

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF EDMONTON
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE DIVISION I PROPOSAL OF
Alberta Permit Pro Inc.**

**TRUSTEE'S REPORT TO COURT ON PROPOSAL
(SECTION 58(D))**

Meyers Norris Penny Limited in its capacity as Trustee in the Division I Proposal of Alberta Permit Pro Inc. ("APPI" or "the Debtor"), hereby reports to the Court as follows:

1. That a Notice of Intention to Make a Proposal was filed by APPI with the Official Receiver on March 30, 2010.
2. That a Court Order authorizing an extension of forty-five (45) days for APPI to file a Proposal to its Creditors with the Official Receiver was granted on April 29, 2010 (the "Extension Order"). In accordance with the terms of the Extension Order the deadline to file the Proposal was extended from April 29, 2010 to June 13, 2010. A copy of the Extension Order is attached as Exhibit "A".
3. That the Proposal of APPI was filed with the Official Receiver on the June 11, 2010.
4. That on June 17, 2010, Notice was given to the Debtor, and every known potential creditor affected by the Proposal, of the calling of a First Meeting of Creditors to be held on June 29, 2010 to consider the Proposal.
5. That with the Notice was included a Statement of Assets and Liabilities ("Statement of Affairs") of the Debtor, a list of the potential creditors affected by the Proposal whose claims are \$250 or more which shows the amounts of their claims, a copy of the Proposal, a form of Proof of Claim and Proxy in blank and a Voting Letter. A copy of the Notice, a copy of the Statement of Affairs and a copy of the Proposal is attached collectively to this report as Exhibit "B".
6. That prior to the First Meeting of Creditors, inquiries were made into the liabilities of the Debtor, the Debtor's assets and their value, the Debtor's conduct and the cause of the Debtor's insolvency.
7. That the First Meeting of Creditors was held on June 29, 2010 at 2:00 PM and was presided over by the representative of the Trustee, Eric Sirrs, CIRP, Trustee in Bankruptcy. A copy of the Trustee's Report to the Creditors and the Minutes of the First Meeting of Creditors is attached collectively as Exhibit "C".
8. That at the request of one (1) of the creditors, Canada Revenue Agency, the First Meeting of Creditors was adjourned for further review of APPI's books and records.
9. That on June 30, 2010, Notice was given to the Debtor, and every known potential creditor affected by the Proposal, of the re-convening of the First Meeting of Creditors to be held on July 13, 2010 to consider the Proposal. A copy of the Notice is attached as Exhibit "D".
10. That the Proposal was accepted by the required majority of creditors at the Re-Convened First Meeting of Creditors. Attached as Exhibit "E" is a record of the votes accepted at the Re-Convened First Meeting of Creditors.

11. That at the Re-Convened First Meeting of Creditors, pursuant to Section 108(1) of the *Bankruptcy and Insolvency Act* ("BIA"), the Trustee ruled that the unsecured Proof of Claim submitted by Canadian Natural Resources Ltd. ("CNRL") in the amount of \$12,293,516.84 was not admissible for voting purposes as it did not comply with the requirements of Section 124(4) of the BIA. A copy of CNRL's unsecured Proof of Claim (the "CNRL Proof of Claim") is attached as Exhibit "F".
12. That the Trustee's reasons for not admitting the CNRL Proof of Claim for voting purposes are included in the Minutes of the Re-Convened First Meeting of Creditors attached as Exhibit "G".
13. That CNRL's vote against the Proposal was recorded in the Minutes of the Re-Convened First Meeting of Creditors for informational purposes only.
14. That at the Re-Convened First Meeting of Creditors the Trustee agreed to issue a Deficiency Letter to CNRL to which CNRL would have an opportunity to submit further information to remedy the deficiencies.
15. That CNRL provided the Trustee with further information to support the CNRL Proof of Claim. This additional information is attached as Exhibit "H".
16. That upon review of the additional information provided by CNRL, the Trustee is of the opinion that had this information been provided to the Trustee prior to the Re-Convened First Meeting of Creditors the Trustee would have reached the same conclusion to disallow the claim for voting purposes pursuant to Section 108(1) of the BIA.
17. That upon review of the CNRL Proof of Claim, and the additional information provided by CNRL, the Trustee invited comments from APPI, who provided the Trustee with its position by way of a letter from APPI's counsel.
18. That the Trustee has independently verified the information provided by APPI through its counsel, and based on its review, has determined that CNRL's Proof of Claim is not provable.
19. That at the Re-Convened First Meeting of Creditors the Trustee ruled that the unsecured Proof of Claim submitted by the Regional Municipality of Wood Buffalo ("RMWB") in the amount of \$6,102,159.16 was admitted as contingent and unliquidated and as such would have no value for voting purposes. A copy of RMWB's unsecured Proof of Claim (the "RMWB Proof of Claim") is attached as Exhibit "I".
20. That at the Re-Convened First Meeting of Creditors the Trustee advised all parties present that RMWB had not provided a Proxy or Voting Letter.
21. That RMWB was represented by counsel, Ms. Shauna Finlay of the firm of Fraser Milner Casgrain LLP, at the Re-Convened First Meeting of Creditors who advised she did not receive the Notice of the Re-Convened First Meeting of Creditors in time to seek advice and direction from RMWB.
22. That the Trustee advised all parties present that Fraser Milner Casgrain LLP, as counsel for RMWB, had been provided with a copy of the Notice of the Re-Convened First Meeting of Creditors, however, noted that it was not sent specifically to the attention of Ms. Shauna Finlay as requested on the RMWB Proof of Claim.
23. That in any event, the Trustee's review of the RMWB Proof of Claim indicates that it would not have been admissible for voting purposes at the Re-Convened First Meeting of Creditors as it did not comply with the requirements of Section 124(4) of the BIA.
24. That RMWB provided the Trustee with further information to support the RMWB Proof of Claim. This additional information is attached as Exhibit "J".
25. That upon review of the additional information provided by RMWB, the Trustee is of the opinion that had this information been provided to the Trustee prior to the Re-Convened First Meeting of Creditors the Trustee would have reached the same conclusion to disallow the claim for voting purposes pursuant to Section 108(1) of the BIA.

26. That upon review of the RMWB Proof of Claim, and the additional information provided by RMWB, the Trustee invited comments from APPI, who provided the Trustee with its position by way of a letter from APPI's counsel.
27. That the Trustee has independently verified the information provided by APPI through its counsel, and based on its review, has determined that RMWB's Proof of Claim is not provable.
28. That attached as Exhibit "K" is a record of the votes recorded for information purposes only at the Re-Convened First Meeting of Creditors.
29. That we are of the opinion that:
 - a. The assets of the Debtor, as disclosed on the Statement of Affairs of APPI are a fair realizable value.
 - b. All liabilities of the Debtor are disclosed on the Statement of Affairs of APPI.
30. That we are also of the opinion that:
 - a. The cause of the insolvency of the APPI is a single significant accounting irregularity that was not anticipated by the Debtor.
 - b. That the conduct of the Debtor is not subject to censure.
 - c. The facts mentioned in section 173 of the Act are not provable against the Debtor.
31. That we are further of the opinion that the Debtor's Proposal is an advantageous one for the creditors for the following reasons:

In our opinion, the Debtor appears to be acting in good faith and with due diligence and is demonstrating a willingness to complete the terms of the Proposal in an effort to maximize recovery for the unsecured creditors.

That the projected dividends payable to the unsecured creditors pursuant to the Proposal totals the sum of \$142,215 after the Superintendent's levy and before the Trustee's Fees, disbursements and GST representing a dividend of 12.01% of the total unsecured indebtedness whereas the projected dividends payable to the unsecured creditors in a Bankruptcy totals the sum of \$109,634 after the Superintendent's levy and before the Trustee's Fees, disbursements and GST which represents a dividend of 1.26% of the total unsecured indebtedness.

Furthermore, the Cash Flow Statement prepared by the Debtor indicates that the Debtor is able to make a lump sum payment in the sum of \$125,000 to the Trustee. Accordingly, it is likely that the Debtor will be able to perform the Proposal.

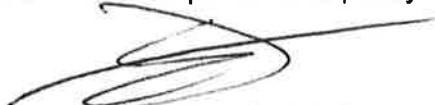
32. That the Trustee has monitored the Debtor's actual cash flow versus the Projected Cash Flow Statement filed with the Official Receiver and there are no material adverse changes to report.
26. That on this date I did forward a copy of this Report to the Registrar in Bankruptcy, the Official Receiver, the Creditors, and to the Insolvent Person.

Dated at the City of Edmonton, in the Province of Alberta, on December 3, 2010.

MEYERS NORRIS PENNY LIMITED

In its capacity as Trustee of the Division I Proposal of
Alberta Permit Pro Inc.

And not in its personal capacity



Per. Eric Sirrs, CIRP, Trustee
Vice President