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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 COMPROMISE OR ARRANGEMENT OF ENTREC CORPORATION, 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.

DOCUMENT **FOURTH REPORT OF THE MONITOR**
August 24, 2020

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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APPENDICES

Appendix A – Third Cash Flow for the period from August 15 to October 9, 2020

1.0 INTRODUCTION

1.1 On May 15, 2020, ENTREC Corporation, Capstan Hauling Ltd., ENTREC Alberta Ltd., ENT Capital Corp., ENTREC Cranes & Heavy Haul Inc. ("**ENT USA**") , ENTREC Holdings Inc., ENT Oilfield Group Ltd., and ENTREC Services Ltd. (collectively, the "**Applicants**" or "**ENTREC**"), were granted an initial order (the "**Initial Order**") 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 May 25, 2020 (the "**Stay Period**").

1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as monitor (the "**Monitor**" or "**A&M**") in the CCAA Proceedings.

1.3 The Monitor, as foreign representative, 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.

1.4 On May 21, 2020, the Monitor filed the First Report of the Monitor (the "**First Report**") which described the Monitor's activities to date and provided background in respect of the Applicants' business and financial affairs, the proposed Sale and Investment Solicitation Process (the "**SISP**"), the key employee retention and incentive plan ("**KERP/KEIP**"), the increase to the sale transaction limits for redundant assets, the extension of the Stay Period, the cash flow projection for the 13 weeks ended August 7, 2020 (the "**First Cash Flow Forecast**"), the cash management system used by the Applicants, and the Interim Facility.

1.5 On May 25, 2020, the Court granted an Amended and Reinstated Initial Order (the "**ARIO**") providing a further extension of the Stay Period until August 7, 2020 and an order (the "**SISP Order**") which authorized the SISP, appointed Ernst & Young Orenda Corporate Finance Inc. and Sequeira Partners as financial advisors (together, the "**Sales Agents**") to administer the SISP, approved the KERP/KEIP, and increased the restriction on the maximum amount that may be advanced under the Interim Facility to $30.0 million.

1.6 On May 28, 2020, the U.S. Court recognized the ARIO and the SISP Order in the U.S. Proceedings.

1.7 On July 28, 2020, the Monitor filed the Second Report of the Monitor (the "**Second Report**"), which described the Monitor's activities since the First Report and provided an update of the SISP, the sale of non-core assets, certain insurance matters, a comparison of actual cash flow results to the First Cash Flow Forecast, the updated and extended cash flow forecast for the 8-week period ending September 11, 2020 (the "**Second Cash Flow Forecast**"), the extension of the Support Agreement between the Applicants and the Syndicate (as subsequently defined) dated July 27, 2020 (the "**RSA Extension Agreement**"), and the extension of the Stay Period.

1.8 On August 6, 2020 the Court granted an order (the "**Stay Extension Order**") providing a further extension of the Stay Period until September 11, 2020, authorizing the Monitor to distribute the proceeds from the sale of a crane and auction of certain office equipment to Wells Fargo Capital Finance Corporation (the "**Agent**") in partial satisfaction of the Applicants' obligations owing to the syndicate of lenders (the "**Syndicate**"), and granting of a security interest in favour of FIRST Insurance Funding, a Division of Lake Forest Bank and Trust Company (the "**U.S. Insurance Lender**") in the unearned premiums in connection with the financing provided by the U.S. Insurance Lender in respect of the renewal of the Applicants' property insurance in the U.S. An application was filed with the U.S. Court on August 10, 2020 to grant comity to the Stay Extension Order.

1.9 On August 14, 2020, the Court granted an order authorizing the sale of the assets deployed from the ENTREC branch located in Bonnyville, Alberta to 4-Way Developments Ltd. (the "**Bonnyville Transaction**"), and an order which assigned certain customer contracts and operating leases to the purchaser.

1.10 On August 24, 2020, the Applicants filed a notice of application, returnable on August 31, 2020 (the "**August 31 Application**") for the following orders:

a) an order (the "**Fort McMurray Transaction AVO**") to authorize the proposed sale of all the assets (excluding receivables) located at the ENTREC branch in Fort McMurray, Alberta (the "**Fort McMurray Transaction**") to LaPrairie Crane Ltd. (the "**FMM Purchaser**");
b) an order (the "**Liquidation AVO**") to authorize the liquidation of the assets located at the ENTREC branches in Grande Prairie and Whitecourt, Alberta (the "**RBA Liquidation**") by Ritchie Bros. Auctioneers (Canada) Ltd. ("**RBA**");
c) an order (the "**U.S. Transaction AVO**") to authorize the sale of all the U.S. assets excluding leased assets and receivables (the "**U.S. Transaction**") to Wolverine Energy and Infrastructure Inc. ("**Wolverine**" or the "**U.S. Purchaser**");

d) companion orders in respect of each of the U.S. Transaction and the Fort McMurray Transaction (the "**Assignment Order(s)**") pursuant to Section 11.3 of the CCAA, assigning to the applicable purchaser the contracts required to be assigned pursuant to the applicable sale agreement;

e) an order (the "**Crane AVO**") to approve the credit bid made by TBK Bank, SSB ("**TBK**") pursuant to the letter of intent submitted by TBK as part of the SISP and vesting in TBK all of the Applicants' right, title and interest in and to the TBK Crane (as subsequently defined) free and clear of all encumbrances (the "**TBK Transaction**"); and

f) an order (the "**Stay Extension, Distribution, and Sealing Order**") to:

    i. extend the Stay Period until October 9, 2020;

    ii. authorize the Monitor to distribute the net sale proceeds from the Fort McMurray Transaction, the U.S. Transaction, and the RBA Liquidation (collectively, the "**Proposed Transactions**") to the Agent as a partial reduction of the Applicants' obligations to the Syndicate;

    iii. seal the confidential appendices of the Fifth Stevens Affidavit (as subsequently defined) and the Monitor's Second Confidential Report (as subsequently defined) until 3 months after closing of the Fort McMurray Transaction and the RBA Liquidation or further order of this Court; and

    iv. approve the activities of the Monitor to date.

1.11 It is expected that the U.S. Court hearing and application will proceed on September 9, 2020 to approve the U.S. Transaction and the TBK Transaction and to authorize the rejection and return of certain leased equipment located in the U.S.

1.12 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 (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 The Monitor's fourth report (the "**Fourth Report**") was prepared to provide information to this Honourable Court in respect of the following:

a) the activities of the Monitor since the Second Report;

b) an update on the SISP;

c) review the Applicants' selection of the Winning Bids (as defined in the SISP) and the Applicants' application to this Honourable Court for approval to complete the Proposed Transactions and the TBK Transaction on the terms set out in the Winning Bids;
d) an update on ENTREC's Canadian and U.S. based operations going forward;
e) a comparison of ENTREC's actual cash receipts and disbursements as compared to the cash flow forecast appended to the Monitor's Second Report dated July 28, 2020 (the "**Second Cash Flow Forecast**");
f) an update on the loan provided under the CARES Act, as subsequently defined;
g) the Applicants' updated and extended cash flow forecast for the 8-week period from August 15, 2020 to October 9, 2020 (the "**Third Cash Flow Forecast**");
h) the request for a further extension of the Stay Period to October 9, 2020; and
i) the recommendations of the Monitor in respect of the foregoing, as applicable.

2.2 The Fourth Report should be read in conjunction with the August 31 Application and the supporting affidavit of John Stevens sworn August 24, 2020 (the "**Fifth Stevens Affidavit**"). Background information, including capitalized terms not defined herein, are contained in the Initial Order, the ARIO, the SISP, and the Monitor's previous reports, and have not been repeated herein.

3.0 TERMS OF REFERENCE

3.1 In preparing this report, A&M has necessarily relied upon unaudited financial and other information supplied, and representations made to it, by certain senior management of ENTREC ("**Management**"). Although this information has been subject to review, A&M has not conducted an audit nor otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management or otherwise provided by the Applicants. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this report, or otherwise used to prepare this report.

3.2 Certain of the information referred to in this report consists of financial forecasts and/or projections prepared by Management. 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 projected and the variations could be significant.

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

4.0 ACTIVITIES OF THE MONITOR

4.1 The Monitor's activities since the Second Report have included the following:

a) assisting the Applicants with communications to employees, customers, vendors, and other parties;
b) conducting ongoing discussions, meetings and communications with the Applicants, their respective legal counsel regarding the CCAA Proceedings, the SISP, and ongoing business and financial affairs, including wind-down plans;
c) monitoring daily disbursement approvals, cash flow and borrowing base reporting, use of funding received under the CARES Act, and other operational matters, in accordance with the RSA and the RSA Extension Agreement;
d) assisting Management in preparing weekly reports to and attended weekly meetings with the Agent and its advisors;
e) assisting Management in preparing the Third Cash Flow Forecast;
f) assessing other bids for the remaining Canadian branches, liquidation proposals, and U.S. Final Bids as part of the second phase of the U.S. SISP;
g) reviewing the Proposed Transactions and the TBK Transaction and the distribution of net sale proceeds;
h) communicating with various trade creditors and other stakeholders and assisting with ENTREC's arrangements with various suppliers regarding the ongoing supply of goods and services;
i) posting of non-confidential materials filed with this Court to the Monitor's Website; and
j) preparing the Monitor's Third Report dated August 10, 2020 and its confidential supplemental report and this Fourth Report and its confidential supplemental report.

5.0 UPDATE ON THE CANADIAN SISP

5.1 Following the 'Final Bid Deadline', the Sales Agent, in consultation with the Applicants, the Monitor and the Agent, identified and, subsequently, held discussions with a select group of 'Potential Bidders' who participated in Phase 1 of the SISP and were thought to be interested in submitting a bid for the remaining branches in Canada: Fort McMurray, Whitecourt, and Grande Prairie. In addition, the Applicants' solicited final liquidation proposals from certain liquidation firms.

5.2 As a result of these efforts, the Applicants received bids from the FMM Purchaser and liquidation proposals from two liquidation firms (the "**Liquidation Proposals**") for some or all the remaining Canadian assets.

5.3 The Monitor has prepared a Confidential Supplemental Report to the Fourth Report (the "**Second Confidential Report**") which includes certain financial details about the Fort McMurray Transaction and the Liquidation Proposals. The Applicants are seeking to have the Second Confidential Report sealed under the Stay Extension, Distribution, and Sealing Order to preserve confidentiality and to maintain the competitive nature of the sale process in the event that the Proposed Transactions are not completed, in which case the Applicants may seek to re-market the assets.

Fort McMurray Transaction

5.4 The Fort McMurray Transaction is in the form of a definitive asset purchase agreement (an "**APA**") , in respect of substantially all the assets of the Fort McMurray location. A redacted copy of the APA is attached to the Fifth Stevens Affidavit along with an unredacted copy of the fully-executed APA in a confidential exhibit.

5.5 A detailed discussion of the terms of the Fort McMurray Transaction is included in the Fifth Stevens Affidavit. A summary of the non-commercially sensitive key terms of the APA is as follows:

a) the FMM Purchaser offers to purchase all ENTREC's right, title, interest in and to all of ENTREC's assets, undertakings, and properties relating to the Fort McMurray location free and clear of any encumbrances (the "**Fort McMurray Assets**");
b) the closing date for the subject transaction will be 10 business days following the date on which the Fort McMurray Transaction AVO is granted by this Honourable Court;
c) a deposit of 10% of the purchase price has been remitted to and is held in trust by the Monitor and is non-refundable if the FMM Purchaser does not close after Court approval and satisfaction of conditions. The purchase price less the deposit amount will be paid in cash upon closing by wire transfer;
d) three customer contracts and one work order are to be assigned (the "**Assigned FMM Contracts**"); and
e) the sale is on an "as is, where is" basis.

5.6 The Fort McMurray Transaction includes a limited number of customary closing conditions and is not conditional on financing. Management believes that these closing conditions are achievable and that none of them are likely to prevent the Fort McMurray Transaction from closing. The Applicants have already started to work with the FMM Purchaser to address the closing conditions with a view to closing the Fort McMurray Transaction, subject to the granting of the Fort McMurray Transaction AVO.

Assigned FMM Contracts

5.7 The Applicants intend to assign the Assigned FMM Contracts included in the APA pursuant to section 11.3 of the CCAA. The Monitor is of the opinion that the assignment of contracts appears to be appropriate and the FMM Purchaser appears capable of performing the obligations after consideration of the following factors:

a) the FMM Purchaser has experience and is familiar with the contracts as it is one of Canada's largest crane rental companies, servicing several industries in Alberta, British Columbia, Saskatchewan, Yukon and the Northwest Territories, and intends to retain all of the employees at the Fort McMurray location;
b) the assignment of the Assigned FMM Contracts would satisfy the APA, facilitate the going concern sale of the Fort McMurray location, and be in the best interests of the Applicants' stakeholders;
c) the FMM Purchaser appears to have the ability and financial wherewithal to perform its obligations under the Assigned FMM Contracts; and
d) as detailed in the Fifth Stevens Affidavit, the Assigned FMM Contracts do not have any monetary defaults that are required to be cured. Under the APA, the Purchaser would be responsible for cure costs in respect of the Assigned FMM Contracts.

5.8 For the reasons listed above, the Monitor is in support of the assignment of the Assigned FMM Contracts.

RBA Liquidation

5.9 Pursuant to the terms of the RSA Extension Agreement, if the Applicants did not receive an acceptable final bid in respect of some or all of the Applicants' Canadian assets on or before July 24, 2020, the Applicants were required, subject to the Agent's agreement otherwise, to immediately cease pursuing all existing or potential going concern bids in the SISP in respect of those remaining Canadian assets and promptly pursue a transaction which provides for the liquidation of any remaining assets.

5.10 The Applicants' did not receive any Final Bids with respect to its Grande Prairie or Whitecourt locations in Alberta (the "**Remaining Locations**") but received Liquidation Proposals from two liquidation firms.

5.11 After receiving the Liquidation Proposals, the Applicants, in consultation with the Monitor and the Agent, agreed to enter into an agreement with RBA for the liquidation of the Remaining Locations (the "**RBA Agreement**"). A redacted copy of the RBA Agreement is attached to the Fifth Stevens Affidavit along with an unredacted copy of the fully-executed APA in a confidential exhibit.

5.12 It is a term of the RBA Agreement that the Applicants seek the Liquidation AVO among other things, approving the RBA Agreement and vesting in RBA or the final purchasing party, as the case may be, all of the Applicants' right, title and interest in and to the purchased assets described in the RBA Agreement free and clear of all encumbrances.

Monitor's Review of the Fort McMurray Transaction and RBA Liquidation

5.13 The Monitor's review of the Fort McMurray Transaction and RBA Liquidation included consideration of the following:

a) the FMM Purchaser's intention to hire all the currently active employees (approximately 40 full-time employees) at the Fort McMurray location and continue the operations on a going concern basis;
b) the purchase price for the Fort McMurray Assets in comparison to certain liquidation and appraisal information after considering current market conditions and costs to prepare the equipment for sale, and other wind-up costs, if a liquidation were to occur;
c) no Final Bid was received for the Remaining Locations under the SISP and the Applicants were required to liquidate any remaining Canadian assets pursuant to the terms of the RSA Extension Agreement;
d) the Applicants' inability to continue financing operations while seeking a going concern sale for the Remaining Locations under the SISP;
e) the RBA Agreement provided the highest guaranteed consideration of the Liquidation Proposals received;
f) the financial wherewithal of the FMM Purchaser and RBA and the likelihood of both parties being able to conclude a successful transaction; and
g) the support of the Syndicate in respect of the Fort McMurray Transaction and the RBA Liquidation.

5.14 The Monitor is of the view that the Canadian assets were marketed in a manner which was fair and reasonable and that the market has been adequately canvassed for potential purchasers and that the Fort McMurray Transaction and RBA Liquidation are in the best interest of the stakeholders of the Applicants. Accordingly, it is the Monitor's opinion that the Fort McMurray Transaction and RBA Liquidation provides for the highest and best value for the assets and recommends the approval of the Fort McMurray Transaction and the RBA Liquidation.

6.0 UPDATE ON THE U.S. SISP

6.1 Under Phase 1 of the SISP, interested parties were required to submit a non-binding letter of intent ("**Non-Binding LOIs**") to the Monitor by June 26, 2020 (the "**LOI Deadline**"). The Applicants received eight Non-Binding LOIs by the LOI Deadline in respect of the U.S. assets (the "**U.S. Assets**"). All bidders were interested in acquiring the assets of ENTREC and no restructuring or hybrid bids were received.

6.2 It was determined that three parties were considered as 'Qualified Bidders' as defined in the SISP and would proceed to Phase 2 of the SISP to conduct additional due diligence for the U.S. Assets.

6.3 As detailed in the Second Report, the Final Bid Deadline for the U.S. Assets was extended to August 7, 2020 with the consent of the Syndicate and under Phase 2, Qualified Bidders were required to submit a final, binding APA by August 7, 2020 for the U.S. Assets.

6.4 The Applicants facilitated site visits and management meetings as requested by each of the Qualified Bidders and addressed any due diligence requests.

6.5 By the Final Bid Deadline, two Final Bids were received. The Applicants, in consultation with the Monitor and the Agent, have selected the Qualified Asset Bid submitted by Wolverine as the 'Winning Bid' for the purchase of substantially all the U.S. Assets. The Syndicate provided its support for the U.S. Transaction on August 18, 2020 and notice was given to the other bidder that their bid was not selected as the Winning Bid. The Applicants, in consultation with the Monitor and Sales Agent, elected not to select a back-up bid.

U.S. Transaction

6.6 The U.S. Transaction is in the form of a definitive APA, in respect of substantially all the assets of the U.S. locations. A copy of the APA is attached to and a detailed discussion of the terms of the U.S. Transaction is included in the Fifth Stevens Affidavit.

6.7 A summary of the key terms of the APA is as follows:

a) the Purchaser offers to purchase ENTREC's right, title, interest in and to all ENTREC's assets, undertakings, and properties, excluding receivables and most leased assets, relating to the U.S. locations free and clear of any encumbrances for the purchase price of $33.5 million;
b) the closing date for the subject transaction will be 10 business days following the date on which the U.S. Transaction is approved by the U.S. Court;
c) a deposit of 10% of the purchase price has been remitted to and is held in trust by the Monitor and is non-refundable if the Purchaser does not close after Court approval and satisfaction of conditions. The purchase price less the deposit amount will be paid in cash upon closing by wire transfer;
d) multiple contracts are to be assigned and include over 100 customer contracts and a lease for one equipment unit (the "**Assigned U.S. Contracts**"); and
e) the sale is on an "as is, where is" basis.

6.8 The U.S. Transaction includes a limited number of customary closing conditions and is not conditional on financing. Management believes that these closing conditions are achievable and that none of them are likely to prevent the U.S. Transaction from closing. The Applicants have already started to work with the U.S. Purchaser to address the closing conditions with a view to closing the U.S. Transaction, subject to the granting of the U.S. Transaction AVO.

Assigned U.S. Contracts

6.9 The Applicants intend to assign the Assigned U.S. Contracts included in the APA pursuant to section 11.3 of the CCAA and section 365 of the U.S. Bankruptcy Code. The Monitor is of the opinion that the assignment of contracts appears to be appropriate and the U.S. Purchaser appears capable of performing the obligations after consideration of the following factors:

a) the U.S. Purchaser has experience and is familiar with the assigned contracts as it is a diversified energy and infrastructure services provider headquartered in Nisku, Alberta with over 70 years of operating history in the industry and operating experience in various U.S. jurisdictions and intends to retain ENT USA's senior management;
b) the U.S. Purchaser is a publicly traded company listed on the TSX-V;
c) the assignment of the Assigned U.S. Contracts would satisfy a condition of the APA, facilitate the going concern sale of the U.S. locations, and be in the best interests of the Applicants stakeholders;
d) according to the U.S. Purchaser's most recent consolidated audited financial statements, the U.S. Purchaser has total assets in excess of $200 million as at March 31, 2020, with total

liabilities of approximately $175 million. A copy of the U.S. Purchaser's audited financial statements is attached to the Fifth Stevens Affidavit; and

e) as detailed in the Fifth Stevens Affidavit, the Assigned U.S. Contracts do not have any monetary defaults that are required to be cured. Under the APA, the U.S. Purchaser is responsible for cure costs in respect of the U.S. Assigned Contracts.

6.10 For the reasons listed above, the Monitor is in support of the assignment of the Assigned U.S. Contracts.

Monitor's Review of the U.S. Transaction

6.11 The Monitor's review of the U.S. Transaction included consideration of the following:

a) adherence of all interested parties including the U.S. Purchaser, to the terms of the Court approved SISP;
b) the Purchaser's expressed intention is to hire the senior management team and a significant number of the employees of the U.S. operations and continue the operations on a going concern basis;
c) the purchase price in comparison to certain appraisal information after considering current market conditions and costs to prepare the equipment for sale, and other wind-up costs, if a liquidation were to occur;
d) the purchase price was the only en bloc offer and higher than the other Final Bids received;
e) the financial wherewithal of the U.S. Purchaser and the likelihood of the U.S. Purchaser being able to conclude a successful transaction;
f) the potential for additional costs to be incurred, including sale and wind-up costs and professional fees, if a transaction was not concluded in a timely manner and/or if the U.S. locations were to be wound up; and
g) the Syndicate, as the primary economic stakeholder in the Applicants, is supportive of the U.S. Transaction.

6.12 The Monitor is of the view that the U.S. Assets were marketed extensively and in a manner which was fair and reasonable, that the market has been adequately canvassed for potential purchasers and that the U.S. Transaction is in the best interest of the stakeholders of the Applicants. Accordingly, it is the Monitor's opinion that the U.S. Transaction provides for the highest and best value for the U.S. Assets and recommends the approval of the U.S. Transaction. Should the U.S. Transaction AVO be granted, the Applicants have scheduled time with the U.S. Court on September 9, 2020 for recognition of the U.S. Transaction AVO.

TBK Transaction

6.13 The Applicants seek approval of the sale of one crane unit located in the United States to TBK (the "**TBK Crane**") pursuant to the terms of a letter of intent (the "**Credit Bid**") submitted by TBK as part of the SISP.

6.14 TBK has a priority security interest in the TBK Crane. As part of Phase 1 of the SISP, TBK submitted the Credit Bid pursuant to which TBK bid the full amount of its obligation plus accrued interest and legal fees for the TBK Crane. A copy of the Credit Bid is attached to the Fifth Stevens Affidavit. In order to avoid incurring additional costs, as part of the SISP, TBK was not required to prepare and submit an APA in connection with the Credit Bid.

6.15 The TBK Crane is not a purchased asset in the U.S. Transaction, and no superior bid was received in respect of the TBK Crane.

6.16 The Applicants seek the Crane AVO, among other things, approving the Credit Bid and vesting in TBK the Applicants' right, title and interest in and to the TBK Crane free and clear of all encumbrances. The estimated amount owing to TBK at the anticipated return date (September 9, 2020) is approximately $1.3 million.

6.17 The Monitor received an opinion from its U.S. legal counsel that, subject to customary assumptions and qualifications, the security held by TBK is valid and enforceable in accordance with its terms.

6.18 It is the Monitor's opinion that the TBK Transaction is in the best interest of the Applicants' stakeholders as no other bid was received for the TBK Crane, there is no apparent equity available from paying out the debt due to TBK, and the TBK Crane is not required to maintain current operations in the U.S. Should the Crane AVO be granted, the Applicants have scheduled time with the U.S. Court on September 9, 2020 for recognition of the Crane AVO.

Approval by the U.S. Court

6.19 Both the U.S. Transaction and the TBK Transaction are subject to U.S. Court approval at a hearing currently scheduled for September 9, 2020.

7.0 DISTRIBUTION OF NET SALE PROCEEDS TO AGENT

7.1 Pursuant to the RSA Extension Agreement, the Applicants agreed to seek approval from the Court to distribute the net proceeds of such transaction to the Agent, subject to a reserve (the "**Reserve**"), which must be acceptable to the Syndicate and sufficient to meet the following requirements:

a) satisfy post-filing obligations incurred by the Applicants in the ordinary course of business;
b) complete such steps as are necessary to wind-down the Applicants' Canadian and U.S. operations; and
c) account for amounts payable to parties with claims against any of the purchased assets in priority to the Agent's security, including the Court-ordered Charges (as defined in the ARIO).

7.2 Following the closing of the Fort McMurray Transaction, the U.S. Transaction, and the RBA Liquidation, the Applicants seek to distribute to the Agent the proceeds net of the Reserve (the "**Net Sale Proceeds**"). The Applicants have prepared an estimate of the expected future costs associated with the sale of ENTREC's assets and the subsequent wind-down of operations, which is currently under review by the Syndicate. Once the Reserve amount has been finalized and funded, it will be held in trust by the Monitor.

7.3 The Syndicate is the Applicants' largest senior secured creditor and is currently owed approximately $90 million. An immediate distribution on closing of the Net Sale Proceeds will partially reduce the indebtedness owing to the Syndicate, thereby reducing the Applicants' ongoing interest costs for the benefit of all stakeholders.

7.4 The Monitor received an opinion from its Canadian legal counsel that, subject to customary assumptions and qualifications, the security held by the Agent is valid and enforceable in accordance with its terms.

8.0 REMAINING OPERATIONAL ACTIVITIES

8.1 Subject to the orders sought in the August 31 Application and the Proposed Transactions closing, the Applicants will have sold substantially all of their valuable assets in both Canada and the U.S.

8.2 Going forward, Management will focus on the following activities to prepare for the closing of the Proposed Transactions and wind-up of the remaining operations, including, among other things:

a) operating ENTREC's business in the ordinary course until the closing of the Proposed Transactions;
b) returning leased equipment in the U.S., which is anticipated to occur on September 9, 2020 subject to obtaining approval of the U.S. Court;
c) disclaiming leased premises and any unnecessary service agreements; and
d) reducing the Applicants' operations, as appropriate, to carry out wind down activities such as preparing cut-off billings and invoices and attending to the collection of accounts receivables.

8.3 The Applicants anticipate returning to Court for an application in early October for an order, among other things, granting the Monitor enhanced powers, approving the professional fees of the Monitor and its counsel, and terminating the CCAA Proceedings subject to the filing by the Monitor of a termination certificate after completion of any remaining activities.

9.0 ACTUAL CASH FLOW RESULTS COMPARED TO SECOND CASH FLOW FORECAST

9.1 As part of the ongoing oversight and monitoring of the business and financial affairs of ENTREC, the Monitor has set-up a weekly cash flow review protocol with the Applicants and Management to compare actual cash flows against the Second Cash Flow Forecast.

9.2 The Applicants' actual cash receipts and disbursements as compared to the Second Cash Flow Forecast during the period of July 18 to August 14, 2020 (the "**Reporting Period**") is summarized below:

ENTREC
Cash Flow Variance Analysis - Prepared by Management
For the four weeks ended August 14, 2020*
(in CAD$000s)

	For the four weeks ended August 14, 2020		
	Actual*	**Forecast****	**Variance**
Operating receipts			
Collection of receivables and forecast sales			
ENTREC Canada	$ 3,308	$ 2,356	$ 952
ENTREC US	3,664	2,024	1,639
Net proceeds from sale of redundant assets	1,000	1,000	-
US Paycheck Protection Program loan	673	680	(7)
Canada Emergency Wage Subsidy	100	80	20
Other receipts	50	-	50
Total operating receipts	8,795	6,140	2,655
Operating disbursements			
Payroll and benefits - Canada	1,038	1,168	(130)
Payroll and benefits - US	913	1,065	(152)
Payroll remittances - Canada	606	670	(64)
Payroll remittances - US	373	434	(61)
Lease operators	29	75	(46)
Repairs, maintenance and other operating costs	898	1,263	(365)
Equipment lease payments	485	501	(15)
Fuel	449	517	(68)
General and administrative costs	32	138	(106)
Insurance	153	165	(12)
Shop rent and employee housing	309	331	(22)
Sales tax	63	100	(37)
Contingency	-	200	(200)
Total operating disbursements	5,348	6,627	(1,279)
Net operating cash flow	**3,446**	**(487)**	**3,933**
Other disbursements			
Professional fees	395	1,066	(671)
ABL interest costs	450	362	88
Interim Facility interest costs	-	99	(99)
Interim Facility fees	175	183	(8)
Total other disbursements	1,020	1,710	(690)
Net cash flow	**$ 2,427**	**$ (2,197)**	**$ 4,624**
Continuity of Financing			
Pre-filing debt			
ABL balance	$ 73,097	$ 73,266	$ (169)
Less: cash receipts	(8,122)	(5,380)	(2,742)
Draws (repayments)	625	-	625
FX adjustment	(230)	-	(230)
	65,371	67,886	(2,516)
Operating line	5,000	5,000	-
Ending balance	**70,371**	**72,886**	**(2,516)**
Interim Facility			
Opening balance	13,288	13,283	5
Draws (repayments)	5,116	7,577	(2,461)
FX adjustment	(72)	-	(72)
Ending Interim Facility balance (cash)	**18,332**	**20,860**	**(2,528)**
Total financing, ending position	**$ 88,702**	**$ 93,746**	**$ (5,044)**

**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$1:US$.7371*

9.3 During the Reporting Period, ENTREC experienced a net favourable cash flow variance of approximately $4.6 million. The principal components of the variance are described as follows:

a) collection of receivables was approximately $2.6 million higher than forecast due to favourable timing differences over the Reporting Period;

b) payroll-related expenditures and repairs, maintenance, and other operating costs were $770,000 below forecast due to lower than anticipated activity across Canada and the U.S.;
c) general and administrative expenses were $106,000 lower than forecast due to Management's continued efforts to reduce overhead costs such as advertising and promotions, travel, meals, and training;
d) no unanticipated contingency costs were incurred during the Reporting Period whereas $200,000 was budgeted for such costs;
e) professional fees were $670,000 lower than forecast primarily due to timing differences; and
f) ABL interest costs of $450,000 includes interest for both the Interim Facility and the ABL Facility as determined under the Credit Agreement and RSA.

9.4 Advances under the Interim Facility were $5.1 million during the Reporting Period and as detailed in the First Report, funds advanced under the Interim Facility were used to pay post-filing operating and other costs during the Reporting Period. The net repayment on the ABL Facility was $7.7 million during the Reporting Period primarily from the collection of receivables and net proceeds received for the sale of Non-Core Assets, as defined in the Second Report which, through a sweeping mechanism as described in the First Report, were applied towards the pre-filing ABL Facility.

9.5 As detailed in the First Report and the ARIO, the Applicants continue to utilize the existing Cash Management System to process payments, collect receipts, draw advances on the Interim Facility, and pay down the ABL Facility.

10.0 CARES ACT FUNDING

10.1 As discussed in the First Report, ENTREC received approximately USD$3.9 million under the U.S. Government's Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**") Paycheck Protection Program, which is a program intended to provide forgivable loans for businesses operating in the U.S. to stabilize their payroll and certain other business expenditures.

10.2 By July 31, 2020, the CARES Act loan was fully utilized primarily for payroll-related expenditures and shop rent.

10.3 To apply for forgiveness, ENTREC must submit a Paycheck Protection Program loan forgiveness application and Management intends to complete the application in the near term.

11.0 THIRD CASH FLOW FORECAST

11.1 The Applicants have prepared an updated cash flow forecast for the 8-week period from August 15 to October 9, 2020 (the "**Forecast Period**"). A copy of the Third Cash Flow Forecast, together with the accompanying notes, is attached to this report as Appendix "**A**" and is summarized below.

ENTREC Third Cash Flow Forecast - Prepared by Management for the 8 weeks ending October 9, 2020 (in CAD$000s)	
Operating receipts	
Collection of receivables and forecast sales	
ENTREC Canada	$ 4,925
ENTREC US	3,944
Canada Emergency Wage Subsidy	1,060
Total operating receipts	9,929
Operating disbursements	
Payroll and benefits - Canada	1,524
Payroll and benefits - US	1,983
Payroll remittances - Canada	833
Payroll remittances - US	800
Lease operators	200
Repairs, maintenance and other operating costs	1,823
Equipment lease payments	553
Fuel	717
General and administrative costs	209
Insurance and licensing	371
Shop rent and employee housing	275
Sales tax	200
Contingency	81
Total operating disbursements	9,569
Net operating cash flow	**360**
Other disbursements	
KERP payments	820
Professional fees	1,616
ABL interest costs	457
Interim Facility interest costs	318
Interim Facility fees	17
Total other disbursements	3,228
Net cash flow	**$ (2,868)**
Continuity of Financing	
Pre-filing debt	
ABL balance	$ 65,370
Less: cash receipts	(8,869)
	56,501
Operating line	5,000
Ending balance	**61,501**
Interim Facility	
Opening balance	18,332
Draws (repayments)	11,737
Ending Interim Facility balance (cash)	**30,069**
Total financing, ending position	**$ 91,570**

11.2 The Third Cash Flow Forecast indicates that the Applicants will experience a net cash outflow of $2.9 million over the Forecast Period and is based on the following key assumptions:

a) the closing of the Bonnyville Transaction, the Proposed Transactions, the TBK Transaction, and closure of two locations during the Forecast Period. To preserve confidentiality the Third Cash Flow Forecast does not include the net proceeds resulting from the Bonnyville Transaction and the Proposed Transactions;
b) forecast receipts of $9.9 million consist primarily of $8.9 million from the collection of receivables and $1.1 million from the COVID-19 government relief program in Canada;
c) forecast disbursements of $9.6 million relate primarily to ordinary course payments and including payroll and related costs, repairs and maintenance, fuel, general and administrative costs, insurance, shop rent and employee housing, lease operators, sales tax and other operating costs;
d) KERP/KEIP are payments for select key employees critical to the restructuring efforts of the Applicants. The KERP/KEIP includes amounts payable on the earlier of: (a) the closing of a sale transaction under the proposed SISP; (b) termination of the CCAA Proceedings; or (c) August 30, 2020 or September 30, 2020, depending on the employee;
e) professional fees are forecast to be approximately $1.6 million during the Forecast Period and include the Applicants' counsel in Canada and the U.S., the Directors' counsel, the Monitor and its legal counsel, the Syndicate's financial advisor and its legal counsel in Canada and the U.S., and excludes payment of any applicable success fees to the Sales Agents;
f) the ending balance of total financing excluding sale proceeds resulting from the Bonnyville Transaction and Proposed Transactions is approximately $91.6 million which represents an incremental increase in financing of $2.9 million to the secured debt held by the Syndicate and Canadian Western Bank as at August 14, 2020. Accordingly, the ending balance of the Interim Facility is $30.1 million, which is to be provided by the Syndicate pursuant to the RSA Extension Agreement; and
g) debt servicing costs of approximately $790,000 for interest on the pre-filing ABL Facility and the interest and fees on the Interim Facility.

11.3 The Third Cash Flow Forecast has been prepared solely for the purpose described in Note 1 on the face of the Third Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.

11.4 Following the closing of the Proposed Transactions, if approved, ENTREC will retain a limited number of employees to assist with wind-down matters such as accounts payable processing and payments, billings and collection of receivables, preparing and processing final payrolls, and maintaining IT systems.

12.0 EXTENSION OF STAY OF PROCEEDINGS

12.1 Pursuant to the Stay Extension Order, the Stay Period will expire on September 11, 2020. The Applicants are seeking an extension of the Stay Period to October 9, 2020.

12.2 The Monitor supports extending the Stay Period to October 9, 2020 for the following reasons:

a) during the proposed extension of the Stay Period, the Applicants will have an opportunity to conclude the Bonnyville Transaction, and if approved, close the Proposed Transactions and the TBK Transaction to maximize value to its stakeholders;
b) with the Interim Facility in place, the Applicants are forecast to have sufficient liquidity to continue operating in the ordinary course of business during the requested extension of the Stay Period;
c) no creditor of the Applicants would be materially prejudiced by the extension of the Stay Period and the Syndicate is in support of the extension; and
d) the Applicants have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order.

13.0 RECOMMENDATIONS

13.1 The Monitor respectfully recommends that this Honourable Court grant the following:

a) the Fort McMurray Transaction AVO and the companion Assignment Order;
b) the Liquidation AVO;
c) the U.S. Transaction AVO and the companion Assignment Order;
d) the Crane AVO;
e) the Stay Extension, Distribution and Sealing Order.

*****

All of which is respectfully submitted to this Honourable Court this 24th day of August, 2020.

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
Third Cash Flow Forecast[1] - Prepared by Management
for the 8 weeks ending October 9, 2020
(in CAD$000s)

Week Week ending	Notes	Week 1 21-Aug	Week 2 28-Aug	Week 3 4-Sep	Week 4 11-Sep	Week 5 18-Sep	Week 6 25-Sep	Week 7 2-Oct	Week 8 9-Oct	Total
Operating receipts										
Collection of receivables and forecast sales										
ENTREC Canada	2	$ 600	$ 600	$ 600	$ 625	$ 625	$ 625	$ 625	$ 625	$ 4,925
ENTREC US	2	493	493	493	493	493	493	493	493	3,944
Canada Emergency Wage Subsidy	3	530	-	-	445	85	-	-	-	1,060
Total operating receipts		1,623	1,093	1,093	1,563	1,203	1,118	1,118	1,118	9,929
Operating disbursements										
Payroll and benefits - Canada	4	315	195	385	223	166	43	197	-	1,524
Payroll and benefits - US	4	397	-	575	-	416	-	595	-	1,983
Payroll remittances - Canada	4	185	99	185	99	185	40	40	-	833
Payroll remittances - US	4	172	40	172	40	172	33	172	-	800
Lease operators		100	-	-	-	-	100	-	-	200
Repairs, maintenance and other operating costs	5	307	307	294	294	234	219	92	75	1,823
Equipment lease payments	5	74	-	408	72	-	-	-	-	553
Fuel	5	128	128	121	121	91	81	46	-	717
General and administrative costs	6	34	34	34	34	31	28	13	-	209
Insurance and licensing	7	200	-	151	-	-	-	20	-	371
Shop rent and employee housing	8	-	-	267	-	-	-	8	-	275
Sales tax		-	100	-	-	-	-	100	-	200
Contingency	9	12	12	12	12	12	12	12	-	81
Total operating disbursements		1,923	915	2,603	895	1,308	556	1,295	75	9,569
Net operating cash flow		(300)	178	(1,510)	668	(105)	562	(177)	1,043	360
Other disbursements										
KERP payments	10	-	-	225	-	-	-	595	-	820
Professional fees	11	219	125	25	529	204	25	389	100	1,616
ABL interest costs	12	-	-	154	-	-	303	-	-	457
Interim Facility interest costs	13	-	-	140	-	-	178	-	-	318
Interim Facility fees	13	-	9	-	-	-	8	-	-	17
Total other disbursements		219	134	545	529	204	514	984	100	3,228
Net cash flow		$ (519)	$ 45	$ (2,054)	$ 140	$ (309)	$ 48	$ (1,161)	$ 943	$ (2,868)
Continuity of Financing										
Pre-filing debt										
ABL balance		$ 65,370	$ 64,277	$ 63,184	$ 62,091	$ 60,973	$ 59,855	$ 58,737	$ 57,619	$ 65,370
Less: cash receipts		(1,093)	(1,093)	(1,093)	(1,118)	(1,118)	(1,118)	(1,118)	(1,118)	(8,869)
		64,277	63,184	62,091	60,973	59,855	58,737	57,619	56,501	56,501
Operating line		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Ending balance		69,277	68,184	67,091	65,973	64,855	63,737	62,619	61,501	61,501
Interim Facility										
Opening balance		$ 18,332	19,944	20,992	24,140	25,118	26,545	27,615	29,894	18,332
Draws (repayments)		1,612	1,048	3,147	978	1,427	1,070	2,279	175	11,737
Ending Interim Facility balance (cash)	13	19,944	20,992	24,140	25,118	26,545	27,615	29,894	30,069	30,069
Total financing, ending position		$ 89,221	$ 89,176	$ 91,231	$ 91,091	$ 91,400	$ 91,352	$ 92,513	$ 91,570	$ 91,570

Jason Vandenberg, Chief Financial Officer
ENTREC Corporation

ENTREC
Third Cash Flow Forecast - Prepared by Management
Notes and Assumptions

1. The weekly cash flow projection has been prepared by Management of ENTREC Corporation and its subsidiaries ("ENTREC") to set out the cash flow of ENTREC during the Companies' Creditors Arrangement Act proceedings (the "CCAA Proceedings") from August 15, 2020 to October 9, 2020 (the "Forecast Period").

   The cash flow projections (the "Third Cash Flow Forecast") have been prepared by Management based on unaudited financial information, and Management's estimates of its 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. Upon such amendments including the results from the ongoing SISP process, Management will update its cash flow forecast accordingly.

   The Third Cash Flow Forecast contemplates the closing of certain sale transactions and closing of certain locations (collectively, the "Transactions") during the Forecast Period, including:
   - sale of the Bonnyville operations on a going concern basis with expected closing date of August 31, 2020;
   - sale of the Fort McMurray operations on a going concern basis with expected closing date of September 15, 2020;
   - closing of Whitecourt and Grande Prairie operations by September 18, 2020; and
   - sale of ENT USA on a going concern basis with expected closing date by September 25, 2020.

   The Third Cash Flow Forecast does not include the expected net proceeds resulting from the Transactions.

   The Third 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$1:US$.7566 throughout the period.

2. Receipts from receivables and sales have been adjusted to estimate the cut-off of billings in accordance with the Transactions.

3. The Canada Emergency Wage Subsidy ("CEWS") program has been extended until December 2020. The CEWS may cover up to 75% of salaries for a maximum of $847/week per employee. It is estimated that ENTREC will continue to be an eligible employer and may qualify for subsidies totaling $1.1 million during the Forecast Period.

4. Payroll, benefits, and source deductions are forecast based on actual payroll expenses with all payroll tax remittances kept current during the CCAA Proceedings. It is anticipated that payroll expenditures will decline as the Transactions close.

5. Operating costs include repairs, maintenance parts purchases and permits of approximately $1.8 million, fuel of $720,000, and equipment lease payments of $550,000 during the Forecast Period. Disbursements are based on expected run rates and assumed to be paid largely on normal credit terms. Substantially all leased equipment is assumed to be returned effective September 9, 2020.

6. General and administrative expenses include utilities and other administrative costs during the Forecast Period and are based on expected run rates in accordance with the closing of the Transactions.

7. Insurance and licensing disbursements include the monthly payments of approximately US $114,000 for the U.S. insurance policy for commercial general liability and property and casualty as well as prorate licensing fees of $200,000 for the equipment fleet.

8. Rent is forecast based on actual rent payments and the closing of the Transactions in the near term. Monthly rent include facilities in Alberta, North Dakota, Texas and Colorado.

9. A total contingency of $80,000 is included for the Forecast Period for any unanticipated expenses.

10. The Key Employee Retention and Incentive Plans ("KERP/KEIP") are payments for key employees critical to the restructuring efforts of the company pursuant to the Support Agreement. The KERP/KEIP includes amounts payable on the earlier of: (a) the closing of a sale transaction under the proposed Sale and Investment Solicitation Process (the "SISP"); (b) termination of the CCAA Proceedings; or (c) August 30, 2020 or September 30, 2020, depending on the employee.

11. Professional fees have been forecast based on estimates of professional service firm costs relating to the CCAA Proceedings and include ENTREC's legal counsel in Canada and the US, the Directors' legal counsel, the Monitor and its legal counsel, and the Syndicate's financial advisor and its legal counsel in Canada and the US. Success fees payable to the Sales Agents are excluded.

12. ABL interest is payable on the first of the month in arrears and is estimated based on the average ABL balance outstanding during the month.

13. Interim lending of $11.7 million is forecast to be required during the Forecast Period. Interim Facility interest costs and fees are subject to the Support Agreement.