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COURT FILE NUMBER 2001-05482

COURT COURT OF QUEEN'S BENCH OF ALBERTA COM Mar 5, 2021
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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 THIRTEENTH REPORT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS MONITOR OF
JMB CRUSHING SYSTEMS INC. AND 2161889
ALBERTA LTD.

February 23, 2021

ADDRESS FOR SERVICE AND
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THIRTEENTH REPORT OF THE MONITOR

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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 February 26, 2021.
3. On October 16, 2020, this Honourable Court granted the following orders:
 - a. an order 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 vesting all of JMB’s remaining assets and liabilities that are excluded from the Mantle Transaction in 216;
 - c. an assignment order assigning certain of the Applicants’ agreements to Mantle;
and
 - d. an order sanctioning a joint plan of arrangement under the Business Corporations Act, SBC 2002, c 57, as amended and the CCAA.

4. On February 22, 2021, the Applicants filed a Notice of Application seeking the following orders:
 - a. an order extending the Stay of Proceedings until and including April 16, 2021. Subsequent to filing the Notice of Application, the Applicants have advised the Monitor that they are now planning to seek a shorter extension until and including March 12, 2021 (the “**Extension Order**”);
 - b. three orders approving the sale of certain equipment to McDonald Aggregates Inc. (“**McDonald**”) and Summit Trailer Ltd. (“**Summit**”) and vesting the equipment, subject to such sales, to the respective purchaser, free and clear of any security interests or other claims (the “**Equipment SAVOs**”); and
5. an order (the “**Sealing Order**”) sealing the confidential affidavit of Blake M. Elyea sworn February 19, 2021 (the “**Confidential Affidavit**”) on the Court file until the filing of the Monitor’s certificates associated with the Equipment SAVOs.
6. The purpose of this report is to provide this Honourable Court and the Applicants’ stakeholders with information with respect to:
 - a. the status of the Mantle Transaction;
 - b. the Applicants’ application for the Equipment SAVOs;
 - c. the Applicants’ actual cash receipts and disbursements for the 41-week period ended February 12, 2021 as compared to the Eighth Cash Flow Statement filed with the Twelfth Report of the Monitor;
 - d. an updated cash flow statement (the “**Ninth Cash Flow Statement**”) prepared by the Applicants for the four weeks ending March 12, 2021 including the key assumptions on which the Ninth Cash Flow Statement is based;

- e. an update on the contested builder's lien determinations and potential contingent claim of Canada Revenue Agency (the "CRA") in respect of certain withholdings associated with a voluntary disclosure made by JMB's predecessor, JMB Crushing Systems ULC ("JMB ULC");
- f. the Applicants' application for the Extension Order; and
- g. the Monitor's conclusions and recommendations.

TERMS OF REFERENCE

- 7. 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").
- 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.

STATUS OF THE MANTLE TRANSACTION

12. As at February 23, 2021, the Mantle Transaction has not closed. It remains subject to, among other things, the parties obtaining the approval of Alberta Environment and Parks (“**AEP**”) of the transfer of the surface mineral leases and certain other Crown dispositions necessary to complete the Mantle Transaction. To date, the Applicants have been unable to reach an agreement with the AEP and this condition precedent has not been satisfied.
13. In an effort to complete the Mantle Transaction, the Applicants have advised the Monitor that they are planning to seek approval from this Honourable Court to amend and restate the Mantle Asset Purchase Agreement (the “**Amended Mantle APA**”) and certain related orders granted on October 16, 2020 at a Court hearing scheduled for March 5, 2021. The amendments to be sought will eliminate the need for transfers of certain land dispositions and private pit registrations and will address the reclamation liabilities and non-compliance issues raised by the AEP.
14. The parties’ ability to close the Mantle Transaction may be impacted by, among other things, the outcome of the ongoing discussions with the AEP, Court approval of the proposed amendments to the Mantle Transaction and the need for additional liquidity to support the ongoing costs of the CCAA Proceedings beyond March 12, 2021.

EQUIPMENT OFFERS

15. The Applicants, in consultation with the secured lenders, have accepted two offers from McDonald and one offer from Summit (the “**Equipment Offers**”) to purchase certain specific pieces of equipment. Redacted copies of the asset purchase agreements are attached to the affidavit of Blake Elyea sworn February 19, 2021.
16. The Equipment Offers are summarized as follows:

- a. McDonald will purchase certain equipment (the “**McDonald Offer #3**”) including:
 - i. a 2007 Western Star 4900SA complete with detached winch deck;
 - ii. a 2014 Tyalta 60’ Transfer belt Conveyor;
 - iii. a 2011 Clemro 7x20-3D Portable Screen Plant;
 - iv. a 2006 Fabtec 6x20 Portable Screen Plant; and
 - v. a 2013 Peterbilt 367.

- b. McDonald will also purchase certain other equipment (“**McDonald Offer #4**”) including:
 - i. a 2002 Elrus Jaw and Chassis and 2018 Elrus 6x20 Deck Screen 332 Series; and
 - ii. a 2012 Elrus HD 20x54 Jaw Screen Plant.

- c. Summit will purchase five 2015 Arnes End Dump Trailers.

17. The Monitor’s comments with respect to the Equipment Offers are as follows:

- a. the price and terms of the Equipment Offers represent the highest and best offer in respect of the subject assets;

- b. the Monitor has been advised that key stakeholders, including Fiera and Canadian Western Bank (equipment lender with respect to McDonald Offer #4) are supportive of accepting the Equipment Offers;

- c. concluding the Equipment Offers will provide for cash consideration that may be used to fund estate cost allocations and potential distributions to secured creditors; and
 - d. overall, concluding the transactions contemplated by the Equipment Offers is in the best interests of the creditors of JMB.
18. The Monitor is advised by the Applicants that the purchase prices of the Equipment Offers are commercially sensitive and that publicly disclosing them may cause serious and irreparable harm to the estates of Applicants. The Sealing Order will prevent the confidential and commercially sensitive information with respect to the Equipment Offers contained in the Confidential Affidavit from being disclosed.

CASH FLOW VARIANCE ANALYSIS

19. The Monitor has undertaken weekly reviews of JMB's actual cash flows in comparison to those contained in the Eighth Cash Flow Statement. JMB's actual cash receipts and disbursements as compared to the Cash Flow Statement for the period of May 1, 2020 to February 12, 2021, are summarized below:

(\$000's)	Weeks 1 - 41		
	Actual	Forecast	Variance
Operating Receipts			
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	577	-
Other Receipts	1,049	995	55
Total Operating Receipts	6,796	6,742	55
Operating Disbursements			
Payroll And Source Deductions	(1,626)	(1,624)	(2)
Royalties	(408)	(408)	-
Fuel	(209)	(209)	-
Repair & Maintenance	(54)	(52)	-
Office Administration	(55)	(57)	2
Insurance & Benefits	(267)	(271)	5
Jobsite Lodging	(21)	(21)	-
Equipment Loan & Lease Payments	(140)	(140)	-
Occupancy	(342)	(345)	3
Other	(73)	(72)	(0)
Total Operating Disbursements	(3,194)	(3,200)	7
Non-Operating Receipts & Disbursements			
Interim Financing (Repayment)	(211)	(211)	-
Professional Fees	(2,545)	(3,114)	569
Total Disbursements	(5,951)	(6,525)	577
Net Cash Flow	846	216	632
Opening Cash Balance	-	-	-
Ending Cash	\$ 846	\$ 216	\$ 632

20. Overall, the Applicants realized a favourable net cash flow variance of approximately \$632,000 which primarily relates to a timing difference in the payment of professional fees in the amount of \$569,000 and the receipt of GST refunds of \$55,000 that were not included in the Eighth Cash Flow Statement.

NINTH CASH FLOW STATEMENT

21. The Applicants have prepared the Ninth Cash Flow Statement which includes forecast results for the four weeks ending March 12, 2021 (the “**Forecast Period**”). A copy of the Ninth Cash Flow Statement is attached as Appendix “A”.

22. A summary of the Ninth Cash Flow Statement is set out in the table below:

<i>(\$000's)</i>	Weeks 1-41 Actual	Weeks 42-45 Forecast	Total Pro-Forma
Operating Receipts			
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	-	577
Other Receipts	1,049	42	1,092
Total Operating Receipts	6,796	42	6,839
Operating Disbursements			
Payroll And Source Deductions	(1,626)	(65)	(1,691)
Royalties	(408)	-	(408)
Fuel	(209)	(1)	(210)
Repair & Maintenance	(54)	-	(54)
Office Administration	(55)	(5)	(60)
Insurance & Benefits	(267)	(13)	(280)
Jobsite Lodging	(21)	-	(21)
Equipment Loan & Lease Payments	(140)	(1)	(141)
Occupancy	(342)	(43)	(385)
Other	(73)	(3)	(75)
Total Operating Disbursements	(3,194)	(131)	(3,325)
Non-Operating Receipts & Disbursements			
Interim Financing (Repayment)	(211)	-	(211)
Professional Fees	(2,545)	(647)	(3,192)
Total Disbursements	(5,951)	(778)	(6,729)
Net Cash Flow	846	(736)	110
Opening Cash Balance	-	846	-
Ending Cash	\$ 846	\$ 110	\$ 110

23. The Ninth Cash Flow Statement is based on the following assumptions:

- a. 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 resolution of the remaining disputed lien determination and the potential contingent claim of the Canada Revenue Agency with respect to certain unresolved tax liabilities (the “**CRA Claim**”);
- b. operating disbursements relate primarily to ordinary course payments to fund payroll for the limited amount of staff remaining, general liability insurance, basic office needs and occupancy costs; and
- c. forecast professional fees are expected to be approximately \$647,000 during the Forecast Period. They include payment of the accrued fees referenced in paragraph 20 and forecast fees for the Applicants’ legal counsel, the Monitor, the Monitor’s legal counsel, the Chief Restructuring Advisor 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 1-41		Weeks 42-45		Weeks 1-45	
Role	Actual		Forecast		Total	
Legal Counsel to Applicants	\$	652	\$	467	\$	1,119
Monitor		634		67		701
Legal Counsel to Monitor		616		74		689
Chief Restructuring Advisor		308		29		338
Sales Agent		234		-		234
Other		101		10		111
Total	\$	2,545	\$	647	\$	3,192

24. Overall, the Applicants are forecasting to incur negative net cash flow of approximately \$736,000 during the Forecast Period and have a remaining cash balance of approximately \$110,000 as at March 12, 2021.

25. The Applicants have advised the Monitor that they are working with Mantle, Fiera and ATB to establish an interim financing arrangement to address the ongoing costs associated with the CCAA Proceedings beyond March 12, 2021, should the Mantle Transaction not have closed.

LIEN CLAIMS AND CRA CONTIGENT CLAIM

26. The contested builder's lien claim of Jerry Shankowski and 945441 Alberta Ltd. of approximately \$425,000 has been abandoned. The only remaining contested builder's lien claim is that of RBEE Aggregate Consulting Ltd.'s ("**RBEE**") in the amount of approximately \$1.3 million. RBEE filed a reply brief on February 12, 2021 (the "**RBEE Brief**") in response to the bench brief of the Monitor filed on October 22, 2020.
27. The Monitor does not agree with characterization of the Monitor's actions or role as set out in the RBEE Brief. However, the scheduled hearing to determine the contested lien claim of RBEE (the "**RBEE Lien Claim**") has been adjourned at the request of affected stakeholders while such affected parties engage in discussions to seek a consensual resolution.
28. As described in the Twelfth Report, certain unresolved potential tax liabilities may exist as a result of the actions of JMB ULC which came to light in the due diligence phase of Resource Land Fund V, LP's acquisition of the JMB ULC shares.
29. The CRA has advised that it is in the process of reviewing the information received from the Applicants but has yet to submit a formal claim or confirm the quantum and priority of its potential claim. The timely resolution of the CRA's claim and whether such claim may be secured by a deemed trust or statutory lien is critical to the determination of entitlement to the proceeds of the Applicants' estates, distributions to secured creditors, and likely affects the ongoing cost allocation negotiations between ATB, Fiera, and Mantle.

STAY EXTENSION

30. The Monitor has considered JMB's application for the Extension Order and has the following comments:

- a. the Applicants require an extension to continue discussions with the AEP and to seek to amend and restate the Amended Mantle APA and related orders with a view to completing the Mantle Transaction;
- b. an extension will allow the Applicants additional time to resolve the RBEE Lien Claim and potential CRA Claim;
- c. the Ninth Cash Flow Statement forecasts that the Applicants have available liquidity during the period of the proposed extension to March 12, 2021;
- d. the Monitor has been advised that certain stakeholders, including the senior secured lenders, are supportive of the proposed extension;
- e. the Applicants are acting in good faith and with due diligence; and
- f. JMB's prospects of effecting a viable restructuring will be enhanced by an extension of the Stay of Proceedings until March 12, 2021.

CONCLUSIONS AND RECOMMENDATIONS

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

- a. the Equipment SAVOs;
- b. the Sealing Order; and

- c. the Extension Order extending the Stay of Proceedings until and including March 12, 2021.

All of which is respectfully submitted this 23rd day of February, 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

Ninth Cash Flow Statement
for the 45 Weeks Ending March 12, 2021

Ninth Cash Flow Statement (Note 1)

	Actual	Forecast	Forecast	Forecast	Forecast	Forecast		
Week #	Weeks 1 - 41	Week 42	Week 43	Week 44	Week 45	Weeks 42 - 45	Weeks 1 - 45	
Week Ending		19-Feb-21	26-Feb-21	5-Mar-21	12-Mar-21	Total	Total	Notes
Opening Cash	\$ -	\$ 845,808	\$ 818,890	\$ 766,639	\$ 132,403	\$ 845,808	\$ -	
Cash Receipts								
Collection of Canadian Emergency Wage Subsidy	753,626	-	20,300	-	-	20,300	773,926	
Collection of Canadian Emergency Rent Subsidy	83,821	-	-	21,900	-	21,900	105,721	
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	-	-	-	-	-	576,990	5
Other Receipts	211,869	-	-	-	-	-	211,869	
Total Receipts	6,796,349	-	20,300	21,900	-	42,200	6,838,549	
Operating Disbursements								
Payroll And Source Deductions	(1,625,835)	(10,992)	(21,500)	(11,000)	(21,500)	(64,992)	(1,690,827)	6,7
Royalties	(407,629)	-	-	-	-	-	(407,629)	
Fuel	(209,084)	-	(500)	(500)	-	(1,000)	(210,084)	6
Repair & Maintenance	(54,202)	-	-	-	-	-	(54,202)	
Office Administration	(55,170)	(38)	(2,300)	(1,500)	(1,000)	(4,838)	(60,008)	6
Insurance & Benefits	(266,667)	-	-	(13,000)	-	(13,000)	(279,667)	8
Jobsite Lodging	(20,766)	-	-	-	-	-	(20,766)	6
Equipment Loan & Lease Payments	(140,181)	(938)	-	-	-	(938)	(141,119)	9
Occupancy	(342,168)	(250)	(4,500)	(38,500)	-	(43,250)	(385,418)	10
Other	(72,626)	-	(2,625)	-	-	(2,625)	(75,251)	11
Total Disbursements	(3,194,327)	(12,218)	(31,425)	(64,500)	(22,500)	(130,643)	(3,324,970)	
Non-Operating Receipts & Disbursements								
DIP Financing (Repayment)	(211,188)	-	-	-	-	-	(211,188)	
Professional Fees	(2,545,026)	(14,700)	(41,126)	(591,636)	-	(647,462)	(3,192,488)	12
Total Disbursements	(2,756,214)	(14,700)	(41,126)	(591,636)	-	(647,462)	(3,403,676)	
Net Cash Flow	845,808	(26,918)	(52,251)	(634,236)	(22,500)	(735,905)	109,903	
Ending Cash Balance	\$ 845,808	\$ 818,890	\$ 766,639	\$ 132,403	\$ 109,903	\$ 109,903	\$ 109,903	

Notes

- 1 The Ninth Cash Flow Statement has been prepared to set out the post filing liquidity requirements of JMB Crushing Systems Inc. during the four weeks ending March 12, 2021 under the Companies' Creditors Arrangement Act proceeding (the "CCAA Proceedings") which commenced effective May 1, 2020 and the assumption the Mantle transaction closes during the week ended March 12, 2021.
- 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 further Court hearing to be scheduled, 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 received from McDonald Aggregates and Sandhill Equipment Corp.
- 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.
- 7 Payroll and source deductions represent forecast payments to remaining employees for wages and vacation pay.
- 8 Insurance & Benefits represent renewal payments for the company's general insurance policy which has been extended to February 28, 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 and contingent costs.
- 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.