

COURT FILE NUMBER 1703 12327
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE 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 OF CANADA NORTH
GROUP INC., CANADA NORTH CAMPS INC.,
CAMPCORP STRUCTURES LTD., D.J.
CATERING LTD., 816956 ALBERTA LTD. and
1371047 ALBERTA LTD.

DOCUMENT

CONSENT ORDER

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

OGILVIE LLP
1400, 10303 Jasper Avenue
Edmonton AB T5J 3N6
Attention: Kentigern A. Rowan, Q.C.
Phone: 780.429.6236
Fax: 780.429.4453
File No.: 64776.2

I hereby certify this to be a
true copy of the original.

for Clerk of the Court

**Service will be accepted by delivery or fax. No
other form of service will be accepted.**

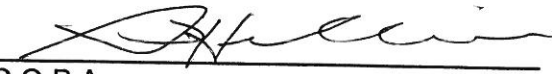
DATE ON WHICH ORDER WAS PRONOUNCED: Wednesday, February 7, 2018
LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta
NAME OF JUSTICE WHO MADE THIS ORDER: Mr. Justice S.D. Hillier

CONSENT ORDER

UPON THE APPLICATION of Weslease Income Growth Fund Limited Partnership ("Weslease"); AND UPON noting the consent to this order by counsel for D.J. Catering Ltd. ("DJ") and Canada North Camps Inc. ("CNC"); AND UPON being informed that Weslease has agreed to lease to DJ and CNC certain Work Force Housing Dormitories consisting of approximately 200 rooms for location at the Simonette Camp (the "Equipment"); AND UPON being informed that Weslease, DJ and CNC entered into an equipment lease dated November 28, 2017 (the "Equipment Lease"), a copy of which is attached hereto as Schedule "A"; AND UPON being informed that Weslease has delivered the Equipment and is in the process of setting up/installing the Equipment and is paying the costs thereof; AND UPON noting that DJ

and CNC are subject to these proceedings; AND UPON being informed that Weslease, DJ and CNC have indicated to each other that they waive any requirement for court approval but in the circumstances have agreed to proceed with this Consent Order; IT IS HEREBY ORDERED AND ADJUDGED THAT:

1. DJ and CNC be and are hereby at liberty to enter into the Equipment Lease;
2. The Equipment Lease be and is hereby approved.

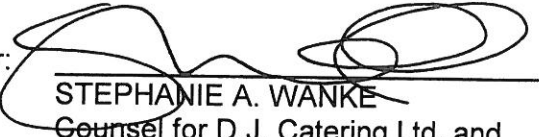


J.C.Q.B.A.

CONSENTED TO BY:

OVIATT LAW

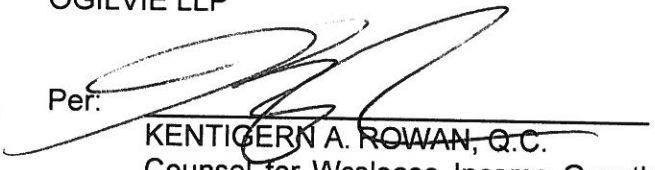
Per:



STEPHANIE A. WANKE
Counsel for D.J. Catering Ltd. and
Canada North Camps Inc.

OGILVIE LLP

Per:



KENTIGERN A. ROWAN, Q.C.
Counsel for Weslease Income Growth
Fund Limited Partnership

DUNCAN CRAIG LLP

Per:

DARREN BIEGANEK, Q.C.
Counsel for Ernst & Young Inc.

SCHEDULE "A"

EQUIPMENT LEASE

THIS AGREEMENT made effective as of the 28th day of November, 2017 (the "Effective Date").

BETWEEN:

DJ CATERING LTD. a corporation incorporated under the laws of the
Province of Alberta ("DJ")

- and -

CANADA NORTH CAMPS INC. a corporation incorporated under the laws of the
Province of Alberta ("CNC")

(DJ and CNC, collectively, the "Lessee")

- and -

WESLEASE INCOME GROWTH FUND LIMITED PARTNERSHIP,
a limited partnership formed under the laws of the Province of Alberta
(hereinafter referred to as "Weslease")

WHEREAS:

- A. Weslease owns certain workforce housing dormitories consisting of approximately 200 rooms as described in Schedule "A" hereto ("Equipment");
- B. The Lessee operates a campsite of workforce housing dormitories consisting of approximately 170 rooms located west of Fox Creek, in Alberta;
- C. The Lessee is subject to proceedings in the Court of Queen's Bench of Alberta pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36 (the "CCAA");
- D. The Parties wish to enter into an agreement whereby the Lessee will lease the Equipment pursuant to the terms and conditions set out in this Agreement.

NOW THEREFORE in consideration of the mutual covenants, promises and conditions set forth herein and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by each of the Parties, the Parties hereby agree as follows:

1. INTERPRETATION

- 1.1 In this Agreement and the recitals hereto the following words shall have the following definitions:

- (a) **"Agreement"** shall mean this Equipment Lease made between the Parties hereto;

- (b) **"Business Day"** shall mean any day of the week except Saturday or Sunday or a statutory holiday in the Province of Alberta;
- (c) **"Parties"** means the Lessee and Weslease and **"Party"** means any one of them;
- (d) **"Simonette"** means the workforce housing campsite operated by CNC located west of Fox Creek, in Alberta, located on land leased by DJ; and
- (e) **"Turnover"** means the date that the Equipment has been fully installed and the worksite cleaned, as acknowledged by the Lessee in writing, acting reasonably.

1.1 All words importing the singular number include the plural and vice versa and all words importing gender include the masculine, feminine and neuter gender.

1.2 This Agreement shall be governed by and shall be construed in accordance with the laws of the Province of Alberta.

2. LEASE

2.1 Weslease agrees to lease to the Lessee the Equipment, subject to the terms and conditions set forth in this Agreement.

3. RELOCATION AND INSTALLATION OF EQUIPMENT

3.1 Weslease, except as provided for in section 3.12 of this Agreement, hereby agrees to:

- (a) Transport the Equipment to Simonette;
- (b) Do all preparatory work required to prepare the Equipment for relocation to and installation at Simonette;
- (c) Assemble, setup, recommission and install the Equipment at Simonette so that the Equipment is fully operational; and
- (d) Leave the Simonette site clean and orderly in a state acceptable to the Lessee, after finishing the installation of the Equipment.

(collectively, the **"Weslease Work"**)

3.2 All Weslease Work shall be at the sole cost and expense of Weslease, save and except for section 3.12 of this Agreement.

3.3 Weslease is responsible to ensure that any subcontractor used by Weslease (the "Weslease Subcontractors") to perform the Weslease Work complies with the obligations of Weslease set out in this Agreement.

3.4 Weslease is responsible for all permits required to move the Equipment, including all over-width /

over-height and road ban permits.

- 3.5 Weslease agrees to carry out all necessary operations with respect to the Weslease Work:
- (a) in a good and workmanlike manner;
 - (b) in full compliance with all municipal, provincial and federal laws and regulations and all orders and requirements of such governmental agencies and regulatory bodies as may from time to time have jurisdiction;
 - (c) using only certified and accredited Weslease Subcontractors;
 - (d) using only construction equipment in a good operating condition;
 - (e) in a manner that keeps the worksite in an orderly manner and provide minimum disruption to the operations of Simonette;
 - (f) in a manner consistent with policies and procedures used by the Lessee in the management of Simonette.
- 3.6 At least two Business Days prior to commencing any work at Simonette, Weslease shall provide to the Lessee for Weslease and for any Weslease Subcontractor:
- (a) Proof of current liability insurance with limits of liability of not less than \$3,000,000.00 per occurrence for injury or death of any one or more persons or damage to property arising out of or in relation to the installation, operation and maintenance of the Equipment; and
 - (b) A valid Workmans' Compensation Board clearance letter.
- 3.7 Weslease represents and warrants on its own behalf and on behalf of the Weslease Subcontractors that they shall adhere to the safety protocols set by Lessee for Simonette, and they shall participate in all briefings, site orientations and other protocols set by Lessee.
- 3.8 The Lessee shall direct Weslease as to where the Equipment shall be installed in Simonette.
- 3.9 Weslease shall be responsible for all damage to and insurance of the Equipment until Turnover.
- 3.10 Any damage to the Equipment arising from improper completion of the Weslease Work shall be the responsibility of Weslease and shall be promptly repaired by Weslease.
- 3.11 Weslease makes no representations or guarantees as to the delivery date of the Equipment, and any delay in the delivery of the Equipment does not give rise to any damage or loss claim by the Lessee.
- 3.12 The Lessee hereby agrees to:
- (a) Provide two (2) trucks towards the mobilization and set up of the Equipment;
- 

- (b) Provide labour and material covering electrical and plumbing, for the installation of the Equipment;
- (c) Provide a clean, level site for the Equipment at Simonette.

4. QUALITY, MAINTENANCE AND REPAIR OF EQUIPMENT

- 4.1 Weslease represents and warrants that the Equipment shall be in good working order as at Turnover.
- 4.2 Weslease and the Lessee will conduct a written walkthrough condition survey of the Equipment at Turnover or at such other time as may be mutually agreed to by the Parties.
- 4.3 The Lessee shall, at its own cost and expense, use commercially reasonable efforts to maintain the Equipment, including janitorial services, painting, and minor routine repairs as are necessary or reasonably appropriate in the course of maintenance of the Equipment.
- 4.4 Weslease shall, at its own cost and expense, conduct any necessary capital repairs to the Equipment required to keep the Equipment in good working order, including the repair or replacement of any plumbing, electrical, mechanical and heating, ventilating and air conditioning system, any major structural or systems repairs or replacements ("**Capital Repairs**"), other than those Capital Repairs that are occasioned by negligence or intentional damage by the Lessee, its employees, contractors and agents or by the third party occupants of the Equipment.
- 4.5 Should Weslease fail to conduct any necessary Capital Repairs within thirty (30) days, the Lessee may conduct such Capital Repairs at Weslease's cost. Any amount owing by Weslease may be set-off by the Lessee against any funds owing to Weslease.

5. TITLE AND SECURITY INTEREST

- 5.1 Weslease retains title to and ownership of the Equipment.
- 5.2 In order to secure interest in the Equipment, Weslease may register and maintain a security interest in the Equipment pursuant the provisions of the *Personal Property and Security Act* R.S.A. 2000, c.P-7.
- 5.3 Notwithstanding the Lessee's possession and operation of the Equipment, the Parties agree that all right, title and interest to the Equipment shall remain at all times with Weslease. The Lessee agrees not to impair Weslease's title and right of possession.

6. RETURNING EQUIPMENT AND RETAKING POSSESSION

- 6.1 Upon the expiration of this Agreement, Weslease shall attend Simonette for a joint inspection of the Equipment. The Lessee is to return the Equipment in the same condition as provided with the exclusion of ordinary wear and tear.

6.2 The Lessee shall shut off and tag out all power, internet and water to the Equipment as needed prior to the decommissioning of the Equipment at the expiry of the Term. The Lessee will not physically disconnect the wiring and plumbing to the Equipment.

6.3 Weslease will be responsible to winterize the Equipment prior to services being shutoff and discontinued and to decommission, disassemble and remove the Equipment at the expiry of this Agreement.

7. TERM AND OPTION TO PURCHASE

7.1 The term of this Agreement shall be for an initial period equal of seven (7) years, commencing on the Effective Date, subject to such renewals as agreed to by the Parties (the "Term").

7.2 Weslease hereby grants the Lessee a sole and exclusive option (the "Option") to purchase the Equipment at any time during the Term for a purchase price of:

- (a) \$3,154,926.72 plus GST if the Option is exercised after the first year of the Term;
- (b) \$2,767,749.09 plus GST if the Option is exercised after the second year of the Term;
- (c) \$2,333,654.10 plus GST if the Option is exercised after the third year of the Term;
- (d) \$1,846,606.34 plus GST if the Option is exercised after the fourth year of the Term;
- (e) \$1,300,272.26 plus GST if the Option is exercised after the fifth year of the Term;
- (f) \$687,435.20 plus GST if the Option is exercised after the sixth year of the Term;
- (g) \$100.00 plus GST if the Option is exercised at the conclusion of the seventh year of the Term;

(the "Purchase Price").

7.3 The Lessee may exercise the Option at any time by providing written notice to Weslease.

7.4 Upon exercise of the Option by the Lessee, this Agreement shall become a binding contract of purchase and sale between Weslease and the Lessee, which shall be completed upon the terms and subject to the conditions set forth in this Agreement.

7.5 The Lessee will pay the Purchase Price to Weslease within thirty (30) days of exercising the Option (the "Closing").

7.6 On Closing:

- (a) full right and title to the Equipment shall be conveyed by Weslease to the Lessee free and clear of all liens, charges, encumbrances and registrations of every nature and kind whatsoever; and

(b) the Term of this Agreement shall expire.

7.7 Sections 1, 7, 11, 12, 13 and 14 of this Agreement shall survive expiry of the Term of this Agreement.

8. COMPENSATION

8.1 Immediately following Turnover, as full compensation for the lease of Equipment and the Weslease Work, the Lessee shall pay to Weslease \$12.00 plus GST per day per occupied room ("**Occupied Rooms**") at Simonette during the Term, commencing on Turnover, with a maximum daily rate of \$4,068 plus GST (the "**Daily Rate**").

8.2 Rooms occupied by employees or contractors of the Lessee who are occupying the rooms for the purposes of the operation of Simonette shall not be considered Occupied Rooms.

8.3 Prior to Turnover, on the earlier of:

(a) the Equipment being used as Occupied Rooms; or

(b) Occupancy Permits by the governing authorities being issued in respect of at least 100 rooms of the Equipment

the Lessee shall pay to Weslease a pro rata Daily Rate equal to the number of rooms in the Equipment for which Occupancy Permits have been issued by the governing authorities divided by 200 (the "**Pro Rata Daily Rate**"), but in no circumstances will the Pro Rata Daily Rate exceed 80% of the Daily Rate.

For example, if, prior to Turnover, 100 rooms in the Equipment are ready for use as Occupied Rooms, the Lessee shall pay to Weslease \$6.00 plus GST per Occupied Room at Simonette.

8.4 The Lessee shall provide a monthly report of occupancy within 30 days of the end of each month of the Term.

8.5 The Lessee shall pay Weslease within 30 days delivery of each occupancy report.

8.6 There shall be no charge for any room occupied by a Lessee employee.

9. INSURANCE

9.1 Prior to Turnover, Weslease assumes the risk, responsibility and liability for loss, damage or destruction of the Equipment.

9.2 Following Turnover, the Lessee assumes the risk, responsibility and liability for loss, damage or destruction of the Equipment and shall at the Lessee's expense:

(a) place and maintain physical damage insurance on the Equipment with the deductible

payable by the Lessee;

- (b) place and maintain general liability insurance with limits of liability of not less than \$3,000,000.00 per occurrence for injury or death of any one or more persons or damage to property arising out of or in relation to the operation and maintenance of the Equipment.
- (c) The Lessee shall name Weslease as a First Loss Payee with respect to the Equipment and as an additional insured and will furnish to Weslease, upon request, a certificate of insurance indicating that the required coverage is in effect.

10. COURT APPROVAL

- 10.1 The obligations of the Parties under this Agreement are conditional on obtaining approval of the Court of Queen's Bench of Alberta or upon the Parties hereto waiving the requirement for court approval in the event court approval is not required by law.

11. LIMITATION ON LIABILITY

- 11.1 The Lessee hereby agrees to indemnify, defend, save and hold harmless Weslease and each of its subsidiaries, affiliated companies, directors, officers, employees, limited partners, counsel, auditors, accountants, agents, advisors and any other representatives and each of the heirs, executors, successors and permitted assigns of any of the foregoing, from and against any and all damages, cost, expense, third party claim, action, suit or other proceeding or liability (including reasonably attorneys' fees and court costs) to the extent that damages are caused by, arising from, incurred in connection with or relating in any way to the use of the Equipment and/or any breach of this Agreement by the Lessee; except to the extent that damages are caused by any action taken or failure to act which constitutes or results from negligence or willful misconduct by Weslease, or by Weslease's breach of this Agreement.
- 11.2 Weslease hereby agrees to indemnify, defend, save and hold harmless the Lessee and each of its subsidiaries, affiliated companies, directors, officers, employees, limited partners, counsel, auditors, accountants, agents, advisors and any other representatives and each of the heirs, executors, successors and permitted assigns of any of the foregoing, from and against any and all damages, cost, expense, third party claim, action, suit or other proceeding or liability (including reasonably attorneys' fees and court costs) to the extent that damages are caused by, arising from, incurred in connection with or relating in any way to the use of the Equipment and/or any breach of this Agreement by Lessee; except to the extent that damages are caused by any action taken or failure to act which constitutes or results from negligence or willful misconduct by the Lessee, or by the Lessee's breach of this Agreement.
- 11.3 Notwithstanding any other provision contained herein, in no event will Weslease or its respective subsidiaries, affiliates, directors, officers, agents, subcontractors or employees be liable for any loss of business, business interruption, consequential, incidental, special, indirect or punitive damages to the Lessee.
- 11.4 Notwithstanding any other provision contained herein, in no event will the Lessee or its respective subsidiaries, affiliates, directors, officers, agents, subcontractors or employees be liable for any

loss of business, business interruption, consequential, incidental, special, indirect or punitive damages to Weslease.

12. NOTICE

12.1 Any notice, consent or approval required or permitted to be given hereunder must be in writing and must be either personally delivered or sent by facsimile delivery or email delivery addressed as follows:

(a) To the Lessee: 2900, 10180-101 Street
Edmonton, Alberta T5J 3V5

(b) To Weslease: 11464 149 Street
Edmonton, Alberta T5M 1W7

12.2 Every notice shall be deemed to have been properly given, if delivered, on the date of delivery thereof, and if sent by facsimile, or emailing on the date of sending thereof (with receipt confirmed) providing that in all cases, such delivery or sending is made on a Business Day. If the date of delivery or sending is not a Business Day, receipt of such notice will be deemed upon the first Business Day thereafter.

12.3 Any Party may change its address for service upon written notice to the other Parties.

13. CONFIDENTIAL INFORMATION AND PROPRIETARY MATERIALS

13.1 The Parties may from time to time disclose to each other certain information of a confidential, proprietary or technical nature, including business strategies, marketing plans, trade secrets, technology, quality procedures, books and manuals, sources of supply and customer information. (the "Confidential Information").

13.2 The Parties will not disclose the Confidential Information of the other without prior written authorization, unless required by law or governmental authority, in which case the Party will promptly notify the other Party of the disclosure requirement.

13.3 The requirement to maintain confidentiality of the Confidential Information shall survive any expiry of or termination of the Agreement.

14. GENERAL

14.1 The Parties shall at their own cost and expense each do and perform all such further acts and things and shall execute all such deeds, documents and writings and shall give all such further assurances as may be necessary to carry out the intent of this Agreement.

14.2 Any amendments to this Agreement must be in writing and are not enforceable without the prior written consent of the other Party.

14.3 No provision of this Agreement shall be deemed to have been waived unless the waiver is in writing and executed by the Party granting such waiver. A waiver of any breach of any term or

condition of this Agreement is not to be deemed as a waiver of a subsequent breach of the same term or condition so waived or any other term or condition contained in this Agreement.

- 14.4 This Agreement shall be binding and shall enure to the benefit of the Parties and their respective successor and assigns.
- 13.5 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day and year first above written.

**WESLEASE INCOME GROWTH FUND
LIMITED PARTNERSHIP BY ITS GENERAL
PARTNER WESLEASE INCOME GROWTH
FUND GP LTD.**

Per: _____

Name: _____

Title: Authorized Signatory *Executive VP.*

I have authority to bind the partnership

D.J. CATERING LTD.

Per: _____

Name: _____

Title: Authorized Signatory

I have authority to bind the corporation

CANADA NORTH CAMPS INC.

Per: _____

Name: _____

Title: Authorized Signatory

I have authority to bind the corporation

Handwritten initials

condition of this Agreement is not to be deemed as a waiver of a subsequent breach of the same term or condition so waived or any other term or condition contained in this Agreement.

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**WESLEASE INCOME GROWTH FUND
LIMITED PARTNERSHIP BY ITS GENERAL
PARTNER WESLEASE INCOME GROWTH
FUND GP LTD.**

Per: _____

Name:

Title: Authorized Signatory

I have authority to bind the partnership

D.J. CATERING LTD.

Per: _____

Name:

Title: Authorized Signatory

I have authority to bind the corporation

CANADA NORTH CAMPS INC.

Per: _____

Name:

Title: Authorized Signatory

I have authority to bind the corporation

SCHEDULE "A"

1. Six frameless workforce housing dormitories further described as the serial numbered goods below.
2. Roof and floor panels for housing dormitories
3. Water storage building complete with pumps and heaters
4. Sewage treatment plant
5. All building steps and landings
6. 525 KVA Diesel Caterpillar Generator
7. All venting and vent caps as required by the code
8. The following serial numbered goods:

Serial Number	Year	Make and Model	Category
171781264SA04N08	2008	Sleeper	Mobile Home
171801264SB04N08	2008	Sleeper	Mobile Home
171811264SC04N08	2008	Sleeper	Mobile Home
171821264SD04N08	2008	Sleeper	Mobile Home
171831264SE04N08	2008	Sleeper	Mobile Home
171841264SI04N08	2008	Sleeper	Mobile Home
171851264SA04N08	2008	Sleeper	Mobile Home
171861264SB04N08	2008	Sleeper	Mobile Home
171871264SC04N08	2008	Sleeper	Mobile Home
171881264SD04N08	2008	Sleeper	Mobile Home
171891264SE04N08	2008	Sleeper	Mobile Home
171901264SF04N08	2008	Sleeper	Mobile Home
171911264SA04N08	2008	Sleeper	Mobile Home
171921264SB04N08	2008	Sleeper	Mobile Home
171931264SC04N08	2008	Sleeper	Mobile Home
171941264SD04N08	2008	Sleeper	Mobile Home
171951264SE04N08	2008	Sleeper	Mobile Home
171961264SF04N08	2008	Sleeper	Mobile Home
152901264SA02N05	2005	Sleeper	Mobile Home
152911264SB02N05	2005	Sleeper	Mobile Home
152921264SC02N05	2005	Sleeper	Mobile Home
152931264SD02N05	2005	Sleeper	Mobile Home
152941264SE02N05	2005	Sleeper	Mobile Home

152951264SF02N05	2005	Sleeper	Mobile Home
152961264SA02N05	2005	Sleeper	Mobile Home
152971264SB02N05	2005	Sleeper	Mobile Home
152981264SC02N05	2005	Sleeper	Mobile Home
152991264SD02N05	2005	Sleeper	Mobile Home
153001264SE02N05	2005	Sleeper	Mobile Home
153011264SF02N05	2005	Sleeper	Mobile Home
153021264SA02N05	2005	Sleeper	Mobile Home
153031264SB02N05	2005	Sleeper	Mobile Home
153041264SC02N05	2005	Sleeper	Mobile Home
153051264SC02N05	2005	Sleeper	Mobile Home
153061264SE02N05	2005	Sleeper	Mobile Home
153071264SF02N05	2005	Sleeper	Mobile Home