

COURT FILE NUMBER 2301 - 16982

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CANDESTO ENTERPRISES CORP.,
D3 INFRASTRUCTURE SERVICES INC. and
SAFE ROADS ALBERTA LTD.

DOCUMENT **THIRD REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

April 11, 2024

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR
ALVAREZ & MARSAL CANADA INC.
Bow Valley Square IV
Suite 1110, 250 – 6th Avenue SW
Calgary, Alberta T2P 3H7
Orest Konowalchuk / Bryan Krol
Telephone: (403) 538-4736 / (403) 538 -7523
Email: okonowalchuk@alvarezandmarsal.com
bkrol@alvarezandmarsal.com

COUNSEL
Gowling WLG (Canada) LLP
Barristers & Solicitors
Sam Gabor
Phone: (403) 298-1946
Email: sam.gabor@gowlingwlg.com



C40960

COM April 17, 2024

TABLE OF CONTENTS

INTRODUCTION	3
PURPOSE.....	5
TERMS OF REFERENCE AND DISCLAIMER	6
BACKGROUND	7
ACTIVITIES OF THE MONITOR.....	8
ASSETS AND LIABILITIES	9
SUMMARY OF PROJECTS.....	11
APPROVAL OF PROFESSIONAL FEES AND EXPENSES	17
TERMINATION OF THE CCAA AND DISCHARGE OF THE MONITOR	18
CONCLUSIONS AND RECOMMENDATIONS.....	19

APPENDICES

APPENDIX A	Summary of Bonded Jobs
APPENDIX B	CCAA Professional Fees and Costs

INTRODUCTION

1. On December 20, 2023, Candesto Enterprises Corp. (“**CEC**”), Safe Roads Alberta Ltd. (“**Safe Roads**”) and D3 Infrastructure Services Inc. (“**D3**”) (collectively, the “**Companies**” or “**Applicants**”) were granted an initial Order (the “**Initial Order**”) by the Court of King’s Bench of Alberta (the “**Court**”) in relation to proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”). Amongst other things, the Initial Order provided for a stay of proceedings until December 30, 2023. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc., (“**A&M**”) was appointed as monitor (the “**Monitor**”) in the CCAA Proceedings. Concurrently on December 20, 2023, and at the same hearing, the Applicants were granted an Amended and Restated Initial Order (“**ARIO**”) by the Court as the Applicants were unable to seek an ARIO during the statutory ten (10) day comeback period pursuant to the CCAA due to the Court’s closure during the winter holiday break.
2. The ARIO, granted, amongst other things, an extension to the stay of proceeding until January 12, 2024 (the “**Initial Stay Period**”), approval of Interim Financing and various priority charges, a stay of proceedings against certain parties and authorization for Management to pay certain pre-filing invoices.
3. On January 12, 2024 the Companies were granted a subsequent Order by this Honourable Court (the “**First Stay Extension Order**”):
 - a) extending the stay of proceedings to March 15, 2024;
 - b) increasing the Administration Charge from \$350,000 to \$500,000;
 - c) increasing the Authorized Borrowings under the Interim Lending Facility and the corresponding Interim Lender’s Charge from \$450,000 to \$1,400,000;
 - d) amending paragraph 7 of the ARIO to allow accounts receivables from bonded jobs to be used, subject to the oversight and approval of the Monitor, to repay amounts secured under the Administration Charge

and the Interim Lenders' Charge if such accounts receivables were either (i) generated and outstanding prior to the date of the Initial Order; or (ii) generated after the date of the Initial Order as a result of advances made by the Interim Lender pursuant to the Commitment Letter and Definitive Documents (as defined in the ARIO).

4. On March 7, 2024, the Companies were granted a second stay extension order, with the most recent stay extension set to expire on April 26, 2024, or such other date that this Honourable Court deems appropriate (the "**Second Stay Extension Order**" with the First Stay Extension Order, the "**Stay Extension Orders**").
5. The Monitor is applying to this Honourable Court for an Order (the "**CCAA Termination Order**"):
 - a) approving the actions, activities, and conduct of the Monitor throughout the CCAA Proceedings;
 - b) approving the professional fees and disbursements of A&M and its legal counsel, Gowlings WLG (Canada) LLP ("**Gowling**") throughout the CCAA Proceedings as reported in this Report and previously three (3) filed reports, including the Forecast Fees and Costs (defined below); and
 - c) discharging the Monitor in its capacity as Monitor of the Companies and terminating the CCAA Proceedings upon the granting of the CCAA Termination Order.
6. Concurrently, the Monitor is advised that Durisol Ltd. ("**Durisol**" or the "**Interim Lender**") has brought forward an application that is to be heard concurrently on April 17, 2024, to place the Applicants into receivership. Durisol is seeking that A&M, currently acting as the Monitor, be appointed as the court-appointed receiver. The Monitor is further advised that the Applicants support Durisol's application.

7. Capitalized terms not defined in this Monitor's Third Report (this "**Report**" or the "**Third Report**") are as defined in the Initial Order, ARIO, the Stay Extension Orders, the prior reports prepared and filed by the Monitor dated December 19, 2023, January 4, 2024, February 29, 2024 (and with the Third Report, the "**Reports**"), and/or the various affidavits filed by Mr. Jan Van Bruggen in the CCAA Proceedings.

PURPOSE

8. The purpose of this Third Report is to provide information to this Honourable Court in respect of the following:
- a) the activities of the Monitor since the Second Report of the Monitor Dated February 29, 2024 (the "**Second Report**");
 - b) a summary of the bonded and non-bonded jobs, and the Monitor's analysis of these projects;
 - c) the actual cash flow results of the Companies compared to its Consolidated Cash Flow Forecast as included in the Monitor's Second Report;
 - d) the updated consolidated cash flow forecast prepared by Management (the "**Updated CF Forecast**");
 - e) approving the actions, activities and conduct of the Monitor, along with the fees and disbursements of the Monitor and Gowling, including the Forecast Fees and Costs, as set out in this Report;
 - f) the request to terminate the CCAA and discharge the Monitor; and
 - g) the Monitor's overall recommendation in respect of the above.
9. This Report should be read in conjunction with the affidavit of Mr. Jan Van Bruggen sworn April 8, 2024 (the "**Fifth VB Affidavit**") and the affidavit of Mark

VanBakel sworn April 8, 2024 (the “**MB Affidavit**”) in support the Companies’ Application.

TERMS OF REFERENCE AND DISCLAIMER

10. In preparing this Report, A&M, in its capacity as the Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Applicants and has held discussions with the Applicants’ management (“**Management**”) and their respective counsel and directors (collectively, hereinafter the “**Information**”). Except as otherwise described in this Report in respect of the Applicants’ cash flow forecast:
- a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the Chartered Professional Accountants Canada Handbook (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
 - b) some of the Information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.
11. Future oriented financial information referred to in this Report was prepared based on the Applicants’ estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

12. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.

BACKGROUND

Overview

13. The Applicants form part of a broader group of companies (the “**Candesto Group**”), which has been a leader of installation services in western Canada for traffic control, roadside safety and barrier systems for over 25 years (the “**Business**”).
14. The goods and services provided by the Applicants can be broken down into six primary categories: (i) guardrail and high-tension cable barrier systems; (ii) concrete and steel barriers; (iii) overhead signs and structures; (iv) overhead sign foundations and caissons; (v) non-overhead and ground mounted signage; and (vi) engineering and planning. These services extend to the installation of these items, systems and structures on roadways.
15. CEC and D3 (together, the “**Operating Entities**”) are the primary operating entities and perform similar functions within Alberta. Over time, CEC has become the primary contractual counterparty for most incoming jobs in Alberta. The Applicants have recently ceased bidding on any projects not currently under contract.
16. Safe Roads (formerly 1957282 Alberta Ltd.) is an Alberta corporation incorporated under the *Business Corporations Act* (Alberta) with its registered office in Calgary, Alberta. Safe Roads was initially set up to source and sell to the Operating Entities certain inventory used in their respective operations, although that sourcing is now predominantly from other suppliers. Safe Roads is now largely dormant, with little to no operations and/or cash flow.
17. Further information regarding the cause of the Applicants’ insolvency and these CCAA Proceedings, including the Initial Order, ARIO, various affidavits filed in

the CCAA Proceedings and the prior reports of the Monitor on the Monitor's website at: www.alvarezandmarsal.com/candesto ("**Monitor's Website**").

ACTIVITIES OF THE MONITOR

18. The Monitor's activities since the Second Report have included, but are not limited to, the following:

- a) conducting ongoing discussions with Management, and the Companies' legal counsel regarding the Companies' business and financial affairs;
- b) engaging in discussions with the Companies' and their legal counsel with respect to various matters including the Monitor's analysis on the various projects (bonded and non-bonded) with the Candesto Group;
- c) engaging in discussions with the Companies and their surety provider, Trisura Guarantee Insurance Company ("**TGIC**") and Trisura Insurance Company ("**TIC**", together with TGIC, "**Trisura**" or the "**Surety**"), concerning the Companies' labor and material and performance bonds and current and ongoing bonded projects;
- d) engaging in discussions with the Companies, the Companies' legal counsel as well as the Interim Lender and its legal counsel with respect to opportunities available for the Companies;
- e) assisting Management with various communications with external stakeholders;
- f) assisting Management with various analysis respecting potential workout scenarios and identifying potential paths forward to efficiently wind up the Companies' operations in a manner that will maximize value for the Companies' stakeholders;
- g) reviewing matters impacting the Companies and claims from Mr. Chris Chris Bokenfohr and Vor Allem Consulting Ltd.;

- h) receiving and reviewing general contractor requests on bonded jobs for payments to be made directly to vendors of the Companies;
- i) attending to various queries from external stakeholders, including creditors, regarding the CCAA Proceedings;
- j) reviewing and discussing the weekly payables with Management;
- k) reviewing and assisting with the Companies cash flow forecast on a weekly basis and evaluating them to actual results and communication with the Interim Lender on the same;
- l) reviewing and approving the Companies disclaimer of various non-bonded sub-contractor agreements it held with the general contractor, Aecon Transportation West Ltd. (“**Aecon**”);
- m) communication and providing instructions to the Monitor’s Counsel;
and
- n) various discussions with the stakeholders in converting the CCAA Proceeding to a receivership proceeding;

ASSETS AND LIABILITIES

Overview

19. As outlined in greater detail in the Monitor’s Pre-Filing Report dated December 19, 2024, on a consolidated basis, as at October 31, 2023, total net book values of the assets and liabilities of the Companies are approximately \$5.9 million and \$10.3 million, respectively (with current assets and current liabilities being approximately \$4.3 million and \$9.4 million, respectively).
20. Based on further review, as at April 10, 2024, it appears that the following amounts are reflected as updated net book values of the Candesto Group’s consolidated balance sheet:

- a) Bonded Project Accounts Receivable: \$1,173,489
- b) Non-Bonded Project Accounts Receivable: \$113,161
- c) Total Fixed Assets: \$1,122,827
- d) Total Secured debt obligations (including interim facility): \$5,871,351
- e) Total Unsecured Debt: \$5,517,471

Material Secured Creditors

21. The material pre-filing secured debt obligations of the Applicants that are owed to 1288078 Ontario Inc. (“**128 Inc.**”) and Barricades and Signs Ltd. (“**Barricades**”, with 128 Inc., the “**Secured Lenders**”) are as follows:

- a) Durisol is the interim lender, has provided, with prior court approval, \$1.4 million in interim financing for the Candesto Group in the CCAA Proceedings, as discussed in prior report;
- b) CEC is indebted to 128 Inc. pursuant to a demand promissory note in the principal amount of \$2,000,000 dated January 25, 2023 (the “**Promissory Note**”). This note is secured by a general security agreement dated January 25, 2023 and granted by CEC in favour of 128 Inc. As at December 18, 2023 the loan balance under the Promissory Note continues to be \$2,000,000, excluding interest and any other amounts which may continue to accrue;
- c) Each of CEC, D3 and Safe Roads are borrowers under a loan agreement dated February 22, 2023 with Barricades as lender (the “**Barricades Loan**”). The Barricades Loan is secured by a general security agreement dated February 22, 2023 (the “**Barricades GSA**”) pursuant to which each of CEC, D3 and Safe Roads granted a security interest in and to all present and after-acquired personal and real property in favour of Barricades. As at December 18, 2023 the loan balance under

the Barricades Loan was approximately \$2,421,327.74.

22. Based on the remaining assets available within the Candesto Group (assuming that the Surety may claim to have a right of set-off as against the bonded project liabilities outstanding), there does not appear to be sufficient assets to cover the secured debt of the Candesto Group, and as such, it would appear that Durisol (the Interim Lender) may be considered the fulcrum creditor at this time.

SUMMARY OF PROJECTS

Bonded Projects

23. The Monitor has identified all of Candesto Group's bonded projects, which are summarized in **Appendix A** to this Report. CEC, with the assistance of the Monitor, has evaluated all of its projects. Based on this analysis, the Candesto Group has determined that the vast majority of the remaining bonded projects are not financially viable to complete and are out of money, in the range of approximately \$3.2 million collective loss.
24. A brief description of each of the bonded projects are further discussed below:
- a) CEC is currently involved in three ongoing bonded jobs: 452S, 468N, and 476N. Furthermore, job 424N, another bonded project, is still underway with D3;
 - b) Job 452S is a subcontract agreement between CEC and PCL Construction Management Ltd. ("**PCL**"). Management estimates that approximately 60% of the job remains to be completed, with projected costs to complete totaling approximately \$375,000. The outstanding accounts payable for this job is \$299,804, with remaining revenue to be collected totaling \$235,944. This results in a total project loss of approximately \$377,000;
 - c) Job 468N is subcontract agreement between CEC and Ledor Highways Ltd. ("**Lecdor**"). Management approximates that around 70% of the

project is yet to be finished, with anticipated completion costs totaling about \$658,000. The outstanding accounts payable for this project amount to \$142,189, with remaining revenue to be collected totaling \$410,597. This results in a total project loss of approximately \$370,000;

d) Job 476N is subcontract agreement between CEC and Graham Infrastructure LP (“**Graham**”). Construction has not commenced on this job as it is currently in the design phase. The estimated total completion costs amount to approximately \$860,000. The outstanding accounts payable for this project stand at \$16,538, with remaining revenue to be collected totaling \$459,047. This results in a total project loss of approximately \$417,000;

e) Job 424N is subcontract agreement between D3 and Camacks Enterprises Ltd. (“**Camacks**”). This job is nearing completion, with only necessary repair work remaining outstanding. Projected costs to complete are estimated at approximately \$21,000. The outstanding accounts payable for this project amount to \$365,813, with remaining revenue to be collected totaling \$13,100. This results in a total project loss of approximately \$80,000.

25. The Monitor notes that the net project payables for both ongoing and completed jobs amounts to \$2.4 million, with eight (8) out of ten (10) bonded jobs being in a payable position. Additionally, the total remaining costs to complete the bonded jobs, totals \$1.9 million, exceeding unearned project revenue of \$1.1 million.

26. The Monitor, Candesto Group, the Interim Lender and the Secured Lenders hosted various communications with Trisura in the CCAA Proceedings, with respect to the bonded projects and the Companies’ overall restructuring efforts. The Candesto Group advised the Monitor and Trisura that CEC was no longer able to restructure its affairs under the CCAA Proceedings and it was the intention that the Interim Lender (Durisol) to seek the appointment of A&M as receiver over the assets,

undertaking and property of the Candesto Group. The Monitor was advised that the Secured lenders supported the Interim Lenders application to convert the CCAA Proceedings into a receivership proceedings. The Monitor was advised that Trisura understood the financial situation of CEC and would work closely with A&M if appointed receiver of the Companies, should this Honourable Court terminate the CCAA Proceedings and have the Candesto Group placed into receivership by way of a receivership order (the “**Receivership Order**”), with the CCAA Termination Order being effective concurrently with granting of the Receivership Order (the “**Receivership Proceeding**”).

27. The Monitor has been advised by the Interim Lender that it does not intend to fund a receiver to perform any ongoing projects and funding would be provided for a receiver in order to wind-up the Companies’ business operations, to liquidate their remaining assets and to collect their outstanding accounts receivables. As a result, A&M, if appointed receiver by the Court, does not intend to perform the Companies’ ongoing projects in the Receivership Proceeding and intends to immediately review and assess the Companies’ executory contracts pertaining to ongoing projects. A&M further intends to prepare disclaimers of the Companies’ executory contracts with respect to their ongoing projects on the basis that it will not be economically beneficial for the Companies’ estate or stakeholders for a receiver to continue carrying out the Companies’ projects and disclaimers of executory contracts for ongoing projects will maximize the value of the Companies’ estates.
28. The Monitor recommends that the Companies be placed into receivership so that a receiver can perform an orderly wind-up of their operations and business, liquidate the Companies’ remaining assets and collect their outstanding accounts receivables.

Non-Bonded Projects

29. As at the date of the CCAA Proceedings, the Candesto Group had eight (8) outstanding and ongoing non-bonded jobs. An analysis of these projects indicated that these non-bonded projects were also out of the money. Based on further review

by the Monitor (and as discussed above), the Company, with the approval of the Monitor disclaimed two (2) sub-contractor projects with Aecon (the general contractor). The six (6) remaining non-bonded jobs were completed and total outstanding accounts receivables remaining to be collected is approximately \$97,025.

30. The Candesto Group does not have any further non-bonded projects.

ACTUAL CASH FLOW RESULTS COMPARED TO FORECAST

31. The Companies' actual cash receipts and disbursements during the period February 24, 2024 to April 5, 2025 (the “**Reporting Period**”) as compared to the updated weekly cash flow forecast for the same period as outline in the Monitor’s Second Report (the “**Second Cash Flow Forecast**”), along with actuals results since the date of the Initial Order (December 20, 2023), is in the chart below:

Candesto Enterprises Corp, D3 Infrastructure Services Inc. and Safe Roads Alberta Ltd.
Cash Flow Variance Analysis - Prepared by Management
For the Period February 24, 2024 to April 5, 2024
unaudited, in CAD \$000's

	Reporting Period Weeks 11 - 16			YTD Weeks 1 - 16
	Second Cash Flow Forecast	Actual	Variance	Actual
Cash Receipts				
Accounts receivable	\$ 32	\$ 11	\$ (21)	\$ 687
Unbilled active projects	22	-	(22)	-
Other	-	20	20	139
Total Receipts	\$ 54	\$ 31	\$ (23)	\$ 825
Operating Disbursements				
F2024 project costs	\$ 277	\$ 207	\$ 70	\$ 346
F2025 project costs	151	33	118	33
Payroll and benefits	-	-	-	261
Sub-contractor payments	150	208	(58)	259
Rent	27	32	(5)	64
Insurance	10	5	5	24
IT	2	1	2	5
Utilities	4	2	2	4
Other operating costs	23	26	(3)	117
Contingency	45	-	45	-
Total Operating Disbursements	\$ 689	\$ 513	\$ 176	\$ 1,113
Net Cash Flow from Operations	\$ (635)	\$ (482)	\$ 153	\$ (288)
Non-Operating Disbursements				
Companies' Counsel's Fees	\$ -	\$ 37	\$ (37)	\$ 157
Monitor's Fees and Disbursements	129	217	(88)	275
Monitor's Counsel's Fees	80	16	64	29
Interim Financing Interest	-	-	-	-
Total Non-Operating Disbursements	\$ 209	\$ 270	\$ (61)	\$ 462
Net Cash Flow	\$ (844)	\$ (752)	\$ 92	\$ (750)
Opening Cash	\$ 853	\$ 853	\$ (0)	\$ 251
Net Cash Flow	(844)	(752)	92	(750)
DIP Advance/(Repayment)	-	-	-	600
Ending Cash	\$ 9	\$ 101	\$ 92	\$ 101
Bonded A/R held-in trust by Monitor				\$ 206

32. Over the Reporting Period, the Companies experienced a positive cash flow variance of approximately \$92,000 largely as a result of the following:

- a) permanent variances:
 - i. negative variance in accounts receivable attributed to the collection of holdback account receivables associated with certain project work, which was collected and not previously forecasted. While

other forecasted accounts receivables associated with certain project work, were not collected and previously forecasted;

- ii. negative variance in unbilled active projects is attributed to accounts receivable holdback payments not being collected as originally forecasted;
- iii. positive variance in other receipts, relating to the collection of a tax refund that was not forecasted;
- iv. negative variance in rent payments is attributed to the ongoing rental of CEC's secondary premise on a month-to-month basis, it was previously forecasted that rent for this location would cease;
- v. negative variance in other operating costs is primarily attributed to costs associated with required repair and maintenance of CEC's vehicle, which had not been considered at the time of drafting the cash flow;
- vi. positive variance due to the allocated contingency that was not required during the Reporting Period. The contingency was incorporated into the Consolidated Cash Flow Forecast to account for unexpected costs not forecast during the Forecast Period (defined below);

b) timing variances:

- i. negative variance in fiscal 2024 costs is attributed to the payment of January 2024 labour and material projects costs that were initially delayed due to extreme weather in January 2024 resulting in the project and associated project costs to be delayed into March 2024;
- ii. positive variance in fiscal 2025 project related costs primarily due to a delay in payment of these costs during the Reporting Period;

- iii. positive variance in sub-contractor payments is attributed to increased working hours at the end of March 2024;
 - iv. positive variance in insurance payments primarily due to a delay in payment of these costs due to insurance renewal that occurred during the Reporting Period;
 - v. positive variance in utility payments primarily due to a delay in payment of these costs during the Reporting Period;
 - vi. negative variance relating to non-operating professional fees as invoicing and ultimately payment to professionals have been provided sooner than initially.
- c) approximately \$206,000 of accounts receivable collected to-date relates to bonded projects, and as required per court order, these funds were held in a separate trust account controlled by the Monitor. The Monitor has transferred all funds held in trust to the Companies to utilize such bonded receivables in the performance of the work on bonded jobs during the Reporting Period.
33. Actual closing available cash as at April 5, 2024 was \$101,000 which includes nil borrowings from Interim Financing with the Reporting Period. From the date of the Initial Order to April 5, 2024 the Companies have received Interim Financing of \$600,000. The Monitor is advised that the Candesto Group intends to draw on the remaining interim facility for the full amount of an additional \$800,000 and those funds will be made available in the estate for the proposed receiver to utilize, should this Honourable Court grant the receivership order.

APPROVAL OF PROFESSIONAL FEES AND EXPENSES

34. The Monitor seeks approval from this Honourable Court of its respective professional fees and disbursements as Monitor, as well the fees and disbursements of Gowling, in its capacity as counsel to the Monitor.

35. The fees and expenses accumulated by the Monitor for the period of December 18, 2023 to March 30, 2024 total \$334,516.00 for professional fees and \$5,640.14 for expenses, exclusive of GST (the “**Monitor’s Fees and Costs**”).
36. The total fees and expenses of Gowling, in its capacity as counsel to the Monitor, for the period of December 12, 2023 to March 26, 2024 total \$45,078.00 in professional fees and \$303.00 in expenses, exclusive of GST (the “**Monitor’s Counsel’s Fees and Costs**”).
37. A summary of the professional fees and costs are attached as Appendix “**B**”. The accounts of the Proposal Trustee, the Monitor and Gowlings outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the invoices will be made available to the Court at its direction, if necessary.
38. The Monitor’s, Gowling’s and the Companies’ Counsel’s estimated fees and costs to complete this engagement (March 31, 2024 to April 17, 2024) are estimated at approximately \$155,000.00 (the “**Forecast Fees and Costs**”), which include fees and costs incurred but not paid. The Monitor is seeking that the Forecast Fees and Costs for the Monitor and Gowling be approved in these CCAA Proceedings and be payable as part of the Receivership Proceeding.
39. The Monitor respectfully submits that its professional fees and disbursements and those of the Gowling’s are fair and reasonable in the circumstances and respectfully requests that this Honourable Court approve the Monitor’s Fees and Costs, the Monitor’s Counsel’s Fees and Costs, and the Forecast Fees and Costs.

TERMINATION OF THE CCAA AND DISCHARGE OF THE MONITOR

40. As previously discussed in this Report, Durisol is applying to this Honourable Court to have the Candesto Group placed into receivership. The Candesto Group and the secured lenders both support this application and the Monitor’s application to terminate the CCAA Proceedings. As a result, the Monitor’s administration of the estate is substantially complete within these particular CCAA Proceedings.

41. Upon the granting of the CCAA Termination Order, once the Forecast Fees and Costs have been paid, the Monitor will have completed its duties under the CCAA with respect to the CCAA Proceedings and all claims against the Monitor, its officers, directors, employees and affiliates, in connection with its appointment or the performance of its duties as Monitor to the date of the proposed CCAA Termination Order shall be and are hereby, extinguished and forever barred and the Monitor, its officers, directors, employees and affiliates, shall have no obligation or liability in respect thereof except for any liability arising out of gross negligence or wilful misconduct on the part of the Monitor.
42. The Monitor respectfully requests that this Honourable Court approve the CCAA Termination Order discharging the Monitor of its duties under the CCAA, subject to the completion of the final administrative duties, and the termination of the CCAA Proceedings.

CONCLUSIONS AND RECOMMENDATIONS

43. The Monitor respectfully recommends that this Honourable Court grant the approval of the following:
- a) The Monitor's and Gowling's actions, activities and conduct as reported in this Third Report and all prior reports filed by the Monitor;
 - b) the fees and disbursements of the Monitor and Gowling for the period of time from December 12, 2023 to the granting of the CCAA Termination Order, including the Forecast Fees and Costs, as outlined in this Report;
 - c) the discharge of the Monitor and the termination of these CCAA Proceedings upon the granting of the CCAA Termination Order and effective concurrently with the granting of the Receivership Order.

All of which is respectfully submitted this 11th day of April, 2024.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Monitor of the Companies, and
not in its personal or corporate capacity**



Orest Konowalchuk, CPA-CA, CIRP, LIT
Senior Vice-President

APPENDIX “A”

Candesto Enterprises Corp., D3 Infrastructure Services Inc.,
and Safe Roads Alberta Ltd.
Candesto Bonded Job Summary Prepared by Management
in CAD \$000's

Project	Job Status	Current A/R Holdback	Outstanding Accounts Receivable	Outstanding Accounts Payables	Net Project Receivables (Payables)	Unearned Project Revenue	Remaining Costs to Complete	Project Profitability (Loss)
460S - CGY SafeLink	Complete	-	1,029	(2,428)	(1,400)	-	-	(1,400)
434S - Volker Stevin	Complete - Deficiency Work	-	49	(8)	41	-	(3)	38
439S - Volker Stevin	Complete - Deficiency Work	-	48	(7)	41	-	(1)	40
444N - E-Construction	Complete - LDs in Dispute	43	-	(412)	(369)	-	-	(369)
479S - Central City	Complete - Deficiency Work	10	-	(113)	(103)	-	(2)	(105)
493S - Border Paving	Complete - Deficiency Work	15	-	(138)	(123)	-	(2)	(125)
424N - Carmacks	In-progress - Repair Work	280	14	(366)	(72)	13	(21)	(80)
452S - PCL	In progress - 60% remaining	28	34	(300)	(238)	236	(375)	(377)
468N - Ledcor	In progress - 70% remaining	20	-	(142)	(123)	411	(658)	(370)
476N - Graham	In-progress - In Design Phase (Not Started)	-	-	(17)	(17)	459	(860)	(417)
Total		\$ 396	\$ 1,173	\$ (3,931)	\$ (2,362)	\$ 1,119	\$ (1,921)	\$ (3,164)

APPENDIX “B”

Candesto Enterprises Corp., D3 Infrastructure Services Inc., and Safe Roads Alberta Ltd.
Summary of Monitor's Fees and Disbursements
December 18, 2023 to March 30, 2024

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
#1	December 18, 2023 to December 31, 2023	54,752.00	415.10	55,167.10	2,758.36	57,925.46
#2	January 1, 2024 to January 31, 2024	118,435.50	4,693.04	123,128.54	6,156.43	129,284.97
#3	February 1, 2024 to February 29, 2024	83,969.00	-	83,969.00	4,198.45	88,167.45
#4	March 1, 2024 to March 30, 2024	77,359.50	532.00	77,891.50	3,894.58	81,786.08
Total		334,516.00	5,640.14	340,156.14	17,007.82	357,163.96

Candesto Enterprises Corp., D3 Infrastructure Services Inc., and Safe Roads Alberta Ltd.
Summary of Monitor's Counsel's Fees and Disbursements
December 12, 2023 to March 30, 2024

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
20189284	December 12, 2023 to December 31, 2023	13,370.00	27.37	13,397.37	-	13,397.37
20213340	January 1, 2024 to January 31, 2024	15,950.00	25.25	15,975.25	-	15,975.25
20233666	February 1, 2024 to February 29, 2024	10,286.00	89.89	10,375.89	518.79	10,894.68
20248458	March 1, 2024 to March 30, 2024 Total	5,472.00	160.49	5,632.49	281.62	5,914.11
		45,078.00	303.00	45,381.00	800.41	46,181.41