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CALGARY, ALBERTA

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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 TWENTY-FOURTH REPORT TO THE COURT SUBMITTED BY
PRICEWATERHOUSECOOPERS INC. IN ITS
CAPACITY AS MONITOR
DATED May 21, 2015

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**POSEIDON CONCEPTS CORP. ET AL
MONITOR'S TWENTY-FOURTH REPORT TO COURT**

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1. INTRODUCTION

- 1.1 On April 9, 2013, on the application of Poseidon Concepts Corp., Poseidon Concepts Ltd., Poseidon Concepts Limited Partnership and Poseidon Concepts Inc. (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 29, 2015.
- 1.4 The Monitor has issued twenty-three 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 Twenty-Fourth 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 settlement of the U.S. lien claims;
 - 1.6.2 The status of the U.S. Claims Process;
 - 1.6.3 The status of the Mediation Process; and

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- 1.6.4 The Monitor's request for an extension of the Stay of Proceedings to July 31, 2015.
- 1.7 Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

2. STATUS OF THE U.S. LIEN CLAIMS

- 2.1 In the Monitor's Twentieth-Third Report, the Monitor updated the Court on the status of the U.S. lien claims filed in the U.S. Claims Process advising that the Lending Syndicate had settled with 6 of the 7 U.S. lien claimants, all of which were approved by the U.S. Court.
- 2.2 The remaining U.S lien claimant is Rawx Inc. ("Rawx"). Rawx has asserted a lien claim totaling US\$494,788.65. We understand that settlement discussions continue between the Lending Syndicate and Rawx since the last report, but in the event a consensual resolution cannot be reached in the near future, the matter will be litigated.
- 2.3 The Monitor confirms that the full amount claimed by Rawx, totaling US\$494,788.65, continues to be held in trust by the Monitor pending either settlement of the claim or a determination of the validity of the claim by the U.S. Court.

3. STATUS OF THE U.S. CLAIMS PROCESS

- 3.1 As noted in the Monitor's Tenth Report dated August 9, 2013, 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"). The U.S. Court granted an order setting a bar date for the filing of proofs of claim of August 22, 2013.
- 3.2 Pursuant to the order, the Monitor's U.S. legal counsel immediately served notice of the U.S. Bar Date Order to all known U.S. creditors and interested parties, along with a proof of claim form.
- 3.3 In light of the possibility of the Monitor putting forward a Plan of Compromise (discussed below), there are a number of claims filed in the U.S. Claims Process that the Monitor disputes.

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- 3.4 Accordingly, on March 24, 2015, the Monitor filed a motion with the U.S. Court seeking approval of a claims process by which objections to disputed claims filed in the U.S. Proceedings can be filed by the Monitor and litigated pursuant to the U.S. Bankruptcy Code and the U.S. Rules of Bankruptcy Procedure.
- 3.5 No objections to the Monitor's motion were filed by the April 17, 2015 objection date and on April 28, 2015 the U.S. Court granted the Claims Procedures Order. Attached as Appendix "A" are copies of the motion material and Claims Procedures Order granted on April 28, 2015.
- 3.6 The Monitor is currently reviewing the claims filed in the U.S. Claims Process with its U.S. legal counsel with a view to filing disputes in the near future in accordance with Claims Procedures Order.

4. STATUS OF THE MEDIATION PROCESS

- 4.1 As described in our previous reports, the Monitor through its counsel, has had several hundred communications with the primary stakeholders, being the Lending Syndicate, the Class Action Representatives, KPMG and counsel to the D&O Insurers. Several potential types of plans and compromises have been discussed. These communications have continued since the last extension application on February 27, 2015 and some progress has been made as the Monitor continues to pursue negotiated settlements of some or all of the claims.
- 4.2 Further, the Monitor received a substantial without prejudice commitment from one of the parties. Negotiations have continued with this party and have involved the Monitor, the Class Action Representatives and the Lending Syndicate. The Monitor expects that with this commitment, it will be able to put forth a Plan but believes it is in the best interests of all parties that a period of further negotiation continues to ensure any proposed Plan is as valuable and as comprehensive as possible. It appears that advancing a Plan pursuant to the CCAA is the most effective means to accomplish these objectives. For certainty, the Monitor expressly does not waive the without prejudice and confidential nature of its settlement communications.
- 4.3 At present, the Monitor continues to be of the view that it is able, on behalf of Poseidon, and with the consent of the Lending Syndicate, to put forward a Plan of Compromise (the "Plan") to creditors. A first draft has been prepared, but significant work remains to be

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done before it is put to the Court as part of an application for a Meeting Order. Progress has been made since the last extension application and the Monitor continues to be optimistic that it will be seeking such an order in the near future. As well, the Monitor is of the view that a 60 day extension is appropriate to maintain pressure on all parties to arrive at a resolution.

5. EXTENSION OF THE STAY OF PROCEEDINGS TO JULY 31, 2015

- 5.1 The Monitor continues to be of the view the settlement of all or a significant part of the claims resulting from the activities of Poseidon and its directors and officers is best achieved through a Plan pursuant to the CCAA.
- 5.2 The Monitor notes that the primary secured creditor of Poseidon, being the Lending Syndicate, supports an extension to the stay of proceedings. At the time of the filing of this report, the Monitor is not aware of any opposition to the extension being sought.
- 5.3 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.
- 5.4 Assuming a settlement is achieved, additional time will be required to complete the following:
 - 5.4.1 The settlement of the remaining U.S. lien claim filed in the U.S. claims process;
 - 5.4.2 The filing of outstanding U.S. State sales tax returns in order to assist with the potential recovery of U.S. States sales tax refunds, if any;
 - 5.4.3 The completion of the CCAA Claims Process, with the appropriate allowances for court applications in the event there are notices of dispute filed, including significantly, an application to determine that certain claims are "equity claims" if they cannot otherwise be resolved in the Plan;
 - 5.4.4 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;
 - 5.4.5 The preparation and submission of a Plan to the Company's creditors;

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- 5.4.6 An application for Court approval to hold a meeting of creditors to consider the Plan;
- 5.4.7 A creditors' meeting to vote on the Plan;
- 5.4.8 An application for Court approval of the Plan at a Sanction Hearing;
- 5.4.9 Implementation of the Plan and the discharge of the Monitor.

5.5 In view of the foregoing, the Monitor is of the view that an extension of the stay of proceedings to July 31, 2015 is appropriate.

6. REVISED CASH FLOW FORECAST

6.1 As a result of the proposed extension of the Stay of Proceedings to May 29, 2015, a revised cash flow forecast has been prepared by the Monitor which covers the period from May 24, 2015 to August 1, 2015 (the "**May 29, 2015 RCFF**"), attached as Appendix "B" to this report. The May 29, 2015 RCFF can be summarized as follows:

| | <u>\$ 000's</u> |
|--|-------------------|
| Other collections | <u>0</u> |
| Total Receipts | <u>0</u> |
| | |
| Potential priority claim payment | (993) |
| Estimated general and administrative disbursements | (30) |
| Estimated restructuring costs | (405) |
| Total Disbursements | (1,428) |
| | |
| Net Cash Flow for Period | (1,428) |
| Opening Net Cash Balance | <u>1,760</u> |
| Closing Net Cash Balance | <u>332</u> |

6.2 The May 29, 2015 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 and implementation of a Plan.

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- 6.3 Based on the foregoing, the Monitor considers that the Company's liquidity appears sufficient for the forecast period.
- 6.4 The Monitor's conclusions of the May 29, 2015 RCFF pursuant to section 23 (1)(b) of the CCAA are as follows:
 - 6.4.1 The May 29, 2015 RCFF attached as Appendix "A" 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 29, 2015 RCFF.
 - 6.4.2 Nothing has come to our attention that causes us to believe that, in all material respects:
 - 6.4.2.1 The Hypothetical Assumptions are not consistent with the purpose of the May 29, 2015 RCFF;
 - 6.4.2.2 As at the date of this report, the Probable Assumptions are not suitably supported or do not provide a reasonable basis for the May 29, 2015 RCFF, given the Hypothetical Assumptions; or
 - 6.4.2.3 The May 29, 2015 RCFF does not reflect the Probable and Hypothetical Assumptions.
- 6.5 Since the May 29, 2015 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 29, 2015 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.
- 6.6 The May 29, 2015 RCFF has been prepared solely for the purpose described in the Notes to the May 29, 2015 RCFF, and readers are cautioned that it may not be appropriate for other purposes.

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7. CONCLUSION

- 7.1 In view of the foregoing, the Monitor is of the opinion that an extension to the stay of proceedings is appropriate, and that it and the stakeholders involved have acted and continue to act in good faith and with due diligence.
- 7.2 The Monitor requests the Court approve an extension of the Stay of Proceedings to July 31, 2015.

This report is respectfully submitted this 21st day of May, 2015.

**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

Claim Procedures Motion and Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

In re:)
) Chapter 15
POSEIDON CONCEPTS CORP.,) Case No. 13-15893 HRT
)
Debtor in foreign proceeding.) *(Jointly Administered)*

MONITOR'S MOTION FOR APPROVAL OF CLAIMS PROCEDURES

PricewaterhouseCoopers Inc. (the "Monitor"), as the court-appointed monitor and authorized foreign representative of Poseidon Concepts Corp., Poseidon Concepts Ltd., Poseidon Concepts Limited Partnership, and Poseidon Concepts Inc. (collectively referred to as the "PC Debtors") in the proceeding pending in the Court of Queen's Bench of Alberta, Canada (the "Canadian Proceeding" or the "Canadian Court") under the Companies' Creditors Arrangement Act (the "CCAA"), by and through its undersigned counsel, Lewis Roca Rothgerber LLP, hereby files its Motion for Approval of Claims Procedures (the "Motion"). In support of the Motion, the Monitor states as follows:

BACKGROUND

1. The PC Debtors initiated a proceeding under the CCAA on April 9, 2013. On April 9, 2013, the Canadian Court issued its CCAA Order.

2. On April 12, 2013, the Monitor filed four Chapter 15 petitions on behalf of the PC Debtors (collectively, the "US Proceedings"). On the same date, the Monitor filed its Motion for Order Directing Joint Administration of the Debtors' Cases (Docket No. 8). On April 15, 2013, the Court entered its Order Directing Joint Administration of the PC Debtors' Chapter 15 Cases (Docket No. 12).

3. In conjunction with the US Proceedings, the Monitor, as the foreign representative in each case, also filed Petitions for Recognition as Foreign Main Proceeding Pursuant to Sections 1515 and 1517 of the Bankruptcy Code and Related Relief (Docket No. 3) (the "Petitions for Recognition"). On May 15, 2013, the Court entered its Order Granting Recognition as a Foreign Main Proceeding and Related Relief (Docket No. 60).

4. On September 26, 2013, the Monitor submitted his Sixteenth Report to the Canadian Court (the "Sixteenth Report"). The Sixteenth Report accompanied the Monitor's Application to: (1) Extend Stay, and (2) Enhance Monitor Powers. As reflected in the Sixteenth Report, the Monitor anticipated at that time that the remaining directors of the PC Debtors intended to resign. In light of this, the Monitor sought an expansion of its powers for purposes of obtaining the necessary authority to complete administration of the CCAA Proceeding.

5. On September 30, 2013, the Canadian Court entered its Order (Expansion of Monitor's Powers). The Monitor filed his Notice of Change of Status Pursuant to 11 U.S.C. § 1518 on October 15, 2013 [Docket No. 160] reflecting the expansion of his powers by the Canadian Court.

6. The Monitor filed a Motion to Set Bar Date for Filing Proofs of Claim [Docket No. 126] on June 21, 2013. The Court entered its Order Granting Debtor's Motion to Set Bar Date for Filing Proofs of Claim [Docket No. 129] on June 27, 2013. The claim bar date was set for August 22, 2013.

7. The number of claims that have been filed in each of the US Proceedings are broken down as follows:

| | | |
|--|-------------------|----|
| Poseidon Concepts Corp. | Case no. 15-15893 | 71 |
| Poseidon Concepts Ltd. | Case no. 15-15894 | 2 |
| Poseidon Concepts Limited Partnership | Case no. 15-15895 | 2 |
| Poseidon Concepts, Inc. | Case no. 15-15896 | 9 |

8. Some of the claims have been settled. Others duplicate claims that were filed in more than one proceeding or by Canadian creditors in the Canadian Proceeding. The Monitor believes that certain other claims are procedurally or substantively defective. The Monitor thus anticipates filing objections to certain of the claims filed in the US Proceeding.

9. The Monitor seeks an order providing for a claims procedure for creditors that have filed claims in the US Proceedings. The US Claims Process is proposed as follows with respect to claims filed in the US Proceedings:

Application of 11 U.S.C. § 501. Section 501 of the Bankruptcy Code shall apply with respect to filing of proofs of claim.

Application of 11 U.S.C. § 502. Section 502 of the Bankruptcy Code shall apply with respect to the allowance of claims.

Application of 11 U.S.C. § 505. Section 505 of the Bankruptcy Code shall apply with respect to the determination of tax claims.

Application of 11 U.S.C. § 506. Section 506 of the Bankruptcy Code shall apply with respect to the determination of secured claims.

Application of 11 U.S.C. § 509. Section 509 of the Bankruptcy Code shall apply with respect to the determination of claims of codebtors.

Application of 11 U.S.C. § 510. Section 510 of the Bankruptcy Code shall apply with respect to the determination of subordinated claims.

Standing. The Monitor shall have exclusive standing to object to any claim filed in the US Proceedings.

Reasonable Discretion. The Monitor may use reasonable discretion as to the adequacy of compliance with respect to the manner in which Proofs of Claim are completed and executed and may, if the Monitor is satisfied that a claim has been adequately proven, waive strict compliance with the requirements of the claims process.

Settlement Authority. The Monitor may compromise and settle any objections to claims, with Bankruptcy Court approval.

Claims for Rejection of Executory Contracts and Unexpired Leases. The Monitor is not aware of any executory contracts or unexpired leases that have not been rejected prior to the Claims Bar Date. In the event that this Court applies section 365 of the Bankruptcy Code, any proofs of claims for rejection damages with respect to such rejected executory contracts or unexpired leases shall be due to be filed and served (1) on the Claims Bar Date or (2) 30 days after entry of the order rejecting such executory contract or unexpired lease, whichever is later.

Application of Rules. To the extent not inconsistent with the above claims process, the Federal Rules of Bankruptcy Procedure shall apply.

10. Most of the trade creditors that have filed claims in these proceedings are domiciled in the United States. Their claims will be based on United States law. The Monitor does not wish to burden those creditors with the inconvenience and expense of traveling to the Canadian Court in the event of a claim objection. This Court is the preferable forum to hear claims based on United States law.

RELIEF REQUESTED

11. By and through this Motion, the Monitor seeks approval of a claims process by which objections to disputed claims filed in the US Proceedings can be filed by the Monitor and litigated pursuant to the Bankruptcy Code and the Rules of Bankruptcy Procedure.

BASIS FOR RELIEF REQUESTED

12. Section 1509(b) of the Bankruptcy Code provides that:

If the Court grants recognition under Section 1517, and subject to any limitations that the court may impose consistent with the policy of this chapter –

...

- (2) the foreign representative may apply directly to a court in the United States for appropriate relief in that court; and
- (3) a court in the United States *shall* grant comity or cooperation to the foreign representative.

11 U.S.C. § 1509(b)(2)-(b)(3) (emphasis added). Here, the Monitor has been designated as the foreign representative for the PC Debtors and granted expanded powers by the Canadian Court.

13. This Court has found that the Canadian Proceedings are foreign main proceedings. Under Section 1520(a) of the Bankruptcy Code, certain relief is automatic when a foreign proceeding is recognized as main. That automatic relief under Section 1520 does not include the application of Sections 501, 502, 506, and 507 of the Bankruptcy Code, dealing with prepetition claims against the PC Debtors.

14. Certain discretionary relief is available upon recognition of a foreign proceeding under 11 U.S.C. § 1521, as discussed below. The Court may grant relief under Section 1521 only if the interests of the creditors and other interested entities, including the debtors, are sufficiently protected, as set forth under Section 1522(a). The Monitor contends that the discretionary relief requested herein is for the protection of the creditors and the PC Debtors.

15. “Any appropriate” discretionary relief is available upon recognition of a foreign proceeding, whether or not a foreign proceeding is main. 11 U.S.C. § 1521(a) (“Upon recognition of a foreign proceeding, whether main or nonmain, where necessary to effectuate the purpose of this chapter and to protect the assets of the debtor or the interests of the creditors, the court may, at the request of the foreign representative, grant any appropriate relief”).

16. In addition, under Section 1521(b), upon recognition of a foreign proceeding, whether main or nonmain, the court may entrust the distribution of all or part of the debtor's assets located in the United States to the foreign representative or another person, including an examiner, authorized by the court, provided that the court is satisfied that the interests of creditors in the United States are sufficiently protected.

17. Furthermore, 11 U.S.C. § 105(a) provides in pertinent part: that “(a) The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.”

18. The Monitor asserts that it is appropriate that Section 1521 and 105(a) be invoked to protect the interests of creditors and the PC Debtors for a fair claims process in the United States, so that United States creditors do not have to litigate claims objections and subordination proceedings in an unfamiliar and distant forum. It is also appropriate that United States law is applied by a court in the United States.

WHEREFORE, the Monitor respectfully requests that the Court enter its Order granting this Motion, approving the claims procedures for claims filed in the US Proceedings, as set forth above, and for such other and further relief as is appropriate.

Respectfully submitted this 27th day of March, 2015.

LEWIS ROCA ROTHGERBER LLP

/s/ Brent R. Cohen

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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF COLORADO**

In re:)
) Chapter 15
POSEIDON CONCEPTS CORP.,) Case No. 13-15893 HRT
)
Debtor in foreign proceeding.) *(Jointly Administered)*
)

NOTICE OF MOTION FOR APPROVAL OF CLAIMS PROCEDURES

OBJECTION DEADLINE: Friday, April 17, 2015

Poseidon Concepts Corp., Poseidon Concepts Ltd., Poseidon Concepts Limited Partnership, and Poseidon Concepts Inc. (collectively referred to as the “PC Debtors”) initiated a proceeding under the Companies’ Creditors Arrangement Act (the “CCAA”) on April 9, 2013, in the Court of Queen’s Bench of Alberta, Canada (the “Canadian Proceeding”). On April 12, 2013, the court-appointed monitor, PricewaterhouseCooper Inc. (the “Monitor”) filed four Chapter 15 petitions on behalf of the PC Debtors (collectively, the “US Proceedings”).

The Monitor has filed a Motion for Approval of Claims Procedures (“Motion”) by which the Monitor will have exclusive authority to file objections to disputed proofs of claim filed in the US Proceedings. The Monitor proposes that the Bankruptcy Court adopt certain provisions of the Bankruptcy Code for purposes of adjudicating certain claims that have been filed in the US Proceedings. These include 11 U.S.C. §§ 501, 502, 505, 506, 509 and 510. To the extent not inconsistent with the requested claims procedures, the Rules of Bankruptcy Procedure will also apply. The Motion does not seek relief with respect to any particular claim filed in the US Proceedings. Rather, it seeks the establishment of procedures for resolving disputed claims.

The Monitor asserts the Motion proposes a fair and efficient mechanism for litigating disputed proofs of claim that have been filed in the US Proceedings. Copies of the Motion are available upon request made to the undersigned attorneys for the Monitor.

If you oppose the Motion or object to the requested relief, your objection and request for hearing must be filed on or before the objection deadline stated above, served on the movant at the address indicated below, and must state clearly all objections and any legal basis for the objections. The Court will not consider general objections.

In the absence of a timely, substantiated objection and request for hearing by an interested party, the Court may approve or grant the requested relief without any further notice to creditors or other interested parties.

Dated: March 27, 2015

LEWIS ROCA ROTHGERBER LLP

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Attorneys for PricewaterhouseCoopers Inc.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF COLORADO

In re:)
) Chapter 15
POSEIDON CONCEPTS CORP.,) Case No. 13-15893 HRT
)
Debtor in foreign proceeding.) *(Jointly Administered)*
)

**ORDER GRANTING MONITOR'S MOTION FOR APPROVAL
OF CLAIMS PROCEDURES**

The above-entitled matter having come before the Court on a Motion for Approval of Claims Procedures ("Motion"), submitted by the Monitor, PricewaterhouseCoopers Inc.; the Court, having reviewed the pleadings filed herein:

IT IS HEREBY ORDERED THAT the Motion shall be, and hereby is, GRANTED;

IT IS FURTHER ORDERED that, with respect to proofs of claim filed in the US Proceedings, the following claims process is hereby approved:

Application of 11 U.S.C. § 501. Section 501 of the Bankruptcy Code shall apply with respect to filing of proofs of claim.

Application of 11 U.S.C. § 502. Section 502 of the Bankruptcy Code shall apply to the allowance of claims.

Application of 11 U.S.C. § 505. Section 505 of the Bankruptcy Code shall apply with respect to the determination of tax claims.

Application of 11 U.S.C. § 506. Section 506 of the Bankruptcy Code shall apply with respect to the determination of secured claims.

Application of 11 U.S.C. § 509. Section 509 of the Bankruptcy Code shall apply with respect to the determination of claims of codebtors.

Application of 11 U.S.C. § 510. Section 510 of the Bankruptcy Code shall apply with respect to the determination of subordinated claims.

ORDER GRANTING MONITOR'S MOTION FOR APPROVAL OF CLAIMS PROCEDURES
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Standing. The Monitor shall have exclusive standing to object to any claim filed in the US Proceedings.

Reasonable Discretion. The Monitor may use reasonable discretion as to the adequacy of compliance with respect to the manner in which Proofs of Claim are completed and executed and may, if the Monitor is satisfied that a claim has been adequately proven, waive strict compliance with the requirements of the US Claims Process.

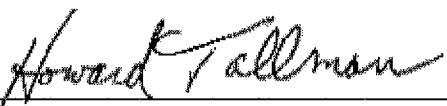
Settlement Authority. The Monitor may compromise and settle any objections to claims subject to approval of the Court.

Claims for Rejection of Executory Contracts or Unexpired Leases. In the event that this Court applies section 365 of the Bankruptcy Code to this case, any proofs of claims for rejection damages with respect to such rejected executory contracts or unexpired leases shall be due to be filed and served (1) on the Claims Bar Date or (2) 30 days after entry of the order rejecting such executory contract or unexpired lease, whichever is later.

Application of Rules. To the extent not inconsistent with the above claims process, the Federal Rules of Bankruptcy Procedure shall apply.

Dated: April 28th, 2015.

BY THE COURT:


Howard R. Tallman, Judge
U.S. Bankruptcy Court

APPENDIX B

May 29, 2015 Revised Cash Flow Forecast



| (\$000's) CDN WEEK ENDING | Forecast | | | | | | Total |
|---|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|---------|
| | Week 1 30-May-15 | Week 2-3 13-Jun-15 | Week 4-5 27-Jun-15 | Week 6-7 11-Jul-15 | Week 8-9 25-Jul-15 | Week 10- 1-Aug-15 | |
| WEEKLY NET CHANGE IN CASH Total AR Collections and Other Asset Sale Proceeds Transferred from Monitor Draw on Interim Financing Facility | - | - | - | - | - | - | |
| TOTAL RECEIPTS | | | | | | | |
| Disbursements | | | | | | | |
| Potential Priority Claim Payments (liens and admin fee charge) | | | | | | | 993 |
| Total G&A Disbursements | 5 | - | 20 | - | 5 | - | 30 |
| TOTAL DISBURSEMENTS | 5 | - | 20 | - | 5 | 993 | 1,023 |
| NET CHANGE IN CASH FROM OPERATIONS | (5) | - | (20) | - | (5) | (993) | (1,023) |
| Total Restructuring Costs | - | 100 | 25 | 125 | - | 155 | 405 |
| NET CHANGE IN CASH | (5) | (100) | (45) | (125) | (5) | (1,148) | (1,428) |
| CUMULATIVE NET CHANGE IN CASH Net change in cash | (5) | (100) | (45) | (125) | (5) | (1,148) | (1,428) |
| Opening Cash Position | 1,760 | 1,755 | 1,655 | 1,610 | 1,485 | 1,480 | 1,760 |
| TOTAL ENDING CASH | 1,755 | 1,655 | 1,610 | 1,485 | 1,480 | 332 | 332 |

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 remaining 1 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 1 remaining U.S. lien claimant could be lower subject to a final settlement with the Lending Syndicate or the determination of the U.S. Bankruptcy Court as to the validity of the lien claim.
2. G&A disbursements include certain costs for data capture and preservation of records.
3. Restructuring costs include the professional fees of the Monitor and the Monitor's legal counsel (Canada and U.S.), counsel for the Lending Syndicate. The ending cash balance totaling \$332K is anticipated to fund the administration of the plan of arrangement should a further extension be granted after May 29, 2015, and should such a plan be approved by Court. If an extension is not granted, the surplus cash will be used to pay certain outstanding professional fees due to the Lending Syndicate's counsel.
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.