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COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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500460
J. Eidsvik

APPLICANT IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF 2324159 ALBERTA INC.

DOCUMENT SEVENTEENTH REPORT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS MONITOR OF
2324159 ALBERTA INC.

May 11, 2021

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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SEVENTEENTH REPORT OF THE MONITOR

Table of Contents

INTRODUCTION	3
TERMS OF REFERENCE	5
ENHANCED MONITOR’S POWERS ORDER.....	5
FOURTEENTH CASH FLOW STATEMENT.....	6
STAY EXTENSION.....	9
CONCLUSION AND RECOMMENDATION.....	10

Appendix A – Cash Flow Statement for the 70 weeks ending September 3, 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 March 31, 2021, this Honourable Court most recently granted an order, which due to the satisfaction of certain conditions and issuance of a Monitor’s Certificate, extended the Stay of Proceedings to April 23, 2021. The Stay of Proceedings was not further extended beyond April 23, 2021 and consequently there is not currently a Stay of Proceedings.
3. On March 31, 2021, this Honourable Court granted the following orders:
 - a. an order (the “**Amended 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 “**Amended RVO**”) vesting all of the Applicants’ remaining assets and liabilities that are excluded from the Mantle Transaction in 2324159 Alberta Inc. (“**ResidualCo**”);
 - c. an order (the “**Amended Assignment Order**”) assigning certain of the Applicants’ agreements to Mantle; and

- d. an order (the “**Amended Sanction Order**”) sanctioning an amended and restated joint plan of arrangement (the “**Plan**”) under the *Business Corporations Act, SBC 2202, c 57, as amended* (British Columbia), the *Alberta’s Business Corporations Act, RSA 2000, c B-9* and the CCAA (collectively, the “**Mantle Transaction Orders**”).
4. On April 29, 2021, the Mantle Transaction closed allowing JMB and 216 to exit the CCAA Proceedings and adding ResidualCo as the sole applicant pursuant to the Mantle Transaction Orders.
5. On May 10, 2021, the Monitor provided notice and uploaded to CaseLines a Notice of Application for the following orders:
 - a. an order (the “**Enhanced Monitor’s Powers Order**”) expanding the powers of the Monitor; and
 - b. an order (the “**Extension Order**”) granting a Stay of Proceedings until and including September 3, 2021.
6. The purpose of this report is to provide this Honourable Court and ResidualCo’s stakeholders with information and the Monitor’s comments with respect to:
 - a. the request for the Enhanced Monitor’s Powers Order;
 - b. an updated cash flow statement (the “**Fourteenth Cash Flow Statement**”) prepared by ResidualCo for the 70 weeks ending September 3, 2021, including the key assumptions on which the Fourteenth Cash Flow Statement is based;
 - c. the Monitor’s application for the Extension Order; and
 - d. the Monitor’s conclusion and recommendation.

TERMS OF REFERENCE

7. In preparing this report, the Monitor has relied upon certain information (the “**Information**”) including information provided by the Applicants and ResidualCo concerning the various assets subject to the various transactions and the Applicants and ResidualCo unaudited financial information, books and records and discussions with senior management and the Chief Restructuring Advisor (collectively, “**Management**”), as applicable.
8. 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.
9. 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.
10. 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.
11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

ENHANCED MONITOR’S POWERS ORDER

12. On the closing of the Mantle Transaction, the Applicants sold substantially all of their operating business and assigned any remaining assets, rights, interests, and liabilities to ResidualCo. The Applicants have advised the Monitor that the sole director of ResidualCo has resigned.

13. The enhanced powers and protections proposed to be afforded to the Monitor pursuant to the proposed form of Enhanced Monitor’s Powers Order will allow for ResidualCo to meet its remaining obligations pursuant to the Mantle Transaction, seek Court approval of a cost allocation, distribute any remaining proceeds and attend to all remaining matters and issues necessary or desirable to conclude the CCAA Proceedings.
14. The Monitor has had discussions with key stakeholders to discuss the expanded role, including the senior secured lenders and Mantle, who are each supportive of the Application for the Enhanced Monitor’s Powers Order.

FOURTEENTH CASH FLOW STATEMENT

15. ResidualCo has prepared the Fourteenth Cash Flow Statement for the 70 weeks ending September 3, 2021 (the “**Forecast Period**”). A Copy of the Fourteenth Cash Flow Statement is attached as Appendix “**A**”.
16. A summary of the Fourteenth Cash Flow Statement is set out in the table below:

<i>(\$000's)</i>	Weeks 1-51 Actual	Weeks 52-70 Forecast	Total Pro-Forma
Operating Receipts			
Collection of Pre-Filing AR - Ellis Don	\$ 2,032	\$ 167	\$ 2,199
Collection of Pre-Filing AR - MD of Bonnyville	1,478	450	1,928
Collection of Post Filing AR - MD of Bonnyville	1,566	-	1,566
Post-filing Gravel Sales	95	-	95
SISP Proceeds	614	1,333	1,946
Other Receipts	1,144	94	1,238
Total Operating Receipts	6,927	2,044	8,971
Operating Disbursements			
Payroll And Source Deductions	(1,782)	(27)	(1,808)
Royalties	(408)	(11)	(419)
Fuel	(211)	-	(211)
Repair & Maintenance	(57)	-	(57)
Office Administration	(67)	(1)	(68)
Insurance & Benefits	(286)	(13)	(299)
Jobsite Lodging	(21)	-	(21)
Equipment Loan & Lease Payments	(143)	(5)	(148)
Occupancy	(426)	(7)	(432)
Other	(85)	(3)	(87)
Total Operating Disbursements	(3,485)	(66)	(3,552)
Non-Operating Receipts & Disbursements			
Interim Financing (Repayment)	(211)	-	(211)
CARC Advance	300	(304)	(4)
Reclamation Obligations	-	(392)	(392)
Professional Fees	(2,994)	(1,474)	(4,467)
Total Disbursements	(6,390)	(2,235)	(8,625)
Net Cash Flow	538	(191)	346
Opening Cash Balance	-	538	-
Ending Cash	\$ 538	\$ 346	\$ 346

17. The Fourteenth Cash Flow Statement is based on the following assumptions:

- a. upon closing of the Mantle Transaction, SISP proceeds of approximately \$526,000 were received by ResidualCo. An additional \$1.4 million was released from the Monitor's trust account relating to past equipment sales and accounts receivable collections that were in excess of the amounts required to satisfy any

potential unresolved lien claim, GST claim or third-party security interest.

ResidualCo has not accounted for any recovery from the remaining lien holdback of approximately \$1.4 million, as this is subject to a further determination of entitlement;

- b. other receipts include \$94,000 relating to anticipated subsidies and GST recoveries to be received from the federal government;
- c. the operating disbursements relate primarily to ordinary course payments to fund pre-closing payroll, royalties, insurance, basic office needs, lease and occupancy costs;
- d. the CARC Advance has been repaid with interest by way of setoff against the purchase price and certain reclamation contributions from priority assets of the senior secured lenders have been made and allocated for, pursuant to a cost allocation agreement between Fiera, ATB and Mantle; and
- e. professional fees are expected to be approximately \$1.5 million during the Forecast Period, the majority of which are accrued fees relating to the period prior to the close of the Mantle Transaction, and relate to the Applicant’s legal counsel, the Monitor, the Monitor’s legal counsel, the CRA, the Sales Agent and certain other costs relating to Alberta Environment and Parks compliance matters. 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 1-51		Weeks 52-70		Weeks 1-70	
Role	Actual		Forecast		Total	
Legal Counsel to Applicants	\$	652	\$	1,076	\$	1,728
Legal Counsel to Monitor		775		91		866
Monitor		785		7		792
Sales Agent		234		289		523
Chief Restructuring Advisor		402		7		408
Other		145		5		150
Total	\$	2,994	\$	1,474	\$	4,467

18. Overall, ResidualCo is forecasting to incur negative net cash flow of approximately \$191,000 during the Forecast Period and have a remaining cash balance of approximately \$346,000 as at September 3, 2021.

STAY EXTENSION

19. The Applicants have successfully concluded the Mantle Transaction which provides for the business to continue as a going concern, the assumption of senior secured debt by Mantle and a cost sharing arrangement which provides for an allocation of costs amongst the senior secured creditors and the distribution of equipment sale proceeds held in trust by the Monitor.

20. As described in paragraph 2, the Stay of Proceedings was not extended beyond April 23, 2021 and has consequently expired. The Monitor is seeking the Extension Order to reinstate the Stay of Proceedings to September 3, 2021.

21. The Monitor has the following comments in support of its application for the Extension Order:

- a. an extension will allow additional time for ResidualCo to seek Court approval of a cost allocation amongst the stakeholders and recovery of same, resolve the remaining contested builder's lien claim of RBEE Aggregate Consulting Ltd. and address any other outstanding matters to wind-up the estate;
- b. while ResidualCo's estate may be concluded earlier than September 3, 2021, the longer extension being sought will avoid the cost of further extension applications if any of the outstanding estate matters take longer than anticipated to resolve;
- c. the Fourteenth Cash Flow Statement forecasts that the Applicants will have available liquidity during the period of the proposed extension to September 3, 2021;

- d. the Monitor has been advised that certain stakeholders, including the senior secured lenders, are supportive of the proposed extension;
- e. in the event the Enhanced Monitor's Powers Order is granted, ResidualCo will be under the expanded oversight of the Monitor during the period of the extension pursuant to the Enhanced Monitor's Powers Order;
- f. ResidualCo is acting in good faith and with due diligence; and
- g. an extension of the Stay of Proceedings until September 3, 2021 is in the best interests of ResidualCo's stakeholders.

CONCLUSION AND RECOMMENDATION

22. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the following orders:

- a. the Enhanced Monitor's Powers Order; and
- b. the Extension Order.

All of which is respectfully submitted this 11th day of May, 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

Fourteenth Cash Flow Statement
for the 70 Weeks Ending September 3, 2021

Fourteenth Cash Flow Statement (Notes 1)

	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Week #	Weeks 1 - 51	Week 52	Week 53	Week 54	Week 55	Week 56	Week 57	Week 58	Week 59	Week 60	Week 61	Week 62	Week 63	Week 64	Week 65	Week 66	Week 67	Week 68	Week 69	Week 70	Weeks 52- 70	Weeks 1 - 70	Notes
Week Ending	30-Apr-21	7-May-21	14-May-21	21-May-21	28-May-21	4-Jun-21	11-Jun-21	18-Jun-21	25-Jun-21	2-Jul-21	9-Jul-21	16-Jul-21	23-Jul-21	30-Jul-21	6-Aug-21	13-Aug-21	20-Aug-21	27-Aug-21	3-Sep-21	Total	Total		
Opening Cash	\$ -	\$ 537,513	\$ 1,510,708	\$ 1,487,728	\$ 388,601	\$ 407,495	\$ 407,495	\$ 397,792	\$ 397,792	\$ 397,792	\$ 397,792	\$ 365,792	\$ 365,792	\$ 365,792	\$ 365,792	\$ 345,792	\$ 345,792	\$ 345,792	\$ 345,792	\$ 345,792	\$ 537,513	\$ -	
Cash Receipts																							
Collection of Canadian Emergency Wage Subsidy	794,270	16,935	-	7,197	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,132	818,402	
Collection of Canadian Emergency Rent Subsidy	129,998	21,098	-	10,549	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,647	161,645	
Collection of Pre-Filing AR - EllisDon	2,031,521	167,259	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	167,259	2,198,780	2
Collection of Pre-Filing AR - MD of Bonnyville	1,477,612	450,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	450,000	1,927,612	2
Collection of Post-Filing AR - MD of Bonnyville	1,565,745	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565,745	3
Post-Filing Gravel Sales	95,165	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	95,165	
SISP Proceeds	613,550	1,332,638	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,332,638	1,946,188	4
Other Receipts	219,605	-	-	-	18,894	-	19,297	-	-	-	-	-	-	-	-	-	-	-	-	-	38,191	257,796	
Total Receipts	6,927,466	1,987,930	-	17,746	18,894	-	19,297	-	-	-	-	-	-	-	-	-	-	-	-	-	2,043,867	8,971,334	
Operating Disbursements																							
Payroll And Source Deductions	(1,781,784)	-	(21,208)	(5,441)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,649)	(1,808,433)	5,6
Royalties	(407,629)	-	-	(11,214)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,214)	(418,843)	14
Fuel	(211,318)	-	(181)	(169)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(351)	(211,669)	5
Repair & Maintenance	(56,933)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(56,933)	
Office Administration	(67,442)	(729)	(74)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(803)	(68,244)	5
Insurance & Benefits	(285,948)	(13,295)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,295)	(299,243)	7
Jobsite Lodging	(20,766)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,766)	5
Equipment Loan & Lease Payments	(142,995)	(5,232)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,232)	(148,227)	8
Occupancy	(425,715)	(6,005)	-	(518)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,524)	(432,239)	9
Other	(84,718)	(2,625)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,625)	(87,343)	10
Total Disbursements	(3,485,248)	(27,886)	(21,463)	(17,342)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(66,691)	(3,551,939)	
Non-Operating Receipts & Disbursements																							
DIP Financing (Repayment)	(211,188)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(211,188)	11
CARC Advance (Repayment)	300,000	(303,525)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(303,525)	(3,525)	12
Reclamation Contributions	-	(391,574)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(391,574)	(391,574)	15
Professional Fees	(2,993,518)	(291,750)	(1,516)	(1,099,532)	-	-	(29,000)	-	-	(32,000)	-	-	-	(20,000)	-	-	-	-	-	-	(1,473,798)	(4,467,316)	13
Total Disbursements	(2,904,706)	(986,849)	(1,516)	(1,099,532)	-	-	(29,000)	-	-	(32,000)	-	-	-	(20,000)	-	-	-	-	-	-	(2,168,897)	(5,073,602)	
Net Cash Flow	537,513	973,196	(22,980)	(1,099,127)	18,894	-	(9,703)	-	-	(32,000)	-	-	-	(20,000)	-	-	-	-	-	-	(191,721)	345,792	
Ending Cash Balance	\$ 537,513	\$ 1,510,708	\$ 1,487,728	\$ 388,601	\$ 407,495	\$ 407,495	\$ 397,792	\$ 397,792	\$ 397,792	\$ 397,792	\$ 365,792	\$ 365,792	\$ 365,792	\$ 365,792	\$ 345,792	\$ 345,792	\$ 345,792	\$ 345,792	\$ 345,792	\$ 345,792	\$ 345,792	\$ 345,792	

Notes

- 1 The Fourteenth Cash Flow Statement has been prepared to set out the post filing liquidity requirements of ResidualCo during the 19 weeks ending September 3, 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 MD of Bonnyville and held by the Monitor in the amount of \$1.4 million are dependent on the determination of the entitlement to the funds.
- 3 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.
- 4 SISP Proceeds represent equipment sale proceeds and certain gross proceeds from the Mantle Transaction which closed in Week 52.
- 5 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 costs incurred prior to the close of the Mantle Transaction.
- 6 Payroll and source deductions represent forecast payments to remaining employees for wages and vacation pay.
- 7 Insurance & Benefits represent renewal payments for the company's general insurance policy, forecast renewals, workers' compensation benefit premium payments and D&O extended claims reporting period coverage.
- 8 Equipment Loan and Lease payments represent scheduled payments for automotive equipment utilized post-filing.
- 9 Occupancy represents scheduled monthly payments for the company's Edmonton and Bonnyville premises.
- 10 Other disbursements include miscellaneous payments, contingent costs and GST remittances.
- 11 The DIP Financing represents advances net of repayments for DIP funding provided by ATB during the CCAA proceedings as authorized in the Amended and Restated CCAA Initial Order dated May 11, 2020.
- 12 The CARC Advance represents advances and repayments under the interim revolving credit facility provided by Canadian Aggregate Resources Corporation ("CARC") in accordance with the terms of the commitment letter dated April 30, 2020 between CARC, JMB and 216 as authorized in the Amended and Restated CCAA Initial Order dated May 11, 2020.
- 13 Professional fees relate to the Company's legal counsel, the Monitor, the Monitor's legal counsel, sale consultant, operational consultant, Chief Restructuring Advisor and consultants to assist with AEP compliance matters.
- 14 Royalties represent private and public land aggregate royalty payments and land rental costs.
- 15 Reclamation contributions represent amounts transferred from the Monitor's Trust Account to satisfy each of ATB and Fiera's reclamation obligations pursuant to the Reclamation Escrow Agreement.