COURT FILE NO. 1003 06865

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF WINALTA INC., WINALTA HOMES INC., WINALTA CARRIERS INC., WINALTA OILFIELD RENTALS INC., WINALTA CARLTON HOMES INC., WINALTA HOLDINGS INC., WINALTA CONSTRUCTION INC., BAYWOOD PROPERTY MANAGEMENT INC., and 916830 ALBERTA LTD.

EIGHTH REPORT TO THE COURT SUBMITTED BY DELOITTE & TOUCHE INC. IN ITS CAPACITY AS MONITOR

COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF EDMONTON

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

AND IN THE MATTER OF A PLAN OF
ARRANGEMENT AND REORGANIZATION

OF

WINALTA INC. ("APPLICANT" OR THE "COMPANY"), WINALTA HOMES INC., WINALTA CARRIERS INC., WINALTA OILFIELD RENTALS INC., WINALTA CARLTON HOMES INC., WINALTA HOLDINGS INC., WINALTA CONSTRUCTION INC., BAYWOOD PROPERTY MANAGEMENT INC., and 916830 ALBERTA LTD.

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

EIGHTH REPORT TO THE COURT
SUBMITTED BY DELOITTE & TOUCHE INC.
IN ITS CAPACITY AS MONITOR ("MONITOR")

June 23, 2010

INTRODUCTION

1. On April 26, 2010, Winalta Inc., Winalta Homes Inc., Winalta Carriers Inc., Winalta Oilfield Rentals Inc., Winalta Carlton Homes Inc., Winalta Holdings Inc., Winalta Construction Inc., Baywood Property Management Inc. and 916830 Alberta Ltd. ("**Winalta**" or the "**Company**" or the "**Applicants**") sought and obtained protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended, (the "**CCAA**") pursuant to an order of the Court of the Queen's Bench of Alberta (the "**Initial Order**"). Pursuant to the Initial Order, Deloitte & Touche Inc. was appointed monitor of Winalta (the "**Monitor**").

2. The purpose of this eighth report of the Monitor (the "**Eighth Report**") is to provide this Honourable Court with information concerning payments of pre-CCAA debts in support of the Company's application related to these matters.

3. Paragraph 9(a) of the Initial Order states that, except as specifically permitted in the Initial Order, the Applicants are hereby directed, until further order of the Court, to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants, or any of them, to any of their creditors as of April 26, 2010 (with the exception of HSBC Bank Canada Ltd. ("**HSBC**") pursuant to paragraph 10 of the Initial Order).

4. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Initial Order or in the previous reports of the Monitor.

5. In preparing this Eighth Report, the Monitor has relied upon audited financial information, unaudited interim financial information, Company records, discussions with management of the Company and their advisors. While the Monitor has reviewed the information, some in draft format, submitted in the abridged time available, the Monitor has not performed an audit or other verification of such information. Future oriented financial information included in this Eighth Report is based on Company management's assumptions regarding future events, and actual results achieved will vary from this information and the variations may be material.

Secured Creditor Payments

6. Automatic payments have been drawn from the Company's bank account by secured creditors, other than HSBC, for approximately $217,000 up until June 4, 2010 in regards to certain secured debts. These amounts were included in the cash flow statement submitted to and approved by HSBC. The Monitor is reviewing these payments with the Company in orders that stop payment orders can be placed with HSBC for these automatic payments.

7. The Monitor is informed that Winalta Oilfield Rentals Inc. ("**Winalta Oilfield**") had, prior to the Initial Order, entered into a lease agreement with RBC Leasing ("**RBC Leasing**") for approximately 43 well-site trailers and 5 camps. Terms of the agreement were monthly principal and interest payments of approximately $134,000, excluding GST, for 38 months commencing in April 2009. (the "**RBC Lease**").

8. The RBC Lease is a capital lease and as previously advised, in accordance with Paragraph 9(a) of the Initial Order, except as specifically permitted in the Initial Order, the Applicants are hereby directed, until further order of the Court, to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants, or any of them, to any of their creditors as of April 26, 2010 (with the exception of HSBC pursuant to paragraph 10 of the Initial Order).

9. The Monitor understands that RBC Leasing could have the ability to file builders liens pursuant to the *Builders Lien Act, R.S.A. 2000 c.B-7,* against all of the estate and interest of Winalta's customers (the "**Customers**") in and to the lands, surface rights and mineral rights and improvements thereon, in respect of which the well-site trailers are supplied by Winalta (the "**Customer Lands**").

10. The filing of builders' liens by RBC Leasing against the Customer Lands would result in delayed payments occurring to Winalta Oilfield as Customers of Winalta Oilfield would redirect their payments to address the builders liens of RBC Leasing thereby delaying payments to Winalta Oilfield.

11. HSBC has consented to the payments of the RBC Lease provided that the Company remains within its borrowing limits with HSBC and that HSBC has the right to alter their position in the future.

12. The Monitor agrees with the payment of the RBC Lease by Winalta Oilfield in order to prevent potential builders' liens being filed.

Unsecured Creditor Payments

13. In May, 2010, the Company issued payment to the Alberta Safety Council ("**ASC**") of $870 for a safety audit. As result of making the payment, the Company is considered in compliance with the ASC and is eligible for a rebate of approximately $24,000.

14. In May, 2010, the Company issued payment to the Worker's Compensation Board ("**WCB**") for premiums of $18,652.48, which were a pre-CCAA debt. Upon payment, the Company was eligible for an annual safety rebate of approximately $10,000. In addition the Company will receive a WCB clearance certificate, which will assist with the collection of their Winalta Construction's accounts receivable. One customer has indicated that amounts owing of approximately $17,000 will be forwarded to the Company once a WCB clearance certificate is available. Other accounts receivable of Winalta Construction may be collectible as a result of obtaining a WCB clearance certificate.

MONITOR'S COMMENTS AND CONCLUSION

15. The Monitor is not seeking any direction from the Court at this time and makes this report simply to support the Company's application with respect to the matters raised in this Eighth Report.

16. The Monitor respectfully submits to the Court this, its Eighth Report.

Dated this 23rd day of June, 2010

Deloitte & Touche Inc.
In its capacity as the Court Appointed
Monitor of **Winalta Inc. et al**
and not in its personal capacity

Per:

Jeff Keeble, CA, CIRP, CBV
Senior Vice-President

Jervis C. Rodrigues, CA, CIRP, CFE
Senior Vice-President

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JUDICIAL DISTRICT OF EDMONTON
FILED
JUN 24 2010
Clerk of the Court

EIGHTH REPORT TO THE COURT SUBMITTED BY DELOITTE & TOUCHE INC. IN ITS CAPACITY AS MONITOR

OGILVIE LLP
BARRISTERS AND SOLICITORS
1400, 10303 JASPER AVENUE
EDMONTON AB T5J 3N6

KENTIGERN A. ROWAN
Telephone:(780) 429 - 6236
Facsimile: (780) 701-5936

FILE NO. 3089.042 KAR