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J. Eidsvik

JUDICIAL CENTRE CALGARY

APPLICANT 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 JMB CRUSHING SYSTEMS INC.  
AND 2161889 ALBERTA LTD.

DOCUMENT FOURTEENTH REPORT OF FTI CONSULTING  
CANADA INC., IN ITS CAPACITY AS MONITOR OF  
JMB CRUSHING SYSTEMS INC. AND 2161889  
ALBERTA LTD.

**March 4, 2021**

ADDRESS FOR SERVICE AND  
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# FOURTEENTH REPORT OF THE MONITOR

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**Appendix A** – Cash Flow Statement for the 48 weeks ending April 2, 2021

## INTRODUCTION

1. On May 1, 2020 (the “**Filing Date**”), JMB Crushing Systems Inc. (“**JMB**”) and 2161889 Alberta Ltd. (“**216**” and together with JMB, the “**Applicants**”) commenced proceedings (the “**CCAA Proceedings**”) under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an order granted by this Honourable Court which was subsequently amended and restated on May 11, 2020 (the “**ARIO**”).
2. The ARIO appointed FTI Consulting Canada Inc. as Monitor in the CCAA Proceedings (the “**Monitor**”) and established a stay of proceedings (the “**Stay of Proceedings**”) in favour of the Applicants until July 31, 2020. On January 12, 2021, this Honourable Court most recently granted an order extending the Stay of Proceedings to March 12, 2021.
3. On October 16, 2020, this Honourable Court granted the following orders:
  - a. an order (the “**Original SAVO**”) approving a transaction (the “**Mantle Transaction**”) for the sale to Mantle Materials Group, Ltd. (“**Mantle**”) of certain assets and vesting such assets free and clear of any security interests or other claims other than certain permitted encumbrances;
  - b. an order (the “**Original RVO**”) vesting all of JMB’s remaining assets and liabilities that are excluded from the Mantle Transaction in 216;
  - c. an order (the “**Original Assignment Order**”) assigning certain of the Applicants’ agreements to Mantle; and
  - d. an order (the “**Original Sanction Order**”) sanctioning a joint plan of arrangement under the Business Corporations Act, SBC 2002, c 57, as amended and the CCAA.

4. On March 3, 2021, the Monitor filed an application for an order (the “**CRA Claims Bar Date Order**”) seeking a claims bar date with respect to the potential contingent priority claim (the “**CRA Claim**”) of the Canada Revenue Agency (“**CRA**”) of the later of March 19, 2021 or three business days after the Applicants provide a response to any outstanding information requests from the CRA.
  
5. On March 4, 2021, the Applicants served a Notice of Application for the following orders:
  - a. an order (the “**Amended SAVO**”) amending and restating the Original SAVO, approving an amended and restated asset purchase agreement between JMB and Mantle (the “**Amended Mantle APA**”) and vesting in Mantle all of the right, title and interest of JMB and 216 in the acquired assets, free and clear of all claims and liens other than the permitted encumbrances;
  
  - b. an order (the “**Amended RVO**”) amending and restating the Original RVO, adding 2324159 Alberta Inc. (“**ResidualCo**”) as an applicant in the CCAA Proceedings, vesting all of the right, title and interest of the remaining assets (the “**Remaining Assets**”) and liabilities (the “**Remaining Liabilities**”) of JMB and 216 in ResidualCo and declaring that section 11.1(2) of the CCAA does not apply in respect of certain past non-compliances of the Applicants with respect to the AEP (the “**AEP Fee Arrears**”). The AEP Fee Arrears include the non-payment of rent, royalties, dues, fees, rates, charges or other money accrued under the public lands dispositions held by the Applicants, prior to the Filing Date, together with interest or penalties thereon. The AEP Fee Arrears exclude the Applicants’ remediation obligations and any requirements to post remediation security with the applicable regulatory authorities;
  
  - c. an order (the “**Amended Assignment Order**”) amending and restating the Original Assignment Order assigning the rights and obligations of the Applicants under certain agreements which contain provisions restricting their assignment (the “**Restricted Agreements**”) to Mantle under section 11.3 of the CCAA;

- d. an order (the “**Amended Sanction Order**” and together with the Amended SAVO, Amended RVO, Amended Assignment Order, the “**Amended Orders**”) amending and restating the Original Sanction Order, sanctioning an amended and restated joint plan of arrangement under the *Business Corporations Act, SBC 2202, c 57, as amended* (British Columbia), the *Alberta’s Business Corporations Act, RSA 2000, c B-9* (the “**ABCA**”) and the CCAA (the “**Amended Plan**”); and
6. Also on March 4, 2021, the Applicants advised that they intend to seek an order (the “**Extension Order**”) extending the Stay of Proceedings until and including April 2, 2021 upon the filing of a Monitor’s certificate certifying that certain conditions precedent have been met.
7. The purpose of this report is to provide this Honourable Court and the Applicants’ stakeholders with information and the Monitor’s comments with respect to:
  - a. the Amended Mantle APA;
  - b. the Applicants’ application for the Amended Orders;
  - c. the Monitor’s application for the CRA Claims Bar Date Order;
  - d. an updated cash flow statement (the “**Tenth Cash Flow Statement**”) prepared by the Applicants for the 48 weeks ending April 2, 2021, including the key assumptions on which the Tenth Cash Flow statement is based;
  - e. the Applicants’ application for the Extension Order; and
  - f. the Monitor’s conclusions and recommendations.

## **TERMS OF REFERENCE**

8. In preparing this report, the Monitor has relied upon certain information (the “**Information**”) including information provided by JMB concerning the various assets

subject to the various transactions and JMB's unaudited financial information, books and records and discussions with senior management and the Chief Restructuring Advisor (collectively, "**Management**").

9. Except as described in this report, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
10. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
11. Future oriented financial information reported to be relied on in preparing this report is based on Management's assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

#### **AMENDED MANTLE APA**

13. As described in the Thirteenth Report of the Monitor, the original amended and restated asset purchase agreement dated September 28, 2020 (the "**Original Mantle APA**") was conditional on the parties obtaining approval from Alberta Environment and Parks (the "**AEP**") of the transfer of surface mineral leases and other Crown dispositions. The Applicants and Mantle have advised that they have been unable to reach an agreement with the AEP.
14. In order to complete the Mantle Transaction, the parties have entered into the Amended Mantle APA, which contemplates the following transactions:

- a. ResidualCo has been incorporated under the ABCA and will be added as an applicant in the CCAA Proceedings;
- b. the Applicants would retain all dispositions, aggregate reserves, permits, active royalty agreements, and registrations issued by the AEP in which they have an interest;
- c. the Remaining Assets and Remaining Liabilities vest in ResidualCo under the Amended RVO; and
- d. the Amended Plan is proposed to Fiera Private Debt Fund VI LP (“**Fiera**”) and ATB Financial (“**ATB**” and together with Fiera, the “**Affected Creditors**”), as the sole Affected Creditors, amending and restating the Original Plan and adding 216 as a party that, together with JMB and Mantle, is proposing the Amended Plan.

15. The commercial terms of the Amended Mantle APA are as follows:

- a. Mantle will purchase certain of JMB’s assets, including the business carried on by the Applicants specifically utilizing the assets to be transferred to Mantle or retained by the Applicants, certain active royalty agreements (the “**Included Royalty Agreements**”) in favour of JMB and the interests in certain lands and reserves thereunder, shares in a joint venture subsidiary and intellectual property as well as the books and records and other miscellaneous assets;
- b. Mantle will not purchase the following assets (the “**Excluded Assets**”):
  - i. certain equipment with a security interest in favour of Fiera that has been sold or is to be sold or that is located on property that Eastside Rock Products Inc., a subsidiary of JMB, in the State of Washington;

- ii. any of the assets subject to prior ranking purchase-money security interests or leases (“**PMSIs**”);
  - iii. certain inactive royalty agreements (the “**Excluded Royalty Agreements**”) and other contracts that have not been retained by JMB or 216 or assigned to Mantle;
  - iv. certain inventory that will vest in ResidualCo pursuant to the RVO;
  - v. the debts or accounts receivable owing to the Applicants of which any collection will be applied against the ATB indebtedness, which will also vest in ResidualCo; and
  - vi. the Applicants’ books and records relating to or in connection with the Excluded Assets, any liabilities other than the liabilities to be assumed by Mantle, or any employees who do not accept an offer of employment by Mantle.
- c. Mantle and/or JMB and 216, upon closing of the Amended Mantle APA and the Amended Plan becoming effective, will assume the following liabilities:
- i. Mantle will assume certain cure costs in accordance the Amended Assignment Order;
  - ii. Mantle will assume the portion of Fiera’s secured debt that Mantle becomes liable for pursuant to its loan agreement with Fiera (the “**Fiera Assumed Debt**”);
  - iii. the portion of ATB’s secured debt that Mantle becomes liable for associated with the sell-off agreement of inventory and a security interest in JMB’s real property subject to the Mantle APA (the “**ATB Assumed Debt**”);



- iv. JMB and 216 will remain liable for the reclamation and remediation obligations in respect of the Included Royalty Agreements, the lands subject to one or more dispositions in favour of JMB or 216, and the lands subject to active or inactive royalties in favour of JMB, to satisfy the requirements of the AEP under the *Environmental Protection and Enhancement Act*, RSA 2000, c E-12, the *Public Lands Act*, RSA 200, c P-4 and all regulations thereunder, including the Code of Practice for Pits;
  - v. JMB and 216 will remain liable for a portion of the secured debt in favour of ATB and Fiera;
  - vi. the go forward liabilities under certain assigned contracts;
  - vii. Mantle will assume any liabilities with respect to transferred employees after the applicable adjustment date under the Amended Mantle APA;
  - viii. any liabilities with respect to the acquired assets following the applicable adjustment date; and
  - ix. JMB will remain liable under a promissory note issued to it by CARC in the principal amount of \$2,600,000.
- d. the details of the purchase price are set out in the Confidential Affidavit of Byron Levkulich sworn March 4, 2021;
  - e. certain adjustments relating to revenues, costs and expenses of the acquired assets and transferred employees are to be apportioned as at the date before closing;
  - f. in order to facilitate the transaction, the Amended Mantle APA requires the approval of this Honourable Court of the Amended Orders, in addition to the Amended Mantle SAVO; and

- g. the material conditions to closing include, among other things, the following:
- i. payment by Mantle to JMB of the purchase price, which shall immediately thereafter be transferred to ResidualCo, before the emergence of JMB and 216 from the within CCAA Proceedings;
  - ii. the issuance of the Amended Orders without any appeal of, or application to set aside, vary or amend the Amended Orders which has not been abandoned or dismissed;
  - iii. certain contracts will have been disclaimed pursuant to section 32 of the CCAA prior to closing, or upon closing shall have vested in ResidualCo;
  - iv. there will have been obtained from all appropriate governmental authorities and counterparties such material approvals or consents and such permits as are required to permit the change of ownership of the acquired assets;
  - v. each of ATB and Fiera shall have made or provided for, in a form that is satisfactory to Mantle, their respective reclamation contributions in accordance with a cost allocation agreement to be entered into by ATB, Fiera, the Applicants and Mantle (the “**Cost Allocation**”); and
  - vi. ATB, Fiera, the Applicants and Mantle shall have executed and delivered an agreement setting out the allocation of costs in the CCAA Proceedings, which agreement shall be in form and substance satisfactory to them.

## **AMENDED ORDERS**

### **Amended Assignment Order**

16. The Original Assignment Order has been amended and restated to remove certain agreements that are no longer economical or need to be assigned as a result of amendments to the Original Mantle APA.
17. The Applicants are seeking the Amended Assignment Order pursuant to section 11.3 of the CCAA assigning to Mantle free and clear of any and all claims, but subject to the permitted encumbrances, any Restricted Agreements whereby the counterparty has not consented to the assignment, provided that any applicable cure costs are paid.
18. Mantle has advised that it will be able to perform the obligations under the Restricted Agreements and has set aside sufficient working capital to deal with all such go forward obligations.

#### **Amended Reverse Vesting Order**

19. The Applicants are seeking to amend the Original RVO to authorize the Applicants to undertake a reverse vesting transaction whereby certain of the acquired assets are preserved in their respective corporate shells while transferring the Remaining Assets and Remaining Liabilities to ResidualCo in a structured manner. Upon the delivery of the Monitor's Certificate, the following is deemed to have occurred:
  - a. JMB and 216's interests in the Remaining Assets shall vest in ResidualCo, subject to all existing encumbrances which shall remain attached to the applicable assets;
  - b. the Remaining Assets vested from JMB will be held in trust for the creditors of JMB while the Remaining Assets vested from 216 will be held in trust in for the creditors of 216 in order to avoid changes to the *pro rata* entitlement of creditors of JMB versus the creditors 216 once the assets are transferred to ResidualCo;
  - c. all Remaining Liabilities shall be transferred to and vest in ResidualCo and ResidualCo shall be deemed to have assumed and become liable for such Remaining Liabilities;

- d. the creditors of JMB and 216 shall be forever barred from commencing any steps or proceedings with respect to the Remaining Liabilities or encumbrances against JMB or 216 subsequent to the Amended RVO taking effect;
- e. any creditor of JMB or 216 that had a right or claim against JMB or 216 pursuant to a Remaining Liability shall no longer have such claim but shall have an equivalent claim against ResidualCo;
- f. JMB and 216 shall be deemed released from any and all Remaining Liabilities; and
- g. notwithstanding the above, JMB and 216 shall continue to be liable to ATB for the remaining ATB debt (the “**Remaining ATB Debt**”) and to Fiera for the remaining Fiera debt (the “**Remaining Fiera Debt**”) and the encumbrances granted by JMB and 216 to ATB and Fiera shall continue to attach to any property and assets of JMB and 216, subject to the terms and provisions of the Amended Plan.

20. The Amended RVO also contains provisions with respect to the AEP Fee Arrears as follows:

- a. the AEP or any other governmental authority or regulatory body are stayed from taking any action to collect or enforce payment of the AEP Fee Arrears;
- b. all rights and remedies of the AEP, whether judicial or extra-judicial, statutory or non-statutory, against or in respect of JMB, 216 or Mantle, or affecting any of the dispositions, registrations or permits, are permanently stayed and suspended and shall not be commenced, proceeded with or continued, except with the leave of this Honourable Court;
- c. all dispositions, registrations and permits shall be and remain in full force and effect, unamended;

- d. the AEP shall not terminate, rescind, refuse to renew or grant new dispositions, registrations or permits in JMB, 216 or Mantle, nor shall it refuse to consent to the transfer or assignment to JMB, 216 or Mantle of any disposition, registration or permit, or enforce or exercise any right or remedy under or in respect of such disposition, registration and permit by reason of the Applicants insolvency or other transactions contemplated under the Amended Plan;
- e. Mantle, ATB and Fiera are to fund the replacement of the reclamation security for the lands subject to the Excluded Royalty Agreements, the payment of which shall be without prejudice to any cause of action or claim that JMB may have against the AEP;
- f. ResidualCo shall be deemed to have granted JMB a charge (the “**Access Charge**”) to secure access to the lands to and in favour of JMB with respect to the Excluded Royalty Agreements to permit JMB to carry out reclamation work, in accordance with the reclamation plans filed by JMB and 216 with the AEP (the “**Reclamation Plans**”);
- g. the Access Charge is not a financial charge and there shall be no indebtedness accruing thereunder. The Access Charge is simply intended to allow JMB to continually secure access to perform necessary remediation obligations;
- h. the Reclamation Plans are binding upon the AEP and should a landowner not permit access for JMB or its employees or contractors for purposes of the reclamation work, and the AEP is unwilling or unable to obtain such access upon receiving a written request in writing from JMB, the obligations of JMB and 216 under the Reclamation Plans relating to such land shall be limited to the provision of the reclamation security; and
- i. section 11.1(2) of the CCAA does not apply in respect of the AEP Fee Arrears or any other governmental authority or regulatory body empowered to enforce the payment of the AEP Fee Arrears, as:

- i. a viable compromise or arrangement cannot be made in respect of JMB and 216 if section 11.1(2) were to apply; and
- ii. it is not contrary to the public interest that the AEP and any other governmental authority or regulatory body empowered to enforce the payment of the AEP Fee Arrears be stayed from taking any steps to collect the AEP Fee Arrears.

21. The Amended RVO contains broad releases effective upon Plan implementation for JMB, 216, Mantle, the Monitor, the Chief Restructuring Advisor and their respective directors and officers as well as their respective legal counsel for any liabilities and claims for acts and omissions in respect of the amended Mantle Transaction and related orders.

#### **Amended Plan of Arrangement**

22. The purpose of the Amended Plan is to enable Mantle to continue the business as a going concern, arrange the Remaining ATB Debt and the Remaining Fiera Debt and alter the current original articles of JMB and 216.

23. The primary secured creditors of JMB and 216 are ATB and Fiera and the security interests of ATB and Fiera rank in priority to any other creditor of JMB and 216, other than certain PMSIs as set out the Amended Plan. ATB and Fiera are the sole affected creditors under the Amended Plan.

24. The Amended Plan, should it be sanctioned by this Honourable Court, will have the effect of:

- a. cancelling all equity securities in JMB other than the Class A JMB shares;
- b. cancelling all equity securities in 216 other than the 216 shares of JMB;
- c. transferring the Class A JMB shares from Canadian Aggregate Resource Corporation (“**CARC**”) to RLF Canada Holdings Limited (“**RLF**”), the sole

shareholder of all issued and outstanding shares of Mantle and an affiliate of CARC. Both CARC and RLF are wholly owned subsidiaries of Resource Land Fund V LP, a US private equity fund;

- d. arranging the indebtedness of ATB such that ATB shall have recourse against Mantle for the ATB Assumed Debt, to the extent of the acquired aggregate inventory and proceeds thereof;
  - e. arranging the indebtedness of Fiera such that Fiera shall have recourse against Mantle for the Fiera Assumed Debt; and
  - f. arranging the indebtedness of ATB and Fiera, such that upon any amalgamation of Mantle and JMB, they do not have recourse against JMB, 216 or Mantle for the Remaining ATB Debt or the Remaining Fiera Debt, which shall continue to attach to the Remaining Assets and ResidualCo as they had immediately prior to Plan implementation.
25. The Amended Mantle APA will result in a shortfall to ATB and Fiera and there will be no proceeds available to pay any of the indebtedness, liabilities, or obligations to unsecured creditors of JMB and 216 and they are therefore unaffected by the Plan (the “**Unaffected Creditors**”). The Amended Plan contemplates that the shares of JMB and 216 have no value and that the existing shareholders are therefore also unaffected by the Amended Plan (the “**Existing Shareholders**”).
26. The Amended Plan contains a provision allowing the Applicants to amend, restate, modify and/or supplement the Amended Plan, with the prior consent of the Monitor provided that it is filed and approved by this Honourable Court. Court approval is not required if the matter is of an administrative nature, in the opinion of JMB, 216, Mantle and the Monitor, and is required to better give effect to Plan implementation and the Amended Sanction Order or to cure any errors, omissions or ambiguities.

27. The Amended Plan contemplates that if both of the Affected Creditors agree to the Amended Plan pursuant to proxies provided to the Monitor, the Monitor may dispense with holding a creditors' meeting to confirm the Plan. For greater certainty, no Unaffected Creditor or Existing Shareholder will be entitled to vote or attend the creditors' meeting in respect of the Amended Plan.

28. Plan implementation is conditional on the satisfaction or waiver of the following:

- a. the Affected Creditors having agreed to the Amended Plan;
- b. the Court having granted the Amended Sanction Order; and
- c. all closing conditions precedent pursuant to the Amended Mantle APA having been satisfied.

#### **Amended Sanction Order**

29. The Original Sanction Order has been amended to provide for, among other things, the following relief:

- a. sanctioning of the Amended Plan; and
- b. authorization for the Applicants, ResidualCo, Mantle and the Monitor to take such steps as may be necessary to implement and complete the Amended Plan.

#### **MONITOR'S COMMENTS ON THE AMENDED PLAN AND AMENDED ORDERS**

30. The Monitor's comments on the Amended Plan and Amended Orders are as follows:

- a. the proposed amendments will allow the Applicants to close the Mantle Transaction, preserving value for the stakeholders and allowing the business to continue as a going concern as there remains no viable alternative to the Mantle Transaction;



- b. all of the Applicants' dispositions, registrations and permits will be preserved;
  - c. the reclamation security for the lands subject to the Excluded Royalty Agreements will be fully replaced and reclamation work with respect to the Excluded Royalty Agreements will be carried out in accordance with the Reclamation Plans. As a result, the Alberta public will avoid becoming responsible for any security deficiency with respect to the outstanding reclamations obligations;
  - d. key stakeholders, including ATB and Fiera as senior secured creditors in respect of the subject assets are supportive of the approval of the amended Mantle Transaction;
  - e. no key stakeholders or secured creditors, aside from ATB, Fiera, and the AEP, are materially impacted by the Amended RVO and Amended Plan as the majority of the remaining assets and liabilities attach to ResidualCo in the same order and priority as existed prior to the Amended RVO taking effect;
  - f. the cash purchase price payment and the Cost Allocation under the amended Mantle Transaction will provide for cash consideration to fund estate costs, including the determination of any outstanding contested lien claim;
  - g. the Amended Plan complies with the statutory requirements of the CCAA; and
  - h. nothing has been done or purported to have been done that is not authorized by the CCAA.
31. Overall, the Monitor is of the view that the relief sought in the Amended Orders, and the amended Mantle Transaction in general, is fair and reasonable and is in the best interests of the Applicants' stakeholders and will provide recoveries greater than the most likely alternative which would be a receivership and/or bankruptcy.

32. However, the Monitor understands that due to the timing and delivery of the application materials concerning the amended transactions and the complex nature of same, a number of stakeholders, including but not limited to the AEP, continue to review such materials and have requested a short and reasonable adjournment to the Applicants' application, to allow such stakeholders to review and provide their comments with respect to the various corresponding forms of Order.

### **CRA CLAIMS BAR DATE ORDER**

33. As described in previous reports of the Monitor, certain unresolved potential tax liabilities may exist (the "**Unresolved Tax Liabilities**") as a result of the actions of JMB Crushing Systems ULC ("**JMB ULC**") which came to light in the due diligence phase of Resource Land Fund V, LP's acquisition of the JMB ULC shares.

34. The CRA previously advised that it may seek to assert a contingent priority claim, by way of a deemed trust, in connection with the Unresolved Tax Liabilities.

35. Following the filing and service of the Monitor's application seeking the CRA Claims Bar Date Order, the CRA confirmed to the Applicants and the Monitor that the CRA does not have any priority claim(s) to assert in these CCAA Proceedings. As such the Monitor's application for the CRA Claims Bar Date Order is no longer necessary.

### **TENTH CASH FLOW STATEMENT**

36. The Applicants have prepared the Tenth Cash Flow Statement which includes forecast results for the 48 weeks ending April 2, 2021 (the "**Forecast Period**"). A copy of the Tenth Cash Flow Statement is attached as Appendix "A".

37. A summary of the Tenth Cash Flow Statement is set out in the table below:

(\$000's)	Weeks 1-43	Weeks 44-48	Total
	Actual	Forecast	Pro-Forma
<b>Operating Receipts</b>			
Collection of Pre-Filing AR - Ellis Don	\$ 2,032	\$ -	\$ 2,032
Collection of Pre-Filing AR - MD of Bonnyville	1,478	-	1,478
Collection of Post Filing AR - MD of Bonnyville	1,566	-	1,566
Post-filing Gravel Sales	95	-	95
SISP Proceeds	577	422	999
Other Receipts	1,091	42	1,133
<b>Total Operating Receipts</b>	<b>6,838</b>	<b>465</b>	<b>7,303</b>
<b>Operating Disbursements</b>			
Payroll And Source Deductions	(1,656)	(79)	(1,735)
Royalties	(408)	-	(408)
Fuel	(210)	(1)	(210)
Repair & Maintenance	(54)	-	(54)
Office Administration	(58)	(3)	(61)
Insurance & Benefits	(267)	(11)	(278)
Jobsite Lodging	(21)	-	(21)
Equipment Loan & Lease Payments	(141)	-	(141)
Occupancy	(348)	(39)	(386)
Other	(75)	(33)	(109)
<b>Total Operating Disbursements</b>	<b>(3,237)</b>	<b>(166)</b>	<b>(3,402)</b>
<b>Non-Operating Receipts &amp; Disbursements</b>			
Interim Financing (Repayment)	(211)	-	(211)
Professional Fees	(2,601)	(1,081)	(3,682)
<b>Total Disbursements</b>	<b>(6,049)</b>	<b>(1,247)</b>	<b>(7,295)</b>
<b>Net Cash Flow</b>	789	(782)	7
Opening Cash Balance	-	789	-
<b>Ending Cash</b>	<b>\$ 789</b>	<b>\$ 7</b>	<b>\$ 7</b>

38. The Tenth Cash Flow Statement is based on the following assumptions:

- a. the Tenth Cash Flow Statements assumes that the Mantle Transaction will close in the week ending March 12, 2021. As a result, SISP proceeds of approximately \$422,000 are expected to be released to the Applicants to fund the CCAA Proceedings to April 2, 2021;

- b. other receipts include \$42,000 relating to anticipated subsidies to be received from the federal government. The Applicants have not assumed any recoveries from the holdbacks of approximately \$2.1 million pending determination of entitlement;
- c. payroll and source deductions includes approximately \$18,000 in vacation pay and the related source deductions due to employees upon the closing of the Mantle Transaction;
- d. the remaining operating disbursements relate primarily to ordinary course payments to fund general liability insurance, basic office needs and occupancy costs and cease after the week ending March 12, 2021; and
- e. forecast professional fees are expected to be approximately \$1.1 million during the Forecast Period. They include payment of the accrued fees and forecast fees for the Applicants' legal counsel, the Monitor, the Monitor's legal counsel, the Chief Restructuring Advisor, the Sales Agent's success fee if the amended Mantle Transaction closes, and certain other legal costs. A summary of the actual professional fee disbursements incurred to date and estimated costs to completion are set out in the table below:

<i>(\$000's)</i>	Weeks 1-43	Weeks 44-48	Weeks 1-48
<b>Role</b>	<b>Actual</b>	<b>Forecast</b>	<b>Total</b>
Legal Counsel to Applicants	\$ 652	\$ 552	\$ 1,204
Monitor	651	79	731
Legal Counsel to Monitor	639	89	729
Chief Restructuring Advisor	323	51	374
Sales Agent	234	289	523
Other	101	20	121
<b>Total</b>	<b>\$ 2,601</b>	<b>\$ 1,081</b>	<b>\$ 3,682</b>

39. Overall, the Applicants are forecasting to incur negative net cash flow of approximately \$782,000 during the Forecast Period and have a remaining cash balance of approximately \$7,000 as at April 2, 2021.
40. The Applicants have prepared an alternative forecast for a scenario in which the Mantle Transaction does not close in which case they are expecting to run out of available liquidity by March 12, 2021 and would require an additional approximately \$300,000 to continue operating for the duration of the Forecast Period.

### **STAY EXTENSION**

41. The Monitor has considered JMB's application for the Extension Order and has the following comments:
- a. an extension will allow for a possible adjournment for the application of the Amended Orders;
  - b. the Applicants require an extension to allow the Applicants additional time to resolve the remaining contested builder's lien claim of RBEE Aggregate Consulting Ltd. scheduled to be heard on March 31, 2021;
  - c. the Tenth Cash Flow Statement forecasts that the Applicants will have available liquidity during the period of the proposed extension to April 2, 2021 if the amended Mantle Transaction closes on or before March 12, 2021. Alternatively, the Applicants will have sufficient liquidity upon either additional funding or an agreement regarding same being reached by the affected stakeholders, which provides for \$300,000 in additional liquidity;
  - d. the Monitor has been advised that certain stakeholders, including the senior secured lenders, are supportive of the proposed extension on these terms;
  - e. the Applicants are acting in good faith and with due diligence; and

- f. an extension of the Stay of Proceedings until April 2, 2021 is in the best interests of the Applicants' stakeholders.

## CONCLUSIONS AND RECOMMENDATIONS

42. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the Extension Order.

43. The Monitor supports the Amended Mantle Transaction, as it is in the best interests of the Applicants and the Applicants' affected creditors and stakeholders, and will ensure that all necessary remediation obligations are dealt with. However, in light of the timing and ongoing amendments and/or the various parties' review of such Amended Orders and the Applicants' corresponding application materials, the Monitor is supportive of a brief adjournment to permit the Applicants and their affected creditors and stakeholders time to review and, to the extent necessary, finalize the Amended Orders.

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All of which is respectfully submitted this 4<sup>th</sup> day of March, 2021.

FTI Consulting Canada Inc.  
in its capacity as Monitor of the Applicants



Deryck Helkaa  
Senior Managing Director



Tom Powell  
Senior Managing Director

# **Appendix A**

Tenth Cash Flow Statement  
for the 48 Weeks Ending April 2, 2021

## Tenth Cash Flow Statement (Note 1)

	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast			
Week #	Weeks 1 - 43	Week 44	Week 45	Week 46	Week 47	Week 48	Weeks 44 -48	Weeks 1 - 48		
Week Ending		5-Mar-21	12-Mar-21	19-Mar-21	26-Mar-21	2-Apr-21	Total	Total	Notes	
<b>Opening Cash</b>	\$ -	\$ 789,302	\$ 627,977	\$ 516,329	\$ 127,279	\$ 186,054	\$ 789,302	\$ -		
<b>Cash Receipts</b>										
Collection of Canadian Emergency Wage Subsidy	773,948	-	-	-	20,300	-	20,300	794,248		
Collection of Canadian Emergency Rent Subsidy	105,161	-	-	-	21,900	-	21,900	127,061		
Collection of Pre-Filing AR - EllisDon (net of lien payouts)	2,031,521	-	-	-	-	-	-	2,031,521		2
Collection of Pre-Filing AR - MD of Bonnyville	1,477,612	-	-	-	-	-	-	1,477,612		3
Collection of Post-Filing AR - MD of Bonnyville	1,565,745	-	-	-	-	-	-	1,565,745		4
Post-Filing Gravel Sales	95,165	-	-	-	-	-	-	95,165		
SISP Proceeds	576,990	-	385,788	-	36,575	-	422,363	999,353		5
Other Receipts	211,869	-	-	-	-	-	-	211,869		
<b>Total Receipts</b>	<b>6,838,011</b>	<b>-</b>	<b>385,788</b>	<b>-</b>	<b>78,775</b>	<b>-</b>	<b>464,563</b>	<b>7,302,574</b>		
<b>Operating Disbursements</b>										
Payroll And Source Deductions	(1,656,140)	(11,000)	(43,200)	(24,600)	-	-	(78,800)	(1,734,940)		6,7
Royalties	(407,629)	-	-	-	-	-	-	(407,629)		
Fuel	(209,705)	-	(500)	-	-	-	(500)	(210,205)		6
Repair & Maintenance	(54,202)	-	-	-	-	-	-	(54,202)		
Office Administration	(57,506)	(1,600)	(1,500)	-	-	-	(3,100)	(60,606)		6
Insurance & Benefits	(266,667)	-	-	(11,000)	-	-	(11,000)	(277,667)		8
Jobsite Lodging	(20,766)	-	-	-	-	-	-	(20,766)		6
Equipment Loan & Lease Payments	(141,119)	-	-	-	-	-	-	(141,119)		9
Occupancy	(347,684)	(38,500)	(300)	-	-	-	(38,800)	(386,484)		10
Other	(75,251)	(1,764)	-	-	-	(31,700)	(33,464)	(108,715)		11
<b>Total Disbursements</b>	<b>(3,236,668)</b>	<b>(52,864)</b>	<b>(45,500)</b>	<b>(35,600)</b>	<b>-</b>	<b>(31,700)</b>	<b>(165,664)</b>	<b>(3,402,332)</b>		
<b>Non-Operating Receipts &amp; Disbursements</b>										
DIP Financing (Repayment)	(211,188)	-	-	-	-	-	-	(211,188)		
Professional Fees	(2,600,853)	(108,461)	(451,936)	(353,450)	(20,000)	(147,050)	(1,080,897)	(3,681,750)		12
<b>Total Disbursements</b>	<b>(2,812,041)</b>	<b>(108,461)</b>	<b>(451,936)</b>	<b>(353,450)</b>	<b>(20,000)</b>	<b>(147,050)</b>	<b>(1,080,897)</b>	<b>(3,892,938)</b>		
<b>Net Cash Flow</b>	<b>789,302</b>	<b>(161,325)</b>	<b>(111,648)</b>	<b>(389,050)</b>	<b>58,775</b>	<b>(178,750)</b>	<b>(781,998)</b>	<b>7,304</b>		
<b>Ending Cash Balance</b>	<b>\$ 789,302</b>	<b>\$ 627,977</b>	<b>\$ 516,329</b>	<b>\$ 127,279</b>	<b>\$ 186,054</b>	<b>\$ 7,304</b>	<b>\$ 7,304</b>	<b>\$ 7,304</b>		



## Notes

- 1 The Tenth Cash Flow Statement has been prepared to set out the post filing liquidity requirements of JMB Crushing Systems Inc. during the five weeks ending April 2, 2021 under the Companies' Creditors Arrangement Act proceeding (the "CCAA Proceedings") which commenced effective May 1, 2020.
- 2 Cash receipts and timing of payment of pre-filing amounts due from Ellis Don and held by the Monitor in the amount of \$207,000 are based upon the Lien Determination Notices issued by the Monitor on August 20, 2020 and the Lien Determination Notices issued by the Monitor on August 20, 2020 and the determination of the contingent claim of Canada Revenue Agency.
- 3 Cash receipts and timing of payment of pre-filing amounts due from MD of Bonnyville and held by the Monitor in the amount of \$1,850,000 are dependent on the outcome of a Court hearing on March 31, 2021 in respect of an appeal to the Monitor's Lien Determination Notice, and the determination of the contingent claim of Canada Revenue Agency.
- 4 Post-filing amounts due from MD of Bonnyville relate to the collection of invoiced amounts for work completed with the timing of receipt of payment based on recent payment terms.
- 5 SISP Proceeds represents sale proceeds and GST received from the sale of select equipment to various parties and the portion of cash proceeds payable under Mantle transaction forecast to close during the week ended March 12, 2021.
- 6 Active business operations ceased on June 26, 2020 with the completion of the MD of Bonnyville project and the majority of the company's employees were terminated. Forecast operating expenses are based on necessary costs to maintain operations to complete the SISP which is forecast to complete during the week ended March 12, 2021 with the closing of the Mantle transaction.
- 7 Payroll and source deductions represent forecast payments to remaining employees for wages and vacation pay up to the closing of the Mantle transaction during the week ended March 12, 2021.
- 8 Insurance & Benefits represent renewal payments for the company's general insurance policy which has been extended to March 12, 2021, forecast renewals and workers' compensation benefit premium payments.
- 9 Equipment Loan and Lease payments represent scheduled payments for automotive equipment currently being utilized.
- 10 Occupancy represents scheduled monthly payments for the company's Edmonton and Bonnyville premises.
- 11 Other disbursements include miscellaneous payments, contingent costs and GST remittances.
- 12 Professional fees relate to the Company's legal counsel, the Monitor, the Monitor's legal counsel, sale consultant, operational consultant and Chief Restructuring Advisor.