

Clerk's stamp:

Court File Number	1301-04364
Court	COURT OF QUEEN'S BENCH OF ALBERTA
Judicial Centre	CALGARY
Applicants	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF POSEIDON CONCEPTS CORP., POSEIDON CONCEPTS LTD., POSEIDON CONCEPTS LIMITED PARTNERSHIP AND POSEIDON CONCEPTS INC.
Document	EIGHTEENTH REPORT TO THE COURT SUBMITTED BY PRICEWATERHOUSECOOPERS INC. IN ITS CAPACITY AS MONITOR DATED May 26, 2014

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**POSEIDON CONCEPTS CORP. ET AL
MONITOR'S EIGHTEENTH REPORT TO COURT**

May 26, 2014

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1. INTRODUCTION

- 1.1 On April 9, 2013, on the application of Poseidon Concepts Corp. ("PCC"), Poseidon Concepts Ltd. ("PCL"), Poseidon Concepts Limited Partnership ("PCLP") and Poseidon Concepts Inc. ("PCI") (collectively referred to as "Poseidon" or the "Company"), the Court of Queen's Bench of Alberta (the "Canadian Court") made an order (the "Initial Order") granting Poseidon protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA"). Under the Initial Order, PricewaterhouseCoopers Inc. ("PwC") was appointed monitor of the Company (the "Monitor").
- 1.2 Subsequently, a recognition order was granted by the U.S. Bankruptcy Court (the "U.S. Court") under Chapter 15 of the U.S. Bankruptcy Code recognizing Canada as the foreign main proceeding.
- 1.3 Pursuant to the Initial Order, among other things, all creditors were stayed from commencing or continuing any proceedings against Poseidon until May 9, 2013. Subsequent orders were granted by the Court extending the stay of proceedings to May 30, 2014.
- 1.4 The Monitor has issued seventeen reports to date, two of which are unfiled confidential reports (the Sixth and Eleventh Reports). Copies of the filed reports are available from the Monitor's website, www.pwc.com/car-poseidon. All prescribed materials filed by Poseidon and the Monitor relating to this CCAA proceeding are available to creditors and other interested parties in electronic format on the Monitor's website. The Monitor will make regular updates to the website to ensure creditors and interested parties are kept current and to add prescribed materials as required.
- 1.5 This is the Monitor's Eighteenth Report to the Court.
- 1.6 The purpose of this report is to advise the Court of the following:
 - 1.6.1 The status of the Mediation Process;
 - 1.6.2 The results of the Canadian Possessory Lien Claims Process;
 - 1.6.3 The status of the U.S. Claims Process and ongoing settlement discussions between the Lending Syndicate and 10 U.S. lien claimants;

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- 1.6.4 A proposed CCAA Claims Process;
 - 1.6.5 A proposed discharge of the Directors' Charge and Interim Financing Charge;
and,
 - 1.6.6 The Monitor's request for an extension of the Stay of Proceedings to October 31,
2014.
- 1.7 Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

2. STATUS OF THE MEDIATION PROCESS

- 2.1 On October 11, 2013, this Court granted an Order (the "Mediation Order") approving a mediation process to address any claims, rights, obligations, or disputes resulting from, relating to, or with respect to the preparation, review, audit and restatement of Poseidon's financial statements and any other related matters (the "Mediation").
- 2.2 The Mediation was conducted by the Honourable George W. Adams, Q.C. and held in Calgary, Alberta on April 23, 24 and 25, 2014. Many of the details concerning the mediation are agreed to be confidential and without prejudice and are not commented upon here.
- 2.3 The Mediation sessions were attended by over 70 representatives.
- 2.4 At the close of the Mediation, negotiations between certain of the parties continued without the involvement of the Mediator. Negotiations continue to the date of this report and the Monitor is of the view that the parties are close to reaching an agreement to conclude a transaction that would result in a Plan of Compromise (the "Plan").
- 2.5 In accordance with the Mediation Order, the particulars of this framework and potential transaction remain on a without prejudice basis and, therefore, cannot be disclosed at this time; however, the Monitor notes that the potential settlement proceeds will not be sufficient enough to pay the claims of the secured and unsecured creditors in full.

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- 2.6 Accordingly, the Monitor is of the view that an extension to the Stay of Proceedings is appropriate in order to finalize a settlement and potentially move towards submitting a Plan to the Company's creditors.

3. RESULTS OF CANADIAN POSSESSORY LIEN CLAIMS PROCESS

- 3.1 On September 12, 2013, this Court issued an Order (the "Possessory Lien Claims Process Order") approving a Canadian Possessory Lien Claims Process (as defined in that Order) to identify any obligations and liabilities which may have been incurred by the Company in Canada, that are subject to claims by creditors who were in possession of Poseidon assets and claimed a possessory lien at the time of the closing of the sale of the Company's assets to Rockwater.

- 3.2 The following timeline for the claims process was approved by the Court.

Mailing of Creditor Packages	September 17, 2013
Newspaper Publication	September 18/19, 2013
Claims Bar Date	October 17, 2013
Notice of Acceptance, Revision or Disallowance	November 6, 2013
Creditor dispute of Revision or Disallowance	November 20, 2013
File and serve Court application to resolve any disputes	December 5, 2013

- 3.3 In accordance with the Possessory Lien Claims Process Order, the Monitor confirms that:

3.3.1 Creditor packages were mailed to all know creditors on September 17, 2013. In addition, the Monitor posted a copy of the creditor package on the Monitor's CCAA website;

3.3.2 Advertisements were placed in the Calgary Herald and Edmonton Journal on September 18 and 19, 2013; and,

3.3.3 Notices of allowance and notices of disallowance (as appropriate) in respect of each creditor's proof of claim were sent to those creditors on November 6, 2013.

- 3.4 The table below summarizes the results of the Possessory Lien Claims Process.

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<u>Type of Creditor</u>	<u>Total Claims Filed \$</u>	<u>Number of Claimants</u>
CDN possessory lien claimant (1)	2,011,041.58	1
CDN possessory lien claimant	268,838.24	2
CDN unsecured creditor	124,778.80	1
US possessory lien claimant	43,333.32	1
US unsecured creditor	336,935.19	4
	2,784,927.13	9

(1) Assets not sold to Rockwater, therefore cannot claim against sales proceeds

- 3.5 All claimants were issued notices of disallowance for the full amount of their claims. Three notices of dispute were received from claimants in response to the Monitor's notice of disallowance, one of which was withdrawn by a claimant totalling approximately \$2.01 million (noted above).
- 3.6 Set out below is a summary of the two claimants who disputed the Monitor's notice of disallowance.
- 3.6.1 Drift Production Services Ltd. ("Drift") - on October 15, 2013, Drift filed a claim in the amount of \$250,224.36.
- 3.6.2 Trident Oilfield Services Ltd. ("Trident") - on September 24, 2013, Trident filed a claim in the amount of \$18,613.88.
- 3.7 The reasons for the Monitor's disallowance of the claims of Drift and Trident were:
- 3.7.1 Failure to establish that the services provided enhanced the value of the assets in their possession;
- 3.7.2 Failure to establish that the services provided relate specifically to the assets in their possession; and,
- 3.7.3 Storage charges claimed were not supported by a storage contract.
- 3.8 On December 5, 2013 an application was filed with the Court for a hearing on the notices of dispute. The hearing was set for December 13, 2013 and subsequently adjourned to January 22, 2014.

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- 3.9 The Monitor provided copies of the lien claims filed by Drift and Trident to the Lending Syndicate as well as a copy of the Monitor's Notices of Disallowance. As the Monitor was of the view that this is an inter-creditor dispute and to avoid duplication of costs (i.e. the Monitor's counsel, the Lending Syndicate's counsel and the two lien claimants), the Monitor suggested that the Lending Syndicate's legal counsel contact Drift and Trident in order to seek a consensual resolution of these lien claims.
- 3.10 In order to allow further time for the Lending Syndicate and the two claimants to negotiate a settlement, the January 22nd hearing was adjourned sine die.
- 3.11 We understand the Lending Syndicate has now consensually resolved the claims of Drift and Trident and they are withdrawing any claim in priority to the Lending Syndicate.
- 3.12 The Lending Syndicate has requested that the amounts reserved for Canadian Possessory Lien claims, described in the Monitor's Thirteenth Report, be released and that a portion of those funds be distributed to the Lending Syndicate in partial repayment of amounts owed to the Lending Syndicate.
- 3.13 The proposed amount to be distributed to the Lending Syndicate by the Monitor, totaling \$102,000, will be considered as a partial but permanent reduction of the Lending Syndicate's secured claim.

4. STATUS OF THE U.S. CLAIMS PROCESS

- 4.1 On June 27, 2013, the Monitor applied to the U.S. Court for a claims process for U.S. creditors of the Company (the "U.S. Claims Process") and the U.S. Court granted an order setting a bar date for the filing of proofs of claim of August 22, 2013 (the "U.S. Claims Bar Date"). We note that this was a general claims process, not a specific claims process for certain types of claims (i.e. a possessory lien claims process).
- 4.2 Set out below is a summary of the 67 claims filed (in USD) with the U.S. Bankruptcy Court as at the U.S. Claims Bar Date.

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<u>Type of Creditor</u>	<u>Total Claims Filed \$</u>	<u>Number of Claimants</u>
Possessory lien claimants	1,946,335.18	10
Secured	48,299,519.33	1
Unsecured	3,894,729.43	40
Contingent/Unliquidated	75,000,001.00	12
Late Filing	48,848.79	4
	129,189,433.73	67

- 4.3 As the Lending Syndicate will suffer a shortfall in respect of its secured claim on the direct assets of Poseidon (i.e. accounts receivable, proceeds on the assets sold to Rockwater etc.), there will be no distribution to Poseidon's unsecured creditors from recoveries on the direct assets.
- 4.4 Accordingly, the Monitor reviewed the claims filed by U.S. creditors to determine which claims would likely rank in priority to the secured claim of the Lending Syndicate (i.e. possessory liens), subject to a determination as to their validity in accordance with applicable state lien laws.
- 4.5 Set out below is a summary of the 10 U.S. possessory lien claims filed (in USD) which may rank (in whole or in part) in priority to the security of the Lending Syndicate.

	\$
Tanks-A-Lot Inc.	543,330.00
King Oilfield Services LLP	524,029.23
Rawx Inc.	494,788.65
Valley View Crane	124,000.00
Bighorn Construction & Reclamation Inc.	84,887.81
Mountain Man Welding & Fabrication Inc.	67,716.17
KCK Transport Inc.	55,250.00
Denco LLP	43,333.32
Riley Boyz Crane Repair & Rental	4,800.00
Gary Costello	4,200.00
	1,946,335.18

- 4.6 We understand that creditors in U.S. bankruptcy proceedings have the ability to challenge, in court, any claim filed by another creditor.

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- 4.7 Accordingly, the Monitor provided counsel to the Lending Syndicate with copies of the proofs of claim of those 10 creditors who claimed a possessory lien.
- 4.8 As with the Canadian lien claimants, the Lending Syndicate's legal counsel has contacted each U.S. lien claimant, most of whom are represented by legal counsel, in order to seek a consensual resolution of their claim.
- 4.9 The Monitor is awaiting the results of discussions and whether a consensual resolution can be achieved between the 10 U.S. lien claimants and the Lending Syndicate.
- 4.10 With respect to the balance of the U.S. claims filed with the U.S. Bankruptcy Court by the U.S. claims bar date (i.e. unsecured claims), the Monitor anticipates running a similar process for the acceptance, revision or disallowance of claims noted in paragraphs 5.3.6 – 5.3.9 below as a result of the potential of a mediation settlement and the filing of a Plan.

5. PROPOSED CCAA CLAIMS PROCESS

- 5.1 In anticipation of a positive outcome from the Mediation Process which could ultimately result in a Plan, the Monitor is seeking an Order (the "Claims Procedure Order") to establish a process (the "Claims Procedure") for determining the claims of the Company's Canadian creditors and other non-U.S./international creditors.
- 5.2 The Monitor notes that a claims process has already been completed in the U.S. through the U.S Bankruptcy Court (as noted in the Monitor's Thirteenth Report) with U.S. creditors and a claims bar date was set for August 22, 2013. Accordingly, the Monitor is not seeking to duplicate the process by including U.S. creditors in this Claims Process, electing to rely on the U.S. claims already filed. **Therefore, U.S. creditors do not need to file a proof of claim.**
- 5.3 In the draft Claims Process Order attached as Appendix A, the Claims Process contemplates the following steps:
 - 5.3.1 A call for Claims with a claims bar date of 5:00 P.M. Mountain Time on July 10, 2014 (the "Claims Bar Date");
 - 5.3.2 The dispatch by the Monitor of a claims package to all known Canadian and non-U.S./international creditors, and those parties included on the service list in

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these proceedings on or before May 30, 2014. Attached as Appendix B is the proposed claims package;

- 5.3.3 Posting of the notice and claims package on the Monitor's website;
- 5.3.4 The publication by the Monitor of a public notice of the Claims Process in the Calgary Herald and Edmonton Journal, for a period of 2 days prior to June 6 2014;
- 5.3.5 Any person who has not submitted a Proof of Claim to the Monitor by the Claims Bar Date or such later date as this Court may order, will be forever barred from making a claim;
- 5.3.6 A review by the Monitor of each proof of claim received by the Claims Bar Date for purposes of accepting, revising, or disallowing the amount claimed in each proof of claim by and providing notice of such acceptance, revision or disallowance to the relevant claimant by no later than July 28, 2014;
- 5.3.7 Claimants will be provided with an opportunity to dispute any revision or disallowance of their claim by the Monitor by providing the Monitor with notice of such dispute within 10 business days of receipt of any notice by the Monitor of a revision or disallowance;
- 5.3.8 After consulting with the Lending Syndicate and such persons as the Monitor may consider appropriate, the Monitor will file and serve an application by no later than August 30, 2014 for a determination of all unresolved claims.
- 5.3.9 Set out below is a summary of the proposed timeline for the claims process.

Mailing of Creditor Packages	May 30, 2014
Newspaper Publication	June 4/5, 2014
Claims Bar Date	July 10, 2014
Notice of Acceptance, Revision or Disallowance	July 28, 2014
Creditor dispute of Revision or Disallowance	August 11, 2014
File and serve Court application to resolve any disputes	August 30, 2014

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6. DISCHARGE OF COURT ORDERED CHARGES

6.1 The Initial CCAA Order authorized a number of charges (the "CCAA Charges") against the Property of the Company. The validity and priority of the CCAA Charges is set out at paragraph 43 as follows in descending priority (all as defined in the Initial CCAA Order):

6.1.1 Administration Charge (to the maximum amount of \$1,000,000);

6.1.2 Directors' Charge (to a maximum amount of \$1,000,000); and,

6.1.3 Interim Lender's Charge.

6.2 We set out below an update with respect to the various CCAA Charges:

6.2.1 Administration Charge

6.2.1.1 The Monitor continues to pay in the normal course the various professional fees of the Monitor, its legal counsel (Canada and US) as well as the Lending Syndicate's counsel incurred in the administration of the CCAA proceedings.

6.2.2 Directors' Charge

6.2.2.1 Pursuant to paragraph 20 of the Initial Order, the Directors' Charge indemnifies the directors and officers against obligations and liabilities that they may incur as directors and officers **after** the commencement of the CCAA proceedings.

6.2.2.2 The Monitor is not aware of any claims made against the two remaining directors or any officers for obligations or liabilities that they may have incurred during the CCAA proceedings. Further, the Monitor understands the two directors resigned upon the granting of the order expanding the Monitor's powers in September 2013.

6.2.2.3 The Monitor notes that all post-filing wages payroll taxes, and sales taxes were paid and no amounts are overdue. Payroll and GST audits were

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conducted by Canada Revenue Agency and they confirmed no amounts were outstanding.

6.2.2.4 In addition, payments under the New Key Employees Retention Plan ("New KERP") are included in the Directors' Charge. All New KERP payment obligations were made to eligible employees in August 2013 upon the cessation of operations and no amounts are outstanding.

6.2.2.5 Accordingly, the Monitor considers it appropriate the Directors' Charge be discharged.

6.2.3 Interim Lender's Charge

6.2.3.1 Pursuant to paragraph 34 of the Initial Order, Century Services L.P. was granted a charge on the property of the Company to secure the interim facility it provided to Poseidon.

6.2.3.2 The interim financing facility was repaid by the Company on June 20, 2013.

6.2.3.3 Accordingly, the Monitor considers it appropriate that the Interim Lender's Charge be discharged.

7. EXTENSION OF THE STAY OF PROCEEDINGS TO OCTOBER 31, 2014

7.1 As discussed above, the Monitor is of the view that as a result of the Mediation Process there is a possibility of circumstances arising which would enable the Monitor to put forward a Plan to the Company's creditors.

7.2 Assuming a settlement is achieved, additional time will be require to complete the following:

7.2.1 The settlement of the U.S. lien claims filed in the U.S. claims process;

7.2.2 The completion of the CCAA Claims Process, with the appropriate allowances for court applications in the event there are notices of dispute filed;

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- 7.2.3 Attend to the other claims filed in the U.S. claims process, including review of the validity of the unsecured claims and notifying U.S. creditors of the same;
 - 7.2.4 The preparation and submission of a Plan to the Company's creditors;
 - 7.2.5 An application for Court approval to hold a meeting of creditors to consider the Plan;
 - 7.2.6 A creditors' meeting to vote on the Plan;
 - 7.2.7 An application for Court approval of the Plan at a Sanction Hearing;
 - 7.2.8 Implementation of the Plan; and,
 - 7.2.9 The discharge of the Monitor.
- 7.3 Notwithstanding that it is expected that this process will take several months to complete, the Monitor wishes to extend the stay of proceedings until October 31, 2014. By this time it is expected that accurate information will be available regarding Poseidon's creditors, and a Plan should be complete or near-completed.

8. REVISED CASH FLOW FORECAST

- 8.1 As a result of the proposed extension of the Stay of Proceedings to October 31, 2014, a revised cash flow forecast has been prepared by the Monitor (as a result of the Order expanding the Monitor's powers) which covers the period from May 30, 2014 to October 31, 2014 (the "May 30, 2014 RCFF"), attached as Appendix C to this report.

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The May 30, 2014 RCFF can be summarized as follows:

	<u>\$ 000's</u>
Other collections	152
Total Receipts	<u>152</u>
Potential priority claim payment	(2,400)
Estimated general and administrative disbursement	(53)
Estimated restructuring costs	(1,848)
Proposed interim distribution to Lending Syndicate	<u>(102)</u>
Total Disbursements	(4,403)
Net Cash Flow for Period	(4,251)
Opening Net Cash Balance	<u>4,251</u>
Closing Net Cash Balance	<u>0</u>

- 8.2 The May 30, 2014 RCFF contains a high-level estimate of the professional fees to be incurred by the Monitor and its counsel and the Lending Syndicate's counsel in respect of the costs of the Mediation Process incurred and outstanding to date, the proposed Claims Procedure as well as preparation of a Plan.
- 8.3 Based on the foregoing, the Monitor considers that the Company's liquidity appears sufficient for the forecast period.
- 8.4 The Monitor's conclusions of the May 30, 2014 RCFF pursuant to section 23 (1)(b) of the CCAA are as follows:
- 8.4.1 The May 30, 2014 RCFF attached as Appendix C to this report has been prepared for the purpose described in the Notes, using the Probable and Hypothetical Assumptions set out in Notes 1 to 4 to the May 30, 2014 RCFF.
- 8.4.2 Nothing has come to our attention that causes us to believe that, in all material respects:
- 8.4.2.1 The Hypothetical Assumptions are not consistent with the purpose of the May 30, 2014 RCFF;

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8.4.2.2 As at the date of this report, the Probable Assumptions are not suitably supported or do not provide a reasonable basis for the May 30, 2014 RCFF, given the Hypothetical Assumptions; or

8.4.2.3 The May 30, 2014 RCFF does not reflect the Probable and Hypothetical Assumptions.

8.5 Since the May 30, 2014 RCFF is based on Assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the May 30, 2014 RCFF will be achieved. The Monitor also expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by it in preparing this report.

8.6 The May 30, 2014 RCFF has been prepared solely for the purpose described in the Notes to the May 30, 2014 RCFF, and readers are cautioned that it may not be appropriate for other purposes.

9. CONCLUSION

9.1 The Monitor requests that the Court approve:

9.1.1 a distribution to the Lending Syndicate in the amount of \$102,000;

9.1.2 a CCAA Claims Process for Canadian and non-U.S./international creditors of Poseidon;

9.1.3 the discharge of the Directors' and Interim Lender's Charge; and

9.1.4 an extension of the Stay of Proceedings to October 31, 2014.

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This report is respectfully submitted this 26th day of May, 2014.

**PricewaterhouseCoopers Inc.
Court Appointed Monitor of
Poseidon Concepts Corp. et al**



Clinton L. T. Roberts, CIRP
Senior Vice President



Sean Fleming, CIRP
Senior Vice President

APPENDIX A

Proposed Claims Process Order

CLERK'S STAMP

COURT FILE NUMBER

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COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

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

AND IN THE MATTER OF POSEIDON
CONCEPTS CORP., POSEIDON CONCEPTS
LTD., POSEIDON CONCEPTS LIMITED
PARTNERSHIP AND POSEIDON CONCEPTS
INC.

DOCUMENT

CLAIMS PROCESS ORDER

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
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4500, 855 – 2nd Street SW
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Attention: Ken Lenz
Telephone No.: (403) 298-3317
Facsimile No.: (403) 265-7219
Client File No.: 11866.66

**DATE ON WHICH ORDER WAS
PRONOUNCED:**

Thursday, May 27, 2014

**LOCATION WHERE ORDER WAS
PRONOUNCED:**

Calgary

**NAME OF JUSTICE
WHO MADE THIS ORDER:**

**Mr. Justice P. R. Jeffrey on the Commercial Duty
List**

UPON the application of the Monitor, PricewaterhouseCoopers Inc. ("PWC") who acts on its own behalf and with enhanced powers to act for the Applicants, Poseidon Concepts Corp., Poseidon Concepts Ltd., Poseidon Concepts Limited Partnership and Poseidon Concepts Inc. ("Poseidon") and the consent of The Toronto-Dominion Bank, as agent for a syndicate comprised of Toronto-Dominion Bank, National Bank of Canada, The Bank of Nova Scotia and HSBC Bank Canada (the "Lending Syndicate"), hearing counsel for the Applicants, the Monitor and the Lending Syndicate; AND UPON having read the Eighteenth Monitor's Report, and the pleadings and proceedings filed in this action;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Time for service of the application for this order is hereby abridged and service is deemed good and sufficient.
2. The following claims process is hereby ordered and approved:
 - a) on or before June 6, 2014, an advertisement shall be published on two different days in each of the *Calgary Herald* and the *Edmonton Journal*, seeking possessory lien claims;
 - b) on or before May 30, 2014, a claims package and Proof of Claim, substantially in the form appended to the Eighteenth Monitor's Report as Appendix "B", along with a copy of this Order (the "Claims Process Order"), will be sent by regular mail to each known Canadian creditor of the Applicant and by courier, facsimile or email to each known non-U.S./international creditor of the Applicant who, in the opinion of the Monitor, may have a claim.
 - c) any person who claims to have a claim shall prepare a Proof of Claim in the form appended to the Eighteenth Monitor's Report as part of Appendix "B", and serve it on the Monitor either in person at PricewaterhouseCoopers Inc., 3100 Suncor Energy Centre 111 - 5 Ave SW Calgary, AB T2P 5L3, Attention: Clinton Roberts, on or before 5:00 p.m. Calgary time, July 10, 2014 (the "Claims Bar Date") or by email or fax as described in the claims package.

- d) any claim not proven in accordance with this procedure by the Claims Bar Date or otherwise allowed by the claims process shall be forever barred, released and extinguished.
 - e) the Monitor shall have until July 28, 2014 to review and the Monitor shall either allow or disallow all or any portion of a Claim, and to communicate any disallowance to a Claim to the Claimant, and such communication will be referred to as a "Notice of Revision or Disallowance". The Notice of Revision or Disallowance shall be final and binding and conclusive unless the provisions of paragraph 2(f) of this Order are fulfilled.
 - f) any Claimant will have ten (10) business days from day of receipt of a Notice of Revision or Disallowance to file and serve on the Monitor's counsel Bennett Jones LLP, 4500 Bankers Hall East, 855 - 2nd Street S.W., Calgary, AB, T2P 4K7, (Email: lenzk@bennettjones.com), Attention: Ken Lenz a Notice of Dispute of the revision or disallowance.
 - g) if necessary, the Monitor shall file and serve an application on or before August 30, 2014 to determine any unresolved disputed claims. Any such application may be adjourned by consent to a convenient time.
 - h) for certainty, nothing in this Order is intended to require filing of a Proof of Claim by United States Creditors, or extend the Claims Bar Date that has already passed in that jurisdiction.
3. The Monitor or the Lending Syndicate may appear for further clarification or amendment of this Claims Process Order.

J.C.C.Q.B.A.

APPENDIX B

Claims Package



May 27, 2014

To: Canadian and Non-U.S./International Creditors of Poseidon Concepts Corp., Poseidon Concepts Ltd., Poseidon Concepts Limited Partnership and Poseidon Concepts Inc.:

Pursuant to a Claims Procedure Order granted by the Court of Queen's Bench of Alberta on May 27, 2014, PricewaterhouseCoopers Inc., in its capacity as Monitor, hereby gives you notice of a claims process for Canadian and non-U.S. creditors of Poseidon.

The highlights of the claims process are as follows:

- The claims process is limited to Canadian and non-U.S./international creditors as a previous claims process was completed for U.S. creditors in August 2013. **U.S. creditors do not need to file a claim;**
- The Claims Bar Date is set at 5:00 P.M. (MDT), July 10, 2014 (the "Claims Bar Date");
- Proofs of claim must be received by PwC by the Claims Bar Date;
- After reviewing the claims received by the Claims Bar Date, the Monitor will issue a notice of acceptance, revision or disallowance of the relevant claims received, by no later than July 28, 2014;
- Claimants who wish to dispute the notice of revision or disallowance of their claim by the Monitor must do so within 10 business days of receipt of the notice of revision or disallowance;
- The Monitor will file and serve an application by no later than August 30, 2014 for a determination of all unresolved, disputed lien claims.

Please find enclosed a copy of the Proof of Claim form. Please note that this form must be returned to the Monitor as outlined in the Form. In addition, please find enclosed an Affidavit of Truth which must be sworn in front of a Commissioner for Oaths (if sworn in Alberta) or a Notary Public (if sworn outside Alberta). The sworn Affidavit of Truth must be returned, with the Proof of Claim form to the Monitor on or before the Claims Bar Date.

A copy of the Claim Procedure Order and claims package are posted on the Monitor's website www.pwc.com/car-poseidon

If you have any question or concerns, please feel free to contact PwC.

PricewaterhouseCoopers Inc.

*PricewaterhouseCoopers Inc.
111 5 Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T: +1 403 509 7500, F: +1 403 781 1825, www.pwc.com/ca*

Affidavit of _____ sworn _____, 2014

Court File No: 1301-04364

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985 c. C-35, AS AMENDED
AND IN THE MATTER OF POSEIDON CONCEPTS CORP., POSEIDON CONCEPTS LTD., POSEIDON CONCEPTS
LIMITED PARTNERSHIP AND POSEIDON CONCEPTS INC. (collectively "Poseidon")

AFFIDAVIT OF TRUTH OF PROOF OF CLAIM

I, _____, of _____, the Claimant
in the attached Proof of Claim, MAKE OATH AND SAY:

1. That Poseidon is justly and truly indebted to the Claimant for services, materials or funds that were
furnished to Poseidon in the sum of \$ _____, as stated in the said Proof of Claim.
2. That the facts and details alleged in the said Proof of Claim are within my own knowledge and are true.

SWORN BEFORE ME at _____)

_____, in the Province of _____)

_____) _____

this ____ day of _____, 2014)

A Commissioner for Oaths in and for
the Province of _____ or Notary Public

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985 c. C-35, AS AMENDED
AND IN THE MATTER OF POSEIDON CONCEPTS CORP., POSEIDON CONCEPTS LTD., POSEIDON CONCEPTS
LIMITED PARTNERSHIP AND POSEIDON CONCEPTS INC. (collectively "Poseidon")

PROOF OF CLAIM
(for Payable Claims as at April 9, 2013)

1. PARTICULARS OF CLAIMANT

1.1. Full Legal Name of Claimant:

1.2. Full Mailing Address of Claimant:

1.3. Contact Information:

1.3.1. Telephone: _____

1.3.2. Fax: _____

1.3.3. Contact Person: _____

1.3.4. Email: _____

2. PROOF OF CLAIM

I, _____, do hereby certify that:

2.1. I am the _____ of the Claimant;

2.2. I have knowledge of all the circumstances connected with the claim referred to below;

2.3. Total Claim: \$ _____ denominated in [] CDN or [] USD or [] other;

2.4. The corporate entity the claim is being made against: _____;

2.5. The dollar amount claimed above is for materials and / or services rendered up to April 9, 2013.

3. NATURE OF CLAIM

(Check and complete appropriate category)

[] A. UNSECURED CLAIM OF \$ _____. That in respect of this debt, no assets of any of the Company are pledged as security.

[] B. SECURED CLAIM OF \$ _____. That in respect of this debt, assets of the Company valued at \$ _____ are pledged to me as security, particulars of which are as follows.

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

4. PARTICULARS OF CLAIM

4.1. Other than already set out herein, the particulars of the undersigned's total Claim are attached.

(Provide all particulars of the claims and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the claims, name of any guarantor which has guaranteed the claims, and amount of invoices, particulars of all credits, discounts etc. claimed, description of security.)

5. FILING OF CLAIM

This Proof of Claim **must be received by the Monitor no later than 5:00 P.M. (Mountain Time) July 10, 2014 (the "Claims Bar Date")**, by email, registered mail, personal delivery or fax transmission at the following address:

5.1. Email

PricewaterhouseCoopers Inc.
Attention: Sean Fleming
Email: sean.e.fleming@ca.pwc.com

5.2. Registered Mail or Personal Delivery

PricewaterhouseCoopers Inc.
111 – 5 Avenue S.W., Suite 3100
Calgary, Alberta
T2P 5L3
Attention: Clinton Roberts

5.3. Fax

Attention: Sean Fleming
Fax No.: 780.441.6776

U.S. CREDITORS DO NOT NEED TO FILE A PROOF OF CLAIM AS A U.S. CLAIMS PROCESS WAS PREVIOUSLY CONDUCTED IN AUGUST 2013.

Failure to file your Proof of Claim by the Claims Bar Date will result in your claim being forever barred and extinguished.

Dated at _____ this _____ day of _____, 2014

(Claimant)

Per: _____ (Name)

(Signature)

APPENDIX C

May 30, 2014 Revised Cash Flow Forecast

(000's) CDN	Forecast												
	Week 1 7-Jun-14	Week 2-3 21-Jun-14	Week 4-5 5-Jul-14	Week 6-7 19-Jul-14	Week 8-9 2-Aug-14	Week 10-11 16-Aug-14	Week 12-13 30-Aug-14	Week 14-15 13-Sep-14	Week 16-17 27-Sep-14	Week 18-19 11-Oct-14	Week 20-21 31-Oct-14	Total	
WEEKLY NET CHANGE IN CASH													
Total AR Collections and Other	-	-	-	-	152	-	-	-	-	-	-	152	
Asset Sale Proceeds Transferred from Monitor	-	-	-	-	-	-	-	-	-	-	-	-	
Draw on Interim Financing Facility	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL RECEIPTS	-	-	-	-	152	-	-	-	-	-	-	152	
Disbursements													
Potential Priority Claim Payments				2,400	-	-	-	-	-	-	-	2,400	
Interim Distribution to Lending Syndicate	102											102	
Total G&A Disbursements	5	3	13	2	5	8	5	1	5	1	5	53	
TOTAL DISBURSEMENTS	107	3	13	2,402	5	8	5	1	5	1	5	2,555	
NET CHANGE IN CASH FROM OPERATIONS	(107)	(3)	(13)	(2,402)	147	(8)	(5)	(1)	(5)	(1)	(5)	(2,403)	
Total Restructuring Costs	1,000	138	-	185	-	175	-	175	-	175	-	1,848	
NET CHANGE IN CASH	(1,107)	(141)	(13)	(2,587)	147	(183)	(5)	(176)	(5)	(176)	(5)	(4,251)	
CUMULATIVE NET CHANGE IN CASH													
Net change in cash	(1,107)	(141)	(13)	(2,587)	147	(183)	(5)	(176)	(5)	(176)	(5)	(4,251)	
Opening Cash Position	4,251	3,144	3,003	2,990	403	550	367	362	186	181	5	4,251	
Foreign Exchange Gain(Loss)	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL ENDING CASH	3,144	3,003	2,990	403	550	367	362	186	181	5	0	0	

NOTES

The Monitor, on behalf of Poseidon Concepts, has prepared this Cash Flow Projection based on the probable and hypothetical assumptions noted below. Consequently actual cash flow will likely vary from this projection with such variance being material.

1. The potential priority claim payments represent a provision for the full amount of the U.S. lien claims filed as well as a secured claim of the IRS in respect of 2012 withholding taxes, both converted to \$CDN. The amount payable to the U.S. lien claimants could be lower subject to the results of the Lending Syndicate's discussions with these lien claimants.
2. G&A disbursements include certain costs for data capture and preservation of records as well as costs of former employees retained by the Monitor on a contract basis to assist with the administration of the CCAA proceedings. Restructuring costs include the professional fees of the Monitor and the Monitor's legal counsel (Canada and U.S.), counsel for the Lending Syndicate (including outstanding professional fees to date incurred in respect of the Mediation process).
3. Poseidon applied for approximately \$1.6 million in U.S. sales tax refunds from various states. To date, approximately \$300,000 has been received. The Monitor anticipates additional refunds, although their timing and quantum is uncertain. The Monitor anticipates receipt of a refund from the State of Texas in the amount of \$152,000 and is reflected above. However, the balance of further amounts that could be received has not been reflected in these cash flows.
4. As noted in the Monitor's report, the Monitor believes there is agreement among some of the participants of the Mediation to conclude a transaction that could result in the receipt of settlement proceeds and a Plan of Compromise. However, as a settlement has not been finalized at this time, and the preliminary results of the Mediation remains confidential, the Monitor has not reflected the anticipated settlement proceeds in these cash flow projections.