

COURT FILE NO. 24-2823737, 24-2823718, 24-2823740  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE EDMONTON



IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF 3MK ENERGY SERVICES LTD., CLL CAPITAL CORP.  
AND LAST CHANCE TRUCKING (1995) LTD.

DOCUMENT **SUPPLEMENT TO THE FIRST REPORT OF MNP LTD., PROPOSAL TRUSTEE**

DATE MAY 24, 2022

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## INTRODUCTION

1. On April 21, 2022, CLL Capital Corp. (“**CLL**”), Last Chance Trucking (1995) Ltd. (“**LCT**”) and 3MK Energy Services Ltd. (“**3MK**”), collectively as the “**Companies**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to the *Bankruptcy and Insolvency Act* (“**BIA**”) and MNP Ltd. consented to act as proposal trustee (the “**Proposal Trustee**”).
2. This is the Supplement to the Proposal Trustee’s first report to the Court of Queen’s Bench of Alberta (the “**Court**”) (the “**Supplemental Report**”) and it should be read in conjunction with the Proposal Trustee’s First Report to Court (the “**First Report**”) dated May 19, 2022.
3. All capitalized terms not defined in the Supplemental Report are as defined in the First Report.
4. A copy of the Supplemental Report and other relevant documents in the Companies restructuring proceedings will also be available on the Proposal Trustee’s website at <https://mnpdebt.ca/en/corporate/corporate-engagements/ctl-capital-corp>.

## RESTRICTIONS AND LIMITATIONS

5. In preparing its Supplemental Report, the Proposal Trustee has relied upon unaudited financial information, the Companies records, financial information, and discussions with the Companies’ management. While the Proposal Trustee reviewed various documents provided by the Companies and believes that the information therein provides a fair summary of the transactions and material, as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness, or compliance with Generally Accepted Accounting Principles (“**GAAP**”), International Financial Reporting Standards (“**IFRS**”), or Generally Accepted Auditing Standards (“**GAAS**”). Accordingly, the Proposal Trustee expresses no opinion or other form of assurance pursuant to GAAP, IFRS or GAAS with respect to such information.
6. The Supplemental Report has been prepared for the purpose described below. Accordingly, the reader is cautioned that the Supplemental Report may not be appropriate for any other purpose. The Proposal Trustee will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of the Supplemental Report contrary to the provisions of this paragraph.
7. All amounts included herein are in Canadian dollars unless otherwise stated.

## PURPOSE OF THE REPORT

8. The purpose of the Supplemental Report is to provide the Court and other interested parties with
  - a. The Proposal Trustee’s comments as to the reasonableness of the proposed sale by the Companies of its assets by way of auction by Ritchie Brothers Auctioneers (“**Ritchie Brothers**”) as well as a private sale to IHD Energy Services Ltd. (“**IHD**”); and,
  - b. The Proposal Trustee’s comments with respect to an extension of the time period for the Companies to file their proposal until July 10, 2022 (the “**Extension Period**”).

## PROPOSED SALE OF ASSETS

9. As noted in the First Report, the Companies solicited proposals from seven auction companies and obtained auction proposals from each of:
  - a. Team Auctions (aka Sekura Auctions Ltd.) (“**Team**”);
  - b. Ritchie Brothers;
  - c. GD Auctions & Appraisals Inc. (“**GD**”);,
  - d. Maynards Industries Canada Ltd. (“**Maynards**”); and,
  - e. Infinity Asset Solutions Inc. and Joiner Sales Corp. (“**Joiner**”);(the “**Auction Proposals**”)
10. The Companies also received private offers to purchase certain of its higher valued pieces of equipment, one such offer which was from IHD (the “**IHD Offer**”). The IHD Offer is discussed in more detail below.
11. The Companies have reviewed each of the private sales and the auction proposals in conjunction with the Proposal Trustee and based on a review of the information provided:
  - a. The process leading up to the proposed sales was approved by the Proposal Trustee and was reasonable in the circumstances;
  - b. The Companies and the Proposal Trustee determined that completing the Ritchie Brothers net minimum guarantee (“**NMG**”) auction in conjunction with the IHD Offer provided for the highest potential realizable value in respect of the Companies’ assets and is reasonable and fair taking into consideration their market value;
  - c. The Ritchie Brothers NMG auction and the IHD Offer are more beneficial to the creditors than a sale or disposition in a bankruptcy scenario; and,
  - d. The Ritchie Brothers auction will take place in or around the end of June 2022 thereby negating the requirement for the Companies to incur additional storage, insurance or other holding costs in relation to its assets beyond that timeframe;
12. As mentioned above, one exception to the Ritchie Brothers auction is the IHD Offer. The IHD Offer, in part, considers the purchase of two fracking ponds owned by the Companies which are currently located in a rural area and being utilized by two of its customers. The Companies have advised that the cost to empty and dispose of the contaminants, dismantle, and move the fracking ponds would be significant given their location and size. Ritchie Brothers has confirmed to the Companies that given the specialized nature of the assets, there would be a limited pool of buyers and therefore it did not anticipate that the sale of these assets by auction would drive significant value.
13. The IHD Offer also includes certain other assets, including equipment, which is required to operate/move the fracking ponds.

14. Based on a review of the IHD Offer, and after determining that the net effect of proceeding with the IHD offer is more beneficial than including those assets in the NMG auction, the Trustee is of the belief that acceptance of the IHD Offer is reasonable and appropriate in the circumstances.
15. Further, the Proposal Trustee believes that the combination of the Ritchie Brothers NMG auction and the IHD Offer will provide a level of certainty to the Companies creditors as to the realizable value of the assets and, if successful, will establish whether the Companies will be in a position to make a proposal to their unsecured creditors.
16. Upon completion of the sale to IHD and the Ritchie Brothers auction all assets of the Companies will have been liquidated except for the accounts receivable, which the Companies continue to work to collect.
17. A copy of the IHD Offer is attached as confidential Exhibit A to the Affidavit of Robert Lloyd dated May 12, 2022 filed in these proceedings.
18. A copy of the Ritchie Brothers auction proposal is attached as confidential Exhibit A to the Affidavit of Robert Lloyd dated May 20, 2022 filed in support of this application.

#### **REQUEST FOR EXTENSION**

19. Pursuant to the BIA and following the recent extension granted by the Court, the Companies must file a Proposal no later than May 26, 2022 unless a further extension is granted.
20. Since the date of the NOI the Companies have been taking steps towards its restructuring efforts including:
  - a. Meeting with the Proposal Trustee and assisting in developing Cash Flow Statement;
  - b. Soliciting offers and proposals in relation to the sale of its assets from both private purchasers and public auction companies;
  - c. Meeting with the Proposal Trustee with respect to proposed sales of assets, including both private and public sales; and,
  - d. Corresponding with CWB and answering its questions with respect to the NOI process and proposed asset sales.
21. The Proposal Trustee is of the view that the Extension Period will allow the Companies to accept and engage in the closing of sales, both the private and public as set out herein, will preserve the value of the Companies and its assets for the creditors, and more generally, is in the best interests of all of the Companies' stakeholders. Additionally, upon liquidation of the Companies' assets, the Companies will be in a better position to determine the terms of its proposal to its creditors.

#### **CONCLUSIONS AND RECOMMENDATIONS**


22. The Proposal Trustee is of the view that additional time will provide the Companies with the ability to maximize the sale of its assets which a view of maximizing the return to the Companies creditors. In addition:

- a. The Proposal Trustee believes the Companies will likely be able to make a viable proposal if an extension of time for the Companies to file a proposal is granted;
- b. The Proposal Trustee is of the view that the Companies are acting in good faith and with due diligence in taking steps to resolve any outstanding issues and claims of creditors in order that it might be in a position to make a proposal to its creditors; and,
- c. The Proposal Trustee does not believe that any creditor would be materially prejudiced if an extension of time for the Companies to file a proposal is granted.

All of which is respectfully submitted this 24<sup>th</sup> day of May 2022.

**MNP Ltd.** in its capacity as Proposal Trustee in the  
Notice of Intention to Make a Proposal of  
**CLL Capital Corp., 3MK Energy Services Ltd.  
and Last Chance Trucking (1995) Ltd.**  
and not in its personal capacity

For:



Per:

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Victor P. Kroeger CPA, CA, LIT, CIRP, CFE  
Senior Vice President