Clerk's Stamp

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 THIRTIETH REPORT**
	January 11, 2021
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>**MONITOR**</u>

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TABLE OF CONTENTS

PURPOSE OF THE REPORT

1. Over the Course of these CCAA proceedings the Applicants and the Monitor have made several applications to this Court, most (if not all) of 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-nine reports with the Court, issued one confidential report (the Confidential Twenty-Fourth Report) and issued twelve unfiled Confidential Supplements in relation to its Eleventh, Twelfth, Thirteenth, Sixteenth, Seventeenth, Eighteenth, Twentieth, Twenty-First, Twenty-Second Twenty-Seventh and Twenty-Ninth 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.

2. The purpose of this brief report (the "**30^{th} Report**") is to provide the Court and the Remaining Applicants' stakeholders with the following:

    a.) a brief update of matters resolved and matters remaining to be resolved since the Monitor last reported on such matters in the Monitor's 29^{th} Report; and

    and to serve as support for a request by the Monitor for an order of the Court that:

    b.) approves the actions of the Monitor as outlined in this report; and,

    c.) extends the Stay to April 16, 2021.

DISCLAIMER

3. This 30^{th} Report should be read in conjunction with all previously filed affidavits and reports, as well as Court Orders and unfiled Confidential Supplements 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 *https://documentcentre.ey.com/#/detail-engmt?eid=303* as only new details not previously provided to the Court will be discussed herein, unless otherwise stated. The Monitor reminds all parties reviewing this report that the website address established for these proceedings has changed since the filing of the 28^{th} Report to the address noted above as the Monitor's firm has revamped its web-based document centre for all of its

engagements.

4. 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.

MATTERS RESOLVED AND MATTERS TO BE RESOLVED

5. The sections that follow will outline, at a high-level, some of the items that have been resolved since the Monitor's 29th Report as well as items that remain to be resolved as at the date of this report.

Matters Resolved since the Monitor's 29th Report

6. The Monitor advises that following items noted as "to be completed" in the Monitor's 29th Report have now been completed:

   a.) Weslease had agreed to pay rent for storage of the 10-unit kitchen located at Wandering River at the rate of $1,000 per month commencing effective August 1, 2018. The rental payments due for the twenty-four-month period to July 31, 2020 will be paid by adjustment to the distribution amount otherwise due to Weslease. Since July 31, 2020, Weslease has paid the Monitor the $1,000 per month contemplated by the agreement (to November 30, 2020). In the event payments cease, the Monitor will apply further reductions to the proposed distribution to Weslease in accordance with the rental agreement referenced above. The Monitor, as previously reported, discontinued insurance coverage on the 7-unit water treatment plant as it is now the responsibility of Weslease;

   b.) After a thorough review of the receipts and disbursements to July 31, 2020, and a review of each of the Applicant's creditors and stakeholders, the Monitor prepared a revised proposed cost allocation and distribution (the "**October Allocation**"). A detailed discussion of the October Allocation was provided by way of a confidential supplement to the 29th Report. It is important to note that the October Allocation was prepared up to July 31, 2020 and will change as additional costs and fees are incurred. As at the date of this report, the October Allocation has been presented to all primary stakeholders who requested a copy and executed confidentiality undertakings satisfactory to the Monitor. A number of these stakeholders made enquiries and raised various matters with the Monitor and its counsel, some of which have been addressed and will be reflected in a revised allocation analysis, other enquiries could possibly be resolved with some additional time to work with the affected stakeholder(s); however, it is evident to the Monitor that certain stakeholder enquiries/concerns will need to be brought before the Court to be determined; and,

c.) As noted in previous reports of the Monitor, on August 29, 2019, the Court of Appeal of Alberta rendered its decision in favour of the Monitor and others in respect of CRA's appeal in relation to the priority of the Administration Charge, DIP Charge, and Director's Charge. On October 24, 2019, CRA applied for leave to appeal the judgement of the Court of Appeal to the Supreme Court of Canada ("**SCC**"). On March 26, 2020, the SCC granted leave for CRA to appeal the judgement of the Court of Appeal with costs in the cause. The Monitor advises that the appeal was heard by the SCC on December 1, 2020. As previously advised, the Monitor and its counsel participated in the appeal to the SCC at no further cost to the estate. All disbursements and time costs/fees incurred (with the exception of a small $600 (approximate) agency disbursement previously charged to the estate) by the Monitor and its counsel in relation to this appeal subsequent to the granting of leave will be borne by, or shared between, the Monitor's firm and that of its counsel. At this point, it is uncertain when the SCC will render its decision.

<u>Matters Remaining to be Resolved</u>

7. Despite having resolved the matters noted above, there remains a few matters that still need to be resolved in these CCAA proceedings, many of which are administrative. Such matters include, but are not likely limited to the following:

a.) Final realization (or disposition) of certain of the Applicants' unsaleable camp assets and real properties. The Monitor advises that, with the exception of the 2-storey stick-built dorm at Wabasca, the remainder the Applicant's remaining saleable camp assets have now been sold leaving only some old dilapidated Artisan dorms and a small number of other immaterial unsaleable assets. These unsaleable assets will either be abandoned or sold for scrap. With respect to the 2-storey stick-built dorm, the Monitor anticipates that this structure will likely be sold or otherwise dealt with in conjunction with the Wabasca land on which it is located;

b.) Regarding the Applicants' remaining real properties, with the exception of an offer received on a portion of the Applicants' lands in Bonnyville, Alberta in early December 2020 (discussed further below), the Monitor remains unaware of any legitimate outside interest in purchasing these properties. Aside from this recent offer received, the only interest that the Monitor is aware of in relation to these remaining properties pertains to the stakeholders with mortgages and outstanding property taxes against these properties. Each remaining parcel of land has at least one mortgage or charge registered against it in favour of certain secured creditors. In addition, each parcel is subject to amounts owing for property taxes to the municipality where they are situated. The Monitor has expressed a method of allocating costs to those parcels as discussed in the Confidential Supplement to the Monitor's 29th Report. Discussions with the affected mortgagees on how best to address the matter has been undertaken and remains ongoing at this time;

c.) In regard to the offer recently received on a portion of the Applicants' Bonnyville lands as noted above, the Monitor has presented this offer to counsel for the affected mortgagee, Northland Mortgage & Investment Corp. ("Northland") and counsel for Northland has recently advised the Monitor that it does not support the offer and has suggested to the Monitor that it not move forward with accepting the offer;

d.) To the best of the Monitor's abilities, ensure that all post-CCAA CRA returns (both GST and source deductions) are filed on an ongoing basis and close the accounts upon completion of the administration of the Estate;

e.) Determine how to deal with post-CCAA trade creditors;

f.) Consider next steps (if any) in relation to the limited partnerships;

g.) Upon completion of negotiations with the stakeholders, finalize and obtain Court approval in respect of a modified version of the October Allocation and November Allocation, based on current discussions or a Court determination of unsettled issues;

h.) Complete a distribution to stakeholders based on the above; and

i.) Obtain the Monitor's discharge.

EXTENSION OF THE STAY

8. As noted earlier in this report, there remains a number of matters to be resolved in these CCAA proceedings at this time. In addition, given stakeholder concerns/enquiries communicated to the Monitor's counsel respecting the October Allocation it is anticipated that all concerns will not be resolved consensually and will require the Court's directions. A full day hearing has been scheduled for February 25, 2021 for argument in respect of the cost allocation issue. It is anticipated by the Monitor and its counsel that this Honourable Court may not make a decision on February 25, 2021 in respect of the issues surrounding the October Allocation and may require additional time to consider and render its decision. Once the Court's decision is obtained, additional time to finalize the resulting order and complete the remaining tasks, including final distributions and the Monitor obtaining its discharge will be required.

9. Given these matters and considering the continuing (at least partial) disruptions generally as a result of the COVID-19 pandemic, as well as a potential increase in COVID-19 related issues over the next few months, additional time, and therefore a further extension, is required.

10. Despite the challenges faced to date in these proceedings, substantially all of the Applicants' remaining assets have been liquidated, and the costs of security, insurance, utilities and other safeguarding measures have been drastically reduced and now relate exclusively to the Wabasca site.

11. Given all of the above factors, and the other matters and information outlined in this report, 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.

12. The Monitor is of the view that an extension of the Stay to April 16, 2021, is reasonable and appropriate in the circumstances to allow the Monitor to finalize a cost allocation and distribution, and address the remaining outstanding matters noted in this report.

13. The Monitor continues to act in good faith and with due diligence in bringing these estate matters to an end.

OTHER MATTERS

14. There are no other matters to report at this time.

CONCLUSIONS

15. Based on the matters outlined in this report, the Monitor respectfully requests an Order that:

a.) approves the actions of the Monitor as outlined in this report; and,

b.) extends the Stay to April 16, 2021.

All of which is respectfully submitted.

Dated at Edmonton, this 11th day of January, 2021.

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:

Matt McCulloch, CA, CPA, CIRP, LIT
Senior Vice President