

MONITOR'S REPORT ON CASH FLOW

The attached Statement of Projected Cash Flow and Cash Flow Assumptions, attached as Appendix "A" of this Report (the "Cash Flow Statement") of Atlantica Diversified Transportation Systems, (the "Company") as of the 23rd day of November, 2017, consisting of the projected cash flow of the Company for the 13 week period ending February 23, 2018, has been prepared by the management of the Company in support of its Initial Application to the Court for an Order pursuant to Section 11.02 of the *Companies' Creditors Arrangement Act*, using the Probable and Hypothetical Assumptions set out in Notes 1 through 11 of the Cash Flow Assumptions.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by certain management and employees of the Company. Since Hypothetical Assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. We have also reviewed the support provided by management of the Company for the Probable Assumptions, and the preparation and presentation of the Cash Flow Statement.

Based on our review, nothing has come to our attention that causes us to believe that, in all material aspects:

- a) the Hypothetical Assumptions are not consistent with the purpose of the Cash Flow Statement;
- b) as at the date of this report, the Probable Assumptions developed by management are not Suitably Supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash Flow Statement, given the Hypothetical Assumptions; or
- c) the Cash Flow Statement does not reflect the Probable and Hypothetical Assumptions.

Since the Cash Flow Statement 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, we express no assurance as to whether the Cash Flow Statement will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by us in preparing this report.

The Cash Flow Statement has been prepared solely for the purpose the Company's Initial Application to the Court and readers are cautioned that it may not be appropriate for other purposes.

Dated at Halifax, in the Province of Nova Scotia, this 4th day of December, 2017.

BDO CANADA LIMITED
Proposed Monitor


Philip Clarke, CPA, CA, CIRP, LIT
Senior Vice-President

**Atlantica ADTS
Cash Flow Forecast**

Week Ended

	<u>01-Dec</u>	<u>08-Dec</u>	<u>15-Dec</u>	<u>22-Dec</u>	<u>29-Dec</u>	<u>05-Jan</u>	<u>12-Jan</u>	<u>19-Jan</u>	<u>26-Jan</u>	<u>02-Feb</u>	<u>09-Feb</u>	<u>16-Feb</u>	<u>23-Feb</u>	<u>Total</u>	
	312,750	312,750	312,750	312,750	312,750	312,750	312,750	312,750	312,750	312,750	312,750	312,750	312,750	4,065,750	1
Cash Receipts															
Fuel	100,534	94,900	89,134	89,134	89,134	89,134	89,134	89,134	89,134	89,134	89,134	89,134	89,134	1,175,905	2
Driver Wages	144,066		144,066		144,066		144,066		144,066		144,066		144,066	1,008,459	3
Ferry	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	65,000	
Owner Operator Charges	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875	2,875	37,375	
On road trucking expenses	200	200	200	200	200	200	200	200	200	200	200	200	200	2,600	
Satellite	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	23,400	
Tires	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	42,900	
Repair & Maintenance - Peterbilt	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	65,000	4
Repair & Maintenance - Other	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	195,000	4
Tolls	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	45,500	
Licensing	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	65,000	
Permits	125	125	125	125	125	125	125	125	125	125	125	125	125	1,625	
Rent - Halifax	7,450	-	-	-	-	7,450	-	-	-	7,450	-	-	-	22,349	5
Rent - Moncton	11,213	-	-	-	-	11,213	-	-	-	11,213	-	-	-		5
Insurance - Truck	8,444	8,444	8,444	8,444	8,444	8,444	8,444	8,444	8,444	8,444	8,444	8,444	8,444	109,775	
Insurance - Group & Life					9,000				9,000					18,000	
Interest Expense - LTD	415	260	32	245	33	404	204	24	268	392	148	16	-	2,441	8
Interest Expense - Accutrac	11,890	-	-	-	-	11,671	-	-	-	11,452	-	-	-	35,013	8
LTD - Principal Payments	2,283	5,443	1,428	1,256	2,172	2,295	5,498	1,436	3,438	2,307	3,924	1,444	2,180	35,104	8
Operating Leases - Tractors	145,319	15,744	2,482	4,546	24,849	133,070	18,226	4,546	-	157,919	15,744	7,028	-	529,473	6
Office Expenses	3,579	6,944	2,444	2,444	2,444	8,079	2,444	2,444	2,444	8,079	2,444	2,444	2,444	48,674	
Telephone - Mobile	450	450	450	450	450	450	450	450	450	450	450	450	450	5,850	
Telephone - Land Lines	525	525	525	525	525	525	525	525	525	525	525	525	525	6,825	
Safety	550	550	550	550	550	550	550	550	550	550	550	550	550	7,150	
Utilities	625	625	625	625	625	625	625	625	625	625	625	625	625	8,125	
Wages - Admin	48,932	-	48,932	-	48,932	-	48,932	-	48,932	-	48,932	-	-	293,591	7
Workers Compensation	9,278	-	9,278	-	9,278	-	9,278	-	9,278	-	9,278	-	9,278	64,949	
Legal Fees		10,000		10,000		10,000		10,000		10,000		10,000		60,000	
Monitor Fees		10,000		10,000		10,000		10,000		10,000		10,000		60,000	
Critical Suppliers		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000	9
	537,353	205,685	360,190	180,018	392,301	345,709	380,177	179,977	368,953	370,338	376,064	182,459	309,496	4,155,083	
Cash before collections of A/R	(\$224,603)	\$107,065	(\$47,440)	\$132,732	(\$79,551)	(\$32,959)	(\$67,427)	\$132,773	(\$56,203)	(\$57,588)	(\$63,314)	\$130,291	\$3,254	(\$89,333)	
Prefiling A/R															10
NB Liquor	27,500													27,500	
Labatt	46,500													46,500	
Kruger	42,500													42,500	
Divert	30,000													30,000	
Misc	10,000													10,000	
Monthly Cash Flow	(\$68,103)	\$107,065	(\$47,440)	\$132,732	(\$79,551)	(\$32,959)	(\$67,427)	\$132,773	(\$56,203)	(\$57,588)	(\$63,314)	\$130,291	\$3,254	33,529	
Opening Cash	\$57,000	(\$11,103)	\$95,962	\$48,523	\$181,254	\$101,703	\$68,744	\$1,318	\$134,090	\$77,887	\$20,299	(\$43,016)	\$87,275		
Closing Cash	(\$11,103)	\$95,962	\$48,523	\$181,254	\$101,703	\$68,744	\$1,318	\$134,090	\$77,887	\$20,299	(\$43,016)	\$87,275	\$90,529		

Atlantica

Cash Flow Assumptions

The following assumptions have been used in preparing the cash flow forecast for the 13 weeks ended February 23, 2018;

1. **Cash Receipts** – Cash receipts amounts are based on the average weekly sales volume for September and October 2017 as factored by Accutrac, on a net basis.
2. **Fuel** – The first two weeks are amounts payable to the fuel supplier for the outstanding balance. Remaining weeks are based on historical fuel consumptions.
3. **Driver Wages** – Payments are based on both previous payrolls as well as historical costs as a percentage of sales.
4. **Repairs and Maintenance** – Calculated based on average of previous 17 weeks of costs to run the fleet.
5. **Rents** – Based on current property leases.
6. **Leases (Tractors)** – Based on current leases as well as new lease required to operate the fleet on an on-going basis. Assumes only those assets to be used will have lease payments made.
7. **Wages (Admin)** – Payments are based on current staff compliment bi-weekly pay amounts.
8. **Interest and Principle Payments** – Amounts calculated as per current debt agreement for various non-fleet assets as well as continued payment of one equipment loan (amounts equal to current loan agreement).
9. **Critical Suppliers** – Estimated pre-filing balance payable for critical suppliers is \$220,000, of which \$195,000 related to the fuel supplier. Cash flow statement assumes critical suppliers are paid in the normal course. This expense will reduce this liability to \$Nil in two months.
10. **Previous CCAA A/R Receipts** – Estimate of amounts to be received in the first week of forecast for sales completed prior to filing.
11. **Taxes (HST, Source, etc.)** – The cash flow statement has been prepared net of various taxes. Taxes such a source deduction, sales taxes, etc. will be kept current and paid in the ordinary course of business.