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

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF ENTREC CORPORATION, 984506  
ALBERTA LTD. (FORMERLY CAPSTAN HAULING LTD.), ENT  
CAPITAL CORP., ENTREC CRANES & HEAVY HAUL INC.,  
ENTREC HOLDINGS INC., ENT OILFIELD GROUP LTD. and  
ENTREC SERVICES LTD.

DOCUMENT

**TWELFTH REPORT OF THE MONITOR**  
**April 17, 2023**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION  
OF PARTY  
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**MONITOR**

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ALVAREZ & MARSAL

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## APPENDICES

**Appendix A** – Tenth Cash Flow for the period from April 1 to October 31, 2023

## 1.0 INTRODUCTION

- 1.1 On May 15, 2020, ENTREC Corporation, 984506 Alberta Ltd. (formerly, Capstan Hauling Ltd.), ENTREC Alberta Ltd., ENT Capital Corp., ENTREC Cranes & Heavy Haul Inc., ENTREC Holdings Inc., ENT Oilfield Group Ltd., and ENTREC Services Ltd. (collectively, the “**Applicants**” or “**ENTREC**”), were granted an initial order (the “**Initial Order**”, and as subsequently amended and restated the “**ARIO**”) to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Among other things, the Initial Order provided for a stay of proceedings in respect of the Applicants for a period initially expiring on May 25, 2020 (the “**Stay Period**”).
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor (the “**Monitor**”) in the CCAA Proceedings.
- 1.3 Pursuant to an order dated November 24, 2020, the Monitor was granted enhanced powers in respect of ENTREC (the “**Enhanced Powers Order**”). Among other things, the Enhanced Powers Order authorized the Monitor to conduct, supervise, or direct the continuation or commencement of any legal process on behalf of ENTREC, and to settle, extend or compromise any indebtedness owing to or by ENTREC.
- 1.4 The Monitor, as foreign representative of the Applicants, filed petitions for each of the Applicants under Chapter 15 of the U.S. Bankruptcy Code (the “**U.S. Proceedings**”) in the United States Bankruptcy Court for the Southern District of Texas (the “**U.S. Court**”), Jointly Administered Case No. 20-32643. On May 15, 2020, the U.S. Court in the U.S. Proceedings entered an order granting provisional relief providing that the Initial Order be given full force and effect in all respects on an interim basis, including, without limitation, with respect to property of the Applicants located in the U.S.
- 1.5 On August 31, 2020, the Court granted orders, which among other things, authorized the sale of all the Applicants’ assets in the U.S. excluding leased assets and receivables (the “**Wolverine Transaction**”) to Wolverine Energy and Infrastructure Inc. (“**Wolverine**”), which was approved by the U.S. Court on September 9, 2020. Subsequently, on October 1, 2020, the Applicants notified the Court and the Service List that the Wolverine Transaction had been terminated due to a dispute between the parties.
- 1.6 On November 2, 2020, the Court, and subsequently, the U.S. Court, granted orders which, *inter alia*, authorized the sale of substantially all of the U.S. assets (the “**Prolift Transaction**”) to

Prolift Rigging Company, LLC (“**Prolift**”) and assigned to Prolift the contracts required to be assigned as part of the Prolift Transaction pursuant to Section 11.3 of the CCAA.

- 1.7 On April 27, 2022, the Court granted an order which extended the Stay Period until the earlier of: (i) the filing of a certificate by the Monitor to terminate the CCAA Proceedings and discharge the Monitor (the “**Termination Certificate**”) and (ii) October 31, 2022, as well as lifted the stay of proceedings for the limited purpose of permitting an application to assign 984506 Alberta Ltd. (“**984**”) into bankruptcy and to approve the activities of the Monitor as set out in the Monitor’s Tenth Report dated April 18, 2022.
- 1.8 On October 20, 2022, the Court granted an order (the “**October 20 Order**”) which extended the Stay Period until the earlier of: (i) the filing of the Termination Certificate; and (ii) April 28, 2023.
- 1.9 On April 17, 2023, the Monitor filed a notice of application, returnable April 24, 2023, for an order (the “**Stay Extension Order**”) to extend the Stay Period until the earlier of: (i) the filing of the Termination Certificate and (ii) October 31, 2023, and to approve the activities of the Monitor as set out herein and in the Monitor’s Eleventh Report dated October 12, 2022 (the “**Eleventh Report**”).
- 1.10 Further information regarding these CCAA Proceedings, including copies of the court orders, affidavits, reports of the Monitor and all other court-filed documents and notices are available on the Monitor’s website at [www.alvarezandmarsal.com/entrec](http://www.alvarezandmarsal.com/entrec) (the “**Monitor’s Website**”). Information regarding the U.S. Proceedings is available on the website of the U.S. notice agent at <https://cases.stretto.com/entrec>.

## **2.0 PURPOSE**

- 2.1 This Twelfth Report of the Monitor (the “**Twelfth Report**”) was prepared to provide information to this Honourable Court in respect of:
  - a) the activities of the Monitor since the Eleventh Report;
  - b) developments in the disputed Wolverine Transaction since the Eleventh Report;
  - c) a comparison of ENTREC’s actual cash receipts and disbursements for the period from October 1, 2022 to March 31, 2023, compared to the cash flow forecast, as appended to the Monitor’s Eleventh Report dated October 12, 2022, (the “**Ninth Cash Flow Forecast**”);
  - d) an updated and extended cash flow forecast for the period from April 1 to October 31, 2023 (the “**Tenth Cash Flow Forecast**”);
  - e) the funds held in trust by the Monitor;

- f) other outstanding matters; and
  - g) the recommendations of the Monitor in respect of the foregoing, as applicable.
- 2.2 The Twelfth Report should be read in conjunction with the Stay Extension Order. Background information, including capitalized terms not defined herein, are contained in the Initial Order, the ARIO, and the Monitor's previous reports, and have not been repeated herein.

### **3.0 TERMS OF REFERENCE**

- 3.1 Certain of the information referred to in this report consists of financial forecasts and/or projections prepared by the Monitor. An examination or review of financial forecasts and projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projections, and the variations could be significant.
- 3.2 Unless otherwise stated, all monetary amounts contained in this Twelfth Report are expressed in Canadian dollars.

### **4.0 ACTIVITIES OF THE MONITOR**

- 4.1 The Monitor's activities since the Eleventh Report include:
  - a) attending to various legal proceedings in respect of the Wolverine Dispute, as subsequently defined;
  - b) monitoring cash flow and other operational matters, in accordance with the Support Agreement dated May 14, 2020, as amended from time to time (the "**RSA**"). Though the RSA expired on June 30, 2021, the Monitor and the Agent on behalf of the Syndicate have agreed that it does not need to be renewed and the Monitor has continued to report to the Agent;
  - c) preparing the Tenth Cash Flow Forecast;
  - d) collecting outstanding accounts receivable;
  - e) assisting with various wind-down activities including attending to compliance matters with tax and other regulatory bodies in Canada and the U.S.;
  - f) attending to the Bankruptcy Proceedings, as subsequently defined;
  - g) approving and preparing disbursements;
  - h) communicating with various trade creditors and other stakeholders;
  - i) posting of non-confidential materials filed with this Court to the Monitor's Website; and
  - j) preparing this Twelfth Report.

## **5.0 UPDATE ON THE WOLVERINE DISPUTE**

- 5.1 As detailed in the Monitor's previous reports, the Wolverine Transaction did not close on September 30, 2020, as a dispute arose between the parties in respect of a price adjustment requested by Wolverine; the Wolverine Transaction was subsequently terminated.
- 5.2 On November 2, 2020, Wolverine filed an adversary complaint against the Applicants in the U.S. Proceedings (the "**Wolverine Dispute**") seeking, among other things, a return of the bid deposit of \$3.35 million (the "**Deposit**") and additional damages and costs of approximately USD \$1.0 million plus costs and interest. The Monitor, on behalf of ENTREC, filed its Answer and Counterclaim on December 18, 2020.
- 5.3 The trial concluded on December 9, 2021. On August 9, 2022, the U.S. Court issued its opinion and judgement in favour of ENTREC and awarded ENTREC the bid deposit of \$3.35 million and certain costs (the "**Bill of Costs**") with respect to the trial.
- 5.4 On August 17, 2022, Wolverine's counsel filed a Notice of Filing an Appeal (the "**Appeal**") and subsequently on August 29, 2022, filed a Statement of Issues, which highlighted six issues for appeal, along with designations to file all materials and transcripts from the trial.
- 5.5 On September 2, 2022, Wolverine's counsel filed an objection to the Bill of Costs, which was granted by the U.S. Court on February 10, 2023.
- 5.6 Between October 28 to December 30, 2022, briefs from each party in respect of the Appeal were filed with the U.S. Court. A decision has not yet been issued by the U.S. Court and no guidance regarding timing has been provided.
- 5.7 As discussed in the Eleventh Report, and in the Monitor's prior reports, the Monitor continues to hold the Deposit pending a consensual resolution or final judicial determination of the Wolverine Dispute. The Monitor is hopeful that the ongoing Wolverine Litigation will be resolved in the near future but is unable to estimate timing of when this will occur.

## **6.0 ACTUAL CASH FLOW RESULTS COMPARED TO NINTH CASH FLOW FORECAST**

- 6.1 As part of the ongoing oversight and monitoring of the business and financial affairs of ENTREC, the Monitor has set-up a monthly cash flow review protocol to compare actual cash flows against the Ninth Cash Flow Forecast.
- 6.2 The Applicants' actual cash receipts and disbursements as compared to the Ninth Cash Flow Forecast during the period of October 1, 2022, to March 31, 2023 (the "**Reporting Period**") are summarized below:

**ENTREC Corporation**  
**Cash Flow Variance Analysis**  
**For the period October 1, 2022 to March 31, 2023**  
**(in CAD\$000s)**

	Actual*	Forecast**	Variance
<b>Operating receipts</b>			
Other receipts	\$ 193	\$ 15	\$ 178
GST refunds	3	-	3
<b>Total operating receipts</b>	<b>196</b>	<b>15</b>	<b>181</b>
<b>Disbursements</b>			
Professional fees	258	245	14
Interim Facility interest costs	2,168	2,202	(34)
Contingency	2	15	(13)
<b>Total Disbursements</b>	<b>2,428</b>	<b>2,462</b>	<b>(34)</b>
<b>Net cash flow</b>	<b>\$ (2,232)</b>	<b>\$ (2,447)</b>	<b>\$ 215</b>
<b><u>Continuity of Reserve Fund</u></b>			
Opening Balance	424	424	-
Receipts collected by the Monitor	171	15	156
Less: draws	(260)	(260)	-
FX adjustment	(1)	-	(1)
<b>Ending balance</b>	<b>\$ 334</b>	<b>\$ 179</b>	<b>\$ 155</b>
<b><u>Continuity of Financing</u></b>			
<b>Pre-filing debt</b>			
Operating line	1,940	1,940	-
Less: repayments	-	-	-
	<b>1,940</b>	<b>1,940</b>	<b>-</b>
<b>Ending balance</b>	<b>1,940</b>	<b>1,940</b>	<b>-</b>
<b>Interim Facility</b>			
Opening balance	34,099	34,099	-
Draws (repayments)	2,143	2,202	(59)
<b>Ending Interim Facility balance (cash)</b>	<b>36,242</b>	<b>36,301</b>	<b>(59)</b>
<b>Total financing, ending position</b>	<b>\$ 38,182</b>	<b>\$ 38,241</b>	<b>\$ (59)</b>

\*Amounts denominated in US currency were converted into Canadian dollars at the average exchange rate for the applicable period

\*\*Amounts denominated in US currency were converted into Canadian dollars at an exchange rate of C\$1:US\$ 73.20

- 6.3 During the Reporting Period, ENTREC experienced a net favourable cash flow variance of approximately \$155,000 largely due to the collection of two letter of credit refunds that were not anticipated.
- 6.4 The cash flow reporting does not include the Deposit, which is currently invested in a guaranteed investment certificate (“**GIC**”) issued by a Canadian chartered bank.
- 6.5 As detailed and defined in the Seventh Report, the Monitor is holding the Reserve to satisfy post-filing obligations incurred by the Applicants in the ordinary course of business and through the wind-down of the CCAA Proceedings. During the Reporting Period, the net decrease to the Reserve was \$90,000, which was used to fund wind-down costs and other matters related to these CCAA Proceedings.
- 6.6 Net advances under the Interim Facility were \$2.1 million over the Reporting Period, which consisted of interest costs of \$2.2 million, which was offset by \$25,000 that was applied directly against the Interim Facility.

## 7.0 TENTH CASH FLOW FORECAST

7.1 The Applicants have prepared an updated cash flow forecast for the period from April 1 to October 31, 2023 (the “**Forecast Period**”). A copy of the Tenth Cash Flow Forecast, together with the accompanying notes, is attached to this report as Appendix “A” and is summarized below:

ENTREC Corporation Tenth Cash Flow Forecast For the period April 1 to October 31, 2023 (in CAD\$000s)	
<b>Operating receipts</b>	
Other receipts	\$ 18
<b>Total operating receipts</b>	<u>18</u>
<b>Disbursements</b>	
Professional fees	\$ 151
Interim Facility interest costs	2,824
Contingency	20
<b>Total disbursements</b>	<u>2,996</u>
<b>Net cash flow</b>	<u><b>\$ (2,978)</b></u>
<b><u>Continuity of Reserve Fund</u></b>	
Opening balance	334
Receipts collected by the Monitor	18
Less: draws	(171)
<b>Ending balance</b>	<u><b>\$ 181</b></u>
<b><u>Continuity of Financing</u></b>	
<b>Pre-filing debt</b>	
Operating line	1,940
<b>Ending balance</b>	<u><b>1,940</b></u>
<b>Interim Facility</b>	
Opening balance	36,242
Draws (repayments)	2,824
<b>Ending Interim Facility balance (cash)</b>	<u><b>39,066</b></u>
<b>Total financing, ending position</b>	<u><b>\$ 41,006</b></u>

- 7.2 The Tenth Cash Flow Forecast has been prepared solely for the purpose described in Note 1 of the Tenth Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.
- 7.3 The Tenth Cash Flow Forecast indicates that the Applicants will experience a net cash outflow of \$3.0 million over the Forecast Period based on the following key assumptions:
- forecast receipts of \$18,000 represents monthly installments from an accounts receivable settlement;
  - professional fees are forecast to be approximately \$151,000 during the Forecast Period and include the Monitor and its legal counsel, the Syndicate's financial advisor and its legal counsel in Canada and the U.S., and the U.S. noticing agent;
  - Interim Facility interest costs of approximately \$2.8 million as determined under the Credit Agreement and RSA, as amended; and



d) the ending balance of total financing is estimated to be approximately \$41.0 million, which represents an increase in financing of \$2.8 million to the secured debt held by the Syndicate and Canadian Western Bank as at October 31, 2023.

7.4 Pursuant to the CCAA Termination Order granted by the Court on November 24, 2020, and as detailed in the Monitor's Seventh Report, the Reserve will be utilized to satisfy post-filing obligations incurred by the Applicants during the Forecast Period and to complete such steps as are necessary to wind-down the Applicants' operations. If there are any excess funds remaining in the Reserve, these funds are to be distributed to the Agent, provided that the aggregate amount of all distributions does not exceed the aggregate obligations owing to the Syndicate by the Applicants.

7.5 The Reserve does not include any amounts held back for the Deposit, which is currently invested in a GIC pending resolution of the Wolverine Dispute.

## 8.0 FUNDS HELD IN MONITOR'S ACCOUNTS

8.1 As at March 31, 2023, the Monitor currently holds in trust approximately \$3.7 million, comprised of the following:

Monitor Cash Holdings		
March 31, 2023		
(in CAD\$000s)		
Wolverine Deposit*	\$	3,350
Interest earned on Wolverine Deposit		19
Reserve		334
<b>Total</b>	<b>\$</b>	<b>3,703</b>
<i>*The Wolverine Deposit is invested in a guaranteed investment certificate issued by a Canadian chartered bank.</i>		

8.2 The Monitor expects to continue to draw down the Reserve to fund operating and other costs to complete the administration of the CCAA Proceedings and to distribute any remaining funds to the Agent upon the completion of the CCAA Proceedings.

## 9.0 OTHER MATTERS

9.1 As discussed in the Eleventh Report, 984 was adjudged bankrupt and a bankruptcy order was made as a result of a petition initiated by the Agent and A&M was appointed trustee (the "**Trustee**") in the bankruptcy proceedings. A&M was subsequently affirmed as Trustee by the creditors of 984 at the first meeting of creditors held on July 20, 2022.

9.2 The Trustee is nearing the completion of the administration of the estate and expects to seek its discharge in due course.

## **10.0 EXTENSION OF STAY OF PROCEEDINGS**

- 10.1 Pursuant to the October 20 Order, the Stay Period will expire the earlier of: (i) the date of the filing of the Termination Certificate; and (ii) April 28, 2023. The Monitor, on behalf of the Applicants, is seeking an extension of the Stay Period to the earlier of: (i) the date of the filing of the Termination Certificate; and (ii) October 31, 2023.
- 10.2 The Monitor supports extending the Stay Period for the following reasons:
- a) the proposed extension of the Stay Period will provide the necessary stability and certainty to enable the Monitor to facilitate the wind-down of the CCAA Proceedings including collecting outstanding accounts, and concluding the Wolverine Dispute, which if not resolved by October 31, 2023, will result in additional extensions of the Stay Period;
  - b) with the Reserve in place, there is sufficient liquidity to fund the remaining costs anticipated as being required to complete the administration of the CCAA Proceedings; and
  - c) no creditor of the Applicants would be materially prejudiced by the extension of the Stay Period and the Monitor understands that the Syndicate is in support of the extension.


## **11.0 RECOMMENDATIONS**


- 11.1 The Monitor respectfully recommends that this Honourable Court grant the Stay Extension Order.

\*\*\*\*\*

All of which is respectfully submitted to this Honourable Court this 17<sup>th</sup> day of April 2023.

**Alvarez & Marsal Canada Inc.,  
in its capacity as Monitor of  
ENTREC Corporation and its subsidiaries**

  
\_\_\_\_\_  
Per: Anthony Tillman  
Senior Vice President

  
\_\_\_\_\_  
Per: Vicki Chan  
Vice President

## APPENDIX A

**ENTREC****Tenth Cash Flow Forecast<sup>1</sup>****For the 7-month period April 1 to October 31, 2023****(in CAD\$000s)**

Period		1	2	3	4	5	6	7	
Period ending	Notes	30-Apr	31-May	30-Jun	31-Jul	31-Aug	30-Sep	31-Oct	Total
<b>Operating receipts</b>									
Other receipts	2	\$ 3	\$ 2	\$ 3	\$ 2	\$ 3	\$ 2	\$ 3	\$ 18
GST refunds		-	-	-	-	-	-	-	-
<b>Total operating receipts</b>		<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>18</b>
<b>Disbursements</b>									
Professional fees	3	\$ 17	\$ 40	\$ 12	\$ 29	\$ 12	\$ 27	\$ 15	\$ 151
Interim Facility interest costs	4	391	395	399	403	408	412	417	2,824
Contingency	5	5	-	5	-	5	-	5	20
<b>Total Disbursements</b>		<b>413</b>	<b>435</b>	<b>416</b>	<b>432</b>	<b>425</b>	<b>439</b>	<b>437</b>	<b>2,996</b>
<b>Net cash flow</b>		<b>\$ (410)</b>	<b>\$ (433)</b>	<b>\$ (413)</b>	<b>\$ (430)</b>	<b>\$ (422)</b>	<b>\$ (437)</b>	<b>\$ (434)</b>	<b>\$ (2,978)</b>
<b><u>Continuity of Reserve Fund</u></b>									
Opening Balance		334	315	277	263	237	223	198	334
Receipts collected by the Monitor		3	2	3	2	3	2	3	18
Less: draws	6	(22)	(40)	(17)	(29)	(17)	(27)	(20)	(171)
<b>Ending balance</b>		<b>\$ 315</b>	<b>\$ 277</b>	<b>\$ 263</b>	<b>\$ 237</b>	<b>\$ 223</b>	<b>\$ 198</b>	<b>\$ 181</b>	<b>\$ 181</b>
<b><u>Continuity of Financing</u></b>									
<b>Pre-filing debt</b>									
Operating line		1,940	1,940	1,940	1,940	1,940	1,940	1,940	1,940
<b>Ending balance</b>		<b>1,940</b>	<b>1,940</b>	<b>1,940</b>	<b>1,940</b>	<b>1,940</b>	<b>1,940</b>	<b>1,940</b>	<b>1,940</b>
<b>Interim Facility</b>									
Opening balance		36,242	36,633	37,027	37,426	37,830	38,237	38,650	36,242
Draws (repayments)		391	395	399	403	408	412	417	2,824
<b>Ending Interim Facility balance (cash)</b>		<b>36,633</b>	<b>37,027</b>	<b>37,426</b>	<b>37,830</b>	<b>38,237</b>	<b>38,650</b>	<b>39,066</b>	<b>39,066</b>
<b>Total financing, ending position</b>		<b>\$ 38,573</b>	<b>\$ 38,967</b>	<b>\$ 39,366</b>	<b>\$ 39,770</b>	<b>\$ 40,177</b>	<b>\$ 40,590</b>	<b>\$ 41,006</b>	<b>\$ 41,006</b>

**ENTREC Corporation**  
**Tenth Cash Flow Forecast**  
**Notes and Assumptions**

1. These cash flow projections in respect of ENTREC Corporation and its subsidiaries ("ENTREC") for the 7-month period from April 1 to October 31, 2023 (the "Tenth Cash Flow Forecast") have been prepared by the Monitor based on unaudited financial information, and estimates of projected receipts and disbursements. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material.

There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below with respect to operations, including the assumption that ENTREC continues to operate within the protections afforded as a result of the Amended and Restated Initial Order granted on May 25, 2020 and as may be amended from time to time during the CCAA Proceedings.

The Tenth Cash Flow Forecast is presented in thousands of Canadian dollars and amounts denominated in US currency have been converted into Canadian dollars at an exchange rate of C\$1:US\$.7389 throughout the period.

2. Receipts represent monthly collections from an outstanding accounts receivable account.
3. Professional fees have been forecast based on estimates of professional service firm costs relating to the CCAA Proceedings and include the Monitor and its legal counsel, the Syndicate's financial advisor and its legal counsel in Canada and the U.S., and the U.S. noticing agent.
4. Interim Facility interest is payable on the first of the month in arrears and is estimated based on the facility balance outstanding on the first of each month.
5. Contingency costs include unanticipated expenses over the forecast period.
6. The Reserve Fund is expected to fund approximately \$171,000 of ongoing disbursements during the forecast period.