

COURT FILE NUMBER

Q.B. No. 872 of 2020

COURT

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE

SASKATOON

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF 10100090 SASKATCHEWAN
LTD.

DOCUMENT

TRUSTEE'S ADDENDUM TO THE FIRST REPORT
TO COURT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

TRUSTEE

The Bowra Group Inc.
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No other form of service will be accepted**

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PURPOSE OF REPORT

1. On June 26, 2020, 101100090 Saskatchewan Ltd. o/a Kolibab Mechanical (the “**Company**”) filed a Notice of Intention to make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*. The Bowra Group Inc. (the “**Proposal Trustee**”) consented to act as Licensed Insolvency Trustee in the Proposal proceedings.
2. This report should be read in conjunction with the Trustee’s First Report to Court (the “**First Report**”) dated July 20, 2020.
3. We write this report to provide this Honorable Court with an update on the Company’s progress on filing a Proposal and to request that this Honorable Court approve an interim financing charge and administration charge.

INTERIM FINANCING CHARGE

4. We understand the Company intends to issue two Promissory Notes, each in the amount of \$75,000, to two private lenders for interim financing to be used in the proposal proceedings for ongoing operations and critical expenses (the “**Interim Financing**”) in accordance with the Company’s cash flow statements. The Company is seeking an interim financing charge in second priority over the Company’s assets in the amount of \$150,000 (the “**Interim Financing Charge**”).
5. The Company’s management has prepared projected cash flow for the period of June 27, 2020, to September 19, 2020, appended to the First Report, which contemplates the \$150,000 of Interim Financing.
6. Further to the Company’s projected cash flow, we are of the opinion the Interim Financing is necessary for the Company to be able to continue to operate and restructure under these Proposal proceedings.
7. We understand the priority of the Interim Financing Charge in respect of the security held by Affinity Credit Union, the Company’s first secured lender, will be deferred to a subsequent application.
8. Based on our preliminary review of the Company’s assets, we believe the second and third secured creditors would likely suffer complete losses on their loans in the event of a bankruptcy or receivership.

9. We are therefore of the opinion that the Interim Financing is essential for the Company to be able to continue operations and restructure their financial affairs which in turn increases and ameliorates future recovery for the secured creditors.

ADMINISTRATION CHARGE

10. In order to develop and present a viable proposal to its creditors, the Company requires insolvency counsel and the services of a Proposal Trustee.
11. Given the Company's existing secured debt and the nature and estimated value of the Company's assets, a first-ranking administration charge of \$50,000 is being sought to secure professional fees in these Proposal proceedings (the "**Administration Charge**").
12. We are of the opinion that the Administration Charge is crucial to secure the professional fees which will be incurred during the performance phase of the Proposal, if accepted.

CONCLUSION

13. The Proposal Trustee is of the opinion:
- a. The Interim Financing Charge is required for the Company to be able to continue operations and formulate a Proposal to its creditors;
 - b. The Administration Charge is necessary to secure professional fees of the Company's legal counsel and the Proposal Trustee for crucial services provided during these Proposal proceedings; and,
 - c. No creditor will be materially prejudiced by the Interim Financing Charge and Administration Charge.

All of which is respectfully submitted this 22nd day of July 2020.

The Bowra Group Inc.

Licensed Insolvency Trustee in the Matter of the Notice of Intention to File a Proposal for 101100090 Saskatchewan Ltd.

Per: 

Kristin Gray, CPA, CA, CIRP, LIT