

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 667402 ALBERTA LTD., 18512398 ALBERTA
LTD., 816956 ALBERTA LTD., 1371047 ALBERTA
LTD., 1919209 ALBERTA LTD. AND CANADA NORTH
GROUP LP HOLDINGS LTD.

DOCUMENT

THE MONITOR'S TWENTY-FIFTH REPORT

September 30, 2019

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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PURPOSE OF THE REPORT

1. Over the Course of these CCAA proceedings the Applicants and the Monitor have made several applications to this Court, which have not been outlined in this report, requesting various relief and corresponding extensions of the Stay. Prior to this report, the Monitor has filed twenty-three reports with the Court, issued one confidential report (the Confidential Twenty-Fourth Report) and issued ten unfiled Confidential Supplements in relation to its Eleventh, Twelfth, Thirteenth, Sixteenth, Seventeenth, Eighteenth, Twentieth, Twenty-First and Twenty-Second Reports. Copies of all filed Monitor's reports, materials filed by the Applicants, application materials and previous Orders of the Court can be accessed on the Monitor's website as noted in the disclaimer section of this report below.
2. The purpose of this brief report (the "**25th Report**") is to provide the Court and the Remaining Applicants' stakeholders with information in support of a request by the Monitor of this Honourable Court for an Order approving a proposed settlement with 726 Remote Accommodations Ltd., 726 Modular Finance Ltd. and Reliant Asset Management, LLC (collectively "726") arising out of the previous application before Justice Hillier and his subsequent Reasons for Judgement dated May 14, 2019, (the "**Reasons**"), wherein he determined that:
 - a) 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;
 - b) In respect of the "Bonnyville Assets" (as defined in the Reasons), including without limitation the "J+J Dorms" (as defined in the Reasons), 726 acquired the Bonnyville Assets, subject to the security interest of CWB, which stands in priority to any ownership claim of 726, and the Monitor may liquidate the Bonnyville Assets;
 - c) 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"), 185's security interest pursuant to the Partnership GSAs (as described in the Reasons) takes precedence and priority to 726's interest in the Leased Camp Assets, and that 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;
- d) 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"), 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 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;
- e) In respect of the "FX6 Dorms" as defined in the Affidavit of Barry Roman sworn on November 27, 2018, the Monitor was entitled to sell the FX6 Dorms;
- f) In respect of the "Removed Unit" as defined in the Affidavit of Barry Roman sworn on November 27, 2018 (the "Roman Affidavit"), CWB has the first priority security interest in the Removed Unit, and the Monitor may liquidate the Removed Unit in these proceedings for the benefit of CWB; and

- g) In respect of the "Delivered Kitchen Units" as defined in the Roman Affidavit, CWB has the first priority security interest in the Delivered Kitchen Units; and the Monitor may liquidate the Delivered Kitchen Units in these proceedings for the benefit of CWB.

(the "Hillier Decision").

DISCLAIMER

3. This 25th Report should be read in conjunction with all previously filed affidavits and reports, as well as Court Orders previously issued in these proceedings all of which, save for items directed to be sealed for confidentiality purposes, are available on the Monitor's website established for these proceedings that is located at <http://documentcentre.eycan.com/Pages/Main.aspx?SID=1410>. In addition, this 25th Report should be read in conjunction with any new materials filed with the Court by the Applicants (if any), or others, prior to the date of the upcoming application set for October 1, 2019.
4. This report should be read in conjunction with all reports previously filed by the Receiver, as well as all filed Confidential Supplements), as only new details not previously provided to the Court will be discussed herein, unless otherwise stated.
5. Unless otherwise stated, all references to monetary amounts contained herein are expressed in Canadian currency. Capitalized terms used herein not otherwise defined are as defined in the previous reports of the Monitor and other materials filed in connection with these CCAA proceedings to date.

PROPOSED SETTLEMENT AGREEMENT AND RELEASE

6. Shortly after the Hillier Decision was released, the Monitor, its counsel, CWB and its counsel met to discuss the impact of the Hillier Decision in the circumstances and the Monitor's proposed next steps. It was agreed at the meeting that the most prudent course of action would be to approach 726 in an attempt to reach a settlement of the matter, as opposed to having the Monitor take possession of a number of additional assets (where required), secure such assets and proceed to liquidate same.

7. Between July 12, 2019 and September 25th, 2019 counsel for the Monitor and 726 exchanged without prejudice settlement offers and counter offers in an attempt to negotiate a settlement. CWB and its counsel were involved throughout this process and were fully apprised of all discussions in this regard.
8. Subject to the approval of this Honourable Court, the Monitor and 726 have come to an agreement whereby 726 will pay \$3.25 million to the estate as follows:
 - a. \$159,123.46, for and on behalf of Wandering River Lodge LP, as repayment of the indebtedness owing from Wandering River Lodge LP to CNC;
 - b. \$1,116,897.75, for and on behalf of Peace River Lodge LP, as repayment of the indebtedness owing from Peace River Lodge LP to CNC;
 - c. \$1,236,788.24 (including the sum of \$367,290.00 representing proceeds of sale of certain rig mats), for and on behalf of Kilometer 147 LP, as repayment of the indebtedness owing from Kilometer 147 LP to CNC;
 - d. \$737,187.55 in consideration of CWB releasing its priority security interest in the Bonnyville Equipment;
 - e. \$1.00 in consideration of CNC releasing its priority security interest in the Ancillary Equipment;
 - f. \$1.00 in consideration of CNC releasing its priority security interest in the Small Wares; and
 - g. \$1.00 for the release of any potential debt claim that one or more of the Applicants may have in respect of the Arizona Dorms (as defined below) and potential claim in relation thereto.
9. In exchange for the payment of settlement amount by 726, the Monitor and CWB have agreed to seek and support an Order of this Honourable Court approving the proposed Settlement Agreement and Release (the "**726 Agreement**") and confirming title in and to

the applicable assets, including the Removed Unit and Delivered Kitchen Units, in 726 free and clear of any right, title and interest of the Applicants and any creditors and other persons claiming through the Applicants, including without limitation the Monitor and CWB (the "Approval Order").

10. The 726 Agreement specifically excludes from its scope any costs award that may be payable by 726 to the Monitor and/or CWB as a result of the Hillier Decision (the "**Costs Dispute**"). The Costs Dispute is scheduled to be heard before the Honourable Mr. Justice Hillier on November 6, 2019 (the "**Costs Hearing**") and is still proceeding as at the date of this report. 726 will be responsible for the payment of any cost award issued against it notwithstanding this settlement.
11. A copy of the 726 Agreement and the applicable details in relation thereto is attached as **Schedule "A"** to this report. The Monitor advises that the 726 Agreement attached as Schedule A to this report is unfinalized at this time as the Monitor is awaiting confirmation from 726 that it has agreed to its final terms set out therein. The Monitor has been working with counsel for 726 in drafting the 726 Agreement and does not anticipate that any material changes to the terms will be required.
12. One further note in relation to the 726 Agreement relates to Schedule C attached thereto. The Monitor advises that this schedule is still being formulated at this time, but it will contain the listing of Ancillary Equipment that is generally set out in the Roman Affidavit.
13. The Monitor advises that although it may be possible to liquidate the assets subject to the 726 Agreement and achieve a higher recovery over the amount contemplated in the 726 Agreement, the Monitor has a number of significant concerns in this regard including, but not likely limited to the following:
 - i.) The market for camp related equipment given the current state of the Alberta economy has been soft over the past year, and the Monitor is not privy to any information at present that suggests this will change in the foreseeable future. Unless the market improves, it is also possible that the net recovery/realization to the estate could be less than contemplated in the 726 Agreement;

- ii.) Recent sales of the Remaining Applicants' assets have been slow, which could mean that significant carrying costs could be required to safeguard, store, maintain, insure, possibly transport and sell the assets subject to the 726 Agreement;
 - iii.) There would be increased professional fees required of the Monitor and likely its counsel to deal with the assets subject to the 726 Agreement, which could also be significant;
 - iv.) In relation to insurance, the Monitor advises that the Remaining Applicants' insurer recently advised that it would not be renewing the existing insurance policy, which was set to expire on September 30, 2019. Securing new insurance in these circumstances was very difficult as most insurance companies are no longer insuring non-operating camps. Although the Monitor was able to secure replacement insurance in time, the replacement insurance is expensive with monthly premiums of \$7,198.00. The Monitor anticipates that insurance costs will be reduced with this settlement;
 - v.) Maintaining full time, on site security at certain of the former camp locations is becoming challenging given the passage of time. The Monitor has had difficulties maintaining security at some of the sites since the expansion of its powers (even with the assistance of Lodgistry), and is concerned that additional security would be difficult to secure and maintain; and
 - vi.) With the passage of time, the condition of the remaining camp assets (including the assets subject to the 726 Agreement) will likely deteriorate on account of weather conditions and lack of use.
14. In addition to the above, there are a number of reasons in support of the 726 Agreement, including the following:
- a.) 726 has confirmed that the \$3.25 million of consideration contemplated in the 726 Agreement would be paid to the estate within a few weeks of the Court's approval, eliminating the need for a sales process of the affected assets and

seeing an injection of significant funds into the estate in short order;

- b.) There will not be any additional costs to secure, store, maintain, insure, transport or sell the assets subject to the 726 Agreement;
- c.) The payment of the \$3.25 million by 726 sees all of the debt owed to CNC by Wandering River Lodge LP, Peace River Lodge LP and Kilometer 147 LP paid in full, plus an additional \$737,187.55 paid as partial payment of the indebtedness owing from CNC to CWB, in exchange for a release of CWB's security interest on the Bonnyville Assets;
- d.) The approval of the 726 Agreement will resolve the outstanding asset ownership/priority issues which have been the primary cause for the delay in relation to the Monitor finalizing a request for proposals ("RFP"). Completion of the 726 Agreement will allow the Monitor to proceed to issue an RFP for the Remaining Applicants' remaining camp assets and real properties in due course with the certainty of what can be offered for sale through that process;
- e.) The 726 Agreement does not include or address any costs which arise from the Hillier Order and this matter remains a live issue and will likely result in additional funds being paid to the estate;
- f.) CWB is the only directly affected secured stakeholder in relation to the 726 Agreement, and CWB supports the Monitor's request for approval of the 726 Agreement by the Court.

15. In respect of the Arizona Dorms, the Monitor has previously been advised that one or More of the Applicants agreed to construct six (6) dorms, bearing serial numbers 201423FXPR2028, 201423FXPR2031, 201423FXPR2037, 201423FXPR2038, 201423FXPR2039 and 201423FXPR2040 (collectively the "Arizona Dorms") in exchange for payment by 726 in the amount of \$737,054.36 (U.S. Dollars). The Applicants, or one of them, allegedly issued invoice number 429859673 dated May 31, 2017 in the amount of \$560,161.38 (U.S. Dollars) to 726 in respect of the Arizona Dorms, which 726 denied ever receiving.

16. Counsel for the Monitor issued a demand letter to 726 on or about June 11, 2018 demanding payment of the sum of \$560,161.38 (U.S. Dollars) from 726 in respect of the Arizona Dorms. 726 denied for a number of being liable or responsible for any further sums alleged to be due and owing in favour of the Applicants in respect of the Arizona Dorms.
17. On or about September 19, 2018, 726 and the Monitor entered into a Liquidation Process and Standstill Agreement in respect of the Arizona Dorms. A copy of this Agreement is attached as **Schedule "B"** to this report.
18. The Arizona Dorms were sold by the Monitor for the modest amount of \$3,100.00 USD (gross sale proceeds), due in part to their construction being incomplete and unfinished. After related sales costs were deducted and the remaining proceeds were converted to Canadian currency, the Monitor received \$2,596.14 CAD on account of the sale of the Arizona Dorms.
19. Based on the information provided by 726 regarding the Arizona Dorms, and the other information gathered by the Monitor from the Applicants and its agents in Arizona, the Monitor's counsel has opined to the Monitor that the chances of successfully asserting a debt claim against 726 in respect of the alleged amounts outstanding for the Arizona Dorms is low and the cost to do so in the circumstances would likely eclipse any value to the estate.
20. Based on the information noted above, the Monitor recommends the Court approve the 726 Agreement.

OTHER MATTERS

21. There are no other matters to report at this time.

CONCLUSIONS

22. Based on the matters outlined in this report, the Monitor respectfully requests an Order from the Court approving the 726 Agreement as contemplated herein.

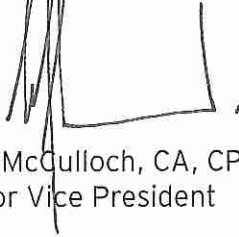
All of which is respectfully submitted.

Dated at Edmonton, this 30th day of September, 2019.

Ernst & Young Inc.

In its capacity as Monitor of
667402 Alberta Ltd.; 18512398 Alberta Ltd.; 816956 Alberta Ltd.; 1371047 Alberta Ltd.;
1919209 Alberta Ltd.; and Canada North Group LP Holdings Ltd.
and not in its personal or corporate capacity

Per:

A handwritten signature in black ink, appearing to read 'Matt McCulloch', is written over a rectangular box. The signature is stylized and somewhat cursive.

Matt McCulloch, CA, CPA, CIRP, LIT
Senior Vice President

SCHEDULE A

SETTLEMENT AGREEMENT AND RELEASE

This Agreement is made effective this 29th day of September, 2019 by and between:

ERNST & YOUNG INC., IN ITS CAPACITY AS THE COURT-APPOINTED MONITOR OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS LTD.

("MONITOR")

-AND-

CANADIAN WESTERN BANK

("CWB")

-AND-

726 REMOTE ACCOMMODATIONS LTD., 726 MODULAR FINANCE LTD., AND RELIANT ASSET MANAGEMENT, LLC

(collectively "726")

WHEREAS on July 5, 2017, 667402 Alberta Ltd., 18512398 Alberta Ltd., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., and 1371047 Alberta Ltd. (collectively the "Applicants") made an application requesting certain relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, (the "CCAA"), and obtained an Initial Order and a stay of proceedings in Court of Queen's Bench Action Number 1703 12327 (the "Action"), and Ernst & Young Inc. was appointed as the monitor of the Applicants;

AND WHEREAS Since the Initial Order, 1919209 Alberta Ltd. and Canada North Group LP Holdings Ltd. have been added as "Applicants" to these proceedings, while Campcorp Structures Ltd., D.J. Catering Ltd. have been removed from the CCAA proceedings, and the powers of the Monitor have been expanded to permit it to liquidate all of the assets of the remaining Applicants;

AND WHEREAS the Monitor and 726 entered into a Liquidation Process and Standstill Agreement dated effective September 19, 2018 (the "Standstill Agreement") in respect of six (6) dorms, bearing serial numbers 201423FXPR2028, 201423FXPR2031, 201423FXPR2037, 201423FXPR2038, 201423FXPR2039 and 201423FXPR2040, located in Arizona (collectively the "Arizona Dorms") that were the subject of invoice number 429859673 dated May 31, 2017 issued by one of the Applicants to 726 (the "Arizona Dorms Invoice"), which 726 has denied being liable to pay (the "Arizona Dorms Dispute");

AND WHEREAS 726 claimed ownership of the following in the Action:

- (a) the "Bonnyville Equipment," including without limitation the "J+J Dorms," as described in Schedule "A" to this Agreement;

(b) certain specific assets at the Wandering River, Peace River and Kilometer 147 camps formerly operated by 18512398 Alberta Ltd., formerly known as Canada North Camps Inc. ("CNC"), 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, as described in Schedule "B" to this Agreement (collectively the "Leased Camp Assets");

(c) certain "Ancillary Equipment" at the Bonnyville, Peace River and Kilometer 147 camps formerly operated by 185, as described in Schedule "C" to this Agreement;

(d) the "Small Wares," as described in the Honourable Mr. Justice Hillier's Reasons for Judgment dated May 14, 2019 (the "Reasons"), located specifically within the dorms, kitchen units and recreation units that consist the Bonnyville Equipment and the Leased Camp Assets;

(e) the "Removed Unit," as defined in the Supplemental Affidavit of Barry Roman sworn November 27, 2018 (the "Supplemental Affidavit"); and

(f) the "Delivered Kitchen Units," as defined in the Supplemental Affidavit

(collectively the "Contested Camp Assets");

AND WHEREAS the Monitor, on behalf of CNC, and CWB claimed priority to the Bonnyville Equipment, and the Monitor, on behalf of CNC, claimed priority to the Leased Camp Assets, and ownership of or priority to the Ancillary Equipment, Small Wares, Removed Unit and Delivered Kitchen Units;

AND WHEREAS the Parties argued before the Honourable Mr. Justice Hillier in the Action on January 10, January 11, March 14 and March 15, 2019 in respect of the ownership of and priority to the Contested Camp Assets (the "Hearing"); and thereafter, the Honourable Mr. Justice Hillier released his Reasons and granted the Order (Priority of Contested Camp Assets) dated May 14, 2019 in favour of the Monitor and CWB;

AND WHEREAS the Parties have agreed to settle all matters between them arising from, or relating to, the Contested Camp Assets and the Hearing (the "Agreement"), except for any costs award that is or shall be payable by 726 to the Monitor and/or CWB as a result of the Hearing (the "Costs Dispute"), which dispute is scheduled to be heard before the Honourable Mr. Justice Hillier on November 6, 2019 (the "Costs Hearing"), and which is not and shall not be deemed to be part of this Agreement generally or included within the scope of the Releases contained within this Agreement;

NOW THEREFORE IN CONSIDERATION of the mutual covenants and provisions contained in this Agreement, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, the Parties agree to the settlement of this matter on the following terms:

The Settlement Consideration

1. 726 shall pay the total sum of \$3,250,000.00 (the "Settlement Amount") to the Monitor as follows:
 - (a) \$159,123.46, for and on behalf of Wandering River Lodge LP, as repayment of the indebtedness owing from Wandering River Lodge LP to CNC;
 - (b) \$1,116,897.75, for and on behalf of Peace River Lodge LP, as repayment of the indebtedness owing from Peace River Lodge LP to CNC;
 - (c) \$1,236,788.24 (including the sum of \$367,290.00 representing proceeds of sale of certain rig mats), for and on behalf of Kilometer 147 LP, as repayment of the indebtedness owing from Kilometer 147 LP to CNC;
 - (d) \$737,187.55 in consideration of CWB releasing its priority security interest in the Bonnyville Equipment;
 - (e) \$1.00 in consideration of CNC releasing its priority security interest in the Ancillary Equipment;
 - (f) \$1.00 in consideration of CNC releasing its priority security interest in the Small Wares; and
 - (g) \$1.00 for the release of any potential debt claim that one or more of the Applicants may have in respect of the Arizona Dorms, Arizona Dorms Invoice and Arizona Dorms Dispute.
2. As further consideration for this Agreement, 726 hereby forfeits, releases, gives up and/or abandons any claim, interest, right or title that it had or may have had the "FX6 Dorms," as defined in the Supplemental Affidavit, and/or their sale proceeds. The Monitor is permitted to distribute the FX6 Dorms sale proceeds without regard to 726's former claim in such dorms.
3. For the sake of clarity, and notwithstanding anything else in this Agreement or other document or Affidavit, the Parties confirm that for the purposes of this Agreement:
 - (a) the Bonnyville Equipment does not include the C-Cans bearing serial numbers 725762042G1 and 724676042G1;
 - (b) the Leased Camp Assets do not include:
 - i. the FX6 Dorms;
 - ii. the potable water treatment plant bearing serial number DWG#10801 (or such other applicable and correct serial number as may exist) located at the Kilometer 147 camp;

- iii. the 6000 gallon water storage unit bearing serial number 1132-08-00411 or such other applicable and correct serial number as may exist) located at the Kilometer 147 camp;
- iv. the 6000 gallon water storage C-Can bearing serial number CYLU4162860 (or such other applicable and correct serial number as may exist) located at the Kilometer 147 camp;
- v. the car plugs installed at the Kilometer 147 camp;
- vi. the remaining lite towers located at the Kilometer 147 camp;
- vii. all remaining walkways and sidewalks located at the Kilometer 147 camp, and

726 shall not have, acquired or have released to it any interest in the items described in this paragraph.

- 4. For the further sake of clarity, the Monitor and 726 confirm that nothing in this Agreement shall amend, alter or revise the terms of the Standstill Agreement except as strictly and expressly required by this Agreement. In particular, but without limitation, the Monitor and 726 confirm that paragraphs 1-3 of the Standstill Agreement remain unamended by this Agreement.
- 5. In exchange for the payment of Settlement Amount by the 726, the Monitor and CWB will agree to seek and support an Order of the Court approving this Settlement and confirming title in and to the Contested Camp Assets, including the Removed Unit and Delivered Kitchen Units, in 726 free and clear of any right, title and interest of the Applicants and any creditors and other persons claiming through the Applicants, including without limitation the Monitor and CWB (the "Approval Order"). For clarity, the Approval Order shall direct that the Monitor and CWB, amongst others, release and discharge their security interests in the Contested Camp Assets.

Court Approval

- 6. This Agreement, and the Parties' obligations hereunder, are conditional upon the Court granting the Approval Order, and the Approval Order not being permanently stayed, dismissed, or reversed on appeal as at the Closing Date (as defined below). If the Court does not grant the Approval Order, or vacates, sets aside or varies any Approval Order for any reason whatsoever, then the parties will not be liable to each other or any other person in any way whatsoever in connection with this Agreement.

Payment of the Settlement Amount and Closing

- 7. Upon the terms and subject to the conditions of this Agreement, the closing and completion of this Agreement shall take place on or before 20th day following the granting of the Approval Order, and shall be held at the offices of the Monitor's solicitors at 10:00 a.m. Edmonton time or at such other

place or at such other time or on such other date as the Monitor and 726 may mutually agree upon in writing (the "Closing Date").

8. The Settlement Amount shall be paid as follows:

- (a) the payment of \$367,290.00 as an initial deposit (the "Initial Deposit"), which shall be paid to the Monitor upon the execution of this Agreement by 726; and
- (b) the balance, by payment on the Closing Date, by way of solicitor's trust cheque, wire transfer, money order, certified cheque or bank draft.

"As is, Where is"

9. 726 acknowledges that the Contested Camp Assets are being received by it on an "as is, where is" basis and without any representation or warranty of any kind or nature, and that it has inspected the Contested Camp Assets and will accept the same on the Closing Date in their state, condition and location existing as of the date of this Agreement. 726 shall be deemed to have relied entirely on its own inspection and investigation in proceeding with the transaction contemplated hereunder.

Removal of the Contested Camp Assets

- 10. Upon the provision of the Settlement Amount on or before the Closing Date, and 726 providing to the Monitor proof of insurance in respect of the Contested Camp Assets and proof of WCB coverage, 726 shall be permitted, in coordination with the Monitor, to demobilize, remove and transport the Contested Camp Assets at 726's sole cost and expense. 726 shall be responsible at its sole cost for all clean up and repair costs, including skirting and framework for skirting, required as a result of or associated with the demobilization, transportation and removal of the Contested Camp Assets.
- 11. 726 shall immediately and fully repair and remediate any damage or destruction caused to the lands upon which the Contested Camp Assets sit (the "Lands") or other property resulting from, connected with or otherwise arising as a result of the removal of the Contested Camp Assets. In the event that 726 fails to repair, replace and/or remediate any damage or destruction caused by their activities on the Lands, including without limitation the removal of the Contested Camp Assets, the Monitor may take all steps necessary to repair, replace and remediate the damage caused to the Lands or other property, and 726 shall fully reimburse the Monitor for such expenses and costs forthwith upon demand.
- 12. 726 hereby further indemnifies and saves harmless the Monitor from and against any costs, debts, expenses, fees, claims, damages, awards, judgments, decrees or liabilities of any nature which may at any time arise out of or from all of 726's activities on the Lands, or occasioned wholly or in part by any

act or omission of 726, its officers, employees, agents, contractors, invitees, licensees or by any person requested or permitted by 726 to be on the Lands. In the event that the Monitor is required to enforce this indemnity, or any terms thereof, 726 shall pay any and all legal costs incurred by the Monitor on a solicitor and own client full indemnity basis.

Cost Allocation

13. The Parties agree 726 shall be relieved of any liability for an allocation of costs in the Action. However, for clarity, 726 shall remain liable to the Monitor and/or CWB for any costs award issued against it at or after the Costs Hearing as a result of the Costs Dispute.

Releases

14. Upon the payment in full the Settlement Amount to the Monitor, inclusive of all claims, pre-judgment interest, costs, disbursements, G.S.T., the Applicants, Monitor and CWB do for themselves, and their respective insurers, administrators, predecessors, officers, directors, employees, agents, successors and assigns (collectively in this paragraph the "Creditor Releasers"), remise, release and forever discharge 726, and their respective insurers, administrators, predecessors, officers, directors, employees, agents, successors and assigns from all claims, actions, causes of action, injuries, suits, dues, expenses, sums of money, general damages, special damages, costs and demands of any kind at law, in equity, or under any statute whatsoever (including all types of subrogated claims and claims for indemnity or contribution), that the Creditor Releasers ever had, now has, or hereafter may have by reason of any security interest, claim, indebtedness, obligations and liabilities owing under or arising in respect of the Contested Camp Assets, the Arizona Dorms, the Arizona Dorms Invoice and the Arizona Dorm Dispute (the "Creditor Released Claims"). For the purposes of clarity, the Parties again confirm that the Creditor Released Claims do not include within their scope any costs award that is or shall be payable by 726 to the Monitor and/or CWB as a result of the Costs Dispute and Costs Hearing, nor do the Creditor Released Claims include a release of any liability or obligation of 726 in respect of the matters set out in paragraphs 10, 11 and 12 of this Agreement.
15. Upon the Closing of this Agreement and provision of the Approval Order, 726 do for themselves, and their respective insurers, administrators, predecessors, officers, directors, employees, agents, successors and assigns (collectively in this paragraph the "726 Releasers"), remise, release and forever discharge the Applicants, the Monitor and CWB, and their respective insurers, administrators, predecessors, officers, directors, employees, agents, successors and assigns (collectively the "Creditor Releasees") from all claims, actions, causes of action, injuries, suits, dues, expenses, sums of money, general damages, special damages, costs and demands of any kind at law, in equity, or under any statute whatsoever (including all types of subrogated claims and claims for indemnity or contribution), that the 726 Releasers ever had, now has, or hereafter may have by reason of any

security interest, claim, indebtedness, obligations and liabilities owing under or arising in respect of the Contested Camp Assets, the Arizona Dorms, the Arizona Dorms Invoice and the Arizona Dorm Dispute (the "726 Released Claims").

16. For clarity, the Parties confirm that the above Releases shall not become effective unless and until the requirements respectively set forth in each are completed in full (the "Release Conditions"), and in the event that one or more of the Release Conditions are not satisfied, these Releases are void and shall have no force or effect.

Miscellaneous

17. The Parties hereby collectively and individually agree that any acknowledgments, representations, conditions and warranties given in this Agreement, or in any document given pursuant hereto, shall survive the execution of this Agreement, and shall continue in full force and effect.
18. The Parties confirm that this Agreement constitutes the entire Agreement between them, and that there are no representations, warranties, promises, covenants or undertakings other than those expressly set forth herein, and no amendment or modification to this Agreement shall be binding or enforceable unless in writing and signed by all of the parties. No provision of this Agreement shall be deemed waived by any course of conduct unless such waiver is in writing and signed by all parties, specifically stating that it is intended to modify this Agreement.
19. The Parties further confirm that this Agreement may be executed in several counterparts, each of which shall be deemed to be an original and shall together be but one and the same instrument.
20. This Agreement shall be governed and construed in accordance with the laws of the Province of Alberta, and the Parties attorn to the jurisdiction of the Alberta Courts in the judicial centre of Edmonton in respect of any issues involving the interpretation, applicable or enforcement of this Agreement.
21. This Agreement shall enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, successors and assigns.
22. The preamble and recitals to this Agreement are repeated, incorporated by reference and form an integral part of this Agreement as if specifically reiterated in full herein.
23. Should any portion of this Agreement be held judicially to be invalid, unenforceable or void, such holding will not have the effect of invalidating or voiding the remainder of this Agreement not so declared invalid or void, and the Parties hereby agree that the portions so held to be invalid,

unenforceable or void, shall if possible be deemed amended or reduced in scope, or otherwise to be stricken therefrom only to the extent required for the purposes of validity and enforcement in the jurisdiction of such holding.

24. Time shall be of the essence of this Agreement and of every part hereof and thereof and no extension or variation of this Agreement shall operate as a waiver of this provision.
25. An electronic or facsimile copy of this Agreement is acceptable as an original for any purpose including proof of this Settlement Agreement and Release.

IN WITNESS WHEREOF the Parties or their properly authorized officers, having fully read and understood this Agreement, have voluntarily executed this Agreement, which is made effective on the date first above written.

ERNST & YOUNG INC., IN ITS CAPACITY AS THE COURT-APPOINTED MONITOR OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD., 1919209 ALBERTA LTD. AND CANADA NORTH GROUP LP HOLDINGS LTD.

Per: _____

Title: _____

CANADIAN WESTERN BANK

Per: _____

Title: _____

726 REMOTE ACCOMMODATIONS LTD., 726 MODULAR FINANCE LTD., AND RELIANT ASSET MANAGEMENT, LLC

Per: _____

Title: _____

SCHEDULE "A"

Bonnyville Equipment

Item Description	Serial #
3 WELLSITES:	
• Wellsite	116
• Wellsite	118
• Wellsite	2013230015SSL
22 UNIT KDR:	
• Kitchen Storage	CCSLKS076
• Kitchen	260072575
• Kitchen	260072576
• Kitchen	260072577
• Kitchen Diner	CCSLKD077
• Kitchen Diner	CCSLKD078
• Kitchen Diner	CCSLKD079
• Diner	FX11UD201318001
• Kitchen Diner	FX11UD201318002
• Kitchen Diner	FX11UD201318003
• Diner	FX11UD201318004
• Diner	FX11UD201318005
• Diner	FX11UD201318006
• Diner	FX11UD201318007
• Diner	FX11UD201318008
• Diner	FX11UD201318009
• KDR Diner	FX11UD201318010
• Diner	FX11UD201318011
• Kitchen	FX4UK201324001
• Kitchen	FX4UK201324002
• Kitchen	FX4UK201324003
• Kitchen	FX4UK201324004
1 DORM:	
• Dorm 30 Room	FX30201305001
• Dorm 30 Room	FX30201305002
• Dorm 30 Room	FX30201305003
• Dorm 30 Room	FX30201305004
• Dorm 30 Room	FX30201305005
• Dorm 30 Room	FX30201305006

• Dorm 30 Room	FX30201305007
• Dorm 30 Room	FX30201305008
6 J&J DORMS:	
• FH J&J DORM 1	270085789
• FH J&J DORM 1	265085790
• FH J&J DORM 1	265085791
• FH J&J DORM 1	270085792
• FH J&J DORM 1	270085793
• FH J&J DORM 1	265085794
• FH J&J DORM 1	265085795
• FH J&J DORM 1	270085796
• FH J&J DORM 2	270085798
• FH J&J DORM 2	260585799
• FH J&J DORM 2	265085800
• FH J&J DORM 2	270085801
• FH J&J DORM 2	270085802
• FH J&J DORM 2	265085803
• FH J&J DORM 2	265085804
• FH J&J DORM 2	270085805
• FH J&J DORM 3	270085807
• FH J&J DORM 3	265085808
• FH J&J DORM 3	265085809
• FH J&J DORM 3	270085810
• FH J&J DORM 3	270085811
• FH J&J DORM 3	265085812
• FH J&J DORM 3	265085813
• FH J&J DORM 3	270085814
• FH J&J DORM 4	270085816
• FH J&J DORM 4	265085817
• FH J&J DORM 4	265085818
• FH J&J DORM 4	270085819
• FH J&J DORM 4	270085820
• FH J&J DORM 4	265085821
• FH J&J DORM 4	265085822
• FH J&J DORM 4	270085823

• FH J&J DORM 5	270085825
• FH J&J DORM 5	265085826
• FH J&J DORM 5	265085827
• FH J&J DORM 5	270085828
• FH J&J DORM 5	270085829
• FH J&J DORM 5	265085830
• FH J&J DORM 5	265085831
• FH J&J DORM 5	270085832
• FH J&J DORM 6	270085834
• FH J&J DORM 6	265085835
• FH J&J DORM 6	265085836
• FH J&J DORM 6	270085837
• FH J&J DORM 6	270085838
• FH J&J DORM 6	265085839
• FH J&J DORM 6	265085840
• FH J&J DORM 6	270085841

SCHEDULE "B"

Schedule B to Equipment Schedule Number 0 for Wandering River Lodge Limited P

Manufacturer	Year of Manu	Length	Width	Serial #	Qty	
ATCO Structures	2013	56	12	ND0070-1 to ND0070-8	8	30 persc
ATCO Structures	2013	56	12	ND0071-1 to ND0071-8	8	30 persc
Alta-Fab Structures	2012	56	12	NHAF3961 to NHAF3968	8	30 persc
ATCO Structures	2012	56	12	KZ5115-1 to KZ5115-10	10	10 unit sk
ATCO Structures	2007	40	12	240074976	1	12 x 40 s
ATCO Structures	2011	60	12	260118594	1	12 x 6
ATCO Structures	2011	60	12	260118595	1	12 x 6
Northgate	2011	60	12	19281-1260-ST(A)-08N11	1	skid
Northgate	2011	60	12	19282-1260-P(B)-08N11	1	skid
Northgate	2011	60	12	19283-1260-K(C)-08N11	1	skid
Northgate	2011	60	12	19284-1260-S(D)-08N11	1	skid
Northgate	2011	60	12	19540-1260-D(E)-09N11	1	skid
Northgate	2011	60	12	19541-1260-D(F)-09N11	1	skid
Northgate	2006	60	12	AMI-1260-D-06-0056	1	skid
Northgate	2006	60	12	AMI-1260-D-06-0057	1	skid
Northgate	2006	60	12	AMI-1260-D-06-0058	1	skid
Northgate	2006	60	12	AMI-1260-D-06-0059	1	skid
Alta-Fab Structures	2014	56	12	NHAF4811-NHAF4818	8	38 person
Alta-Fab Structures	2014	56	12	NHAF4821-NHAF4828	8	38 person
Alta-Fab Structures	2014	56	12	NHAF5161-NHAF5168	8	38 person
Alta-Fab Structures	2014	56	12	NHAF5171-NHAF5178	8	38 person
Alta-Fab Structures	2014	56	12	NHAF5191-NHAF5198	8	38 person
Alta-Fab Structures	2014	56	12	NHAF5201-NHAF5208	8	38 person
Alta-Fab Structures	2014	56	12	NHAF5211-NHAF5218	8	38 person
					103	

Wandering River Lodge Equipment

* In some cases, items registered in the PPR have been mislabeled. We have indicated in the "Concordance" column the correct description and serial numbers for these items, where applicable.

Item Description	Serial #	Concordance*
2013 – 30 person skidded VIP dorm	2581320608 to 2581320615	Identified in invoices as serial #s: ND0070-1 to ND0070-8
2013 – 30 person skidded VIP dorm	2581320616 to 2581320623	Identified in invoices as serial #s: ND0071-1 to ND0071-8
2012 – 30 person skidded VIP dorm	NHAF3961 to NHAF3968	
2012 – 10 unit skidded kitchen/diner	260129320 to 260129329	Mislabeled in PPR as "12-UNIT" (s/b 10 unit). Identified in invoices as serial #s: KZ5115-1 to KZ5115-10
2007 – 12x40 skidded laundry unit	240074976	
2011 – skidded 12'x60'	260118594	Mislabeled in PPR as 12 Unit (s/b 2 unit-office)
2011 – skidded 12'x60'	260118595	Mislabeled in PPR as 12 Unit (s/b 2 unit office)
10-Unit Kitchen/Diner Unit	19281-1260-ST(A)- 08N11 19282-1260-P(B)- 08N11 19283-1260-K(C)- 08N11 19284-1260-S(D)- 08N11 19540-1260-D(E)- 09N11 19541-1260-D(F)- 09N11 AMI-1260-D-06-0056 AMI-1260-D-06-0058 AMI-1260-D-06-0057 AMI-1260-D-06-0059	Mislabeled in PPR as serial #s: 5385A to 5385F, and 5228 to 5231
NEW ALTA-FAB 8 UNIT, 12'X56' (SKID) 38-BED DORMS	NHAF4811-NHAF4818 NHAF4821-NHAF4828 NHAF5161-NHAF5168 NHAF5171-NHAF5178	

	NHAF5191-NHAF5198 NHAF5201-NHAF5208 NHAF5211-NHAF5218	
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Schedule A - Equipment - Peace River, AB

#	Invoice #	Serial Number	Manufacturer	Length	Width
1	59641073	201402 FX PR 046	CampCorp Canada	56'	12'
2	59641073	201402 FX PR 047	CampCorp Canada	56'	12'
3	59641073	201402 FX PR 048	CampCorp Canada	56'	12'
4	59641073	201402 FX PR 049	CampCorp Canada	56'	12'
5	59641073	201402 FX PR 050	CampCorp Canada	56'	12'
6	59641073	201402 FX PR 051	CampCorp Canada	56'	12'
7	59641073	201402 FX PR 053	CampCorp Canada	56'	12'
8	59641073	201402 FX PR 054	CampCorp Canada	56'	12'
9	59641073	201402 006 SL	CampCorp Canada	56'	12'
10	59641073	201402 007 SL	CampCorp Canada	56'	12'
11	59641073	201402 008 SL	CampCorp Canada	56'	12'
12	59641073	201402 009 SL	CampCorp Canada	56'	12'
13	59641073	201402 011 SL	CampCorp Canada	56'	12'
14	59641073	201402 012 SL	CampCorp Canada	56'	12'
15	59641081	201402 FX PR 052	CampCorp Canada	56'	12'
16	59641081	201402 FX PR 057	CampCorp Canada	56'	12'
17	59641081	201402 FX PR 058	CampCorp Canada	56'	12'
18	59641081	201402 FX PR 059	CampCorp Canada	56'	12'
19	59641081	201402 FX PR 060	CampCorp Canada	56'	12'
20	59641081	201402 FX PR 061	CampCorp Canada	56'	12'
21	59641081	201402 FX PR 062	CampCorp Canada	56'	12'
22	59641081	201402 FX PR 063	CampCorp Canada	56'	12'
23	59641081	201402 FX PR 064	CampCorp Canada	56'	12'
24	59641088	201402 FX PR 027	CampCorp Canada	56'	12'
25	59641088	201402 FX PR 028	CampCorp Canada	56'	12'
26	59641088	201402 FX PR 029	CampCorp Canada	56'	12'
27	59641088	201402 FX PR 030	CampCorp Canada	56'	12'
28	59641088	201402 FX PR 031	CampCorp Canada	56'	12'
29	59641088	201402 FX PR 033	CampCorp Canada	56'	12'
30	59641088	201402 WB PR 003	CampCorp Canada	56'	12'
31	59641088	201402 WB PR 004	CampCorp Canada	56'	12'
32	59641088	201402 WB PR 005	CampCorp Canada	56'	12'
33	59641088	201402 WB PR 010	CampCorp Canada	56'	12'
34	59641088	201402 WB PR 013	CampCorp Canada	56'	12'
35	59641088	201402 WB PR 014	CampCorp Canada	56'	12'
36	59641088	201402 WB PR 017	CampCorp Canada	56'	12'
37	59641088	201402 WB PR 018	CampCorp Canada	56'	12'
38	59641093	201302 FX PR 001	CampCorp Canada	56'	12'
39	59641093	201302 FX PR 002	CampCorp Canada	56'	12'
40	59641093	201302 FX PR 015	CampCorp Canada	56'	12'
41	59641093	201302 FX PR 022	CampCorp Canada	56'	12'
42	59641093	201302 FX PR 023	CampCorp Canada	56'	12'
43	59641093	201302 FX PR 024	CampCorp Canada	56'	12'
44	59641093	201302 FX PR 026	CampCorp Canada	56'	12'
45	59641093	201302 FX PR 038	CampCorp Canada	56'	12'
46	59641093	201302 FX PR 039	CampCorp Canada	56'	12'

Schedule A - Equipment - Peace River, AB

#	Invoice #	Serial Number	Manufacturer	Length	Width
47	59641093	201302 FX PR 045	CampCorp Canada	56'	12'
48	59641093	201302 FX PR 055	CampCorp Canada	56'	12'
49	59641093	201302 FX PR 056	CampCorp Canada	56'	12'
50	59641094	201402 FX PR 034	CampCorp Canada	56'	12'
51	59641094	201402 FX PR 036	CampCorp Canada	56'	12'
52	59641094	201402 FX PR 037	CampCorp Canada	56'	12'
53	59641096	201302 FX PR 019	CampCorp Canada	56'	12'
54	59641096	201302 FX PR 020	CampCorp Canada	56'	12'
55	59641096	201302 FX PR 021	CampCorp Canada	56'	12'
56	59641096	201302 FX PR 040	CampCorp Canada	56'	12'
57	59641096	201302 FX PR 041	CampCorp Canada	56'	12'
58	59641096	201302 FX PR 043	CampCorp Canada	56'	12'
59	59641096	201302 FX PR 044	CampCorp Canada	56'	12'
60	59641101	201402 FX PR 016	CampCorp Canada	56'	12'
61	59641101	201402 FX PR 025	CampCorp Canada	56'	12'
62	59641101	201402 FX PR 032	CampCorp Canada	56'	12'
63	59641101	201402 FX PR 035	CampCorp Canada	56'	12'
64	59641101	201402 FX PR 042	CampCorp Canada	56'	12'

Equipment Schedule A for 726 Remote at Monias Lodge

Serial Number	Description	Manufacturer	Year Manufactured
201417FXRAM-001	38' man dorm	CampCorp Canada	2014
201417FXRAM-002	38' man dorm	CampCorp Canada	2014
201417FXRAM-003	38' man dorm	CampCorp Canada	2014
201417FXRAM-004	38' man dorm	CampCorp Canada	2014
201417FXRAM-005	38' man dorm	CampCorp Canada	2014
201417FXRAM-006	38' man dorm	CampCorp Canada	2014
201417FXRAM-007	38' man dorm	CampCorp Canada	2014
201417FXRAM-008	38' man dorm	CampCorp Canada	2014
FX4UREC20133-001	4 unit recreation		
FX4UREC20133-002	4 unit recreation		
FX4UREC20133-003	4 unit recreation		
FX4UREC20133-004	4 unit recreation		
[REDACTED]	[REDACTED]		
[REDACTED]	[REDACTED]		
[REDACTED]	[REDACTED]		
[REDACTED]	[REDACTED]		
NHAF4861	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4862	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4863	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4864	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4865	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4866	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4867	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4868	38' man skidded dorm	Alta-Fab Structures	2014
NHAF0861	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0862	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0863	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0864	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0865	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0866	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0867	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0868	30' man VIP dorm	Alta-Fab Structures	2008
n/a	2500 Fir Access Mats	Breakaway Matting	

201401005SL -
201401005SL

6 Unit recreation

Equipment Schedule A for 726 Remote at Monias Lodge

Serial Number	Description	Manufacturer	Year Manufactured
[REDACTED]	12 unit KDR	201408SL001	
[REDACTED]	12 unit KDR	201408SL002	
WB5UK201338-003	12 unit KDR		
WB5UK201338-004	12 unit KDR		
WB5UK201338-005	12 unit KDR		
WB5UK201338-006	12 unit KDR		
FXCEGNT6U201326-001	12 unit KDR		
FXCEGNT6U201326-002	12 unit KDR		
FXCEGNT6U201326-003	12 unit KDR		
FXCEGNT6U201326-004	12 unit KDR		
FXCEGNT6U201326-005	12 unit KDR		
FXCEGNT6U201326-006	12 unit KDR		
FX30D201342-001	30' man skidded dorm		
FX30D201342-002	30' man skidded dorm		
FX30D201342-003	30' man skidded dorm		
FX30D201342-004	30' man skidded dorm		
FX30D201342-005	30' man skidded dorm		2014
FX30D201342-006	30' man skidded dorm		2014
FX30D201342-007	30' man skidded dorm		2014
FX30D201342-008	30' man skidded dorm		2014
FX30D201341-001	30' man skidded dorm		2014
FX30D201341-002	30' man skidded dorm		2014
FX30D201341-003	30' man skidded dorm		2014
FX30D201341-004	30' man skidded dorm		2014
FX30D201341-005	30' man skidded dorm		
FX30D201341-006	30' man skidded dorm		
FX30D201341-007	30' man skidded dorm		
FX30D201341-008	30' man skidded dorm		
201416FX-001	38' man dorm	CampCorp Canada	2014
201416FX-002	38' man dorm	CampCorp Canada	2014
201416FX-003	38' man dorm	CampCorp Canada	2014
201416FX-004	38' man dorm	CampCorp Canada	2014
201416FX-005	38' man dorm	CampCorp Canada	2014
201416FX-006	38' man dorm	CampCorp Canada	2014
201416FX-007	38' man dorm	CampCorp Canada	2014
201416FX-008	38' man dorm	CampCorp Canada	2014

Kilometer 147 Equipment

* In some cases, items registered in the PPR have been mislabeled. We have indicated in the "Concordance" column the correct description and serial numbers for these items, where applicable.

Item Description	Serial #	*Concordance
• 12 Unit KDR		201408 SL 001
• 12 Unit KDR		201408 SL 002
• 12 Unit KDR	WB5UK201338-003	
• 12 Unit KDR	WB5UK201338-004	
• 12 Unit KDR	WB5UK201338-005	
• 12 Unit KDR	WB5UK201338-006	
• 12 Unit KDR	FXCEGNT6U201326001	
• 12 Unit KDR	FXCEGNT6U201326002	
• 12 Unit KDR	FXCEGNT6U201326003	
• 12 Unit KDR	FXCEGNT6U201326004	
• 12 Unit KDR	FXCEGNT6U201326005	
• 12 Unit KDR	FXCEGNT6U201326006	
• 30' man skidded dorm	FX30D201342-001	
• 30' man skidded dorm	FX30D201342-002	
• 30' man skidded dorm	FX30D201342-003	
• 30' man skidded dorm	FX30D201342-004	
• 30' man skidded dorm	FX30D201342-005	
• 30' man skidded dorm	FX30D201342-006	
• 30' man skidded dorm	FX30D201342-007	
• 30' man skidded dorm	FX30D201342-008	
• 30' man skidded dorm	FX30D201341-001	
• 30' man skidded dorm	FX30D201341-002	
• 30' man skidded dorm	FX30D201341-003	
• 30' man skidded dorm	FX30D201341-004	
• 30' man skidded dorm	FX30D201341-005	
• 30' man skidded dorm	FX30D201341-006	
• 30' man skidded dorm	FX30D201341-007	
• 30' man skidded dorm	FX30D201341-008	
• 38' man dorm	201416FX-001	Mislabeled in PPR as serial # 201416FXRAM001
• 38' man dorm	201416FX-002	Mislabeled in PPR as serial # 201416FXRAM002
• 38' man dorm	201416FX-003	Mislabeled in PPR as serial #

		201416FXRAM003
• 38' man dorm	201416FX-004	Mislabeled in PPR as serial # 201416FXRAM004
• 38' man dorm	201416FX-005	Mislabeled in PPR as serial # 201416FXRAM005
• 38' man dorm	201416FX-006	Mislabeled in PPR as serial # 201416FXRAM006
• 38' man dorm	201416FX-007	Mislabeled in PPR as serial # 201416FXRAM007
• 38' man dorm	201416FX-008	Mislabeled in PPR as serial # 201416FXRAM008
• 38' man dorm	201417FXRAM-001	
• 38' man dorm	201417FXRAM-002	
• 38' man dorm	201417FXRAM-003	
• 38' man dorm	201417FXRAM-004	
• 38' man dorm	201417FXRAM-005	
• 38' man dorm	201417FXRAM-006	
• 38' man dorm	201417FXRAM-007	
• 38' man dorm	201417FXRAM-008	
• 4 unit recreation	FX4UREC20133-001	
• 4 unit recreation	FX4UREC20133-002	
• 4 unit recreation	FX4UREC20133-003	
• 4 unit recreation	FX4UREC20133-004	
• [REDACTED]	[REDACTED]	
• [REDACTED]	[REDACTED]	
• [REDACTED]	[REDACTED]	
• [REDACTED]	[REDACTED]	
• [REDACTED]	[REDACTED]	
• [REDACTED]	[REDACTED]	
• [REDACTED]	[REDACTED]	
• 38' man skidded dorm	NHAF4861	
• 38' man skidded dorm	NHAF4862	
• 38' man skidded dorm	NHAF4863	
• 38' man skidded dorm	NHAF4864	
• 38' man skidded dorm	NHAF4865	
• 38' man skidded dorm	NHAF4866	
• 38' man skidded dorm	NHAF4867	
• 38' man skidded dorm	NHAF4868	
• 30' man VIP dorm	NHAF0861	
• 30' man VIP dorm	NHAF0862	

6 Unit
Recreation

20140105SL - 20140100SL

• 30' man VIP dorm	NHAF0863	
• 30' man VIP dorm	NHAF0864	
• 30' man VIP dorm	NHAF0865	
• 30' man VIP dorm	NHAF0866	
• 30' man VIP dorm	NHAF0867	
• 30' man VIP dorm	NHAF0868	
• 2500 Fir Access Mats (Breakaway Matting)	n/a	

SCHEDULE "C"

SCHEDULE B

Liquidation Process and Standstill Agreement

THIS AGREEMENT made effective this 19th day of September, 2018 (the "Effective Date").

BETWEEN:

Ernst & Young Inc., in its capacity as the Court appointed Monitor of 667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd., 1919209 Alberta Ltd. and Canada North Group LP Holdings Ltd.
(the "Monitor")

- and -

726 Remote Accommodations Ltd., 726 Modular Finance Canada Ltd. and Reliant Asset Management LLC
(jointly and severally "726")

(the Monitor and 726 are collectively referred to as the "Parties")

WHEREAS:

A. 667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd., 1919209 Alberta Ltd. and Canada North Group LP Holdings Ltd. (collectively the "Applicants") are the subject of proceedings pursuant to the *Companies' Creditors Arrangement Act* in Court of Queen's Bench of Alberta Court File No. 1703-12327 (the "Court") in the Judicial District of Edmonton (the "Action");

B. The Monitor has been granted expanded powers by the Court in respect of the Applicants, including without limitation to collect all monies and accounts now owed or hereafter owing to the Applicants and to initiate and prosecute all proceedings on behalf of the Applicants, and to settle or compromise any such proceedings or claims;

C. The Monitor has been advised that one or More of the Applicants agreed to constructed six (6) dorms, bearing serial numbers 201423FXPR2028, 201423FXPR2031, 201423FXPR2037, 201423FXPR2038, 201423FXPR2039 and 201423FXPR2040 (collectively the "Dorms") in exchange for payment by 726 in the amount of \$737,054.36 (U.S. Dollars);

D. The Applicants, or one of them, allegedly issued invoice number 429859673 dated May 31, 2017 in the amount of \$560,161.38 (U.S. Dollars) to 726 in respect of the Dorms;

E. Counsel for the Monitor issued a demand letter to 726 on or about June 11, 2018 demanding payment of the sum of \$560,161.38 (U.S. Dollars) (the "Indebtedness") from 726 in respect of the Dorms;

F. 726 has denied being liable or responsible for any further sums alleged to be due and owing in favour of the Applicants in respect of the Dorms;

G. The Parties have agreed to enter into this Liquidation Process and Standstill Agreement (the "Agreement") respecting the Indebtedness and Dorms, and the suspension of the limitations provisions respecting the Indebtedness and the Dorms;

H. In consideration of:

1. the mutual agreements contained herein; and

2. other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged;

IT IS HEREBY AGREED AS FOLLOWS:

1. The Monitor shall, and is hereby authorized to, sell or otherwise liquidate the Dorms in any manner or process it sees fit and for any amounts acceptable to it, all in its sole and absolute discretion.
2. Prior to the sale or liquidation of the Dorms, the Monitor shall provide to 726 the opportunity to have access to the Dorms, which shall be supervised by a representative of the Monitor, for the purposes of observing and recording their state and condition prior to any sale or liquidation.
3. The entirety of the sale or liquidation proceeds of the Dorms shall belong to, and be the sole and exclusively property of, the Monitor, regardless of the amount of the sale or liquidation proceeds obtained from the sale or liquidation of the Dorms, and 726 shall have no, right, title, interest or claim to or in such sale or liquidation proceeds of the Dorms.
4. If the sale or liquidation proceeds are not sufficient to satisfy the Indebtedness, the Monitor is permitted, but not obligated to, commence legal action against 726 in respect of such deficiency amount, and nothing in this Agreement shall prejudice, alter or restrict the Monitor's right and ability to pursue the remaining Indebtedness after the net sale or liquidation proceeds from the Dorms being applied to the Indebtedness.
5. The Monitor shall not commence any action, claims or proceedings against 726 with respect to the Indebtedness and Dorms (collectively the "Proceedings") until the sale or liquidation of the Dorms, and the determination of whether such sale or liquidation proceeds are sufficient to satisfy the Indebtedness, is complete.
6. The Parties agree to suspend the running or continuation of the applicable limitation period (the "Suspension") under and in respect of the *Limitations Act*, R.S.A. 2000, c. L-12 (the "Act"), and any equivalent legislation in other jurisdictions that may have application, for the commencement of Proceedings (including without limitation to seek a Remedial Order as defined in the Act) from the Effective Date for a period of one (1) year (the "Suspended Date"). For the sake of clarity, the parties confirm that:
 - a. any time limits or limitation periods for commencement of the Proceedings, regardless of the cause of action plead, whether for breach of contract, tort (including negligence), misrepresentation, breach of common law or statutory duties, recklessness, or otherwise, that would have expired between the Effective Date and the Suspended Date are hereby extended as set out herein;
 - b. 726 shall not argue, assert or plead as an immunity or defence in the Proceedings the application of any limitation period (contractual, statutory or otherwise), any equitable doctrines including laches, or any other defence based upon the passage of time that would have applied between the Effective Date and the Suspended Date, or such later date as the Parties mutually agree to in writing; and
 - c. 726 shall not argue, assert or plead as an immunity or defence in the Proceedings that the Monitor is precluded or prohibited from obtaining Judgment in respect of the outstanding Indebtedness by reason or cause of the Monitor having taken possession of and sold or liquidated the Dorms, or any reason or cause related or arising thereto.

7. The Suspension will automatically expire on the Suspended Date, at which point any applicable limitation period will no longer be held in abeyance.
8. Prior to the Suspended Date, the Parties may, by written agreement, agree to extend this Suspension for an additional one (1) year.
9. The Suspension of the limitation period may be terminated prior to the Suspended Date by either of the Parties on ninety (90) days' written, clear notice to the other Party (the "Termination Notice"), and upon the expiry of ninety (90) days following receipt of the Termination Notice by the other party, the Suspension of the limitation period shall cease and the running of the applicable limitation period shall recommence.
10. The Termination Notice shall be in writing and delivered by registered mail, facsimile or electronic communication as follows:

If to the Monitor:

c/o Duncan & Craig LLP
2800, 10060 Jasper Avenue
Edmonton, AB T5J 3V9
Attention: Ryan F.T. Quinlan
Fax: (780) 428-9683
Email: rquinlan@dcilp.com

If to 726:

c/o McAllister LLP
2500, 10155-102 Street
Edmonton, AB T5J 4G8
Attention: Darcy McAllister
Fax: (780) 425-1222
Email: dmcallister@mcallisterllp.com

11. Except as expressly set out herein, the terms of this Agreement are completely without prejudice to 726's ability to assert any and all defences to any action commenced by the Monitor in respect of the Indebtedness and Dorms, including without limitation any set-off claims, any failure to mitigate on the part of the Monitor and any defence that the applicable limitation period expired prior the Effective Date, and nothing in this Agreement shall prejudice, alter or restrict 726's rights and abilities to assert any defences to such action as it see fit.
12. This Agreement shall be governed and construed in accordance with the laws of the Province of Alberta, and is made pursuant to and in accordance with section 7 of the Act, and any equivalent provisions in similar legislation in other jurisdictions that may have application. The Parties hereby attorn to the Court of Queen's Bench of Alberta with respect to the Proceedings and any disputes with respect to this Agreement, and the Courts of the Province of Alberta shall have exclusive jurisdiction with respect to such matters.
13. The execution of this Agreement by the Parties hereto shall not constitute an admission of liability on behalf of any party to this Agreement.
14. This Agreement may only be amended in writing, signed by all of the Parties.

15. This Agreement, and any amendment thereto, may be signed by facsimile or electronic communication, and in counterpart, each of such counterparts so executed deemed to be an original, with such counterparts together constituting one and the same instrument.
16. 726 has exclusively authorized its legal counsel, McAllister LLP, to execute this Agreement on its behalf, and 726 expressly acknowledges that the terms of this Agreement are binding upon it.
17. The Monitor has exclusively authorized its legal counsel, Duncan Craig LLP, to execute this Agreement on its behalf, and the Monitor acknowledges that the terms of this Agreement are binding upon it.
18. This Agreement shall enure to the benefit of and be binding upon the respective heirs, successors and assigns of the Parties hereto.
19. Time shall be of the essence in respect of this Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement effective as at the Effective Date.

Ernst & Young Inc., in its capacity as the Court appointed Monitor of
667402 Alberta Ltd., 18512398 Alberta Ltd., 816956 Alberta Ltd.,
1371047 Alberta Ltd., 1919209 Alberta Ltd. and
Canada North Group LP Holdings Ltd.



Per: Ryan F.T. Quinlan of Duncan Craig LLP

726 Remote Accommodations Ltd., 726 Modular Finance Canada Ltd.
and Reliant Asset Management LLC



Per: Darcy McAllister of McAllister LLP