., OPSMOBIL CONSTRUCTION
INC., OPSMOBIL ENERGY SERVICES INC., AIR
DALLAIRE LTD. AND K.L. CAPITAL CORP.

DOCUMENT SUPPLEMENT TO THE NINTH REPORT OF THE
RECEIVER

June 3, 2019

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

RECEIVER

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INTRODUCTION

1. The purpose of this supplement to the ninth report of the Receiver (the “**Supplemental Ninth Report**”) is to provide the Court with the Receiver’s comments on:
 - a) the proposed distribution from the Receiver to Business Development Bank of Canada (“**BDC**”);
 - b) the proposal of the Receiver to withhold the Administration Holdback (as discussed below); and
 - c) the Receiver’s recommendations in respect of the same.

TERMS OF REFERENCE

2. All references to dollars are in Canadian currency unless otherwise noted.
3. Capitalized terms not defined in this Supplemental Ninth Report are as defined in the Ninth Report, the Receivership Order and the prior reports of the Receiver filed in these proceedings.

BDC DISTRIBUTION

4. Business Development Bank of Canada (“**BDC**”) registered a mortgage dated September 9, 2009 in the principal amount of \$2,500,000.00 against the lands and premises legally described as:

Plan 0721766
Block 4
Lot 1
Excepting thereout all Mines and Minerals
Containing 8.34 Hectares (20.61 Acres) More or Less

(the “**BDC Lands**”).
5. The Receiver has obtained an independent security review from its legal counsel indicating that, subject to the customary assumptions and qualifications, the security granted by the Corporations to BDC constitutes a valid and enforceable first charge security over the BDC Lands.
6. The BDC Lands formed part of the assets sold by OMGI to AES under the Second AES PSA.
7. The Receiver is proposing to settle in full the BDC mortgage on the BDC Lands by making a distribution to BDC in the amount of \$282,928 plus per diem interest until payout (the “**BDC Distribution**”). The amount of the BDC Distribution represents the entirety of amounts owing by OMGI to BDC pursuant to the mortgage.

ADMINISTRATION HOLDBACK

8. The Receiver is additionally proposing a holdback in respect of the Administration Charge (as defined in paragraph 31 of the Receivership Order), initially granted in the Debtors' *Companies' Creditors Arrangement Act* proceedings and adopted in the Receivership Order (the "Administration Holdback"). The Receiver is proposing the Administration Holdback in light of certain claims that have been made to it by counsel to the Debtors since filing the distribution application. While it is not clear what amounts, if any, are properly payable pursuant to the Administration Charge, the Receiver is proposing the Administration Holdback to preserve any rights while the Receiver further investigates these claims.
9. Table 1.0 below identifies the cash balances held by the Receiver as at the date of this Supplemental Ninth Report and the cash balance post-issuance of the CRA Distribution, BDC Distribution and Interim Distribution.

Corporations		Table 1.0
Proposed creditor distributions		
CAD \$, unaudited		
Cash held by the Receiver	A	7,707
Proposed creditor distributions		
Interim Distribution		(6,000)
CRA Distribution		(361)
BDC Distribution		(283)
	B	<u>(6,644)</u>
Cash Post-Distributions	(A + B)	<u><u>1,064</u></u>

10. Notwithstanding the Administration Holdback and the BDC Distribution, the Receiver believes that it will have sufficient funds available after making the proposed distributions to complete the remaining administration of the receivership of the OpsMobil entities. The Receiver expects to require additional borrowings to fund the operations of Ranch until a transaction is completed in respect of Ranch's assets and notes that there is sufficient availability for the time being under the Receiver's Borrowings Charge to finance these operations.

RECOMMENDATION

11. The Receiver respectfully recommends that the Court approve the:
- a) BDC Distribution; and

b) Administration Holdback.

Dated at Calgary, this 3rd day of June, 2019.

ERNST & YOUNG INC.
in its capacity as the
Receiver of the Corporations

A handwritten signature in black ink, appearing to read 'Peter Chisholm', written in a cursive style.

Peter Chisholm, CPA, CA, CIRP, LIT
Vice President