

COURT FILE NO. 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 667402 ALBERTA
LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA
LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS
LTD.

DOCUMENT ORDER (PRIORITY OF CONTESTED CAMP ASSETS)

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CONTACT
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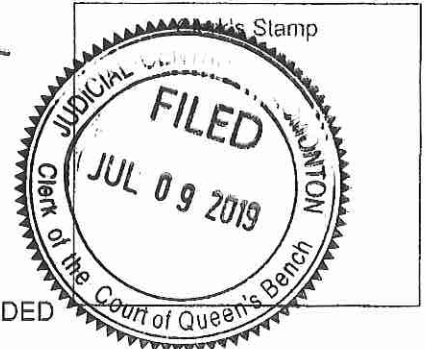
DATE ON WHICH ORDER WAS PRONOUNCED: May 14, 2019

LOCATION OF HEARING: Edmonton, Alberta

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Mr. Justice S.D. Hillier

UPON THE Order dated November 21, 2018 (the "November Order") and the Application of 726 Remote Accommodations Ltd., 726 Modular Finance Ltd., and Reliant Asset Management LLC (collectively "726") for declarations of ownership of and priority to certain assets that it, 18512398 Alberta Ltd., formerly known as "Canada North Camps Inc." ("185") and Canadian Western Bank ("CWB") claim at one or more of the Bonnyville, Wandering River, Peace River and Kilometer 147 camps previously operated by 185; AND UPON the application of Great White Sand Tiger Lodging ("Sand Tiger") for a declaration of ownership of and priority to certain "Small Wares" (as described and defined in Reasons for Judgment of the Honourable Mr. Justice S.D. Hillier dated May 14, 2019) located in certain dorms or alike units it owns at the Bonnyville Camp site; AND UPON HAVING READ the Initial Order dated July 5, 2017, the Order dated September 6, 2018, the November Order, the Amended Application of 726 filed December 20, 2018, the Application filed by CWB on December 12, 2018, and the other pleadings and proceedings taken in this matter; AND UPON having read the respective Affidavits, Reports and written briefs of Ernst & Young Inc. (the "Monitor"), in its capacity as the Court-appointed Monitor of 667402 Alberta Ltd., 185, 816956 Alberta Ltd., 1371047 Alberta Ltd. ("137"), 1919209 Alberta Ltd. and Canada North Group LP Holdings Ltd. (collectively the "Applicants"), 726, CWB and Sand Tiger; AND UPON HEARING the submissions of counsel for the Monitor, 726, CWB and Sand Tiger counsel; AND UPON

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



reviewing the Reasons for Judgment of the Honourable Mr. Justice S.D. Hillier dated May 14, 2019 ("the Reasons"); **IT IS HEREBY ORDERED AND DECLARED THAT:**

[1] It is hereby declared that the General Security Agreements granted by each of Wandering River Lodge LP, Peace River Lodge LP, Bonnyville Lodge LP and Kilometer 147 LP to 185 (collectively the "Partnership GSAs") are valid and enforceable.

[2] In respect of the "Bonnyville Assets" (as defined in the Reasons), including without limitation the "J+J Dorms" (as defined in the Reasons), it is hereby declared that:

(a) 185's sale of the Bonnyville Assets to 726 was not done in the ordinary course of 185's business and 726 knew or ought reasonably to have known of CWB's prior and existing security interest in the Bonnyville Assets;

(b) 726 acquired the Bonnyville Assets, subject to the security interest of CWB;

(c) CWB's security interest in the Bonnyville Assets stands in priority to any ownership claim of 726 and the sum it secures is limited to \$16,500,00.00; and

(d) the Monitor may liquidate the Bonnyville Assets.

[3] In respect of the assets claimed by 726 at the Wandering River, Peace River and Kilometer 147 camps, which were leased for a term of more than one year by 726 respectively to Wandering River Lodge LP, Peace River Lodge LP, and Kilometer 147 LP (collectively the "Leased Camp Assets"), it is hereby declared that:

(a) 185's security interest pursuant to the Partnership GSAs (as described in the Reasons) take precedence and priority to 726's interest in the Leased Camp Assets;

(b) 185's security interest pursuant to the Partnership GSAs:

(i) in the Leased Camp Assets that are located on the Wandering River Camp is limited to the sum of \$159,123.46;

(ii) in the Leased Camp Assets that are located on the Peace River Camp is limited to the sum of \$1,116,897.75; and

(iii) in the Leased Camp Assets that are located on the Kilometer 147 Camp is limited to the sum of \$1,236,788.24;

(c) 185's security interest in the Leased Camp Assets constitutes a property interest in such assets that is itself subject to the security interest that CWB holds over and in respect of 185; and

(e) subject to any prior security interests of third parties, the Monitor may liquidate the Leased Camp Assets in these proceedings for the benefit of CWB, to the extent of the amounts set out in [3](b) above.

[4] In respect of the "Ancillary Equipment" (as described in the Reasons) and Small Wares claimed by 726 at the Wandering River, Peace River, Bonnyville and Kilometer 147 camps (collectively the "726 Claimed Extra Assets"), it is hereby declared that:

(a) 726 has not established its ownership of the 726 Claimed Extra Assets;

(b) CWB's security interests, through its General Security Agreement registered as against 185 and/or indirectly through the Partnership GSAs, as applicable, take precedence and priority to 726's claimed interests in the 726 Claimed Extra Assets; and

(c) the Monitor may liquidate the 726 Claimed Extra Assets in these proceedings for the benefit of CWB to the extent of 185's debt to CWB.

[5] In respect of the "FX6 Dorms" as defined in the Affidavit of Barry Roman sworn on November 27, 2018, it is hereby declared that the Monitor was entitled to sell the FX6 Dorms.

[6] In respect of the "Removed Unit" as defined in the Affidavit of Barry Roman sworn on November 27, 2018, it is hereby declared that:

(b) CWB has the first priority security interest in the Removed Unit; and

(c) the Monitor may liquidate the Removed Unit in these proceedings for the benefit of CWB.

[7] In respect of the "Delivered Kitchen Units" as defined in the Affidavit of Barry Roman sworn on November 27, 2018, it is hereby declared that:

(b) CWB has the first priority security interest in the Delivered Kitchen Units; and

(c) the Monitor may liquidate the Delivered Kitchen Units in these proceedings for the benefit of CWB.

[8] In respect of the Small Wares claimed by Sand Tiger at the Bonnyville camp (the "Sand Tiger Claimed Small Wares"), it is hereby declared that:

(a) Sand Tiger has established its ownership of the Sand Tiger Claimed Small Wares, other than bedding;

(b) however, CWB has the first priority security interest in the Sand Tiger Claimed Small Wares; and

(c) the Monitor may liquidate the Sand Tiger Claimed Small Wares in these proceedings for the benefit of CWB.

[9] The determination of the costs to be awarded shall be determined at a future date and hearing, if necessary. 726, CWB, Sand Tiger and the Monitor are hereby granted leave to bring an application respecting costs within 60 days of the date of this Order if they are unable to agree on costs.

[10] This Order may be signed in counterpart, and delivered by facsimile or other electronic means.



Justice of the Court of Queen's Bench of Alberta

APPROVED AS TO FORM AND CONTENT BY:

DUNCAN CRAIG LLP



Darren R. Bieganeck, Q.C./Ryan F.T. Quinlan

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Scott. C. Chimuk

- (a) Sand Tiger has established its ownership of the Sand Tiger Claimed Small Wares, other than bedding;
 - (b) however, CWB has the first priority security interest in the Sand Tiger Claimed Small Wares; and
 - (c) the Monitor may liquidate the Sand Tiger Claimed Small Wares in these proceedings for the benefit of CWB.
- [9] The determination of the costs to be awarded shall be determined at a future date and hearing, if necessary. 726, CWB, Sand Tiger and the Monitor are hereby granted leave to bring an application respecting costs within 60 days of the date of this Order if they are unable to agree on costs.
- [10] This Order may be signed in counterpart, and delivered by facsimile or other electronic means.

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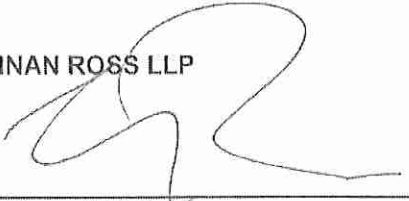
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- (a) Sand Tiger has established its ownership of the Sand Tiger Claimed Small Wares, other than bedding;
- (b) however, CWB has the first priority security interest in the Sand Tiger Claimed Small Wares; and
- (c) the Monitor may liquidate the Sand Tiger Claimed Small Wares in these proceedings for the benefit of CWB.

[9] The determination of the costs to be awarded shall be determined at a future date and hearing, if necessary. 726, CWB, Sand Tiger and the Monitor are hereby granted leave to bring an application respecting costs within 60 days of the date of this Order if they are unable to agree on costs.

[10] This Order may be signed in counterpart, and delivered by facsimile or other electronic means.

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