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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 **SECOND REPORT OF THE MONITOR**
July 28, 2020

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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ALVAREZ & MARSAL

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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., 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, amongst other things, 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 First Cash Flow Forecast (as subsequently defined), 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. ("**EY**") and Sequeira Partners ("**Sequeira**") 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 27, 2020 the Applicants filed a notice of application (the "**July 27 Application**") for an order which, *inter alia*:

a) approves *nunc pro tunc* the 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 to renew the Applicants' insurance policies in the U.S.;

b) authorizes and directs 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**") as administrative agent for a syndicate of lenders (the "**Syndicate**"); and

c) extends the Stay Period until September 11, 2020.

1.8 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 second report (the "**Second Report**") has been prepared by the Monitor to provide information to this Honourable Court in respect of the following:

a) activities of the Monitor since the First Report;

b) an update on ENTREC's business and operations;

c) an update on the SISP;

d) the amendment to the Support Agreement dated May 14, 2020 between the Applicants, the Agent, and the Syndicate in which the Syndicate agreed to continue to support the Applicants' CCAA Proceedings (the "**RSA**");

e) an update on the sale of redundant assets and request to distribute proceeds from such sales to the Agent;

f) the financing agreement with the U.S. Insurance Lender;

g) a comparison of ENTREC's actual cash receipts and disbursements as compared to the cash flow forecast appended to the Pre-Filing Report dated May 14, 2020 (the "**First Cash Flow Forecast**");

h) the Applicant's updated and extended cash flow forecast for the 8-week period from July 18, 2020 to September 11, 2020 (the "**Second Cash Flow Forecast**");

i) the request for a further extension of the Stay Period to September 11, 2020; and

j) the recommendations of the Monitor in respect of the foregoing, as applicable.

2.2 The Second Report should be read in conjunction with the July 27 Application and the supporting affidavit of John Stevens sworn July 27, 2020 (the "**Third Stevens Affidavit**"). Background information, including capitalized terms not defined herein, are contained in the Initial Order, the ARIO, and the First Report, 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 Second Report are expressed in Canadian dollars.

4.0 ACTIVITIES OF THE MONITOR

4.1 The Monitor's activities since the First Report, which has been included as Appendix "**B**", have included the following:

a) assisted the Applicants with communications to employees, customers, vendors, and other parties;

b) conducted ongoing discussions, meetings and communications with the Applicants, their respective legal counsel regarding the CCAA Proceedings, the SISP, and ongoing business and financial affairs;

c) assisted with the renewal of insurance policies and claims under various insurance policies;

d) assisted with the disclaimer and repudiation of certain agreements including property, office equipment, and service leases, as subsequently discussed in section 5.1(d);

e) reviewed and approved the sale of certain non-core assets (the "**Non-Core Assets**");

f) monitored daily disbursements approvals, cash flow and borrowing base reporting, use of funding received under the CARES Act (as subsequently defined), and other operational matters, in accordance with the RSA;

g) assisted Management in preparing weekly reports to and attended weekly meetings with the Agent and its advisors;

h) assisted Management in preparing the Second Cash Flow Forecast;

i) reviewed and assessed non-binding letters of intent received during the first phase of the SISP and Canadian Final Bids during the second phase of the SISP;

j) engaged in discussions with the Applicants, the Agent and its advisors, and their respective legal counsel in respect of the SISP progress and other related matters;

k) communicated with and attended to various inquiries from trade creditors and other stakeholders, and assisted with arrangements with various suppliers regarding the ongoing supply of goods and services;

l) posting non-confidential materials filed with this Court to the Monitor's Website; and

m) preparing this Second Report.

5.0 OPERATIONAL UPDATE

5.1 ENTREC has been working to ensure its operations and communications with employees, key suppliers, and customers are maintained during the CCAA Proceedings. ENTREC, in consultation with the Monitor, focused on the following activities:

a) responding and attending to ongoing communications with various key stakeholders and suppliers in connection with the CCAA Proceedings;

b) processing timely payments to suppliers for goods and services received following the issuance of the Initial Order;

c) assisting the Sales Agents with the SISP including preparation of marketing materials, lists of potential bidders, and addressing any due diligence requests consistent with the SISP Order;

d) disclaiming certain contracts in accordance with the relevant provisions of the CCAA, with the consent of the Monitor and approval by the Agent, to reduce costs and downsize redundant operations which included the following:

i. property lease agreement in relation to its head office in Acheson, Alberta, effective June 28, 2020;
ii. property lease agreement in relation to bare land leased in Chipman, Alberta, effective June 28, 2020;
iii. equipment and service lease agreements in relation to certain office equipment effective June 28, 2020;
iv. property lease agreement in relation to its closed branch in Evansville, Wyoming, effective July 5, 2020; and
v. communications service agreement in respect to internet services being provided at its former head office in Acheson, Alberta effective July 27, 2020.

The counterparties did not object to the disclaimers within the timelines set out in the CCAA, and in aggregate, the disclaimed leases reduced monthly expenditures by approximately $300,000. The Monitor is of the view that disclaiming the leases was necessary and furthered the restructuring of ENTREC as contemplated under the CCAA Proceedings.

e) identifying and arranging the divestiture of Non-Core Assets which are discussed further in section 9.0 of this report;
f) resolving a dispute with the landlord of ENTREC's leased premises in Acheson, Alberta which is detailed in the First Stevens Affidavit. A confidential settlement was reached with the landlord in relation to the counterclaim filed along with the lease being disclaimed;
g) assisting certain insurance claims adjusters to investigate customer good damage claims and develop resolutions with claimants;
h) preparing weekly reports to the Agent and its advisors including comparison of actual receipts and disbursements against the First Cash Flow Forecast, discussion of variances and other significant matters;
i) preparing the Second Cash Flow Forecast;
j) preparing weekly reports regarding the use of the CARES Act funding to the Agent and the CARES Act lender;
k) applying for subsidies under the Canada Emergency Wage Subsidy ("**CEWS**") program for employee salaries; and
l) renewal of the insurance policies for commercial general liability and property and casualty which is discussed further below in section 8.0 of this report.

5.2 In accordance with the ARIO, ENTREC has identified certain pre-filing expenses with respect to obligations incurred as a result of goods and services supplied to ENTREC by critical and necessary suppliers. In order to carry on business in a manner consistent with the preservation of their business operations and property, to date, the Applicants have paid approximately $250,000 of pre-filing payables.

6.0 UPDATE ON THE SISP

Phase 1 – LOI Process

6.1 Under Phase 1 of the SISP, the Sales Agents initiated a number of marketing activities pursuant to the SISP Order including disseminating notices of the SISP through the Wall Street Journal, the National Post, and other various news outlets in Canada and the U.S. between May 27, 2020 and June 4, 2020.

6.2 Interested parties were required to submit a non-binding letter of intent ("**Non-Binding LOIs**") to the Sale Agents by June 26, 2020 (the "**LOI Deadline**"). The Applicants received multiple Non-Binding LOIs by the LOI Deadline.

6.3 The Applicants, in consultation with the Sales Agents, the Monitor, and the Agent, focused their efforts on the parties that appeared to have the capability and financial wherewithal to close a transaction within the timelines required under the SISP (the "**Qualified Bidders**"). A number of parties were considered as Qualified Bidders and were permitted to proceed to Phase 2 of the SISP to conduct additional due diligence.

Phase 2 – Final Bid Process

6.4 Under Phase 2, Qualified Bidders were required to submit a final, binding asset purchase agreement by 5:00 p.m. EST July 24, 2020 (the "**Final Bid Deadline**", and any bid received being a "**Final Bid**").

6.5 Following the LOI Deadline, the Applicants facilitated site visits and management meetings as requested by the Qualified Bidders and addressed any due diligence requests.

6.6 Based on feedback from the Qualified Bidders in the U.S. and the evolving COVID-19 situation in parts of the U.S. where ENTREC operations are located, Sequeira recommended to Management and the Monitor that the Final Bid Deadline for the U.S. assets be extended to August 7, 2020 (the "**U.S. Final Bid Deadline**").

6.7 The Applicants and the Monitor, with consent of the Syndicate, determined that an extension of the Final Bid Deadline with respect to the U.S. assets and business (the "**U.S. Assets**") would generally benefit the Applicants' creditors and stakeholders.

6.8 Prospective bidders in Canada indicated that they would be able to proceed with submitting Final Bids by July 24, 2020 for the Canadian assets (the "**Canadian Assets**"). EY provided a letter summarizing the Final Bid process and submission details to all the Qualified Bidders interested in the Canadian Assets. Final Bids were received on July 24, 2020 and are currently being evaluated by the Applicants in conjunction with the Sales Agent, the Monitor, and the Agent and its advisors.

6.9 With respect to the sale of all or parts of the Canadian Assets, the Applicants have reserved time in front of this Honourable Court on August 14, 2020 for an application to approve a transaction(s), should there be any accepted offers. Further updates on the SISP, including details of the number of parties contacted, confidentiality agreements executed, due diligence and site visits conducted, accepted offer(s) in the Canadian sales process, if any, and the extension of the U.S. sales process, will be set out in those application materials.

7.0 EXTENSION OF THE RSA

7.1 The termination date of the RSA was July 31, 2020 and on July 26, 2020, the Applicants, the Agent, and the Syndicate agreed to extend the terms of the RSA to September 11, 2020 (the "**RSA Extension Agreement**"). The RSA Extension Agreement also provides for, *inter alia*, the extension of the U.S. Final Bid Deadline to August 7, 2020. A copy of the fully executed RSA Extension Agreement is included in the supplemental affidavit to the Third Stevens Affidavit.

8.0 U.S. INSURANCE

8.1 Annual insurance policies in Canada and the U.S. for commercial general liability and property and casualty for the period of June 1, 2020 to May 31, 2021 were due for renewal. Historically, ENTREC had been able to obtain financing for the insurance premiums; however, Management was unable to obtain financing for the Canadian insurance policies due to the CCAA Proceedings and annual premiums of $1.6 million were paid on July 2, 2020.

8.2 With respect to the Applicants' U.S. insurance, the total premium including taxes and fees was USD$1.4 million and ENTREC obtained financing in the amount of USD$1.0 million (the "**Premium Financing**") pursuant to a financing agreement (the "**U.S. Insurance Financing Agreement**") with the U.S. Insurance Lender. The U.S. Insurance Financing Agreement provided for a security interest in the unearned premiums (the "**Security Interest**") to be granted in favour of the U.S. Insurance Lender.

8.3 The Applicants, in consultation with their legal counsel, and the Monitor and its counsel, reviewed the relevant documents, including the ARIO and the Credit Agreement (as defined below) and determined that financing for insurance premiums and any liens granted in connection with such financing are permitted under the credit agreement dated October 10, 2017 (the

"**Credit Agreement**") with the Syndicate, which is incorporated by reference in the RSA. Further, pursuant to the U.S. Bankruptcy Code, a debtor may grant a security interest in the ordinary course of business without a court order. The Applicants, in consultation with the Monitor, were satisfied that the Premium Financing and the associated Security Interest fit within the Applicants' ordinary course of business given that such financing and associated liens occur on an annual basis, is permitted under the Credit Agreement, and is standard practice in the Applicants' industry.

8.4 In addition, the Monitor found that the Premium Financing and Security Interest did not prejudice any of the Applicants' stakeholders given that maintaining the U.S. insurance is in the best interest of the Applicants' stakeholders and if the Premium Financing was not obtained, the U.S. insurance would be paid in full by way of a draw under the Interim Facility, which would incur a higher interest rate of 9% as compared to the Premium Financing interest rate of 4.65%. Further, a specific court appearance solely for the purpose of approving the granting of the Security Interest would be costly and detrimental to stakeholder recoveries.

8.5 Out of an abundance of caution, the Applicants are seeking approval *nunc pro tunc* of the Premium Financing and Security Interest in connection with the U.S. insurance, with support from the Monitor as outlined above.

9.0 SALE OF NON-CORE ASSETS

9.1 The ARIO provides that any disposition of Non-Core Assets would be limited to $1.1 million in any one transaction or $5.0 million in the aggregate.

9.2 The Applicants have identified certain Non-Core Assets which are either non-essential to the core business or are currently located in remote locations where limited business operations are being conducted, including a redundant crane situated in northwest British Columbia (the "**B.C. Crane**") which cannot be utilized in the Applicants' current ongoing Canadian operations, and auction of certain office equipment and furnishings.

Sale of the B.C. Crane

9.3 The B.C. Crane was located in a remote region in British Columbia with demobilization and transportation costs estimated between $50,000 and $100,000. The appraised forced liquidation value for the B.C. Crane was approximately $1.04 million as at March 31, 2020. ENTREC selectively marketed the B.C. Crane with the highest and best offer received at $1.0 million and subsequently obtained approval to sell the B.C. Crane from the Monitor and the Agent (the "**Crane Transaction**"). The Monitor was satisfied that the purchase price was reflective of the market value of the B.C. Crane after consideration of the potential costs to dismantle and transport the equipment, potential selling costs, and the recently obtained appraised value.

9.4 The Crane Transaction closed on July 17, 2020 for $1.05 million including GST and the sale proceeds were received by the Monitor. The Applicants, the Monitor, and the Syndicate entered into an agreement with respect to the proceeds from the Crane Transaction (the "**Crane Proceeds**") whereby the Monitor agreed to hold the Crane Proceeds in a segregated account and the Applicants would seek an order authorizing the Monitor to distribute the Crane Proceeds to the Agent, as partial reduction of the pre-filing indebtedness owing to the Syndicate.

9.5 The Monitor received an opinion from its independent legal counsel that, subject to the customary assumptions and qualifications, the Agent's security is valid and enforceable in accordance with its terms and the Applicants' stakeholders will not be materially prejudiced by the proposed distributions to the Agent.

Office and Surplus Equipment Auction

9.6 In preparation of vacating its office premises in Acheson, Alberta, ENTREC, with the consent of the Monitor and the Agent, entered into a contract with Century Services Corp. ("**Century**") to auction its redundant office equipment and furnishings, and select surplus equipment, which had an estimated nil net book value.

9.7 Century held an on-line auction on July 9, 2020 for these assets and the net proceeds after commissions and other realization costs were approximately $10,000 (the "**Century Auction Proceeds**"). The funds will be held by the Monitor in a segregated account and the Applicants will seek an order authorizing the Monitor to distribute the Century Auction Proceeds to the Agent, as partial reduction of the pre-filing indebtedness owing to the Syndicate.

9.8 The Monitor received an opinion from its independent legal counsel that, subject to the customary assumptions and qualifications, the Agent's security is valid and enforceable in accordance with its terms and the Applicants' stakeholders will not be materially prejudiced by the proposed distributions to the Agent.

Other Non-Core Asset Sale Efforts and Transactions

9.9 In addition to the above transactions, other Non-Core Assets include the following:

a) a vacant industrial lot located in Chipman, Alberta with an appraised value of $900,000 at March 19, 2019 that was identified by Management as a redundant asset. With the consent of the Monitor and the Agent, the Applicants entered into an auction agreement with Ritchie

Bros. Auctioneers (Canada) Ltd. ("**RBA**") on June 30, 2020 to sell the property in RBA's scheduled sale on October 29, 2020, which is intended to allow for sufficient marketing to take place during the summer and early fall prior to the auction; and

b) two leased all-terrain cranes were returned in June 2020. These units were not required for ongoing operations, were excluded from the SISP, and did not appear to have any equity value above the lease buyouts. The lessor expressed interest in acquiring two boom dolly trailers that work specifically with the cranes. Each dolly trailer was appraised at March 31, 2020 with fair market values of approximately USD $26,000. When the cranes were to be returned, approximately one month of rent in arrears (USD $34,000) would be owing for each crane, and the lessor agreed to acquire the dolly trailers as consideration for outstanding rent. The Monitor and the Agent provided their support to the arrangement as the dolly trailers would be redundant assets once the cranes are returned.

10.0 ACTUAL CASH FLOW RESULTS COMPARED TO FIRST CASH FLOW FORECAST

10.1 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 First Cash Flow Forecast.

10.2 The Applicants' actual cash receipts and disbursements as compared to First Cash Flow Forecast during the period of May 9 to July 17, 2020 (the "**Reporting Period**") is summarized below:

ENTREC **Cash Flow Variance Analysis – Prepared by Management** **For the 10 weeks ended July 17, 2020*** **(in CAD$000s)**						
	For the ten weeks ended July 17, 2020					
		Actual*		**Forecast****		**Variance**
Operating receipts						
Collection of receivables and forecast sales						
ENTREC Canada	$	8,780	$	7,300	$	1,480
ENTREC US		9,163		10,251		(1,088)
US Paycheck Protection Program loan		3,613		4,459		(846)
Canada Emergency Wage Subsidy		2,453		625		1,828
Other receipts		39		-		39
Total operating receipts		24,048		22,635		1,413
Operating disbursements						
Payroll and benefits - Canada		2,546		3,275		(729)
Payroll and benefits - US		2,334		3,389		(1,055)
Payroll remittances - Canada		1,631		1,615		16
Payroll remittances - US		986		1,519		(533)
Lease operators		140		425		(285)
Repairs, maintenance and other operating costs		2,992		5,192		(2,200)
Equipment lease payments		1,172		1,619		(447)
Fuel		1,201		1,313		(111)
General and administrative costs		237		1,152		(915)
Insurance		2,491		1,075		1,416
Shop rent and employee housing		622		743		(121)
Sales tax		89		125		(36)
Contingency		237		1,000		(763)
Total operating disbursements		16,678		22,441		(5,763)
Net operating cash flow		**7,370**		**194**		7,176
Other disbursements						
Professional fees		2,523		2,571		(49)
ABL interest costs		894		883		11
Interim Facility interest costs		-		101		(101)
Interim Facility fees		282		263		19
Total other disbursements		3,699		3,819		(121)
Net cash flow	**$**	**3,671**	**$**	**(3,625)**	$	7,296
Continuity of Financing						
Pre-filing debt						
ABL balance	$	90,697	$	92,616		(1,919)
Less: cash receipts		(20,435)		(17,551)		(2,884)
Draws (repayments)		3,530		-		3,530
FX adjustment		(695)		-		(695)
		73,098		75,065		(1,967)
Operating line		5,000		5,000		-
Ending balance		**78,098**		**80,065**		(1,967)
Interim Facility						
Opening balance		-		-		-
Draws (repayments)		13,255		21,174		(7,919)
FX adjustment		33		-		33
Ending Interim Facility balance (cash)		**13,288**		**21,174**		(7,886)
Total financing, ending position	**$**	**91,385**	**$**	**101,239**	$	(9,853)

**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$1:US$.711*

10.3 During the Reporting Period, ENTREC experienced a net favourable cash flow variance of approximately $7.3 million. The principal components of the variance are described as follows:

a) collection of receivables was approximately $400,000 higher than forecast due to favourable timing differences over the Reporting Period;

b) a lesser amount of the Paycheck Protection Program loan established by the United States Government under the Coronavirus Aid, Relief and Economic Security Act (the "**CARES Act**") of $850,000 was required to be applied against payroll-related costs during the Reporting Period as a result of the lower than anticipated activity levels in the U.S.;

c) CEWS receipts were higher than forecast by approximately $1.8 million as a result of the receipt of the April, May and June subsidies received for some of the Canadian entities which was not included in the First Cash Flow Forecast due to the uncertainty as to whether the entities would qualify under the eligibility criteria;

d) payroll and benefits, lease operator costs and fuel were $2.7 million below forecast due to lower than anticipated activity as a result of low oil prices and COVID-19, as well as unfavourable weather conditions in parts of Alberta that deferred project work later into the summer;

e) repairs, maintenance, and other operating costs were lower than forecast by $2.2 million due to lower than anticipated activity levels and certain vendors continuing to extend credit rather than requiring cash-on-delivery or accelerated payment terms as forecast in the First Cash Flow Forecast;

f) general and administrative expenses were $915,000 lower than forecast due to Management's continued efforts to reduce overhead costs such as advertising and promotions, travel, meals, and training;

g) insurance costs were $1.4 million higher than forecast primarily due to the payment in full of annual premiums for the Canadian insurance policy which totaled $1.6 million, rather than being financed as assumed in the First Cash Flow Forecast, as well as higher than expected premiums for the U.S. insurance policy, which is discussed in section 8.0 of this report;

h) unanticipated contingency costs totaled $237,000 whereas $1.0 million was budgeted for such costs; and

i) ABL interest costs of $894,000 includes interest for both the Interim Facility and ABL Facility as determined under the Credit Agreement and RSA.

10.4 Advances under the Interim Facility were $13.3 million 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 $17.6 million during the Reporting Period primarily from the collection of receivables which, through a sweeping mechanism as described in the First Report, were applied towards the pre-filing ABL Facility.

10.5 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.

11.0 SECOND CASH FLOW FORECAST

11.1 The Applicants have prepared an updated cash flow forecast for the 8-week period from July 18 to September 11, 2020 (the "**Forecast Period**"). A copy of the Second Cash Flow Forecast, together with the accompanying notes, is attached to this report as Appendix "**A**" and is summarized below:

ENTREC Corporation
Second Cash Flow Forecast - Prepared by Management
For the 8-week period ending September 11, 2020
(in CAD$000s)

Operating receipts	
Collection of receivables and forecast sales	
ENTREC Canada	$ 4,711
ENTREC US	4,048
Net proceeds from sale of redundant assets	1,000
US Paycheck Protection Program loan	680
Canada Emergency Wage Subsidy	930
Total operating receipts	11,369
Operating disbursements	
Payroll and benefits - Canada	2,278
Payroll and benefits - US	2,211
Payroll remittances - Canada	1,340
Payroll remittances - US	868
Lease operators	175
Repairs, maintenance and other operating costs	2,607
Equipment lease payments	936
Fuel	1,034
General and administrative costs	277
Insurance and licensing	619
Shop rent and employee housing	662
Sales tax	200
Contingency	399
Total operating disbursements	13,607
Net operating cash flow	**(2,238)**
Other disbursements	
KERP payments	255
Professional fees	2,049
ABL interest costs	704
Interim Facility interest costs	241
Interim Facility fees	190
Total other disbursements	3,439
Net cash flow	**$ (5,677)**
Continuity of Financing	
Pre-filing debt	
ABL balance	$ 73,266
Less: cash receipts	(9,759)
	63,507
Operating line	5,000
Ending balance	**68,507**
Interim Facility	
Opening balance	13,283
Draws (repayments)	15,437
Ending Interim Facility balance (cash)	**28,720**
Total financing, ending position	**$ 97,226**

11.2 The Second Cash Flow Forecast has been prepared on a going-concern basis for all operations and indicates that the Applicants will experience a net cash outflow of approximately $5.7 million over the Forecast Period and is based on the following key assumptions:

a) forecast receipts of $11.4 million consist primarily of $8.8 million from the collection of receivables, $1.0 million of proceeds from the Crane Transaction, and $1.6 million from the COVID-19 government relief programs in the US and Canada;
b) forecast disbursements of $13.6 million relate primarily to ordinary course payments 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;
c) 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;
d) professional fees are forecast to be approximately $2.0 million during the Forecast Period and include the Applicants' counsel in Canada and the US, 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 the Sales Agents;
e) the ending balance of total financing is approximately $97.2 million which represents an incremental increase in financing of $5.8 million to the secured debt held by the Syndicate and Canadian Western Bank as at July 17, 2020. Accordingly, the ending balance of the Interim Facility is $28.7 million, which is to be provided by the Syndicate pursuant to the RSA Extension Agreement; and
f) debt servicing costs of approximately $1.1 million for interest on the pre-filing ABL Facility and the interest and fees on the Interim Facility.

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

12.0 EXTENSION OF STAY OF PROCEEDINGS

12.1 Pursuant to the ARIO, the Stay Period will expire on August 7, 2020. The Applicants are seeking an extension of the Stay Period to September 11, 2020.

12.2 The Monitor supports extending the Stay Period to September 11, 2020 for the following reasons:

a) during the proposed extension of the Stay Period, the Applicants will have an opportunity to continue the SISP with a view to concluding one or more transactions with potential purchasers to maximize value to its stakeholders, which can be presented to this Honourable Court in due course;
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) authorization to enter into the Premium Financing Agreement and to grant the Security Interest in favour of the U.S. Insurance Lender;
b) authorization for the Monitor to distribute the Crane Proceeds and Century Auction Proceeds to the Agent in partial satisfaction of the Applicants' obligations owing to the Syndicate;
c) the extension of the Stay Period to September 11, 2020; and
d) approval of the activities of the Monitor to date.

*****

All of which is respectfully submitted to this Honourable Court this 28th day of July, 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 Corporation
Second Cash Flow Forecast[1] - Prepared by Management
For the 8-week period ending September 11, 2020
(in CAD$000s)

Week Week ending	Notes	Week 1 24-Jul	Week 2 31-Jul	Week 3 7-Aug	Week 4 14-Aug	Week 5 21-Aug	Week 6 28-Aug	Week 7 4-Sep	Week 8 11-Sep	Total
Operating receipts										
Collection of receivables and forecast sales										
ENTREC Canada	2	$ 589	$ 589	$ 589	$ 589	$ 589	$ 589	$ 589	$ 589	$ 4,711
ENTREC US	2	506	506	506	506	506	506	506	506	4,048
Net proceeds from sale of redundant assets		-	-	-	1,000	-	-	-	-	1,000
US Paycheck Protection Program loan	3	583	96	-	-	-	-	-	-	680
Canada Emergency Wage Subsidy	4	-	80	-	-	450	-	-	400	930
Total operating receipts		1,678	1,271	1,095	2,095	1,545	1,095	1,095	1,495	11,369
Operating disbursements										
Payroll and benefits - Canada	5	315	283	315	255	315	225	315	255	2,278
Payroll and benefits - US	5	407	251	407	-	407	-	739	-	2,211
Payroll remittances - Canada	5	80	255	80	255	80	255	80	255	1,340
Payroll remittances - US	5	176	41	176	41	176	41	176	41	868
Lease operators	6	75	-	-	-	100	-	-	-	175
Repairs, maintenance and other operating costs	7	316	316	316	316	316	316	356	356	2,607
Equipment lease payments	7	76	346	15	64	76	-	360	-	936
Fuel	7	129	129	129	129	129	129	129	129	1,034
General and administrative costs	8	35	35	35	35	35	35	35	35	277
Insurance and licensing	9	-	165	-	-	300	-	155	-	619
Shop rent and employee housing	10	-	331	-	-	-	-	331	-	662
Sales tax		-	100	-	-	-	100	-	-	200
Contingency	11	50	50	50	50	50	50	50	50	399
Total operating disbursements		1,659	2,301	1,523	1,144	1,984	1,150	2,726	1,121	13,607
Net operating cash flow		**20**	**(1,030)**	**(428)**	**951**	**(439)**	**(55)**	**(1,631)**	**374**	**(2,238)**
Other disbursements										
KERP payments	12	-	-	-	-	-	-	255	-	255
Professional fees	13	182	40	264	581	215	25	25	718	2,049
ABL interest costs	14	-	362	-	-	-	342	-	-	704
Interim Facility interest costs	15	-	99	-	-	-	142	-	-	241
Interim Facility fees	15	-	8	175	-	-	7	-	-	190
Total other disbursements		182	509	439	581	215	516	280	718	3,439
Net cash flow		**$ (162)**	**$ (1,539)**	**$ (866)**	**$ 370**	**$ (654)**	**$ (571)**	**$ (1,911)**	**$ (344)**	**$ (5,677)**
Continuity of Financing										
Pre-filing debt										
ABL balance		$ 73,266	$ 72,171	$ 71,076	$ 69,981	$ 67,886	$ 66,791	$ 65,696	$ 64,601	$ 73,266
Less: cash receipts		(1,095)	(1,095)	(1,095)	(2,095)	(1,095)	(1,095)	(1,095)	(1,095)	(9,759)
		72,171	71,076	69,981	67,886	66,791	65,696	64,601	63,507	63,507
Operating line		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Ending balance		**77,171**	**76,076**	**74,981**	**72,886**	**71,791**	**70,696**	**69,601**	**68,507**	**68,507**
Interim Facility										
Opening balance		13,283	14,540	17,174	19,135	20,860	22,609	24,275	27,281	13,283
Draws (repayments)		1,257	2,633	1,961	1,725	1,749	1,666	3,006	1,439	15,437
Ending Interim Facility balance (cash)	15	**14,540**	**17,174**	**19,135**	**20,860**	**22,609**	**24,275**	**27,281**	**28,720**	**28,720**
Total financing, ending position		**$ 91,711**	**$ 93,250**	**$ 94,116**	**$ 93,746**	**$ 94,400**	**$ 94,971**	**$ 96,883**	**$ 97,226**	**$ 97,226**

Jason Vandenberg, Chief Financial Officer
ENTREC Corporation

ENTREC Corporation
Second Cash Flow Forecast - Prepared by Management
Notes and Assumptions

1. The weekly cash flow projections 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 July 18 to September 11, 2020 (the "Forecast Period").

   The cash flow projections (the "Second 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 Second 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$1:US$.7371 throughout the period.

2. Receipts from receivables and sales have been adjusted for seasonability based on Management's experience as well as a continued slow down or deferral by customers affected by COVID-19, poor weather conditions in certain regions, low oil prices, and other factors.

3. On April 24, 2020, ENTREC received funding of US $3.9 million from a Paycheck Protection Program ("PPP") loan under the US CARES Act of the Small Business Administration. The PPP loan may be forgiven if 75% of the loan amount is applied towards payroll related costs. The funds are forecast to be fully utilized by the week ending July 31, 2020 with an estimated 90% of the PPP loan applied against payroll-related costs.

4. 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 $930,000 during the Forecast Period.

5. Payroll, benefits, and source deductions are forecast based on actual payroll expenses assuming that operations at all locations continue uninterrupted with all payroll tax remittances kept current during the CCAA Proceedings. It is anticipated that U.S. operations will begin to recover in August as the economy reopens.

6. There are 5 equipment operators who generally work solely for ENTREC and are paid on a monthly basis.

7. Operating costs include repairs, maintenance parts purchases and permits of approximately $2.6 million, fuel of $1.0 million, and equipment lease payments of $900,000 during the Forecast Period. Disbursements are based on expected run rates and assumed to be paid largely on normal credit terms.

8. General and administrative expenses include utilities and other administrative costs during the Forecast Period and are based on expected run rate in 2020.

9. The insurance policy for commercial general liability and property and casualty were renewed for the period June 1, 2020 to May 31, 2021. The U.S. policy includes monthly payments of approximately USD $114,000 under a financing arrangement and the Canadian policy was renewed for an annual premium of $1.6 million, which was paid in June 2020. Prorate licensing fees of $300,000 for the equipment fleet is required to be renewed in August.

10. Rent is forecast based on actual rent payments assuming operations continue uninterrupted at all locations in the short term. Monthly rent include facilities in Alberta, North Dakota, Texas and Colorado, as well as property taxes.

11. A weekly contingency of approximately $50,000 is included in the Second Cash Flow Forecast to account for any unexpected expenses.

12. 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.

13. 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, the Syndicate's financial advisor and its legal counsel in Canada and the US, and the Sales Agents.

14. 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.

15. Interim lending of $15.4 million is forecast to be required during the Forecast Period. Interim Facility interest costs and fees are subject to the Support Agreement.

APPENDIX B

COURT FILE NUMBER	2001 06423
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	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	**FIRST REPORT OF THE MONITOR** **May 21, 2020**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** **Alvarez & Marsal Canada Inc.** 250 6th Avenue SW, Suite 1110 Calgary, AB T2P 3H7 Phone: +1 604.638.7440 Fax: +1 604.638.7441 Email: atillman@alvarezandmarsal.com / vchan@alvarezandmarsal.com Attention: Anthony Tillman / Vicki Chan **COUNSEL** **Norton Rose Fulbright Canada LLP** 400 3rd Avenue SW, Suite 3700 Calgary, Alberta T2P 4H2 Phone: +1 403.267.8222 Fax: +1 403.264.5973 Email: howard.gorman@nortonrosefulbright.com / gunnar.benediktsson@nortonrosefulbright.com Attention: Howard A. Gorman, Q.C. / Gunnar Benediktsson

Clerk's Stamp

JUDICIAL CENTRE OF CALGARY
FILED
May 21, 2020
501166
by Email
CLERK OF THE COURT

ALVAREZ & MARSAL

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APPENDICES

1.0 INTRODUCTION

1.1 On May 15, 2020, ENTREC Corporation ("**ENT Parent**"), 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**") 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 Applicants filed a notice of application for an amended and reinstated Initial Order and an order approving the KERP/KEIP, Sales Agents, and SISP (as separately defined below) (the "**May 21 Application**") which, *inter alia*:

a) authorizes a Sale and Investment Solicitation Process (the "**SISP**");
b) appoints Ernst & Young Orenda Corporate Finance Inc. ("**EY**") and Sequeira Partners ("**Sequeira**") as financial advisors (the "**Sales Agents**") under the SISP;
c) approves the implementation of a key employee retention and incentive plan for certain senior management level employees (the "**KERP/KEIP")**;
d) grants the KERP/KEIP Charge (as defined below) and the Sales Agent Charge (as defined below);
e) increases the restriction on the maximum amount that may be advanced under the Interim Financing Facility to $30.0 million (from $3.6 million);
f) increases the sale transaction limit for Non-Core Assets (as defined below) to $1.1 million in a single transaction and $5.0 million in aggregate; and
g) extends the Stay Period until August 7, 2020.

1.5 Further information regarding these CCAA Proceedings, including the Initial Order, 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 first report (the "**First Report**") has been prepared by the Monitor to provide information to this Honourable Court in respect of the following:

a) the Applicants' business and financial affairs;
b) the initial activities of the Monitor;
c) the proposed SISP;
d) ENTREC's proposed retention of EY and Sequeira as Sales Agents and related charge;
e) the Cash Flow Forecast and the increase to the Interim Lender's Charge;
f) the proposed KERP/KEIP and related charge;
g) the increase to the sale transaction limits for Non-Core Assets;
h) the extension of the Stay Period; and
i) the recommendations of the Monitor in respect of the foregoing, as applicable.

2.2 The First Report should be read in conjunction with the May 21 Application, ENTREC's originating application dated May 14, 2020, the supporting affidavit of John Stevens sworn May 14, 2020 (the "**First Stevens Affidavit**"), the supporting affidavit of John Stevens sworn May 21, 2020, and the Pre-filing Report of the Proposed Monitor dated May 14, 2020 (collectively, the "**Filed Materials**"). Background information contained in the Filed Materials has not been included herein to avoid unnecessary duplication. Capitalized terms not defined herein have the meaning given in the Filed Materials.

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 First Report are expressed in Canadian dollars.

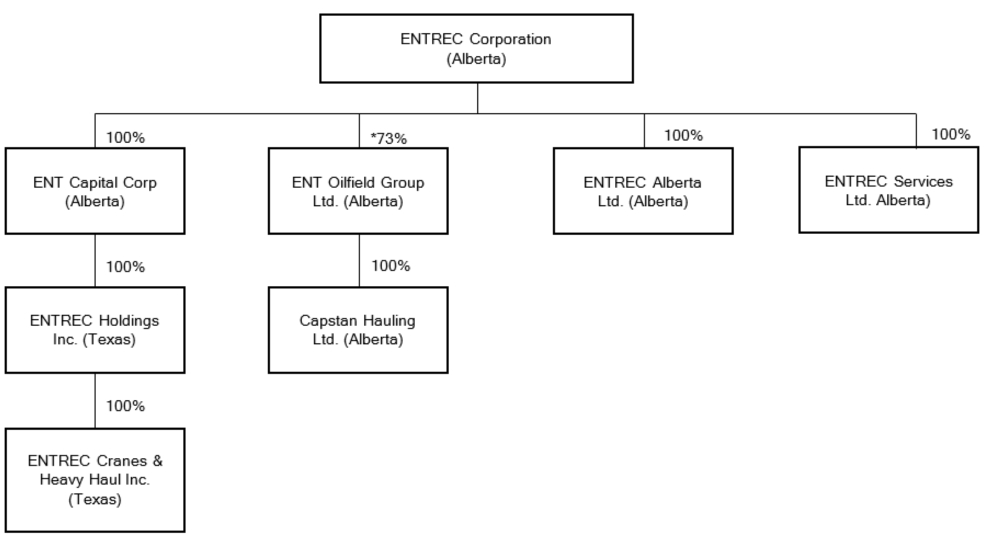
4.0 ENTREC'S BUSINESS AND FINANCIAL AFFAIRS

4.1 ENTREC is a heavy haul transportation and crane solutions provider to the oil and natural gas, construction, petrochemical, mining and power generation industries in Alberta, Canada and parts of the United States, particularly, Texas, North Dakota, Colorado and Wyoming.

Corporate Overview

4.2 ENT Parent is a publicly traded company listed on the TSX under the trading symbol "ENT" with its head office located in Acheson, Alberta.

4.3 ENTREC consists of eight entities in which ENT Parent is the direct or indirect owner of seven subsidiaries, collectively known as ENTREC. An organization chart is presented as follows:



Note:

*ENT Parent owns 73% of the equity and the remaining 27% is owned by the former owners and employees of Capstan Hauling Ltd.

4.4 ENTREC employs 370 people, of which approximately 230 are located in Alberta and 140 in the U.S.

Canadian Operations

4.5 ENT Oilfield Group Ltd. ("**ENT Oilfield**"), Capstan Hauling Ltd. ("**Capstan**"), ENT Capital Corp. ("**ENT Capital**"), ENTREC Alberta Ltd. ("**ENT Alberta**"), and ENTREC Services Ltd. ("**ENT Services**") are Alberta corporations, with ENT Capital providing all ENTREC entities with corporate services. A summary of the Canadian entities is as follows:

a) ENT Oilfield provides heavy haul transportation, picker truck and oilfield transportation services throughout Alberta and northeast British Columbia;
b) Capstan provides heavy haul transportation, generally in northwest Alberta;
c) ENT Alberta's primary purpose is to hold legal title to certain equipment used in ENTREC's operations; and
d) ENT Services is an inactive holding company.

US Operations

4.6 ENTREC Cranes & Heavy Haul Inc. ("**ENT USA**") is a Texas corporation and the operating company for the group's U.S. business, which provides crane services and heavy haul transportation in the oil and gas, construction, infrastructure and power industries operating primarily in North Dakota, Colorado, Texas, and Wyoming.

4.7 ENTREC Holdings Inc. ("**ENT Holdings**") is a Texas corporation and owns 100% of the shares of ENT USA. ENTREC Holdings is wholly owned by ENT Capital.

Summary of Assets and Liabilities

4.8 The consolidated recorded book value of the assets of ENTREC is summarized below based on audited financial statements as at December 31, 2019 and unaudited draft internal statements as at March 31, 2020:

ENTREC Consolidated Summary of Assets as at December 31, 2019 and March 31, 2020 (in CAD$000s)				
		Mar 31, 2020 *(Unaudited Draft)*		**Dec 31, 2019** *(Audited)*
Assets				
Cash	$	2,103	$	1,355
Trade and other receivables		29,451		34,874
Inventory		1,484		1,567
Prepaid expenses and deposits		1,844		2,849
Assets held for sale		-		20,021
Finance lease receivables		5,163		5,159
Long term deposits and other assets		412		411
Property plant and equipment		163,054		163,483
Right of use assets		33,003		54,626
Total assets	**$**	**236,514**	**$**	**284,345**

4.9 Since December 31, 2019, ENTREC has undergone various restructuring initiatives including sale of its Canadian crane assets and business to a third party in January 2020 and sale of various redundant equipment owned by ENT Parent through a national liquidator, which was completed in May 2020. The resulting sale proceeds were used to reduce the long-term debt.

4.10 Accordingly, as at May 15, 2020, the net book value of total owned property, plant and equipment is approximately $87.4 million and net book value of leased equipment is approximately $38.3 million.

4.11 At the end of 2019, ENT Capital, ENT Holdings, and ENT USA were created with ENT Capital being a wholly owned subsidiary of ENT Parent and ENT USA as a wholly owned subsidiary of ENT Capital. Further details can be found in the First Stevens Affidavit. In addition to the restructuring initiatives discussed above and in the First Stevens Affidavit, certain equipment totaling approximately $50.0 million were internally transferred and sold by ENT Parent to ENT USA including units that were already in use by ENT USA and other equipment that were no longer being utilized in the Canadian operations.

4.12 The consolidated summary of liabilities is presented below based on audited financial statements as at December 31, 2019 and unaudited draft internal statements as at March 31, 2020:

ENTREC Summary of Liabilities as at December 31, 2019 and March 31, 2020 (in CAD$000s)	Mar 31, 2020 (Unaudited Draft)	Dec 31, 2019 (Audited)
Liabilities		
Trade and other payables	$ 15,937	$ 17,075
Income taxes payable	96	88
Deferred leasehold inducements	7,902	8,039
Long-term debt	113,473	130,864
Notes payable	4,349	2,381
Lease liabilities - equipment	33,041	31,896
Lease liabilities - right of use assets	36,733	61,256
Convertible debentures	19,508	19,079
Deferred income taxes	1,167	1,173
Total liabilities	**$ 232,206**	**$ 271,851**

4.13 As at December 31, 2019, ENTREC had approximately $130.9 million in long-term debt and $31.9 million in equipment lease obligations. By May 15, 2020, long-term debt had been reduced to approximately $95.3 million, as a result of the restructuring initiatives discussed above.

Summary of Operating Results

4.14 The consolidated summary of operating results of ENTREC is presented below based on the audited financial statements for the year ended December 31, 2019 and the unaudited draft internal statements for the three months ended March 31, 2020:

ENTREC Consolidated Statement of Loss for the year ended December 31, 2019 and 3 months ended March 31, 2020 (in CAD$000's)	3 months ended Mar 31, 2020 (Unaudited Draft)	Year ended Dec 31, 2019 (Audited)
Revenue	$ 35,637	$ 180,274
Direct costs	28,026	137,534
Gross profit	7,611	42,740
Operating expenses	9,922	48,031
Loss before finance items, impairment, and income taxes	$ (2,311)	$ (5,291)
Loss before income taxes	$ (15,392)	$ (23,983)
Net loss	**$ (15,392)**	**$ (19,455)**

4.15 For the year ended December 31, 2019, total revenues were approximately $180.3 million with $79.0 million from the U.S. business and $101.3 million from the Canadian business. Earnings (loss) before income taxes and unallocated corporate items were $5.5 million in the U.S. and

($3.3) million in Canada due to the challenging economic environment for the oil and gas industry in western Canada.

4.16 ENTREC's financial performance continued to decline after December 31, 2019, as a result of various macroeconomic factors largely stemming from a drop in the price of oil and pipeline constraints in Canada, resulting in attempts to rationalize its balance sheet, operations, and liquidity, and improve overall financial performance.

Pre-Filing ABL Facility

4.17 ENTREC is financed by a senior secured asset-based lending credit facility (the "**ABL Facility**") governed by the terms of an amended and restated credit agreement dated October 10, 2017 (the "**Credit Agreement**") with a syndicate of lenders (the "**Syndicate**").

4.18 Pursuant to the Credit Agreement, the Syndicate made available to the Applicants both a revolving credit facility and letters of credit. As at May 11, 2020, the total indebtedness outstanding pursuant to the Credit Agreement was CAD$72.4 million and USD$12.8 million, excluding fees and other obligations under the Credit Agreement. All of the obligations of ENTREC under the Credit Agreement are secured by substantially all of ENTREC's property, and each of the subsidiary Applicants noted above are guarantors.

4.19 The purpose of the ABL Facility is to fund ENTREC's capital expenditures, acquisitions, and for general corporate purposes.

4.20 ENTREC also has an operating facility (the "**Operating Facility**") to a maximum principal amount of $5.0 million with Canadian Western Bank ("**CWB**") to finance ENTREC's day-to-day operations. As at May 1, 2020, the amount outstanding under the Operating Facility is approximately $4.9 million.

4.21 Amounts outstanding under the Operating Facility are secured and rank *pari passu* with the ABL Facility. CWB is also a participating lender in the Syndicate and has been kept apprised of ENTREC's circumstances.

4.22 ENTREC has not been able to maintain compliance with certain financial covenants required to be maintained under the Credit Agreement and is in default of its terms.

5.0 INITIAL ACTIVITIES OF THE MONITOR

5.1 The Monitor's activities to date have included the following:

a) conducted ongoing discussions with Management regarding the Applicants' business and financial affairs;

b) retained Norton Rose Fulbright Canada LLP to act as the Monitor's independent legal counsel;

c) engaged in various discussions with the Applicants and their legal counsel with respect to various matters including the proposed SISP, engagement of the Sales Agents, and the KERP/KEIP;

d) communicated with and attended to various inquiries from trade creditors and other stakeholders, and assisted with arrangements with various suppliers regarding the ongoing supply of goods and services;

e) assisted Management with the roll-out of ENTREC's post-filing communication plans;

f) prepared and issued notices required under the CCAA and the Initial Order, including:

   i. set-up of the Monitor's Website and posting of the Initial Order and other Filing Materials;

   ii. coordination of published notices as prescribed under the CCAA in the Globe and Mail (National Edition) on May 20 and 27 (scheduled), 2020;

   iii. preparation of a list of creditors with claims over $1,000 and posting same to the Monitor's Website;

   iv. distribution of the notice to creditors to approximately 1,100 creditors by mail or email on May 20, 2020, a copy of which notice is attached hereto as Appendix "**A**"; and

   v. filing statutory notices with the Office of the Superintendent of Bankruptcy of the prescribed forms as required under section 23(1)(f) of the CCAA; and

g) established various reporting protocols with the Applicants, including but not limited to cash flow reporting, tracking and reporting of CARES Act funding (as subsequently defined) and various reporting to the Syndicate in accordance with the Support Agreement dated May 14, 2020 (the "**RSA**").

6.0 SALE AND INVESTOR SOLICITATION PROCESS

6.1 Subject to the approval of this Honourable Court, the SISP sets out the manner in which the Sales Agents will market the Applicant's various businesses and assets for sale, and also invites interested parties to make an investment in the Applicants' respective businesses. The SISP is intended to be carried out by the Sales Agents on behalf of the Applicants, under the supervision and oversight of the Monitor. The SISP will be conducted in consultation and coordination with the Syndicate, and its financial and legal advisors in accordance with the terms of the RSA.

Selection of Proposed Sales Agents

6.2 In consultation with the proposed Monitor and financial advisors to the Syndicate, Management undertook a fulsome advisor selection process which included reviewing presentations and proposals from five qualified and reputable investment banking firms and corporate finance advisory firms. During early May 2020, Management coordinated interviews of these prospective sales agents.

6.3 Based on its assessment of the qualifications, experience in the sector and market space for heavy haul and crane equipment, Management has proposed EY and Sequeira to be Sales Agents for the Applicants. in accordance with the terms of their respective engagement letters (the "**Sales Agent Engagement Letters**").

6.4 The Sales Agents will provide investment banking and financial advisory services with respect to a potential sale transaction, financial restructuring, or refinancing or investment into ENTREC's businesses, in accordance with the Sales Agent Engagement Letters, subject to the approval of this Honourable Court. Together, the Sales Agents are to coordinate various aspects of the SISP in order to present consistent and aligned messaging, and a process to the market, with EY focusing on a transaction for the Canadian businesses and assets, and Sequeira focusing on the U.S. businesses and assets.

6.5 Several factors were considered in selecting the Sales Agents, including the Sales Agents' familiarity with ENTREC, ability to rapidly commence the SISP, the familiarity with potential buyers in Canada and the U.S. that are known between the Sales Agents and the Applicants, and the ability for Sequeira to partner with a complementary investment banking firm in Texas, FMI Capital Advisors Inc., to assist as required, and the overall consideration of process costs.

6.6 The Sales Agent Engagement Letters were filed with the May 21 Application, subject to a request for a sealing order. The Sales Agent Engagement Letters contain commercially sensitive information regarding specific pricing negotiated by the Applicants for the retention of each Sales Agent, which could be detrimental to the SISP and to the Sales Agents' commercial interests in future mandates. For these reasons, the Monitor supports the request for a sealing order in respect of the unredacted Sales Agent Engagement Letters to be reasonable and appropriate in these circumstances.

6.7 The terms of the Sales Agent Engagement Letters require the Applicants to obtain an order from this Honourable Court to have the Sales Agents' fees and expenses up to $1.0 million paid in priority (the "**Sales Agent Charge**") to any existing secured creditor of the Applicants (but secondary to the Administration Charge, the Directors' Charge, and the KERP/KEIP Charge). The purpose of the Sales Agent Charge is primarily to protect a portion of the Sales Agents' fees in the event the SISP is not completed and the Sales Agents are not compensated as anticipated under the Sales Agent Engagement Letters.

6.8 Consultation of the proposed scope of the Sales Agents' engagement was undertaken by the Applicants, the Syndicate's advisors, and the Monitor. As a result of these discussions, various amendments were made to the Sales Agent Engagement Letters.

6.9 For the following reasons, the Monitor considers the scope of the Sales Agent Engagement Letters and proposed compensation to be commercially reasonable:

a) the scope is generally consistent with the Applicants' expectations, other comparable processes observed by the Monitor and the proposed approach submitted by the other investment banking firms (the "**Other Firms**") who participated in the candidate selection process;
b) the Sales Agents' proposed work fees will be credited against transaction fees and/or credited against an overall fee structure;
c) the Sales Agents agreed to cap their fees if the assets of the Applicants are liquidated; and
d) the quantum of fees proposed by the Sales Agents is competitive with fee levels charged by financial advisors in other CCAA proceedings and the fees proposed by the Other Firms.

6.10 The Sales Agents are seeking the Sales Agent Charge to protect a portion of their fees and expenses, which is to rank behind the Administration Charge, the Director's Charge and the KERP/KEIP Charge, but ahead of the Interim Lender's Charge. In the Monitor's experience, such charges are often granted in CCAA proceedings and the Monitor is of the view that the granting of the Sales Agent Charge of up to $1.0 million is reasonable and appropriate in the circumstances.

Summary of SISP and Timetable

6.11 A copy of the SISP is attached to the May 21 Application. Key process milestones and target dates included in the SISP, along with comments regarding the SISP, are summarized in the following table:

Process Milestone	Target Date	Comments
Commencement of solicitation process	As soon as reasonably practical following approval of the SISP and no later than June 1-5, 2020 (as applicable)	The Sales Agents will prepare a teaser letter ("**Teaser**") and Confidential Information Memorandum ("**CIM**"). In consultation with the Applicants, the Syndicate, and the Monitor, the Sales Agents will prepare a list of potential bidders ("**Known Potential Bidders**"). The Teaser and a form of confidentiality agreement (the "**CA**") will be distributed to the Known Potential Bidders. The Sales Agents will set up and work with the Applicants to populate an electronic data room.
First stage due diligence period	Continuous until June 26, 2020	Upon signing the CA and the Sales Agents being satisfied that the party has the financial capability and technical expertise to make a viable SISP bid, such party will be deemed to be a "**Potential Bidder**" and will be sent the CIM and invited into the electronic data room.
Deadline for submission of non-binding Letters of Intent ("**LOI**")	On or before June 26, 2020, or such other date that the Monitor may determine with approval of the Syndicate ("**LOI Deadline**")	The SISP details numerous matters that are required to be addressed in LOI's submitted as an Asset Bid, Restructuring Bid or Hybrid Bid. The LOI requirements are reasonably exhaustive to permit the Applicants, the Syndicate and the Monitor to assess the likelihood of a successful transaction being completed within a reasonable time period. Potential Bidders who submit "**Qualified LOI's**" shall be designated a "**Qualified Bidder**".
Second stage due diligence period	Continuous until July 24, 2020	Qualified Bidders may conduct additional due diligence including requesting additional information and arranging for site inspections as permitted by applicable health and safety regulations.
Deadline for submission of Final Bids	On or before July 24, 2020	Qualified Bidders must submit a qualifying unconditional Asset Bid, Restructuring Bid or Hybrid Bid, which must include as applicable an asset purchase agreement or definitive documentation setting out the terms of any restructuring or hybrid transaction. A cash deposit in the amount of 10% of the purchase price or investment amount, as applicable, must be submitted with all Final Bids. The Applicants will review the Final Bids in consultation with the Monitor, the Sales Agents and the Syndicate, and

		"**Successful Bidders**" with a "**Winning Bid**", and "**Backup Bidders**" will be selected and notified.
Deadline for Final Agreement	On or before August 4, 2020 or such later date as determined by the Monitor	The Applicants will enter into a definitive agreement of agreements (each a "Final Agreement") with the Successful Bidder.
Court approval application	On or before August 17, 2020	Court approval of the transaction contemplated in the Final Agreement and any necessary relief required to consummate the Winning Bid is to be sought by the Applicants.
Target closing date	On or before 10 days after Court approval	Closing is to occur within 10 days of the Court orders (in both Canada and the USA) approving the transaction(s) becoming final orders, or as may be extended with the approval of the Monitor and the Syndicate.

6.12 Prior to finalizing the SISP, there was considerable discussion between Management, the proposed Sales Agents, the Syndicate, and the Monitor (and their advisors) with respect to the key process milestones and timelines. The Applicants considered these discussions and the views of the parties in preparing the SISP.

6.13 The SISP allows for the Syndicate to be involved and informed, and for its consent to be sought in select situations where SISP deadlines may be altered or extended.

6.14 The Monitor recognizes that adherence with certain deadlines in the SISP may be challenging to meet for Potential Bidders given the potential impact that external factors may have on the SISP, including potential disruption due to COVID-19, but is satisfied that the SISP contains sufficient flexibility to amend milestones and deadlines, in consultation with the Syndicate as required.

6.15 Based on the foregoing, the Monitor is of the view that the proposed SISP is reasonable in the circumstances and provides the Monitor (and by extension, this Honourable Court) and the Syndicate with a high degree of transparency and visibility into the process. Moreover, the Monitor is of the view that the SISP as proposed allows ENTREC an opportunity to effect a going concern sale of the respective businesses in Alberta and in the U.S. thereby enhancing the prospect of the continuity of employment as well as services to customers and on-going work and business for affected contractors, landlords, suppliers, lessors and other stakeholders.

7.0 CASH MANAGEMENT SYSTEM

7.1 To support its day-to-day business operations, ENTREC utilizes a centralized cash management system, which is administered primarily from Alberta (the "**Cash Management System**").

7.2 The Initial Order provides ENTREC authorization to continue to utilize the Cash Management System that is currently in place as described in the First Stevens Affidavit.

7.3 The Monitor has summarized certain elements of the Cash Management System as follows:

a) receipts from ENTREC's Canadian operations are deposited into accounts (the "**Deposit Accounts**") with CWB. The Deposit Accounts are subject to a blocked account agreement entered into between ENT Parent, ENT Oilfield, Capstan, CWB, and Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo**"), under which amounts deposited into the Deposit Accounts are swept at the end of each business day into Wells Fargo's collection accounts with Toronto Dominion Bank (the "**Collection Accounts**"). The amounts swept into the Collection Accounts are applied in reduction of the ABL Facility;

b) in the normal course, ENTREC utilized its Operating Facility (provided by CWB) to fund day-to-day operating expenses in Canada. The Operating Facility functions as an overdraft facility and is replenished from time to time with advances from the ABL Facility. During the CCAA, ENTREC will fund its day-to-day operations with advances from the Interim Facility and the Operating Facility will be capped; and

c) ENTREC's day-to-day operations in the United States are funded by Wells Fargo in the U.S. by advances made under the ABL Facility, which is then transferred into ENT USA's disbursement account. U.S. cash receipts from ENT USA's operations are deposited into a blocked account with Wells Fargo and are swept into the Collection Accounts.

7.4 The Monitor has established reporting protocols with the Applicants to monitor cash flows, and related processes for reporting such information to the Syndicate in accordance with the RSA.

8.0 CARES ACT FUNDING

8.1 As noted in the First Stevens Affidavit, ENTREC applied and was approved for 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.

8.2 Funds received pursuant to the CARES Act were deposited into an ENT USA account at Wells Fargo and are planned to be used to fund payroll costs of those employees of ENT USA who reside in the U.S. or make rent payments of ENT USA as they come due.

8.3 Pursuant to the terms of the RSA, the Monitor is tracking use of the CARES Act funding and commenced weekly reporting of the usage and tracking of these funds to the Syndicate on May 20, 2020.

9.0 CASH FLOW FORECAST AND THE INTERIM FACILITY

9.1 As is described in further detail in the Pre-Filing Report, ENTREC sought approval from this Honourable Court of the Interim Facility and the Interim Lender's Charge in order fund its working capital requirements and operations. The Initial Order authorized the Interim Facility and the Interim Lender's Charge up to $3.6 million; accordingly, the Syndicate has begun making advances to ENTREC to fund its operations.

9.2 The Interim Facility requires that ENTREC pay down the pre-filing ABL Facility through a sweeping mechanism whereby ENTREC's post-filing collection of receivables will be swept through the blocked Deposit Accounts into the Collection Accounts and applied towards the pre-filing ABL Facility consistent with the pre-filing practices under the current Cash Management System. Funds advanced under the Interim Facility will be used to pay post-filing operating and other costs during the 13 weeks ending August 7, 2020 (the "**Forecast Period**").

9.3 The Interim Facility is required by the Applicants to fund its operations and restructuring costs during the CCAA Proceedings. As the Applicants may only utilize the Interim Facility in accordance with the Cash Flow Forecast, attached to the Pre-Filing Report and the First Stevens Affidavit, the structure of the Interim Facility limits the amount available to the Applicants in any given week to what is necessary and approved by both Wells Fargo and the Monitor.

9.4 As set out in the Cash Flow Forecast, the forecast draw is approximately $29.9 million under the Interim Facility during the Forecast Period. The Applicants are therefore seeking an increase to the Interim Lender's Charge up to $30.0 million in accordance with the Cash Flow Forecast.

9.5 The Monitor provided its views on the Cash Flow Forecast in the Pre-Filing Report. Nothing has come to the Monitor's attention that changes its position in respect of the Cash Flow Forecast and the Monitor reiterates that the Interim Lender's Charge (at the expanded level of $30.0 million) represents necessary financing which affords the Applicants the opportunity to undertake the SISP and continue its operations, all without material financial prejudice to other ENTREC stakeholders.

10.0 KEY EMPLOYEE RETENTION AND INCENTIVE PLANS

10.1 ENTREC's Board of Directors has identified a group of senior Management personnel (the "**Key Employees**") who are critical to the Applicants' restructuring efforts, supporting the SISP and managing the day-to-day operations.

10.2 In order to retain and incentivize the Key Employees as full-time employees, ENTREC has developed the KERP/KEIP.

10.3 Under the provisions of the KERP, each of the Key Employees will receive a set amount, payable on the earlier of:

a) the closing of a sale transaction under the proposed SISP;
b) the termination of the CCAA Proceedings; or
c) August 30, 2020 or September 30, 2020, depending on the Key Employee.

10.4 The maximum aggregate amount of payments under the KERP is $670,000 for five Key Employees, which represents approximately 5 to 8 months of additional salary for each individual.

10.5 Key Employees may also be entitled to an additional payment under the KEIP. The quantum of entitlements under the KEIP for each Key Employee is tied to: (i) a percentage of the total value of potential transactions flowing from the SISP, subject to certain thresholds and exceptions, and/or (ii) the success of pre-filing accounts receivable collection efforts.

10.6 The KERP/KEIP was developed by ENTREC in consultation with the Monitor and the Syndicate, and their advisors, and is supported by the Syndicate.

10.7 The Monitor is of the view that the KERP/KEIP is reasonable and appropriate in the circumstances for the following reasons:

a) it will provide stability to the business and provides continuity of leadership and knowledge during the pendency of the CCAA Proceedings by encouraging senior Management to remain with ENTREC for a reasonable period of time;
b) the Key Employees are critical to efficient and cost-effective execution of the SISP and their participation should enhance or maximize realizations for the benefit of stakeholders;
c) identifying replacement management with the requisite sector experience and knowledge of the underlying business is not practical in the short term;
d) certain Key Employees have indicated that they would consider alternative employment opportunities should there not be any material retention payment amounts made available;

e) the number of Key Employees is proportionately reasonable to the size and nature of the business and the milestones are consistent with the timeline set out in the SISP;

f) the Monitor considered the proposed KERP/KEIP terms with those in other recent CCAA proceedings and is satisfied that the quantum of the KERP payments and the terms of the KEIP are commercially reasonable and are not ‘off-market’ in the circumstances; and

g) the KERP/KEIP has been approved by the Company’s Board of Directors and the Syndicate is also in support of the terms of the proposed KERP/KEIP.

10.8 The May 21 Application provides for a charge in an amount not to exceed $1.5 million (the “**KERP/KEIP Charge**”) in favour of the Key Employees as security for all amounts becoming payable under the KERP/KEIP. The KERP/KEIP Charge is to rank in priority to all other encumbrances except for the Administration Charge and the Directors’ Charge.

10.9 The details of the KERP/KEIP have been provided to this Honourable Court subject to a sealing request.

11.0 PRIORITY OF COURT-ORDERED CHARGES

11.1 The May 21 Application provides for five Court-ordered charges with priority of each charge being as follows:

a) First – Administration Charge to a maximum of $750,000;

b) Second – Directors’ Charge to a maximum of $1.5 million;

c) Third – KERP/KEIP Charge to a maximum of $1.5 million as described in section 10.8 of this report;

d) Fourth – Sales Agent Charge to a maximum of $1.0 million as described in section 6.7 and 6.10 of this report; and

e) Fifth – Interim Lender’s Charge, subject to the Carve Out.

11.2 Additional details in respect of the Administration Charge and the Directors’ Charge are provided in the Pre-filing Report.

12.0 OTHER MATTERS

Employee Terminations or Temporary Layoffs

12.1 In accordance with the Initial Order, five employees in the shared services group were provided with notice of temporary lay-off to take effect on May 31, 2020 by the Applicants. The decision was made by Management to lay-off the employees in consideration of current business levels.

Sale of Redundant Assets

12.2 The Initial Order provides that any disposition of redundant and non-material assets (the "**Non-Core Assets**") would be limited to $500,000 in any one transaction or $1.0 million in the aggregate.

12.3 The Applicants have identified certain Non-Core Assets which are either non-essential to the core business or are currently located in remote locations where no active business operations are being conducted, including real property, cranes and various other equipment. The Applicants expect to receive offer(s) that may exceed $500,000 in a single transaction and $1.0 million in aggregate. Accordingly, the Applicants are requesting to increase the limits to $1.1 million for any single transaction and $5.0 million in the aggregate for sale of Non-Core Assets without requiring Court approval.

12.4 The Monitor is of the view that the sale of such Non-Core Assets is in the best interests of ENTREC's stakeholders as it potentially generates immediate paydown of secured debt without any adverse impact on the Applicants' ability to conduct ongoing business operations or the proposed SISP. The potential sale of these identified Non-Core Assets is also supported by the Syndicate and the proceeds from the sale will be used to reduce the ABL Facility in accordance with the terms of the Interim Facility.

13.0 EXTENSION OF STAY OF PROCEEDINGS

13.1 Pursuant to the Initial Order, the Stay Period will expire on May 25, 2020. The Applicants are seeking an extension of the Stay Period to August 7, 2020.

13.2 The Monitor supports extending the Stay Period to August 7, 2020 for the following reasons:

a) during the proposed extension of the Stay Period, the Applicants will have an opportunity to engage in the SISP with a view to advancing a transaction(s) with a potential purchaser or alternatively, an investor in the Applicants' respective businesses, that can be presented to this Honourable Court in due course;
b) with the Interim Facility, 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
d) the Applicants have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order.

14.0 RECOMMENDATIONS

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

a) authorization to commence and conduct the SISP, and retain the Sales Agents;

b) the Sales Agent Charge of $1.0 million;

c) the increase to the borrowing limit under the Interim Facility to $30.0 million;

d) the KERP/KEIP Charge of $1.5 million;

e) the sealing of the Sales Agent Engagement Letters and the KERP/KEIP details;

f) the increase to the sale transaction limits for Non-Core Assets to $1.1 million for single transactions and $5.0 million in aggregate; and

g) the extension of the Stay Period to August 7, 2020.

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All of which is respectfully submitted to this Honourable Court this 21st day of May, 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