Clerk's Stamp

JUDICIAL DISTRICT OF EDMONTON
FILED
JUL 04 2017
Clerk of the Court

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	**SECOND SUPPLEMENTAL AFFIDAVIT OF SHAYNE McCRACKEN**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke Spencer Norris DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton AB T5J 4E5 T 780.429.6822 F 780.702.4379

SECOND SUPPLEMENTAL AFFIDAVIT OF SHAYNE MCCRACKEN

Sworn on July 4, 2017

I, Shayne McCracken, Businesswoman, of the City of Edmonton, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am a Director and the Secretary of each of the applicants, Canada North Group Inc., Canada North Camps Inc., CampCorp Structures Inc., D.J. Catering Inc., 816956 Alberta Ltd. and 1371047 Alberta Ltd. (the "**Companies**") and as such, the matters deposed to herein are based on my personal knowledge or on my review of the books and records maintained by the Companies in the ordinary course of their business, entries in which books and records are made reasonably contemporaneously with the Companies' business transactions as they occur, except

where stated to be based upon other information and belief, and where so stated, I believe the same to be true.

2. I make this Second Supplemental Affidavit as supplemental to my Affidavit sworn June 28, 2017 (my "**First Affidavit**") and to the Confidential Supplemental Affidavit also sworn June 28, 2017.

A. CASH FLOWS

3. At paragraph 91 of my First Affidavit, I provided initial cash flows (the "**Initial Cash Flows**").

4. The Initial Cash Flows were prepared under very tight timelines.

5. The Companies' head accountant, Brian Stasynec, was away from the office dealing with a death in the family at the time the Initial Cash Flows were prepared and he was unable to assist in the preparation of the Initial Cash Flows.

6. Further, the Companies had engaged Deloitte Canada to assist in a consulting capacity and, at the time of the preparation of the Initial Cash Flows, Deloitte had provided certain working papers and drafts which were used in the preparation of the Initial Cash Flows.

7. Based on the time and information that was available, the Initial Cash Flows were prepared to the best of the Companies' abilities.

8. Since swearing my First Affidavit, the Companies have had an opportunity to work closely with Matt McCulloch of the proposed Monitor, Ernst & Young Inc. to review the Companies' cash flows.

9. The Companies cash flows as a result have been extensively reviewed and revised to ensure:

   a. the methodologies were consistent with the assumptions provided;

   b. that the assumptions made were reasonable and verifiable with underlying actual data, which was made available to the proposed Monitor;

   c. the cash flows complied with the requirements of the *Companies' Creditors Arrangement Act*, RSC 19785, c C-36 (the "***CCAA***") process.

10. The Companies have continued to adopt a conservative approach to the cash flow projections.

11. Attached as Exhibit "**A**" are revised cash flow projections (the "**Revised Cash Flows**") for the Companies.

12. The Revised Cash Flows should replace the Initial Cash Flows provided in my First Affidavit.

13. Based on my knowledge of the financial position of Canada North, and based on the assumptions set out in the Revised Cash Flows, I verily believe that the Revised Cash Flows are fair and reasonable.

B. INTERIM FINANCING WITH BUSINESS DEVELOPMENT BANK OF CANADA

14. The Companies have negotiated debtor in possession financing (the "**DIP Financing**") with Business Development Bank of Canada ("**BDC**") in the event an Initial Order under the *CCAA* is granted.

15. Attached hereto as Exhibit "**B**" is the Letter of Offer provided by BDC dated June 30, 2017 and accepted by the Companies.

C. CHIEF RESTRUCTURING OFFICER

16. As per the Letter of Offer, the DIP Financing is conditional upon the Companies having engaged a Chief Restructuring Officer ("**CRO**") acceptable to BDC.

17. In the Affidavit of Russell French sworn June 29, 2017, BDC proposed its candidates for CRO, which included R. e. I. group inc. led by Jonathan Solursh.

18. On June 30, 2017, representatives of the Companies had a teleconference call with Mr. Solursh and his team.

19. After speaking with Mr. Solursh, the Companies believe that R. e. I. group inc. is an appropriate candidate to be the CRO of the Companies and has the necessary experience, skills, and resources to undertake the necessary restructuring of the Companies.

20. I believe that under the direction and advice of R. e. I. group inc. and Mr. Solursh the Companies will be able to undertake the necessary restructuring in an orderly and timely manner, and still allow current management to continue day-to-day operations with limited disruption during the Companies' restructuring.

21. I believe this will have the effect of optimizing value for all stakeholders of the Companies.

22. Attached as Exhibit "**C**" is a copy of R. e. I. group inc.'s draft proposed engagement letter to act as CRO of the Companies.

23. The Companies are working with R. e. I. group inc. to finalize the proposed engagement letter.

24. The Companies support the appointment of R. e. I. group inc. as CRO of the Companies.

D. REPLY TO AFFIDAVIT OF JESSIE TAHA SWORN ON JULY 29, 2017

Service

25. I note that Ms. Taha's Affidavit was sworn on July 29, 2017 but was not provided to our counsel until mid-morning on July 3, 2017.

Letters of Default

26. With respect to paragraph 10 of the Affidavit of Jessie Taha sworn June 29, 2017 (the "**CWB Affidavit**"), please see attached as Exhibit "**D**" the reply letter of Heather Barnhouse, corporate solicitor of the Companies, dated June 8, 2017 to the letter of CWB's counsel dated June 6, 2017 explaining the circumstances of the judgment against HML Lodge GP Ltd. and why such judgment was effectively a hollow judgment.

Deloitte Restructuring Inc.

27. Deloitte Restructuring Inc. ("**Deloitte**") was retained by Canada North Camps Inc. ("**CNC**") to act as consultants to CNC and related companies ("**Canada North Group**").

28. Deloitte and CNC entered into an engagement letter dated April 26, 2017 attached as Exhibit "**E**" (the "**Engagement Letter**").

29. The engagement between CNC and Deloitte only allowed Deloitte to deal with third parties, including Canada Western Bank ("**CWB**"), in very limited circumstances, which are as follows:

    (a) Deloitte might liaise with stakeholders of Canada North Group, including CWB and Advisco Capital Corporation, to assist in understanding the positions of the stakeholders for the sole purpose of assisting the Canada North Group;

    (b) Deloitte could communicate the <u>status</u> of its work to CWB;

    (c) Written reports or memorandums that were provided to Canada North Group would be shared with CWB, Advisco and their advisors.

30. No written reports or memorandums were provided by Deloitte.

31. On the morning of June 26, 2017, Deloitte provided draft cash flows to the Companies ("**Deloitte's Draft Cash Flows**").

32. When Deloitte requested that the Deloitte's Draft Cash Flows be released to CWB, we had not yet had a chance to review them in detail. Once the Companies had reviewed the Deloitte's Draft

Cash Flows, it was apparent that they were in draft form, had considerable deficiencies and were not reliable.

33. Deloitte's Draft Cash Flows were prepared with limited consultation with the Companies. They appear to rely on year-over-year data for the projections instead of the actual known upcoming expenses and revenue. Reliance on year-over-year projections is particularly inappropriate given the rapidly changing economic climate of the camp industry in Alberta..

34. Because the Deloitte's Draft Cash Flows were not reliable and because Deloitte's engagement with CNC had been terminated (and there would be no opportunity for Deloitte to revise or correct or respond to questions, the Companies directed Bob Taylor of Deloitte not to release Deloitte's Draft Cash Flows to CWB or any third party.

35. On reviewing the CWB Affidavit, it is apparent that Mr. Taylor of Deloitte has consulted with CWB in order to provide information in support of CWB's application to appoint Deloitte as Receiver over CNC, D.J. Catering Ltd. and Campcorp Structures Ltd.

36. I do verily believe that Mr. Taylor's conduct with respect to CWB is a breach of the terms of the Engagement Letter.

37. Attached as Exhibit "**F**" is an email from counsel for the Companies to Mr. Taylor of Deloitte speaking to his conduct with respect to CWB.

38. Given the above, the Companies do not support the appointment of Deloitte in any formal restructuring role in respect of the Companies.

<u>Cash Flows</u>

39. In response to paragraph 14(a) of the CWB Affidavit, the assertions of Ms. Taha are incorrect. The Initial Cash Flows do consider upfront costs, upcoming revenue, and average time to collect on billings.

40. With respect to new contracts, Campcorp Structures Ltd.'s Fairview Daycare Society contract referenced in paragraph 77 of my First Affidavit provides progress payments in advance of work being commenced and is billed as work is completed.

41. Campcorp Structures Ltd.'s contract with Saskatoon School Board is presently in the change order stage and the invoices are scheduled to be paid in September when the School Board obtains its next fiscal budget.

42. With respect to the new open camp work, to the extent that revenue is being projected, the camps are available and require minimal upfront costs. Also, to the extent that such new work will exceed current camp capacity, there would be additional revenue to address the additional expenses. Camp contracts that require upfront costs usually also have those upfront costs paid by the client.

43. Given the stay provided by a *CCAA* Initial Order, the cash flows do not include payments of debt, including payments on financing leases.

Rent

44. Rent payments were included in the Initial Cash Flows, including a current obligation of CNC to make payment to 816956 Alberta Ltd. 816956 Alberta Ltd. had not filed a Notice of Intention to Make a Proposal pursuant to Part III of the *Bankruptcy and Insolvency Act*, RSC, 1985, c B-3., so the obligation to 816956 Alberta Ltd. is not stayed.

45. On discussions with the proposed Monitor and Counsel and on further reflection the rent payment by CNC to 816956 Alberta Ltd. has not been included in the Revised Cash Flows as it does ultimately flow through 816956 Alberta Ltd. to a mortgagee.

CRA Deemed Trust

46. Attached as Exhibit "**G**" is a record of the current statuses of CRA deemed trusts with the Companies.

WCB Liability

47. CNC's liability with respect to Workers' Compensation ("**WCB**") to date is $48,114.23.

48. CNC is on a payment plan with WCB and makes payments every 2 weeks. If payments are not made, CNC does not receive its clearance certificate and will not be paid by vendors.

49. CNC next payment of $25,000 is due July 14, 2017.

50. Campcorp Structures Ltd. also has a WCB account which has a small credit.

51. The other Companies do not have active WCB accounts.

Deferred Revenue Receivables

52. In response to paragraph 16 and 17 of the CWB Affidavit, CWB is largely concerned with two accounts receivable in the amounts of $5,356,231 and $2,188,442 with respect to the Grand Rapids Pipeline.

53. These two receivables are deferred revenue which are expressly allowed in the commitment letter on page 3 of Schedule B attached to the CWB Affidavit as Exhibit "A":

> Deferred Revenue (normally initial costs to customer for materials to complete a contract) will be included as good earning trade accounts receivable subject to, in the opinion of the Bank or its solicitor, deferred revenues do not represent excess billing over costs or refundable deposits.

54. The above clause is a customized term negotiated with CWB to reflect industry norms in the camp business.

55. Deferred revenue margining is the ordinary course for initial camp startup costs, de-mobilization costs, and land reclamation costs.

56. The receivable in the amount of $5,356,231 is deferred revenue for land reclamation. The Companies have completed approximately 10% of the work for this receivable.

57. The receivable in the amount of $2,188,442 is deferred revenue for demobilization. The Companies have completed approximately 40% of the work for this receivable.

58. Deferred revenue margining has been a feature of the relation between the Companies and CWB since the beginning of said relationship including with respect to the demobilization and land reclamation of the Simonette Camp. CWB also advance funds on a similar deferred receivable under a different operating line arrangement for the Great Plains Calgary flood relief camp.

59. The Grand Rapids deferred revenue receivables have not been included in the account receivable projections in the Revised Cash Flows.

Bigstone Tansi

60. With respect to Bigstone Tansi GP Ltd., I refer to my First Affidavit.

61. Bigstone Tansi GP Ltd. was owned jointly by the Bigstone First Nation and by the Companies and was the general partner of Bigstone Tansi Resources LP, which was a First Nations partnership between the Companies, Bigstone First Nations, and the Bigstone Tansi GP Ltd.

62. Prior to the dissolution of Bigstone Tansi GP Ltd., there had been an election of a new Chief of the Bigstone First Nation.

63. There was a subsequent policy change with the Bigstone First Nation to move away from exclusive camp contracts.

64. As a result, Bigstone First Nation requested that the Bigstone Tansi GP Ltd. be dissolved.

65. At the time, Bigstone Tansi GP Ltd. did have certain accounts receivable, but those amounts were effectively a flow through to the receivable for CNC.

66. As Bigstone Tansi GP Ltd. was a only a guarantor of the Companies indebtedness to CWB and CWB had not demanded and there were no actual assets, I did not consider the guarantee as a liability when I agreed to dissolve Bigstone Tansi GP Ltd. as requested by the Bigstone First Nation.

Change of Management

67. With respect to paragraph 29 of the Affidavit of CWB, the Companies' business is extremely complex and requires a deep understanding of the business to coordinate effectively.

68. Removal of management at this time would require the Companies to shut down and only offer liquidation value to the stakeholders.

E. INJECTION OF CAPITAL

69. The filing of the Notices of Intention to Make a Proposal pursuant to Part III of the *Bankruptcy and Insolvency Act*, RSC, 1985, c. B-3 by Canada North Group Inc, CNC, Campcorp Structures Ltd. and D.J. Catering Ltd. with the freezing of the operating line by Canada Western Bank, has resulted in a cash crisis for the Companies.

70. As a result of this cash crisis, my husband, Paul McCracken, and I personally injected three amounts of $65,000 for a total of $195,000 into CNC during the week of June 26, 2017.

71. This injection of cash was necessary to meet critical payments, including payroll.

CORRECTION

72. With respect to my Confidential Supplemental Affidavit sworn June 28, 2017, the appraisal at page 19 of Exhibit "F" inadvertently misidentified the higher and lower valuations and inverted the

two figures. That error was carried through to paragraph 11 of my Confidential Supplemental Affidavit and the two values in that paragraph should also be inverted.

CONCLUSION

73. I make this Second Supplemental Affidavit in further support of an application for an Initial Order under the *CCAA* for the Companies.

4th

SWORN (OR AFFIRMED) BEFORE ME at Edmonton, Alberta, this ~~3rd~~ day of July, 2017.

(Commissioner for Oaths in and for the Province of Alberta)

Stephanie A. Wanke
Barrister & Solicitor

SHAYNE McCRACKEN

EXHIBIT A

This is Exhibit " A " referred to in the

Affidavit of

Second Supplemental Jayne McCracken

Sworn before me this 4 day

of July A.D. 20 17

A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

Stephanie A. Wanke
Barrister & Solicitor

REVISED Projected Cash-FLow Statement

For the period commencing from the week ended June 24, 2017 to the week ended September 30, 2017

Canada North Group Inc., Canada North Camps Inc., CampCorp Structures Ltd., D.J. Catering Ltd., 1371047 Alberta Ltd., and 816956 Alberta Ltd.

	Projected Cash Inflows/outflows from Initial Projection		Revised Projections See attached Notes and Key Assumptions													
	Jun 24	Jul 1	Jul 8	Jul 15	Jul 22	Jul 29	Aug 5	Aug 12	Aug 19	Aug 26	Sep 2	Sep 9	Sep 16	Sep 23	Sep 30	Total
OPENING CASH POSITION: CWB	(11,940,250)	(11,940,250)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	
OPENING CASH POSITION: OTHER	40,915	81,837	127,534	14,006	17,152	15,311	19,155	22,493	8,863	37,887	186,912	25,057	7,940	478,429	565,593	
TOTAL OPENING CASH POSITION:	(11,899,334)	(11,858,413)	(11,845,323)	(11,958,852)	(11,955,705)	(11,957,546)	(11,953,702)	(11,950,365)	(11,963,994)	(11,934,970)	(11,785,945)	(11,947,801)	(11,964,918)	(11,494,428)	(11,407,265)	-
CASH INFLOWS																
Collections - catering A/R	187,078	427,267	31,392	176,341	116,422	76,043	84,292	321,864	239,962	374,468	55,428	36,918	56,545	215,223	12,491	2,411,734
Collections - catering forecast													265,562	259,361	295,661	820,585
Collections - construction	-	-	-	-	-	-	-		6,000	198,529	-	6,000	385,429	-	329,376	925,334
TOTAL CASH INFLOWS	187,078	427,267	31,392	176,341	116,422	76,043	84,292	321,864	245,962	572,997	55,428	42,918	707,537	474,584	637,528	4,157,653
CASH OUTFLOWS:																
GST payment							11,000				11,000					22,000
Admin payroll CNC	-	60,000	-	70,000	-	70,000	-	70,000	-	70,000	-	70,000	-	70,000	-	480,000
Camp payroll - CNC		62,515		72,682		72,682		72,682		72,682		72,682		72,682		498,607
Payroll - Campcorp		24,000		20,000		20,000		24,000		24,000		24,000		24,000		160,000
CNC & DJ payroll source deductions	60,000	-	64,300	-	66,050	-	66,050	-	66,050	-	66,050	-	66,050	-	66,050	520,600
Campcorp payroll source deductions		9,000		10,000		10,000		10,000		11,000		11,000		11,000		72,000
WCB Instalment														45,833		45,833
Group Medical Insurance: CNC -net	-	-	4,659	-	-	-	4,659	-	-	-	4,659	-	-	-	4,659	18,636
Insurance - Shareholder life	-	39,718	-	-	-	-	39,718	-	-	-	39,718	-	-	-	-	119,155
Insurance		68,405					68,405				68,405					205,214
Consulting Fees: CNC	-	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000
Public Relations & Client Care - CNC	700	700	-	-	-	-	-	-	-	-	-	-	-	-	-	1,400
Professional Fees	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	375,000
Rent		119,167														119,167
Travel For Work: CNC	804	804	804	804	804	804	804	804	804	804	804	804	804	804	804	12,063
Fees & Professional Devel: CNC	-	-	-	1,128	-	-	-	1,128	-	-	-	1,128	-	-	-	3,385
Construction costs			50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	20,800	10,000	10,000	10,000	10,000	460,800
Office Supplies: CNC	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	2,745
Vehicle Maintenance and Fuel: CNC			7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	97,500
VISA cards - deposit			50,000													50,000
Moving costs - Simonette dorms																-
Travel Food Expense: CNC	309	309	309	309	309	309	309	309	309	309	309	309	309	309	309	4,630
Management Fee		4,792														
IT Support		82	-	-	-	-	82	-	-	-	82	-	-	-	82	329
Credit Card Charges: CNC	-		255	-	-	-	255	-	-	-	255	-	-	-	255	1,019
Food	75,000	75,000	60,000	60,000	60,000	60,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	1,065,000
Propane	5,169	5,169	11,156		13,032		11,156			13,032		11,156			13,032	82,902
Sewage	4,119	4,119	14,155	-	11,179		4,258			11,179		4,258			11,179	64,446
Electricity	3,074	7,992	28,427	-	-	-	28,427	-	-	-	-	28,427	-	-	-	96,347
Natural gas			2,716				2,716					2,716				8,148
Fuel	3,529	5,890	5,000	5,000	5,000	5,000	15,000	5,000	5,000	5,000	5,000	5,000	15,000	5,000	5,000	94,419
Water	459	1,076	698				698					698				3,629
Internet	-	7,745	5,637	-	-	11,055	5,637	-	-	11,055		5,637	-	-	11,055	57,821
TV Programming	-	6,129	8,137	-	-	3,546	8,137	-	-	3,546		8,137		-	3,546	41,178
Garbage disposal	1,120	3,654	2,827		2,784		3,109	2,827		2,784		3,109	2,827	2,784	3,109	30,934
Vending/Resale expense	935	935	939	939	939	939	857	857	857	857	857	857	857	857	857	13,338
General maintenance	782	782	774	774	774	774	779	779	779	779	779	779	779	779	779	11,672

Taxes - Property & Business: CNC	-	10,048	-	10,718	-	-	-	-	10,718	-	-	-	10,718	-	-	42,202
Propane equipment rental		423					428				428				428	1,708
General supplies	332	332	322	322	322	322	470	470	470	470	470	470	470	470	470	6,184
Telephone	-	485	1,358	3,909	-	249	1,358	3,909	-	249	1,358	3,909	-	-	249	17,033
Partnership camp fixed costs	-	78,377	-	-	-	-	5,009	-	-	-	5,009	-	-	-	5,009	93,404
Contingency (10%)			34,515	33,927	24,388	33,836	43,700	35,045	24,267	38,543	33,367	37,276	21,550	35,220	24,456	500,345
TOTAL CASH OUTFLOWS	**181,515**	**625,831**	**379,670**	**373,195**	**268,263**	**372,199**	**480,705**	**385,494**	**266,937**	**423,973**	**367,033**	**410,035**	**237,047**	**387,421**	**269,012**	**5,503,793**
NET INCREASE (DECREASE) IN CASH FROM OPERATIONS:	**5,563**	**(198,564)**	**(348,278)**	**(196,854)**	**(151,841)**	**(296,155)**	**(396,413)**	**(63,630)**	**(20,975)**	**149,024**	**(311,605)**	**(367,117)**	**470,490**	**87,163**	**368,516**	**(1,346,140)**
FUNDS REQUIRED TO COVER OPERATING CASH SHORTFALL:			**(220,744)**	**(182,848)**	**(134,689)**	**(280,845)**	**(377,257)**	**(41,137)**	**(12,113)**	**-**	**(124,693)**	**(342,060)**	**-**	**-**	**-**	**(1,346,140)**
																-
DIP processing fee			(15,000)													(15,000)
DIP monthly administration fee			(250)				(250)				(250)					(750)
DIP monthly interest @ 9% per annum																-
Funding Required:			235,994	182,848	134,689	280,845	377,507	41,137	12,113	-	124,943	342,060	-	-	-	
Funding Received (paid):			250,000	200,000	150,000	300,000	400,000	50,000	50,000		150,000	350,000				1,900,000
Adjustment to account for difference between actual and projected bank balances	35,359	244,261														**279,620**
CLOSING CASH POSITION - CWB	(11,940,250)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	(11,972,857)	
CLOSING CASH POSITION - Other	81,837	127,534	14,006	17,152	15,311	19,155	22,493	8,863	37,887	186,912	25,057	7,940	478,429	565,593	934,109	

Note 1 This cash flow projection is based on the assumption that a CCAA Initial Order is granted.

Note 2 The hypothetical assumptions are reasonable and consistent with the purpose of the proje
assumptions are suitably supported and consistent with the plans of the Group and provid
assumptions are disclosed in Notes below.

Note 3 Since the projections are based on assumptions regarding future events, actual results wil
variations may be material.

Note 4 The projections have been prepared solely for the purpose described in the notes, using tl
the notes. Consequently, readers are cautioned that it may not be appropriate for other

Note 5 Projection assumes that the Group will not have access to CWB accounts, and weekly bala
charges or interest potentially charged by CWB over the course of the projection.

Note 6 Weekly figure compiled based on Management's review of every individual current custom
Management has applied its judgement with respect to collection of customer accounts b
Numerous specific customer accounts to which Management was uncertain as to timing or
for the purposes of this projection in an effort to be conservative.

Note 7 Weekly figure is compiled based off of actual future bookings for each camp from figures
Lodges - who manages sales for the Group). Figure calculated based on Average Guest Ra
day. Future bookings are comprised of requests from various customers, and as such, Mar
services rendered will be collected 75 days after invoice date.

Note 8 For the weeks of August 26 and September 16, 2017, the amount reflected as collected in
University in Kansas. The Contract amount was $300,000 USD, which was converted by th
(exchange rate of 1.323528). Management has simply estimated that the total amount to
payments on the week's noted in the projection.

The total accounts receivable for CampCorp as at June 27, 2017 is in excess of $3.433 mil
these receivables that were considered to be uncertain insofar as collectibility or the timi
cash inflows in this projection.

Note 9 Based on average GST payable from GST returns filed over same period as prior year. No
(June GST) on account of NOI proceedings initiated on June 26, 2017. Management believ
prior year.

Note 10 Amount primarily based on current actual bi-weekly payroll, adjusted as required based o
related expense over period of projection.

Note 11 Amount based on actual premium payments required.

Note 12 Estimate based on advice from counsel and Proposed Monitor.

Note 13 Amounts previously reported in the Initial Projection on account of Rent were in essence 1 properties occupied by the Group. As such, these amounts were removed from the Revise other secured creditors.

Note 14 Amount is estimated based on 60% of estimated total project cost in relation to the Fairvi total project revenue, which was estimated by Management to be roughly $1.2 million (re experience with similar type construction projects.

Note 15 Amounts based off of current expenditures, adjusted by Management for increases/decre

Note 16 Amount based on current actual expenditures associated with Bonnyville Lodge, Cimarron currently closed, but costs necessary for security and maintenance).

Note 17 Amount based on 10% of total expenditures - provided in projection to be conservative.

Note 18 Amount based on Proposed BDC DIP financing agreement, wherein borrowings can only be agreement indicates that amounts repaid under the DIP facility cannot subsequently be re provided for in the projections despite several weeks of projected positive cash balances

EXHIBIT B

This is Exhibit " B " referred to in the
Affidavit of
Second Supplemental Shayne McCracken
Sworn before me this 4 day
of July A.D. 20 17

A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

Stephanie A. Wanke
Barrister & Solicitor

bdc

PRIVATE & CONFIDENTIAL

June 29, 2017

Paul McCracken
Canada North Group Inc.
14236 - 134 Avenue
Edmonton, AB T5L 5V8

RE: **Debtor-in-Possession Financing**

Dear Paul,

Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd. and D.J. Catering Ltd. (collectively, "**Canada North**") have initiated restructuring proceedings under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**") and such proceedings are to be subsequently taken up under the *Companies' Creditor Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), which CCAA proceedings shall also include 1371047 Alberta Ltd. and 816956 Alberta Ltd. (collectively, in addition to Canada North, the "**Borrower**"). The Court of Queen's Bench of Alberta (the "**Court**") has jurisdiction over such proceedings. Further, Ernst & Young Inc. ("EY") has been appointed as Trustee and will become the Monitor.

Based on the information provided by The Borrower and EY, Business Development Bank of Canada ("**BDC**") is prepared to offer the Borrower, on a joint and several basis, debtor-in-possession financing in the amount of up to $1,000,000 (the "**DIP Loan**") according to the terms and conditions set forth in this letter of offer (the "**Letter of Offer**").

LOAN PURPOSE		**FUNDING**	
Financing only of the day-to-day expenses of the Borrower in accordance with the cash flow projection approved and recommended by EY and filed with the Court in support of the request for DIP financing (the "**Cash Flow Projection**"), attached hereto as Schedule "A" (the "**Project**"), subject to the terms and conditions of this Letter of Offer.	$ 1,000,000	DIP Loan	$ 1,000,000
	$ 1,000,000		$ 1,000,000

Neither the Project nor the terms and conditions of the DIP Loan may be changed without the prior written consent of BDC. The amount of the DIP Loan may only be applied to this Project.

Amount of Loan	$1,000,000
Authorization Date	June 29, 2017

Term

The term of the DIP Loan shall be that period commencing on the date of issuance of the DIP Order (as hereinafter defined) and ending on the earliest of (such ending date, the "**Maturity Date**"):

(a) December 31, 2017;

(b) the effective date of a plan of arrangement for the Borrower under the CCAA and the expiry of all relevant appeal periods in relation thereto (a "**Plan of Arrangement**");

(c) the closing of a sale of assets or equity interests that results in a change in control of the business conducted by the Borrower (a "**Sale Transaction**"); or

(d) the occurrence of an Event of Default (as hereinafter defined).

Disbursement Procedure

The DIP Loan shall be disbursed in weekly instalments based on the Cash Flow Projection. The Borrower may request disbursements in increments of $50,000.

In addition to the conditions precedent and underlying conditions set forth in this Letter of Offer, the Borrower agrees that each disbursement shall be conditional upon the fulfilment of each of the following conditions to the satisfaction of BDC:

(a) the Borrower shall have given BDC, in the form set out in Schedule "B" attached hereto, a draw notice signed by an officer of the Borrower confirming that the said disbursement falls within the Cash Flow Projection; and

(b) EY shall confirm that the disbursement requested in the draw notice is compliant with the terms and conditions of this Letter of Offer.

Repayment

On the Maturity Date, the Borrower shall repay the entire outstanding principal amount of the DIP Loan in full, together with any accrued interest, fees and expenses without deduction or set-off.

During the Term, the Borrower may repay any principal amount of the DIP Loan without penalty provided the minimum amount of any such repayment is no less than $50,000. The amount of the DIP Loan shall automatically be reduced by the amount of such repayment and any repaid amount may not subsequently be reborrowed.

Interest	Interest is payable monthly, and is comprised of the BDC's Floating Base Rate plus an interest rate variance of 4.20%. "BDC's Floating Base Rate" means the annual interest rate announced from time to time by BDC in its branches as being its floating prime rate applicable to each of the floating interest rate plans of BDC in effect at the time for the purpose of determining the floating interest rates on loans in Canadian dollars. As of the date hereof, that rate is set at 4.80% per annum so the interest rate applicable to the DIP Loan as of the date hereof would be 9.00%.
Payment of Interest	The Borrower shall pay the interest calculated monthly at the rate and in the manner set out in this Letter of Offer on the first Business Day of each month.
Security	As a specific and continuous guarantee of the performance by the Borrower of all its obligations toward BDC under the Loan Documents (including the payment of principal, interest, fees and any other sums), the Borrower agrees to grant the following security: (a) a Court authorized first-ranking, valid, enforceable financing charge with priority over all creditors of the Borrower, in the amount of $1,000,000 (the "**DIP Charge**") charging all the property, assets and undertakings of the Borrower granted pursuant to the DIP Order (as hereinafter defined) that includes standard debtor-in-possession terms and conditions satisfactory to BDC acting reasonably, pursuant to section 50.6 of the BIA or section 11.2 of the CCAA, as the case may be, subject only to an administration charge not to exceed $500,000 (the "**Administration Charge**"); and (b) all existing security held by BDC shall also stand as security for the DIP Loan. (collectively, the "**DIP Lender Security**")
DIP Documentation	All documentation with respect to the DIP Loan, including the DIP Lender Security and DIP Order (as defined hereafter) (collectively, the "**DIP Loan Documentation**") shall be in form and substance acceptable to BDC as confirmed by BDC's legal counsel. All costs, charges, and expenses (including, without limitation, lawyers' fees as between solicitor and his own client on a full indemnity basis) incurred by BDC in connection with the DIP Loan Documentation are for the account of the Borrower, and are payable by the Borrower to BDC.
Representations and	The Borrower represents and warrants that it does not owe an amount in

Warranties	excess of $1,140,000 on account of any payables (including but not limited to amounts payable to Canada Revenue Agency and other taxation authorities) that would be in priority to the claims of secured creditors (the "**Admitted Priority Payables**").
Conditions Precedent	Prior to any disbursement, the following conditions precedent will have been met in a manner satisfactory to BDC at its sole discretion:

(a) the Borrower is subject to restructuring proceedings under the BIA or the CCAA, as the case may be;

(b) the Borrower has obtained an order made by the Court (the "**DIP Order**") in form and content satisfactory to BDC, which DIP Order shall include, among other things: (a) the approval of the DIP Loan and all the terms and conditions hereof; (b) authorizing the Borrower to borrow on the terms and conditions outlined in this Letter of Offer and approving same; (c) creating various court-ordered priority charges including (i) the granting of the DIP Charge in favour of BDC as security over all present and future assets, property and undertaking of the Borrower notwithstanding the terms and conditions of any other agreement to which the Borrower is a party; (ii) the granting of the Administration Charge not to exceed $500,000 without the approval of the Court; (d) prohibiting the granting of any additional liens, charges, security interests or any other encumbrances upon any of the assets, property or undertaking of the Borrower, without the prior written consent of BDC; (e) granting BDC the right, upon the Maturity Date, to enforce the rights and remedies available to it, upon three (3) business days written notice to the Borrower and to EY and their respective legal counsel, pursuant to the DIP Order, this Letter of Offer, the DIP Lender Security, and any additional rights and remedies available to it, at law or in equity; (f) prohibiting any further borrowing by the Borrower, without the prior written consent of BDC; (g) authorizing (but not obligating) BDC to effect such registrations, filings and recordings wherever BDC in its discretion deems appropriate regarding the DIP Loan Documentation including the DIP Lender Security and the DIP Charge; (h) declaring that the granting of the security by the Borrower provided for in the DIP Loan Documentation including the DIP Lender Security and the DIP Charge and the execution and delivery of all other documents and instruments contemplated herein, the payment of all amounts by the Borrower to BDC, including any and all fees and interest, and the actions taken to perfect and record the DIP Lender Security do not constitute fraudulent preferences, fraudulent conveyances, transfers at undervalue, conduct meriting an oppression remedy, or other transactions which might be challenged or reviewed under applicable federal or provincial legislation; (i) declaring the DIP

Order, and the DIP Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrower, a proposal trustee, a monitor, a receiver, an interim-receiver, a receiver-manager or any other officer of the Court each a "**Receiver**"); (j) staying any other secured or unsecured creditor from exercising any rights against the Borrower and its property, without further order of the Court; (k) declaring BDC to be an "unaffected creditor" under any proposal under the BIA or plan of arrangement or compromise under the CCAA made by the Borrower and that the indebtedness owed to BDC shall not be compromised or arranged under such proposal or plan of arrangement or compromise; and (m) such other terms and conditions as BDC may reasonably deem necessary or appropriate;

(c) the DIP Order shall be in full force and effect; final and non-appealable; and shall not have been reversed, stayed, modified, amended or varied, without the express written consent of BDC; and no application or motion shall have been made to the Court for any stay, modification or amendment of the DIP Order;

(d) no Event of Default (as hereinafter defined) shall have occurred;

(e) the Borrower has engaged a Chief Restructuring Officer, acceptable to BDC;

(f) BDC has received EY's report pursuant to subsection 50.4(2) of the BIA or subsection 23(1) of the CCAA, as the case may be, with respect to the Cash Flow Projection. The conclusions of EY's report shall be satisfactory to BDC;

(g) the Borrower has paid when due all fees and expenses set out in this Letter of Offer. To this effect, the Borrower expressly and irrevocably authorize BDC to deduct from the DIP Loan all payments which are owed or which will be owed with respect to the fees any fees payable to BDC and any expenses incurred by or on behalf of BDC whether in respect of the DIP Loan or any other financing provided by BDC to the Borrower. Each of the said payments shall constitute an advance under the DIP Loan and shall be considered a payment made by the Borrower;

(h) the Borrower shall have granted the DIP Lender Security;

(i) BDC is satisfied that the Borrower has complied, in all material respects, with the laws and regulations applicable to its business, that no security ranks in priority to the security described above, other than as indicated herein or by operation of the law in the normal course of business of the Borrower without the Borrower having granted such security by agreement, and that the Borrower is not in default with respect to any of the terms and conditions of the loan documents; and

(j) the Borrower shall have caused its legal counsel to issue a favourable opinion addressed to BDC and its legal counsel in form and substance satisfactory to them regarding the the corporate status, power and capacity of the Borrower and all matters relating to the DIP Loan as are usual and customary for a financing of this nature.

Underlying Conditions

During the Term of the DIP Loan, the following underlying conditions shall be met in a manner satisfactory to BDC at its sole discretion:

(a) the Borrower shall only use the DIP Loan for the purposes set out in this Letter of Offer, unless otherwise agreed to in writing by BDC;

(b) the Borrower shall comply with any order made by the Court;

(c) the Borrower shall obtain, at the request of BDC, an order made by an appropriate court in the United States, pursuant to Chapter 15 of the *United States Bankruptcy Code* (the "**Recognition Order**") and in form and content satisfactory to BDC, which Recognition Order shall recognize the Canadian restructuring proceedings of the Borrower as foreign main proceedings and recognize the DIP Order in respect to the assets and operations of the Borrower located within the United States;

(d) the Borrower shall diligently continue its restructuring proceedings under the CCAA;

(e) the Borrower shall deliver a comprehensive restructuring plan (including detailed financial projections), acceptable to BDC, to BDC by August 15, 2017 or such later date as BDC may agree to;

(f) the Borrower shall not pay any interest, dividends, salaries, remuneration, management fees or any other form of payments or distributions to the shareholders of the Borrower without the prior written consent of BDC;

(g) the Borrower shall provide annual consolidated financial statements, audited by an accredited professional accountant acceptable to BDC, within 90 days of its fiscal year end;

(h) the Borrower shall provide monthly internal financial statements (including balance sheet, income statement and cash flow statement) showing actual results achieved compared to projected and prior year results along with notes and management comments on variances within 20 days of its fiscal month end;

(i) the Borrower shall comply with the financial projections set forth in the Cash Flow Projection;

(j) the Borrower shall provide a weekly cash flow statement, aged accounts receivable trial balance, aged accounts payable trial balance on the second Business Day of each week. The weekly cash flow statement shall show actual results achieved compared to the Cash Flow Projection along with notes and management comments on variances, together with an updated forecast for the forthcoming 13 weeks;

(k) the Borrower shall adhere to the following financial covenants, tested weekly:

(i) cumulative actual of total receipts for any given rolling four week period shall not vary negatively from the amount forecasted in the Cash Flow Projection for the same period by more than 15%; and

(ii) cumulative actual of total disbursements for any given rolling four week period shall not vary negatively from the amount forecasted in the Cash Flow Projection for the same period by more than 15%.

Notwithstanding the foregoing, BDC is entitled, in its sole and absolute discretion, to authorize in writing deviations by the Borrower from the financial convenants contained in subparagraph (k), provided that any request from the Borrower for such approval is made prior to such deviation occurring and provides BDC with reasonable time to consider such request.

(l) the Borrower shall authorize EY to disclose to BDC any financial or other information of which it is aware;

(m) the Borrower shall provide written notice of an occurrence (an "**Occurrence**") of a default under a material contract to which the Borrower is a party which is likely to have a material adverse effect or of an Event of Default (as defined below) together with any notice, letter or other document (a "**Default Notice**") received by the Borrower from a third party advising of an Occurrence, within three days of the date of the Occurrence or of receipt of the Default Notice;

(n) the Borrower shall provide all other documents or information reasonably required by BDC, which shall be provided within a reasonable time according to the circumstances;

(o) the Borrower shall maintain the current insurance coverage over its assets and property and designate BDC as loss payee as its bdc

interest may appear; and

(p) the Borrower shall not sell, transfer, assign or deal in any way with any of its property, assets or undertaking out of the ordinary course of business, without the prior written consent of BDC or an order of the Court.

Events of Default

In addition to the events of default set out in the DIP Lender Security, the following events shall constitute events of default (each, an "**Event of Default**"):

(a) if the Borrower fails to pay to BDC when due any amount of principal, interest, fees or other amounts under the DIP Loan or otherwise, whether by acceleration or otherwise;

(b) if the Borrower defaults in the observance or performance of any underlying condition or covenant contained in this Letter of Offer, the DIP Lender Security or any other agreement between BDC and the Borrower;

(c) if the Borrower deviates materially from the Cash Flow Projection; For certainty, any failure to comply with sub-paragraphs (j) and (k) of the Underlying Conditions section of this Letter of Offer shall constitute an Event of Default;

(d) if BDC determines, acting reasonably, that a material adverse change has occurred after the date hereof in respect of the business, affairs or financial condition of the any of the Borrower;

(e) if DIP Order is varied without the written consent of BDC or any other order is made which is or may be prejudicial to BDC's interests;

(f) except for the Admitted Priority Payables, if the Borrower fails to pay, when due, any statutory liens, trusts and other Crown claims including employee source deductions, GST and any payments required by any work place safety legislation, wages, vacation pay and insurance premiums;

(g) if the stay of proceedings granted to the Borrower pursuant to the restructuring proceedings under the BIA or CCAA, as the case may be, is terminated or lifted; or

(h) if any person challenges the enforceability of any of the rights of BDC hereunder or pursuant to any of the DIP Lender Security and any such challenge has not been dismissed or determined by the Court within the BIA or CCAA proceedings, as the case may be, within 15 days.

Remedies	Upon the Maturity Date, BDC may immediately terminate the DIP Loan and enforce, upon three (3) Business Days written notice to the Borrower and EY, all of its rights and remedies against the Borrower and its property, assets and undertaking including, without limitation, the enforcement of the DIP Lender Security and the ability to apply to the Court for the appointment of a Receiver; and all amounts outstanding under the DIP Loan shall immediately become due and payable without further notice, demand or delay.
Other Conditions	This Letter of Offer does not affect novation of the terms, conditions and obligations of the Borrower with respect to the rights, security and recourses of BDC with respect to any other financing previously granted to the Borrower. The Borrower hereby acknowledges that all the rights, security and recourses given previously to BDC are not modified and remain in full force and effect with respect to the advances previously granted and that BDC retains all its rights. The standard credit terms which are set out in Schedule "C" attached hereto form an integral part hereof and if there is any inconsistency between the terms set out in Schedule "C" and this Letter of Offer, this Letter of Offer shall govern.
Indemnification	The DIP Loan Documentation shall include an agreement by the Borrower, on a joint and several basis, to indemnify and hold BDC harmless from and against any and all claims, losses, obligations, liabilities, claims, actions or causes of action, and reasonable costs and expenses incurred, suffered, sustained or required to be paid by BDC by reason of or resulting from the DIP Loan, this Letter of Offer, and the transactions and documents contemplated by this Letter of Offer, except to the extent resulting from the gross negligence or willful misconduct of the BDC as determined by a court.
Loan Processing Fee	The Borrower agrees to pay a non-refundable Loan Processing Fee in the amount of $15,000 which Loan Processing Fee is fully earned as of the date of acceptance of this Letter of Offer and payable in full as of the date of the first disbursement of the DIP Loan.
Administration Fee	The Borrower agrees to pay a non-refundable monthly Administration Fee in the amount of $250 payable on the first disbursement of the DIP Loan and monthly thereafter on the first Business Day of each month.
Other Costs	In addition, any and all costs, charges, and expenses (including, without limitation, lawyers' fees as between solicitor and his own client, on a full indemnity basis, as well as accounting, appraisal, environmental and consulting fees) incurred by BDC in connection with the restructuring proceedings, the DIP Loan, the DIP Loan Documentation, the DIP Lender Security, the DIP Order, the DIP Charge, the Proposal, the enforcement of any rights and remedies regarding the aforementioned and the

restructuring of the Borrower including, are for the account of the Borrower. Such costs shall be paid out of the disbursements of the DIP Loan as and when they become due and shall be secured by the DIP Lender Security.

Governing Law	This Letter of Offer as well as the interpretation and exercise of the recourses hereunder shall be subject to and governed by the laws of the Province of Alberta and the laws of Canada applicable therein.
Solidary Liability	When there is more than one borrower, their obligations shall be solidary and each of them shall constitute a principal debtor.
Information	The Borrower authorizes BDC to obtain credit and other information about it from any financial institution, credit agency or credit bureau.
Further Assurances	Upon notice from BDC, the Borrower shall sign (or cause to be signed) all further documents, do (or cause to be done) all further acts, and provide all reasonable assurances as BDC may reasonably require to give effect to this Letter of Offer and the financing contemplated hereunder.
Amendments	This Letter of Offer may only be amended by a written agreement signed by BDC and the Borrower.
Counterparts	This Letter of Offer may be signed in any number of counterparts and by facsimile or portable electronic document format, each of which when taken together shall constitute one and the same original document.
Expiry Date	This Letter of Offer shall become null and void if it is not accepted by 2 p.m. (Toronto time) on July 5, 2017.

Thank you for giving us the opportunity to discuss our ability to meet your financing requirements. We look forward to continuing to work with you.

Yours truly,

Adam Laiken
Director, Business Restructuring

Russell W. French
Assistant Vice President, Business Restructuring

ACCEPTANCE

To: Business Development Bank of Canada
Business Restructuring
121 King Street West, Suite 1200
Toronto, ON M5H 3T9

Attention: Adam Laiken

We certify that all the information provided to BDC is true, we accept the terms set forth herein and we acknowledge receipt of a copy of this Letter of Offer and the schedules forming part thereof.

We further acknowledge that today we paid BDC a sum of $15,000 for the non-refundable loan processing fee related to the DIP Loan. The said non-refundable loan processing fee does not create any right in favour of the Borrower and does not require BDC to make any disbursement of the DIP Loan, as such rights and obligations can only be generated to the extent that the terms and conditions set out herein are met to the complete satisfaction of BDC.

Accepted in the City of Edmonton on June 30, 2017.

CANADA NORTH GROUP INC.

Per: ______________________
Name:
Title:

CANADA NORTH CAMPS INC.

Per: ______________________
Name:
Title:

CAMPCORP STRUCTURES LTD.

Per: ______________________
Name:
Title:

D.J. CATERING LTD.

Per: ______________________
Name:
Title:

1371047 ALBERTA LTD.

Per: ______________________
Name:
Title:

816956 ALBERTA LTD.

Per: ______________________
Name:
Title:

Schedule "A"

CASH FLOW PROJECTION

Schedule "B"

DRAW NOTICE

To: Business Development Bank of Canada
Business Restructuring
121 King Street West, Suite 1200
Toronto, ON M5H 3T9

Attention: Adam Laiken

RE: **Debtor-in-Possession Financing**

Dear Sir,

We refer you to the Letter of Offer of debtor-in-possession financing entered into on June 29, 2017 between Canada North Group Inc., Canada North Camps Inc., Campcorp Structures Ltd., D.J. Catering Ltd., 1371047 Alberta Ltd. and 816956 Alberta Ltd., as Borrower, and BDC, as DIP Lender. Capitalized terms which are used but not defined in this draw notice have the meaning given to them in the Letter of Offer.

We confirm our draw notice concerning a disbursement as follows:

Amount of disbursement: $

Disbursement date:

As of the date hereof, we confirm that the representations made or given in the DIP Loan are still true and accurate in all material respects, that the said disbursement falls within the Cash Flow Projection and that no Event of Default has occurred.

We also confirm the execution of the previous draw by each of the parties.

CANADA NORTH GROUP INC.
Per: ______________________
Name:
Title:

CANADA NORTH CAMPS INC.
Per: ______________________
Name:
Title:

CAMPCORP STRUCTURES LTD.
Per: ______________________
Name:
Title:

816956 ALBERTA LTD.
Per: ______________________
Name:
Title:

D.J. CATERING LTD.
Per: ______________________
Name:
Title:

1371047 ALBERTA LTD.
Per: ______________________
Name:
Title:

Schedule "C"

Standard Credit Terms

1. INTERPRETATION

1.1 Definitions.
Unless indicated otherwise or unless context requires otherwise, the terms and expressions used as definitions in the Agreement, its schedules and any related documents which are incidental thereto shall have the meaning indicated below:

1.1.1 **"Agreement"** means this offer of interim restructuring financing and its schedules, where applicable, as amended from time to time;

1.1.1(A) **"Borrower"** means the Borrowers identified in the Letter of Offer to which this Schedule "C" is attached and forms an integral part hereof;

1.1.2 **"Business Day"** means any day, other than a Saturday or Sunday, on which BDC is open for business in the Province of Nova Scotia;

1.1.3 **"Change of Control"** means the sale, assignment or transfer of Control of a corporation or any written or verbal agreement resulting in the control of a corporation or entity being transferred to another;

1.1.4 **"Control"** means the direct or indirect holding of more than fifty percent (50%) of the Voting Shares of a corporation;

1.1.5 **"Default"** means an event of default pursuant to sections 9 and 10 below;

1.1.6 **"Dollars"** or **"$"** means the lawful money of Canada;

1.1.7 **"Environmental Laws"** means all applicable federal, provincial, state, municipal, local and foreign laws and regulations respecting pollution or the environment (including, without limiting the generality of the foregoing, laws and regulations relating to the emission, discharge, spill or risk of spill of chemicals, pollutants, contaminants, waste, toxic substances, oil, oil products and other substances affecting the environment, or relating to the manufacturing, transformation, distribution, use, treatment, storage, removal, transportation or handling of chemicals, pollutants, contaminants, waste, dust, toxic substances, oil, oil products and other substances affecting the environment);

1.1.8 **"Environmental Permits"** means all permits, licences, certificates, certificates of authorization, approvals, authorizations, consents, written agreements and registrations issued, granted or signed by any Government Authority having jurisdiction under any Environmental Law;

1.1.9 **"GAAP"** means generally accepted accounting principles in Canada as recognized or established by the Canadian Institute of Chartered Accountants, as they may be amended from time to time, applied consistently;

1.1.10 **"Government Authority"** means Canada, the Province of Nova Scotia and any other country, state or province, and any other regional, municipal or local subdivision or other country, state or province and any government body of such jurisdiction and includes any agency, department, commission, bureau, ministry, organization, etc.;

1.1.10(A) **"Guarantor"** means the Guarantors identified in the Letter of Offer to which this Schedule "C" is attached and forms an integral part hereof;

1.1.11 **"Loan"** means all amounts of principal, interest, costs, incidentals and all other sums owed to BDC under the Loan Documents;

1.1.12 **"Loan Documents"** means the letter offering interim restructuring financing (the Agreement), the Security and all other documents related to the Loan, as such documents may be amended from time to time;

1.1.13 **"Material Adverse Effect"** refers to the occurrence or non-occurrence of any event or series of events which has or could have a material adverse effect on the activities, assets, liabilities, financial situation, operating results or business prospects of the Borrower [or the Guarantor] or on the ability of the Borrower [or the Guarantor] to perform its obligations pursuant to the Loan Documents;

1.1.14 **"Security"** means, individually or collectively, all acts, documents and agreements (including any amendment, substitution or replacement thereof, as well as any act, document or agreement necessary to complete and confirm the security in accordance with the *Civil Code of Québec* or, as the case may be, under any law of another Government Authority having jurisdiction) entered into or to be entered into between the Borrower (and the Guarantor) and BDC to guarantee the repayment of the Loan and the obligations of the Borrower relating thereto (including, without limitation, those set forth in the Loan Documents);

1.1.15 **"Subsidiary"** means a legal person of which more than fifty percent (50%) of the Voting Shares are held beneficially, directly or indirectly, by or on behalf of another legal person;

1.1.16 **"Voting Shares"** means the shares of any class in the capital stock of a corporation conferring in all circumstances the right to elect the majority of the directors thereof.

1.2 **Headings.** The headings are for ease of reference only and shall not affect the interpretation of this Agreement.

1.3. **Recitals and schedules.** The recitals and schedules form an integral part hereof.

1.4 **Accounting terms.** Every accounting term used in this Agreement has the meaning generally ascribed to it according to GAAP unless another definition is given herein and any reference to an item on a balance sheet or statement shall be construed according to its presentation in the appropriate statements prepared according to GAAP as amended from time to time by any accounting standard adopted by the Canadian Institute of Chartered Accountants.

1.5 **Singular and plural.** In this Agreement, the singular includes the plural and vice versa, and "person" or "persons" includes an individual, firm, corporation, government, government organization or agency, unincorporated group of persons or association. The information to be provided in the schedules hereof shall be provided according to the definitions, terms and conditions of this Agreement.

2. LOAN

2.1 The obligation of the Borrower to pay the Loan may, at the option of BDC, be witnessed by one or more notes, which shall be given to BDC in recognition of receipt of the funds, not as payment of this Loan.

2.2 BDC shall not be required to disburse the Loan if the pre-disbursement conditions are not met or if the Borrower is in Default under the Loan Documents or if a circumstance arises which could lead to a Material Adverse Effect.

2.3. BDC may cancel any portion of the Loan which is undisbursed on the Maturity Date (as defined in the Letter of Offer).

3. USE OF PROCEEDS OF LOAN

3.1 No change shall be made in the use of the Loan or the proposed financing without the prior written consent of BDC.

3.2 The Borrower shall bear all risks of superior force, so that the obligations of the Borrower under the Loan Documents may not be reduced or cancelled, even in the case of superior force.

4. INTEREST

4.1 **Interest rate.** The Loan or any unpaid balance thereof shall bear interest, before and after maturity and before and after default and judgement, until it is repaid in full.

4.2 **Calculation of interest.** The interest payable on the Loan shall be calculated and compounded monthly and not in advance on the unpaid principal as of the date of the first disbursement of the Loan before and after maturity and before and after default and judgement.

4.3 **Interest on amounts not repaid when due.** Any amount of principal, costs or interest payable hereunder which is not repaid when due shall bear interest during the period in which such amount remains unpaid at the annual interest rate indicated for the Loan calculated daily and compounded monthly, the whole until payment in full and payable on demand (the "Interest Arrears").

4.4 **Late payment interest.** The Interest Arrears shall bear interest and the additional interest thereon which is not paid when due shall bear interest at the annual interest rate indicated for the Loan calculated delay and compounded monthly, the whole until payment in full and payable on demand. Any other amount which is not paid when due shall bear interest at the same rate and the interest shall be calculated and paid in the same manner as interest on the principal which is not outstanding.

4.5 **Reduction of interest.** If the aggregate amount of costs payable as interest, Interest Arrears and additional interest and all other costs paid or payable in connection with the loan (collectively, the "Costs") constitutes at any time whatsoever the application of an actual annual interest rate which exceeds the limit permitted under an applicable law, the Costs shall be reduced so that the costs paid or payable do not exceed the ceiling allowed under such law. BDC shall reimburse any surplus which was paid thirty (30) days after setting the amount of the repayment.

5. REPAYMENT

5.1 **Loan not renewable.** No amount repaid on the Loan may be borrowed again.

5.2 **Advance repayment.** The Borrower may repay the Loan in advance at any time without notice and without indemnity.

6. DEBITS AND AUTOMATIC WITHDRAWAL

6.1 The Borrower hereby authorizes BDC to manually or electronically withdraw from its bank account any payment which the Borrower must make to BDC hereunder.

6.2 Any payment to be made by the Borrower hereunder will be made by way of pre-authorized withdrawal from its bank account. The Borrower shall sign all the documents necessary for such purposes and shall provide BDC with a sample cheque from its financial institution marked "void".

6.3 The Borrower agrees that the repayment of any amount owed hereunder may be made by cheque if BDC considers this means of payment preferable under the circumstances.

7. UNDERTAKINGS

7.1 **Undertakings to be complied with by the Borrower (and the Guarantor, where applicable).** As of the date hereof, the Borrower (and the Guarantor) agrees that the following undertakings shall be complied with as long as the Borrower owes any amount whatsoever to BDC hereunder or otherwise, and the Borrower (and the Guarantor) acknowledges that BDC is relying on such undertakings for the purposes hereof:

7.1.1 The Borrower (and the Guarantor) shall, at its own expense, insure all its assets including the property charged with the Security, and keep it insured at all times against the risk of loss or damage caused by theft, fire and any other risk which is normally insured or for which a prudent administrator would insure, or for which BDC requires insurance, the whole up to its full insurable value, on the terms and with insurers acceptable to BDC. Each insurance policy shall provide that it may not be terminated for any reason whatsoever or become void before thirty (30) days' prior written notice is given to BDC. BDC is hereby designated as beneficiary of the indemnities payable under each insurance policy (except with respect to civil liability), and the Borrower (and the Guarantor) shall have such designation indicated on the policies. If BDC so requests, the Borrower (and the Guarantor) shall assign to BDC the policies or indemnities payable thereunder or ensure that each policy contains a hypothecary clause acceptable to BDC. The Borrower (and the Guarantor) shall provide to BDC, at its request, proof of payment of the premiums and a copy of each policy. The Borrower (and the Guarantor) further agrees to renew or replace any policy before it expires and to provide written confirmation from the insurer within twenty-four (24) hours of such renewal or replacement. The Borrower (and the Guarantor) shall give BDC a copy of such renewal or replacement as soon as possible. If the Borrower (and the Guarantor) fails to set up such insurance or keep it in effect, BDC may, but shall not be required to, take out such insurance in its name or in the name of the Borrower (and the Guarantor), and the premiums or Costs paid or incurred by BDC in this regard shall become due and payable by the Borrower (and the Guarantor) to BDC forthwith, with interest as set out herein. The Borrower (and the Guarantor) shall notify BDC forthwith of any damage or loss suffered by the property. If the Borrower (and the Guarantor) does not maintain insurance in accordance with the above requirements, BDC may take out insurance to protect its interests and the Borrower (and the Guarantor) shall pay the premiums therefor.

7.1.2 The Borrower (and the Guarantor) shall keep its accounting books and records up to date according to GAAP;

7.1.3 The Borrower (and the Guarantor) agrees to make its remittances to the Government Authorities as required by law. The Borrower shall confirm that the amounts were paid to each Government Authority by means of documents prepared by its external accountant which shall be sent to BDC along with the annual financial statements. In addition, the Borrower agrees to sign a standard consent form allowing BDC to obtain information about the said remittances;

7.1.4 The Borrower (and the Guarantor) shall ensure that any Subsidiary or other person, partnership or affiliate complies with and agrees to comply with the undertakings set out herein;

7.1.5 The Borrower shall deal on a business basis and "at arm's length" with any person;

7.1.6 The Borrower shall notify BDC forthwith of any Default or event which, following a notice or the expiry of a time limit, could constitute a Default and send BDC a copy of any Default or Default notice received from any other authority having jurisdiction;

7.1.7 The Borrower shall disclose to BDC forthwith any lawsuit or proceeding before a court of law or tribunal, commission or Government Agency to which it is a party;

7.1.8 The Borrower (and the Guarantor) shall comply at all times with the laws governing it;

7.1.9 The Borrower shall conduct itself in a socially and politically responsible manner at all times;

7.1.10 The Borrower shall maintain its operations;

7.1.11 The Borrower shall use the Loan made available hereunder for the purposes hereof;

7.1.12 The Borrower shall pay all costs incurred by BDC to exercise its rights hereunder, including those allowing the enforcement of all the obligations of the Borrower to protect, execute or preserve any Security granted to guarantee the Loan or have the assets of the Borrower (and the Guarantor) appraised at the request of BDC, including all legal costs, charges or other legal expenses, and the costs and fees of an agent, trustee or otherwise;

7.1.13 The Borrower (and the Guarantor) shall allow any representative of the BDC, upon prior notice to the Borrower (and the Guarantor), to enter the premises of the Borrower during normal business hours and examine therein, at the expense of BDC, the books, physical facilities and stock of the business and obtain a copy of any document.

7.2 **Decisions requiring the prior consent of BDC.** No decision, resolution, action or settlement affecting the following matters relating to the Borrower (and the Guarantor, where applicable) as well as any Subsidiary or affiliate may be taken or made without having first obtained the consent of BDC, which may not refuse to give its consent without valid reason:

7.2.1 any amendment of the articles of the Borrower (and the Guarantor);

7.2.2 the winding up or voluntary liquidation of the Borrower (and the Guarantor), as well as its consolidation or amalgamation with any other person, business or corporation;

7.2.3 any payment of dividends by the Borrower (or the Guarantor), the redemption of shares in its capital stock or any other form of distribution of its assets;

7.2.4 any change in the nature of the business activities of the Borrower (or the Guarantor);

7.2.5 a change of the fiscal year-end of the Borrower (or the Guarantor);

7.2.6 the creation of a hypothec or security of any nature whatsoever charging the property of the Borrower (or the Guarantor) covered by the Security;

7.2.7 any direct or indirect change of Control of the Borrower (or the Guarantor);

7.2.8 any loans or advances to employees or shareholders of the Borrower (or the Guarantor) outside the normal course of business and any loan or advance to any person outside the normal course of business;

7.2.9 the acquisition of any business (through a purchase of shares or assets) by the Borrower (or the Guarantor);

7.2.10 the signing by the Borrower (or the Guarantor) of any contract outside the normal course of business;

7.2.11 any capital expenditures, including lease-to-buy contracts outside the normal course of business;

7.2.12 the moving of a substantial part of its activities;

7.2.13 the creation of a Subsidiary;

7.2.14 take out any form of borrowing other than to the extent allowed herein;

7.2.15 make repayments of capital in favour of its shareholders or make any other form of repayment of debts with respect to its secured creditors not provided for in the cash flow statement;

7.2.16 assign or otherwise dispose of all or part of its assets without the prior written consent of BDC.

7.3. **Environment.** The Borrower (and the Guarantor) agrees and undertakes: to comply with all applicable Environmental Laws; to operate in conformity with all Environmental Laws and regulations; to make certain that its assets are and shall remain free of environmental damage; to inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; to pay the cost of any external environmental consultant engaged by BDC to affect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority;

7.4 **Prohibited activities.** The Borrower (and the Guarantor) agrees and undertakes not engage in, or permit its premises to be used by a tenant or other person, for any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

a) businesses that are sexually explcitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;

b) businesses that operate as stand-alone nightclubs, bars, lounges cabarets, casinos, discotheques, video arcades pool and billiard halls, and similar operations; or

c) businesses that promote nudism and naturism.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this paragraph 7.4 shall also apply to any entity that controls, is controlled by, or that is under the common control with, any Loan Party.

8. REPRESENTATIONS AND WARRANTIES

As of the date hereof, the Borrower (and the Guarantor) represents and warrants to BDC as follows and acknowledges that BDC is relying on such representations and warranties for the purposes hereof:

8.1 **With respect to corporate status:**

8.1.1 The Borrower (and the Guarantor) is a validly constituted and organized corporation, in good standing with the laws governing it, and holds all the powers necessary to carry on its business and to hold, manage and administer its property, and have full ability to bind itself toward BDC hereunder and under the Loan Documents signed by it;

8.1.2 all necessary authorizations and approvals have been given by the Borrower (and the Guarantor), their shareholders, administrators, business partners, creditors or other persons whose authorization is required for the signing of the Loan Documents, the whole in accordance with the articles, by-laws and resolutions of the Borrower (and the Guarantor) and in accordance with the constituting act and other applicable laws;

8.1.3 the articles and by-laws of the Borrower (and the Guarantor) given to BDC this day are those in effect as of the date hereof and there is no undertaking providing for their amendment.

8.2 **Loan Documents.** The representations and warranties set forth in the Loan Documents are complete and accurate.

8.3 **Effects of representations and warranties.** The representations and warranties set out herein shall remain in effect until repayment in full of the Loan and any other amount owed to BDC under the Loan Documents.

9. DEFAULT AND RECOURSE PRIOR TO DISBURSEMENT OF THE LOAN

9.1 **Default.** The Borrower (and the Guarantor) shall be in default if:

9.1.1 any of the representations and warranties herein or in the schedules hereto and in the Loan Documents is found to be erroneous, inaccurate or false;

9.1.2 any of the pre-disbursement conditions is not met;

9.1.3 a Material Adverse Change with respect to the Borrower (or the Guarantor) has occurred, in the opinion of BDC;

9.1.4 The projections set forth in the cash flow statement are not met or complied with;

9.1.5 The audited annual financial statements or the internal monthly financial statements of the Borrower reflect a deterioration of the financial situation of the Borrower [or of the Guarantor] in comparison with the financial situation when the loan was authorized;

9.1.6 the due diligence is not to the complete satisfaction of BDC, including the statement of prior claims, such as deductions at source and constructive trusts;

9.1.7 the Borrower (or the Guarantor) does not take any action or do not sign any document considered necessary or useful by BDC to give full effect hereto and to the Loan Documents;

9.1.8 the Borrower (or the Guarantor) fails to comply with the terms and conditions set out herein and in the Loan Documents.

9.2 **Recourse.** In the event of any Default prior to the disbursement of all or part of the Loan, BDC reserves the right not to disburse the Loan in accordance with the terms hereof.

10. DEFAULT AND RECOURSE

Notwithstanding any provision to the contrary contained herein and even if the terms have been complied with, BDC reserves the right, at its discretion, to terminate the Loan or any undisbursed portion thereof or to postpone the disbursement and terminate any moratorium on the repayment of principal, and the Borrower (and the Guarantor) agrees to repay, upon request, all or part of the amounts disbursed on the Loan, with interest, Costs and accessories, in the following cases:

10.1. any Court order lifting or modifying the protection or suspension of the recourses against the Borrower or any of its assets;

10.2 any other Court order granting a recourse or a right to a creditor to any security ranking before or *pari passu* with BDC;

10.3 any Court order amending the Loan or the restructuring process undertaken by the Borrower under the CCAA or BIA, as applicable, without the prior consent of BDC;

10.4 the failure by the Borrower (or the Guarantor) to pay interest or Costs which are owed hereunder or to repay the principal when due;

10.5 if any representation or warranty found herein, in the Security documents or in any other document or certificate provided to BDC by the Borrower (or the Guarantor) is incorrect, erroneous or inaccurate;

10.6 The Borrower (or the Guarantor) is in breach or terminate any material undertaking or obligation in the opinion of BDC;

10.7 If the Borrower (or the Guarantor) makes an assignment of its property, is placed under receivership pursuant to BIA, or if it is under a liquidation order under BIA or any other statute to the same effect;

10.8 if the Borrower (or the Guarantor) does not maintain its legal existence;

10.9 if there is a Change in Control of the Borrower or in the ultimate Control of the Borrower which has not received the prior written consent of BDC;

10.10 if the Borrower (or the Guarantor) fails to fulfil any of its undertakings stipulated herein;

10.11 if, at any time, any Security ceases for any reason whatsoever to be in effect, have full effect and keep the ranking it should have in accordance herewith and the Loan Documents, whether or not BDC has been informed;

10.12 If any of the events of Default provided for hereunder occurs with respect to the loan(s) granted to the Borrower by BDC which is not covered by the restructuring process, and the Borrower further acknowledges that a Default hereunder or under the Loan Documents shall also constitute a Default within the meaning of its other loans;

10.13 In all cases of Default, there will be loss of the benefit of the term and BDC may move up the date the Loan is due or terminate the Loan and declare the amount owed to it in principal on the Loan and any accrued interest, Costs and accessories thereon, as well as any indebtedness of the Borrower toward BDC hereunder and under the Loan Documents, to be due and payable immediately, in which case the Borrower shall pay BDC forthwith all amounts owed or payable under the Loan, failing which BDC may exercise all its recourses hereunder or under any guarantee held by BDC, as it sees fit without further notice to the Borrower with the exception of the notices required by law; in addition, BDC or its assigns shall have the right to exercise all its recourses and the rights available to it, without any control on the part of the Borrower, but BDC shall not be required to realize such guarantee or exercise any such right or recourse and shall not be responsible for any loss which may be caused by such decision not to exercise such recourse. The Borrower shall indemnify BDC for any loss or expense which BDC may suffer or incur due to any delay in the payment of the Loan or any portion thereof or any accrued interest thereon or any other amount owed hereunder or resulting from a Default including, without limiting the generality of the foregoing, any cost, loss or expense incurred by BDC due to the Default of the Borrower.

10.14 In all cases of Default, BDC may also refuse to advance the Borrower any portion of the Loan which has not been advanced to the Borrower.

10.15 No notice or formal demand shall be required (unless provided for herein or under the Security) nor shall have to be given to the Borrower or, as the case may be, to the Guarantor, by BDC for the purpose of putting the Borrower and, as the case may be, the Guarantor in default, and the Borrower and, as the case may be, the Guarantor shall be in Default by the mere passage of the time given for the performance of an obligation constituting a Default under the Loan Documents or by the occurrence of an event constituting a Default under the Loan Documents, to the extent allowed by law.

10.16 If a Default occurs, BDC may incur and pay any reasonable sum for services rendered (including professional fees and the fees of agents) with respect to the realization, payment, sale, transfer, delivery or payment to be made with respect to any guarantee referred to herein and may deduct such sums as fees and disbursements from the proceeds of realization of the securities. The balance of any proceeds may be withheld by BDC and may, at the option of BDC, be applied to any indebtedness of the Borrower toward BDC, without prejudice to any other right or recourse of BDC. Any expense incurred or sum paid by BDC in order to realize, maintain or preserve any security referred to herein given by the Borrower to BDC hereunder or by law shall bear interest at the interest rate provided in the Loan until the date the said sum is paid.

10.17 BDC may grant extensions, take and give releases of any security and deal in any manner with the Borrower or any other party with respect to the guarantees given to BDC as BDC wishes and without prejudice to any rights of BDC with respect to the securities given and without reducing the responsibility of the Borrower toward BDC.

10.18 The rights and recourses of BDC hereunder are cumulative and are in addition to, and not a substitute for, those granted to it by Law. The partial exercise or the exercise of only one of such rights and recourses by BDC for a Default or breach of any term, undertaking, condition or agreement found herein shall not modify, affect or impair any other right or recourse to which BDC may be entitled under the Law for the same Default or breach; no waiver by BDC of the strict observance, performance or compliance with a term, undertaking, condition or agreement found herein or any accommodation granted by BDC shall be deemed to be a waiver with respect to any subsequent Default or breach.

11. GENERAL

11.1 The Borrower shall not have the right to assign or transfer the rights granted to it hereunder. Any assignment in breach of this paragraph shall, in addition to constituting a Default hereunder, cancel any undertaking of BDC to disburse any portion of the Loan which has not been advanced.

11.2 BDC shall keep records of the transactions made under the Loan. Such registers shall be deemed to reflect such transactions and the amount of the Loan used by the Borrower and shall constitute, in the absence of manifest errors, *prima facie* evidence of the date and amount of any disbursement to the Borrower and the total amounts paid by the Borrower in principal and interest on the disbursements, costs and other amounts payable hereunder.

11.3 The Borrower shall take any action and sign any document necessary to give full effect to the terms hereof.

11.4 The Borrower agrees to a public announcement being made in the form of a press release by BDC.

11.5 The Borrower (and the Guarantor) authorize BDC to communicate with their accountants and auditors and to ask them, on their behalf, to give BDC financial information and to give BDC the financial statements of the Borrower (and the Guarantor) as soon as they are prepared. In addition to the documents and information indicated above, BDC may require the opinion of an independent and competent auditor.

EXHIBIT C

R.e.l. group inc.

STRICTLY PRIVATE AND CONFIDENTIAL

This is Exhibit " C " referred to in the Affidavit of Second Supplemental Shayne McCracken
Sworn before me this 11 day of July A.D., 20 17

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta

Stephanie A. Wanke
Barrister & Solicitor

Canada North Group Inc.14238 134 Avenue NW
Edmonton, Alberta T5L 5V8

Attention: Paul McCracken

July [4], 2017

Dear Sirs/Mesdames,

Re: Engagement of R.e.l. group inc.

Canada North Group Inc. and certain of its affiliates (collectively, "CNG" or the "Company") have requested the assistance and support of R.e.l. group inc. ("Rel") with reference to certain business and restructuring issues as defined below.

1. Rel's Services

The Company has filed an application with the Alberta Court of Queen's Bench for relief pursuant to the *Companies' Creditors Arrangement Act* which is expected to be heard on or about July 5, 2017 (the "CCAA Proceedings"). In connection with that application and a related motion for approval of a proposal to provide debtor-in-possession financing, the Company has requested direction from the Court to engage Rel as Chief Restructuring Officer ("CRO"). Subject to the Court granting the Initial Order in the CCAA Proceedings, granting the debtor-in-possession financing and directing the Company to retain the services of Rel as CRO, the Company wishes to engage Rel to provide its services as CRO as set out herein.

Rel shall provide its expertise, services and assistance to the Company as CRO. Rel's team will be led by Jonathan Solursh, working with such other principals and associates of Rel as Rel considers appropriate. Rel will work collaboratively with the Company's directors, officers and senior management team. Without limiting the foregoing, the Company authorizes Rel to undertake the following activities (the "Services"):

(a) oversee and advise the Company with respect to the restructuring of the Company;

(b) evaluate potential restructuring, sale, refinancing and recapitalization alternatives that may be available to the Company;

(c) assist the Company, as necessary, with respect to the marketing and sale of any assets or parts of the business of the Company;

(d) assist the Company in negotiating and implementing potential refinancing and recapitalization alternatives;

(e) provide general commercial advice with respect to the Company's long term strategic planning, as requested;

(f) develop strategies to manage the current liquidity issues facing the Company including the current 13 week cash projections and ongoing periodic updates together with supporting information as required;

(g) represent the Company in negotiations and discussions with the Company's principal lenders and equipment lessors (collectively, the "Lenders") as well as other third parties, including creditors, suppliers, customers and other stakeholders, in respect of the restructuring;

(h) assist with the provision of information to and communications with the Monitor, Lenders, the Interim Lender (as defined in the Initial Order) and other stakeholders, including ongoing financial reporting;

(i) develop a communications strategy for the Company in connection with the restructuring and assist in the management of communications with the Lenders, unsecured creditors and other key stakeholders;

(j) in conjunction with the Monitor, advise the Company in the development of the Plan of Arrangement under the CCAA (the "Plan") and any amendments to the Plan;

(k) in conjunction with the Monitor, assist the Company in the preparation of the Company' cash flow statements and other reporting required by the Interim Lender;

(l) if required, report to the Court at such times and intervals as the CRO may deem appropriate;

(m) perform such other duties as are required to carry out the powers and obligations conferred upon the CRO by the Initial Order or any further Order of the Court; and

other matters as requested by the Company and agreed to by Rel.

While Rel will be working with the directors and officers of the Company and other members of the senior management team, the Company acknowledges and agrees that Rel will be communicating with the Lenders and other stakeholders as required and may provide updates to each of them from time to time throughout the mandate. The Company consents to Rel discussing any aspect of its mandate, findings and recommendations with the Lenders and others stakeholders from time to time throughout the course of the engagement as required to fulfill its mandate and waives any conflict that might otherwise exist in this regard.

Rel will work collaboratively with the Company's auditor, legal counsel and other advisors to maximize efficiency, prevent duplication of work, and minimize professional fees.

2. Information and Co-operation

The Company will use its reasonable efforts to ensure, on an ongoing basis, that all information provided, directly or indirectly, orally or in writing, in connection with Rel's engagement, will be accurate and complete in all material respects, will not be misleading in any material way and will not omit to state any fact or information which might reasonably be considered material to Rel in performing its services hereunder. Rel shall be entitled to rely upon such information and shall be under no obligation to independently verify any such information so provided to or otherwise obtained by Rel. Rel shall also be under no obligation to determine whether there have been or to investigate any changes in any information occurring after the date upon which it was provided to or obtained by Rel. The Company shall co-operate fully with Rel in the performance of the services contemplated by the engagement.

It is understood that Rel will have full and complete access to the Company's premises, books, records, data, including data in electronic form and other financial documents of the Company to the extent that is necessary to adequately assess the Company' property, business and financial affairs or to perform its duties.

3. Fees

[Redacted]

4. Additional Services

If Rel is requested to perform services in addition to those described above, the terms and conditions relating to such services will be outlined in a separate agreement and the fees for such services will be negotiated separately and will be in addition to the fees and other amounts payable hereunder.

5. Limitation of Liability

Rel shall not be liable for any failures or delays in performance arising from causes beyond its control including any failure by the Company to perform its obligations in a timely manner. Without limiting the foregoing, it is understood and agreed that Rel shall not be liable for any claims, liabilities or expenses relating to this engagement for an aggregate amount in excess of the fees paid to Rel pursuant to this engagement, except to the extent determined by final judicial decision to have resulted from the gross negligence or wilful misconduct of Rel. In no event shall Rel be liable for any consequential, special, punitive or exemplary losses or damages.

6. Indemnification

In consideration of entering into this agreement and performing the services described herein, the Company hereby agrees to indemnify Rel in accordance with Schedule 2 hereto, which forms part of this agreement. Such indemnity (the "Indemnity") shall be executed and delivered to Rel on the execution of this agreement and shall be in addition to, and not in substitution for, any liability which the Company or any other person may have to Rel or other persons indemnified pursuant to the Indemnity apart from such Indemnity. The indemnity shall extend to the payment or reimbursement of fees and expenses as set out in this agreement including, without limitation, any sales taxes applicable thereto. The Indemnity shall also apply to any additional services provided pursuant to any agreement entered into pursuant to paragraph 4 hereof.

7. Survival of Terms and Termination

This engagement shall take effect as of July __, 2017 and may be terminated upon not less than two (2) business days written notice by either party, provided that the obligations of the Company to indemnify Rel, to pay any amounts due to Rel pursuant to this agreement and the representations and warranties provided by the Company in connection with this agreement shall survive the completion of Rel's engagement hereunder or other termination of this agreement.

8. Staffing

This engagement will be led by Jonathan Solursh with the direct support of other Rel Principals and staff as required by Rel, at its sole discretion.

9. Conflicts

The Company acknowledges that other companies with conflicting interests may also be clients of Rel or its affiliates and that Rel or its affiliates may be providing services to them. The Company also acknowledges that Rel and its affiliates may be engaged in investment, venture capital or other activities for their own account and may have interests (proprietary or otherwise) that may compete or conflict with the interests of the Company. The Company acknowledges that Rel will not use or make available to the Company confidential information that Rel has obtained from any other client or that Rel or its affiliates may have developed or obtained in connection with activities for its own account.

10. Other Matters

This agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the parties hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta. All financial references in this agreement are to Canadian dollars unless otherwise indicated. If any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision hereof. Headings used herein are for convenience of reference only and shall not affect the interpretation or construction of this agreement.

11. Notices

All notices and other communications required pursuant to this agreement shall be in writing and delivered by personal delivery or electronic communication, if to the Company, at:

Canada North Group Inc.
14238 134 Avenue NW
Edmonton, Alberta T5L 5V8

Attention: Paul McCracken and Shayne McCracken
Email: Paul.McCracken@djcatering.ca and Shayne.McCracken@goldenwestgroup.com

With a Copy to:

DLA Piper (Canada) LLP
1201 Scotia Tower 2
10060 Jasper Avenue
Edmonton, AB T5J 4E5
Attn: Stephanie Wanke
Email: stephanie.wanke@dlapiper.com

and, if to Rel, at:

R.e.l. group inc.
2200 Yonge St., Suite 610
Toronto, ON
M4S 2C6

Attention: Mr. Jonathan Solursh
Email: jsolursh@relgrp.com

or as each party may specify in a written notice to the other party. All such notices and communications shall be effective when delivered or transmitted during normal business hours or, if outside of normal business hours, on the next business day, as the case may be.

12. Acceptance

Please confirm your acceptance of the foregoing by signing and returning the attached duplicate copy of this letter, which shall thereupon constitute a binding agreement between the Company and Rel.

Yours truly,

R.E.L. GROUP INC.

By: ______________________________

Jonathan Solursh
President

Accepted and agreed as of July __, 2017

CANADA NORTH GROUP INC.

By: ______________________________

Name: •

Title: •

SCHEDULE 1 – FEES

[Redacted]

SCHEDULE 2 – INDEMNITY

[Redacted]

EXHIBIT D

大成DENTONS

Heather A. Barnhouse

heather.barnhouse@dentons.com
D +1 780 423 7215

Dentons Canada LLP
2900 Manulife Place
10180 - 101 Street
Edmonton, AB, Canada T5J 3V5

大成 Salans FMC SNR Denton McKenna Long
dentons.com

This is Exhibit " D " referred to in the Affidavit of Third Supplemental Shayne McCracken
Sworn before me this 4 day of July A.D., 20 17

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta

Stephanie A. Wanke
Barrister & Solicitor

June 8, 2017

SENT VIA EMAIL

Attention: Charles P. Russell, QC

McLennan Ross LLP
600, 12220 Stony Plain Road
Edmonton, AB T5N 3Y4

Dear Sir:

Subject: Canada North Camps Inc. Forbearance Agreement with Canadian Western Bank
Our File: 180636-1/HAB

Further to our conversation on June 7, 2017, I confirm my advice to you that the Empire judgment registered against HML Lodge ("HML") does not affect the ongoing operations or viability of Canada North Camps Inc. ("CNC").

HML is one of the joint venture entities, meaning that CNC has partnered with another entity to form the joint venture entity. HML does not own any assets, and the partner with whom CNC partnered has not contributed its proportionate share towards the operating expenses, which, combined with the poor economic climate in Alberta generally has contributed to the operating losses by this entity.

The substance of the lawsuit commenced by Empire is complicated, and I can provide additional details if you wish. Empire sold its business to Horizon last year, but Horizon would not purchase the receivable owing by HML. Despite numerous attempts over the prior year to encourage Empire to remove its equipment from the site, due to low occupancy; however, Empire refused.

Given that HML has no assets, and given that CNC was not named in the suit, it is a hollow judgment, and has no material adverse impact on the ongoing business operations and viability of the core business of CNC. From a business perspective, it did not make sense to defend this action. The judgment obtained by Empire is limited only against HML, does not affect CNC or any other business in the core of CNC's business or operations. HML is not a going concern, and is not actively conducting any business.

I confirm my advice that we do not know of any other plaintiff who has filed an action against CNC who has entered a judgment and is pursuing judgment enforcement steps. I confirm my advice in our conversation that the number of creditors commencing actions against CNC or related entities conducting business in the core business has decreased since the in-person discussions with the creditors has commenced. CNC has successfully negotiated payment plans with all trade creditors who have commenced legal actions and have contacted CNC's counsel with a willingness to enter into the payment plans. CNC has been able to pay four trade creditors in full as negotiated under separate payment plans. Regarding a fifth trade creditor, CNC is ahead in payments under the negotiated payment plan.

Further, I confirm my advice and the advice that has been consistently reported to the bank that of the unsecured creditors (who are not those who have commenced legal actions), the discussions have gone well, and that the creditors (thus far) have all agreed to a 5 year repayment plan for the arrears owing to them. The HML judgment is outside of the purview of those discussions, as our belief is that it is a hollow judgment, and we are confident that it has no effect on CNC or the other core businesses in the operations. Not unexpectedly in the course of a restructuring exercise, a company that is not a going concern and not viable is not worth continuing to use resources, when, in the company's view, there are other viable companies to keep alive. That has been, and continues to be the focus of our restructuring efforts.

Finally, I confirm my advice that CNC learned this week of interest from a substantial equity partner. We know that this has been reported to the bank, and that there have been discussions between this individual and CWB, and we continue to focus our efforts on this possibility.

Please don't hesitate to contact me with any questions. We look forward to continuing to work together on a successful restructuring.

Yours truly,

DENTONS CANADA LLP

Heather Barnhouse

Heather A. Barnhouse

HAB/plr

cc. Canada North Camps Inc.
Attention: Paul McCracken

Deloitte LLP
Attention: Bob Taylor

EXHIBIT E

Deloitte.

Deloitte Restructuring Inc.
700, 850 – 2nd Street S.W.
Calgary, AB T2P 0R8
Canada

Tel: 403-267-1700
www.deloitte.ca

This is Exhibit " E " referred to in the
Affidavit of
Second Supplemental Shayne McCracken
Sworn before me this 4 day
of July A.D., 20 17

A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta
Stephanie A. Wanke
Barrister & Solicitor

April 26, 2017

Private and Confidential

Canada North Camps Inc.
14238 – 134th Avenue NW
Edmonton, Alberta T5L 5V8

Attention: Paul McCracken, Chief Executive Officer

Dear Sir,

Subject: Canada North Camps Inc. et al, (collectively, the "Canada North Group")

This letter confirms the terms of the engagement of Deloitte Restructuring Inc. ("Deloitte") by Canada North Camps Inc. and to act as consultant to the Canada North Group.

Purpose of the Engagement

Deloitte understands that the Group has experienced some financial challenges due to the world wide decline in oil prices and needs to consider alternatives to reorganize its financial affairs. The Canada North Group, as a result of certain loan covenant and non-monetary loan defaults, recently entered into a Forbearance Agreement with Canadian Western Bank ("CWB") in connection with loans totalling approximately $21 million. The Canada North Group is seeking replacement financing and is currently working with Advisco Capital Corporation ("Advisco") and its advisors in this regard.

Scope of Services

Deloitte's assistance to the Canada North Group is expected to include the following:

- Review and assess the reasonableness of the financial projections;
- Review the Canada North Group's various operations with the view to assessing whether all operations should be continued or certain operations should be wound-up or sold;
- Review and assess the short-term and medium-term cash flow requirements;
- Provide financial, strategic and restructuring advice to the Canada North Group and identify various options available;
- Preparation of appropriate contingency plans to reflect the impact of restructuring alternatives;
- Liaise with stakeholders of the Canada North Group, including CWB and Advisco, to assist in understanding their respective positions and assisting the Canada North Group generally;
- Upon the specific written request of the Canada North Group, and as agreed to by the parties, any other matters which appear to be relevant to an assessment of a future course of action.

Reporting

Deloitte will communicate the status of its work in accordance with the scope described above to Mr. Paul McCracken and Mr. Recsetar throughout the engagement. It is understood, that at the request of CWB, Deloitte will also communicate the status of its work to CWB.

Written reports or memorandums will be provided as and when required, and we confirm that they will be shared with CWB, Advisco and its advisors.

Timing

Deloitte will use commercially reasonable efforts to carry out its work on a timely basis and will inform Mr. McCracken of any difficulties it encounters. The production and timing of Deloitte's reviews and assessments assumes that the information it requires to carry out its work will be made available promptly and in good order by the Canada North Group. Notwithstanding the above, Deloitte will inform Mr. McCracken and Advisco as soon as possible of any matters of a material nature which come to our attention during the course of our work.

It is understood that time is of the essence and Deloitte will endeavour to complete its work by June 23, 2017.

Engagement Team

This engagement will be under the direction of Bob Taylor, Partner, who will maintain overall responsibility for the engagement on behalf of Deloitte. The engagement team will include other professionals, as necessary, to complete the engagement on a timely basis.

Professional Fees and Disbursements

Deloitte's fees will be based on the amount of professional time required and its standard hourly billing rates, which vary depending upon the experience level of and relative time spent by the professionals involved. Invoices will also include reasonable disbursements, including any costs and expenses for advisors Deloitte's may retain (including legal counsel - see below). GST as applicable will be charged.

The current Canadian dollar hourly billing rates, by classification, are as follows:

- Partner $650
- Senior Manager $475
- Manager $375
- Senior $250

It is understood that Deloitte will endeavour to minimize time charges with respect to this engagement and to conduct the engagement in as cost-effective manner as possible. It is understood that Deloitte conducted certain financial analysis in respect of potential Advisco financing, and Deloitte shall endeavour to not duplicate previous work and will use the prior work product as and when possible.

Deloitte's fees, expenses and any applicable taxes will be invoiced monthly as time and expenses are incurred. Accounts are due when rendered and interest accrues at 12% per annum on balances unpaid after 30 days.

We will require an initial retainer of $50,000 to be paid in three instalments as follows; $15,000 by May 12, 2017, $15,000 by May 23, 2017 and $15,000 by June 6, 2017, which may be subject to adjustment as matters proceed. The retainer will be held by Deloitte, and if required, to pay our fees and expenses. We expect that the retainer will be applied against our final account. Accordingly, interim invoicing will be payable by the Canada North Group in accordance with the terms noted above.

Deloitte will advise the Canada North Group as to the status of total charges on a weekly basis such that the Canada North Group is in a position to manage its costs.

Disclosure of Relationships

An internal search was performed for any potential conflicts based on the names of the parties provided. We inform you that, based on our conflicts search, we are not aware of any conflict that would affect our ability to act impartially.

General Business Terms

The attached General Business Terms form part of our mutual agreement concerning this engagement. By signing this agreement the parties agree to be bound by these General Business Terms. In the event of a conflict between this letter and the General Business Terms, the General Business Terms shall take precedence, provided that if the letter specifically states that a particular term shall take precedence over the General Business Terms, the letter shall take precedence with respect to that term.

Confirmation

Please confirm your acceptance of this agreement by signing both copies of this letter in the space provided below and returning one signed copy of the letter to us.

Yours very truly,

Robert J. Taylor, FCPA, FCA, CIRP, LIT

ACKNOWLEDGED AND AGREED to this 9th day of May, 2017.

Canada North Camps Inc. for and on behalf of itself and its respective subsidiaries

Signature of authorized signing officer

Tyler McCracken
Name

Executive V.P.
Title

General business terms

The following general business terms (the "terms") apply to the engagement agreement between Deloitte Restructuring Inc. ("Deloitte") and Canada North Camps Inc. and its respective subsidiaries (collectively the "Canada North Group") except as expressly set forth in the engagement letter to which these Terms are attached (the "engagement letter").

1. **Contracting parties**

   a. ***Definitions***: "Deloitte" or "Deloitte Canada" shall mean Deloitte Restructuring Inc. "Deloitte Entities" shall mean the Ontario limited liability partnership Deloitte LLP and where appropriate its directors, officers, partners, principals, professional corporations, employees, agents, subsidiaries and affiliates and to the extent providing services under the engagement letter, the member firms of Deloitte Touche Tohmatsu Limited, the subsidiaries and affiliates of such member firms, and all of their respective directors, officers, partners, principals, professional corporations, employees, agents; and in all cases any successor or assignee.

   b. This engagement letter is between the Canada North Group and Deloitte Canada. The Canada North Group agrees that its relationship is solely with Deloitte Canada as the entity contracting with the Canada North Group to provide the services covered by this engagement letter. Notwithstanding the fact that certain services covered by this engagement letter may be carried out by personnel provided to Deloitte Canada from other Deloitte Entities through service or other agreements, Deloitte Canada remains solely responsible and liable to the Canada North Group for all services covered by the engagement letter. Accordingly, the Canada North Group agrees that none of the Deloitte Entities (except Deloitte Canada) will have any liability to the Canada North Group, and the Canada North Group will not bring any claims or proceedings of any nature (whether in contract, tort, breach of statutory duty, or otherwise and including, but not limited to, a claim or negligence) in any way in respect of or in connection with this engagement against any of the Deloitte Entities (except Deloitte Canada) or against any subcontractors that Deloitte Canada may use to provide the services covered by this engagement letter.

   c. To the extent that Deloitte Entities (other than Deloitte Canada) are providing services to Deloitte Canada in connection with this engagement as subcontractors to Deloitte Canada, then the term "Deloitte" should read as "Deloitte Entities" for purposes of these Terms.

2. **Services**

   a. It is understood and agreed that the services to be provided under the Engagement Letter (the "Services") may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and be made by, the Canada North Group. In connection with Deloitte's Services, Deloitte shall be entitled to rely on all decisions and approvals of the Canada North Group.

   b. The Services conducted by Deloitte cannot be relied upon to disclose errors or fraud should they exist. The Services will not constitute an audit conducted in accordance with generally accepted auditing standards, an examination or compilation of, or the performance of agreed upon procedures with respect to prospective financial information, an examination of or any other form of assurance with respect to internal controls, or other attestation or review services in accordance with standards or rules established by the CICA or other regulatory body. Deloitte will not express an opinion or any other form of assurance on any operating or internal controls, financial statements, forecasts, projections or other financial information.

c. Neither the Services or any advice or reports in connection therewith are intended to be, nor shall be construed to be, "investment advice" within the meaning of the US Investment Advisors Act of 1940. In the performance of the Services, Deloitte will not perform any evaluation of internal controls and procedures for financial reporting upon which the Canada North Group's management can base its assertion in connection with the US Sarbanes-Oxley Act of 2002 or related rules or regulations ("Sarbanes-Oxley"). Deloitte will make no representations or warranties and will provide no assurances that the Canada North Group's disclosure controls and procedures are compliant with the certification requirements of and internal controls and procedures for financial reporting are effective as required by Sarbanes-Oxley or any other standards or rules, including, without limitation, Sections 302 and 404 of Sarbanes-Oxley. The Services will be conducted in accordance with these Terms and, to the extent performed by the subsidiaries of Deloitte & Touche USA LLP, in accordance with the *Statement of Standards for Consulting Services* established by the American Institute of Certified Public Accountants.

3. **Term**

Unless terminated sooner in accordance with its terms, this engagement shall terminate on the completion of the Services. Either party may terminate this engagement at any time upon giving at least five (5) days written notice to that effect to the other party, provided that in the event of termination for cause, the breaching party shall have the right to cure the breach within the notice period. In the event of termination pursuant to this paragraph, the Canada North Group agrees to compensate Deloitte Canada under the terms of the Engagement Letter for Services performed and expenses incurred through the effective date of termination.

4. **Timely performance**

Deloitte will endeavour to complete within any agreed upon time-frame the performance of the Services. However, Deloitte will not be liable for failures or delays in performance that arise from causes beyond Deloitte's control, including the untimely performance by the Canada North Group of its obligations in assisting Deloitte with respect to this engagement.

5. **Fees and payment**

a. Unless otherwise specifically agreed in the engagement letter, Deloitte's fees will be based on standard hourly rates, which vary depending upon the experience level of the professionals involved. In the normal course of business, Deloitte revises its standard hourly rates to reflect changes in responsibilities, increased experience, and increased costs of doing business. Changes in standard hourly rates will be noted on the invoices for the first time period in which the revised rates become effective.

b. In addition to professional fees, the Canada North Group will reimburse Deloitte Canada for Deloitte's reasonable out of pocket expenses incurred in connection with this engagement, including travel, meals, hotels and disbursements for outside legal counsel or any other consultants engaged by Deloitte with the prior consent of the Canada North Group.

c. All fees and other charges do not include any applicable federal, provincial or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. Any such taxes or duties shall be assumed and paid by the Canada North Group without deduction from the fees and charges hereunder.

d. Invoices will be rendered on a regular basis as the engagement progresses. All invoices shall be due and payable when rendered. Without limiting its rights or remedies, Deloitte shall have the right to halt or terminate its services entirely if payment is not received within thirty (30) days of the invoice date. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an invoice that remains unpaid from thirty (30) days after the invoice date to the date on which the outstanding invoice is paid.

e. To the extent that as part of the Services to be performed by Deloitte as described in the engagement letter, Deloitte Canada personnel are required to perform the services in the United States of America ("US Business"), the Canada North Group and Deloitte Canada agree to assign performance of the US Business to Deloitte Canada LLP, an affiliate of Deloitte. All services performed by Deloitte Canada LLP shall be performed under the direction of Deloitte Canada which shall remain responsible to the Canada North Group for such Services. Deloitte Canada LLP shall invoice the Canada North Group with respect to the US Business and Deloitte will invoice for services performed in Canada ("Canadian Business"). Payment for US business and/or Canadian Business can be settled with one payment to Deloitte.

6. Independence

a. Deloitte Canada may terminate this engagement upon written notice to the Canada North Group if it determines that (i) a governmental, regulatory or professional entity (including, without limitation, provincial accounting institutes, Canadian and foreign securities commissions, the Canadian Public Accountability Board and the Public Company Accounting Oversight Board) or an entity having the force of law has introduced a new, or modified an existing, law, rule, regulation, interpretation or decision the result of which would render the performance by Deloitte of any part of the engagement illegal or otherwise unlawful or in conflict with independence or professional rules, or (ii) circumstances change (including, without limitation, changes in ownership of the Canada North Group or any of its affiliates) such that the performance by Deloitte of any part of the engagement would be illegal or otherwise unlawful or in conflict with independence or professional rules. Upon termination of the engagement, the Canada North Group will compensate Deloitte Canada under the terms of the Engagement Letter for the Services performed and expenses incurred through the effective date of termination.

b. The Canada North Group shall provide Deloitte Canada with prompt written notice if the Canada North Group or any of its subsidiaries or affiliates engages Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any affiliate of such a member firm to provide audit related services. In the event that Deloitte, a member firm of Deloitte Touche Tohmatsu Limited or any affiliate of such a member firm, provides audit services for the Canada North Group, parent of the Canada North Group or affiliate of Canada North Group, the Canada North Group acknowledges that the Canada North Group has adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte Canada or member firm of Deloitte Touche Tohmatsu Limited or any affiliate of such a member firm in accordance with applicable laws, regulations and rules that apply to the Canada North Group, including audit committee pre-approval requirements.

7. Conflict of interest

a. *Notification and resolution.* Should Deloitte Canada determine that there is a potential conflict of interest in connection with its performance of the Services, Deloitte Canada will advise the Canada North Group promptly and endeavour to resolve such potential conflict. Also, the Canada North Group agrees to notify Deloitte Canada promptly of any potential conflict affecting this engagement of which it is, or becomes aware. Where a potential conflict is identified by either party and Deloitte Canada believes the Canada North Group's interests can be properly safeguarded by the implementation of appropriate procedures, Deloitte Canada will discuss and agree such procedures with the Canada North Group.

b. *Non-exclusivity*. Having engaged Deloitte Canada for the limited purpose set out in the engagement letter, the Canada North Group agrees on behalf of itself and its affiliates that no Deloitte Entity is precluded from acting in any capacity such as Monitor under the Companies' Creditors Arrangement Act or as receiver and manager for any other party and that the Canada North Group's engagement of Deloitte Canada in this matter will not be asserted by the Canada North Group as a basis for disqualifying Deloitte Canada, an affiliate of Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any of their respective affiliates from acting for any other party. The Canada North Group agrees to waive any real or potential conflict of interest of Deloitte Canada, an affiliate of Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any of their respective affiliates in connection with Deloitte's Services for the Canada North Group under the terms of the Engagement Letter.

In the event that Deloitte Canada, an affiliate of Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any of their respective affiliates acts for any other party, (i) Deloitte will not disclose any Confidential Information (defined below) that the Canada North Group provides to Deloitte in connection with this engagement and will not use such Confidential Information for another party's benefit, and (ii) Deloitte will establish appropriate ethical walls between the persons involved in advising the Canada North Group under this engagement and the persons involved in advising another party.

8. **The Canada North Group responsibilities**

a. *Cooperation*. The Canada North Group shall cooperate with Deloitte in the performance by Deloitte of the Services, including, without limitation, providing Deloitte with reasonable facilities and timely access to data, information and personnel of the Canada North Group. The Canada North Group shall be responsible for the performance of its personnel and agents and for the accuracy and completeness of all data and information provided to Deloitte for purposes of the performance by Deloitte of the Services hereunder.

b. *Management*. The Canada North Group shall be solely responsible for, among other things: (i) making all management decisions in connection with the loan; (ii) designating a competent management member to oversee the Services; (iii) evaluating the adequacy and results of the Services; (iv) accepting responsibility for the results of the Services.

9. **Information**

a. *Access and reliance*. The Canada North Group will make available to Deloitte all information (financial or otherwise) reasonably necessary to enable Deloitte to provide the Services. The Canada North Group will also provide Deloitte with any information, advice and opinions relevant to the engagement that may be delivered by third parties, such as legal counsel (except where necessary to preserve privilege) and accounting, financial, environmental or other advisors, and will ensure that such third parties co-operate with Deloitte on matters considered by Deloitte to be relevant to the engagement. In carrying out its Services, Deloitte will rely on information that is publicly available, prepared or supplied by the Canada North Group or provided to Deloitte by third parties. Deloitte will be entitled to rely on, and is under no obligation to verify, the accuracy or completeness of such information and Deloitte has no responsibility for the accuracy or completeness of the information provided by, or on behalf of, the Canada North Group or other parties, even if Deloitte had reason to know or should have known of such inaccuracy or incompleteness. This engagement cannot be relied upon to disclose errors or fraud should they exist. Further, Deloitte is under no obligation to investigate any changes that may occur in such information subsequent to the date thereof.

b. The Canada North Group represents and warrants that all information provided to Deloitte Canada, directly or indirectly, orally or in writing, by the Canada North Group or its agents and advisors in connection with the engagement will be accurate and complete in all material respects and will not be misleading in any material respect. Upon request, the Canada North Group will provide Deloitte Canada with a separate written representation confirming the accuracy and completeness of the information provided to Deloitte Canada and the information included, or to be included, in any information documents with respect to the Canada North Group.

c. *Confidentiality*. To the extent that, in connection with this engagement, Deloitte comes into possession of any proprietary or confidential information of the Canada North Group ("Confidential Information") including Personal Information as defined in section 12(b) below, Deloitte will not disclose such information to any third party and the Deloitte Entities, without the Canada North Group's consent, except as may be required or permitted by law, regulation, judicial or administrative process, or in accordance with applicable professional standards, or in connection with litigation pertaining thereto "Confidential Information" shall not include information which:
   i) shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by Deloitte in breach hereof;
   ii) is disclosed by the Canada North Group or the Canada North Group to a third party without substantially the same restrictions as set forth herein;
   iii) becomes available to Deloitte on a non-confidential basis from a source other than the Canada North Group or the Canada North Group which Deloitte believes is not prohibited from disclosing such information to Deloitte by obligation to the Canada North Group;
   iv) is known by Deloitte prior to its receipt from the Canada North Group or the Canada North Group without any obligation of confidentiality with respect thereto; or
   v) is developed by Deloitte independently of any disclosures made by the Canada North Group or the Canada North Group to Deloitte of such information.

d. *Prospective financial information.* Unless Deloitte Canada and the Canada North Group agree otherwise in the Engagement Letter, Deloitte will not compile, examine or apply other procedures to prospective financial information of the Canada North Group in accordance with Chartered Professional Accountants of Canada Standards and accordingly, will express no opinion or any other form of assurance or representations concerning its accuracy, completeness or presentation format. Any financial forecasts or projections belong to the Canada North Group and are the sole responsibility of such management. There will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected or predicted, and those differences may be material.

e. Deloitte will not return or provide records or information obtained in the course of the engagement to the Canada North Group if it is illegal to do so or if Deloitte is requested to withhold the records or information by law enforcement or other public or regulatory authorities (regardless of whether the engagement has been terminated)

10. Reporting

a. *Qualifications to advice, opinions, and reports.* Any advice, opinions, or reports provided by Deloitte will be made subject to, and will be based upon, such assumptions, limitations, qualifications and reservations as Deloitte, in its judgment, deems necessary or prudent in the circumstances, including without limitation: (i) the time available to perform the Services, (ii) the information, data, opinions, advice and representations made available to Deloitte, and (iii) access to the Canada North Group's management, advisors and agents.

b. ***Amendments to reports.*** Deloitte reserves the right to amend its advice, opinions, and reports accordingly, in the event that new information becomes available which may be contrary to or different from that which is set out to the Canada North Group in documents or verbal reports. Notwithstanding the foregoing, Deloitte has no responsibility for performing any services or procedures beyond those agreed to by the Canada North Group and Deloitte Canada or for updating the Services performed.

c. ***Limitation on use and distribution.*** Except as otherwise agreed in writing, all services in connection with this engagement shall be solely for the Canada North Group's internal purposes and use, and this engagement does not create privity between Deloitte and any person or party other than the Canada North Group ("third party"). This engagement is not intended for the express or implied benefit of any third party. No third party is entitled to rely, in any manner or for any purpose, on the advice, opinions, reports, or Services of Deloitte. The Canada North Group further agrees that the advice, opinions, reports or other materials prepared or provided by Deloitte are to be used only for the purpose contemplated by the Engagement Letter and shall not be distributed to any third party without the prior written consent of Deloitte Canada.

d. ***Ownership.*** Deloitte shall retain all right, title and interest in the reports, opinions and other documents provided by Deloitte to the Canada North Group and the Canada North Group shall be entitled to use such material in accordance with section 10(c).

11. Indemnification and limitation on liability

a. *Application.* The provisions of this Section 11 shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. This Section shall survive termination or expiry of the engagement. The provisions of this Section are not applicable to the extent that mandatory provisions of applicable regulatory bodies prohibit a professional financial advisor from limiting liability.

b. *Limitation on liability.* The Canada North Group and Deloitte Canada agree to the following with respect to Deloitte's liability to the Canada North Group:
   i) Deloitte shall not be liable to the Canada North Group for any claims, liabilities, or expenses relating to this engagement for an aggregate amount in excess of the fees paid by the Canada North Group to Deloitte Canada pursuant to this engagement, except to the extent finally judicially determined to have resulted from the bad faith or intentional misconduct of Deloitte.
   ii) In no event shall Deloitte be liable for consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this engagement or any loss of revenue or profit or any other commercial or economic loss or failure to realize expected savings.
   iii) In any action, claim, loss or damage arising out of the engagement, the Canada North Group agrees that Deloitte's liability will be several and not joint and several and the Canada North Group may only claim payment from Deloitte of Deloitte's proportionate share of the total liability based on the degree of fault of Deloitte as finally determined by a court of competent jurisdiction.

c. *Indemnification.* "removed"

d. *Limitation on actions.* No action, regardless of form, relating to this engagement, may be brought by either party more than one year after the cause of action has accrued, except for an action for non-payment of fees.

12. Other

a. *Regulatory or legal action.* The Canada North Group will notify Deloitte Canada promptly of any request received by the Canada North Group from any third party, including a regulatory authority, for any material information or for a meeting or hearing; the issuance of any restraining order; or the initiation of a proceeding or litigation relating to this engagement.

   Subject to any professional issues including audit independence, if requested and if the parties agree, Deloitte will testify (as a non expert witness) or provide reasonable support services to the Canada North Group before any governmental commission, regulatory authority or court. Any such testimony or support services will be confined to the services performed under this engagement. Deloitte shall have the right to employ counsel in connection with such testimony or support services.

   Deloitte shall be paid for any time spent by its personnel in connection with such support at their standard hourly rates, which shall be separate and apart from any other professional fees payable hereunder. The Canada North Group shall also reimburse Deloitte for its reasonable out-of-pocket costs, charges and expenses, including legal counsel, incurred in connection therewith. These fees and expenses shall be separate and in addition to any other fees or amounts payable under the provisions for payment of fees in the engagement letter.

b. *Privacy.* Deloitte and the Canada North Group acknowledge and agree that, during the course of this engagement, Deloitte may collect personal information about identifiable individuals ("Personal Information"), either from the Canada North Group or from third parties. The Canada North Group and Deloitte Canada agree that Deloitte will collect, use and disclose Personal Information on behalf of the Canada North Group solely for purposes related to completing this engagement, providing services to the Canada North Group and in a manner consistent with section 9(c) above Deloitte shall not collect, use and disclose such Personal Information for Deloitte's own behalf or for its own purposes.

c. *Survival and interpretation.* The agreements and undertakings of the Canada North Group contained in the Engagement Letter, to which these terms are attached, together with the following sections of these Terms shall survive the expiration or termination of this engagement: 1, 2, 4, 5, 6, 8, 9, 10,11 and 12.

d. *Governing law.* These Terms, the Engagement Letter to which these terms are attached and all matters relating to this engagement (whether in contract, statute, tort (such as negligence), or otherwise), shall be governed by, and construed in accordance with, the laws of the Province where Deloitte Canada's principal office performing the engagement is located. Any action or proceeding relating to this engagement shall be brought in the Province where Deloitte Canada's principal office performing the engagement is located, and the parties submit to the jurisdiction of the courts of that Province and waive any defence of inconvenient forum to the maintenance of such action or proceeding.

e. *Severability.* If any provision of the Terms or the Engagement Letter is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein.

f. *Entire agreement.* These Terms and the Engagement Letter to which these terms are attached is the complete agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, proposals, negotiations, representations or warranties of any kind whether oral or written.

g. *Assignment.* Except as provided below, neither party may assign, transfer or delegate any of its rights or obligations hereunder (including, without limitation, interests or Claims relating to this engagement) without the prior written consent of the other party. Client hereby consents to Deloitte Canada assigning or subcontracting any portion of the Services to any affiliate or related entity, whether located within or outside of Canada, provided that, any such assignment or subcontracting shall not relieve Deloitte Canada of its obligations hereunder. Services performed hereunder by Deloitte Canada's subcontractors shall be invoiced as professional fees on the same basis as Services performed by Deloitte Canada's personnel, unless otherwise agreed. Deloitte Canada may, without the consent of the Client, assign or subcontract its rights and obligations hereunder to (i) any affiliate or related entity or (ii) any entity which acquires all or a substantial part of the assets or business of Deloitte Canada.

h. *Currency.* All financial references herein are to Canadian dollars unless specifically indicated otherwise. If it is necessary to convert any amounts into Canadian dollars, a prevailing commercial bank exchange rate at closing or the time of the invoice shall be used.

i. *Notices.* Any notice or other communication required or permitted to be given under this engagement shall be in writing and shall be sufficiently given or made by delivery or by post or by telecopy or similar facsimile transmission (with confirmation of accurate and complete transmission obtained by the sender) to the respective parties. Any notice so given shall be deemed conclusively to have been given and received when so personally delivered or posted or so telecopied or transmitted, except that any notice delivered after 5:00 p.m. on the day prior to a non-business day shall be deemed to have been received at 9:00 a.m. on the first business day following delivery. Any party may change its address, telephone number or facsimile number by notice to the others in the manner set out above.

j. ***Communication.*** Except as instructed otherwise in writing, each party may assume that the other approves of properly addressed fax, email (including email exchanged via Internet media) and voicemail communication of both sensitive and non-sensitive documents and other communications concerning this engagement, as well as other means of communication used or accepted by the other.

k. ***Non-solicitation of personnel.*** "removed"

l. ***Language.*** The parties have requested that this Agreement and all communications and documents relating hereto be expressed in the English language. Les parties ont exigé que la présente convention ainsi que tous les documents s'y rattachant soient rédigés dans la langue anglaise.

m. ***Quality of Service.*** If, at any time, you believe our service to you could be improved or if you are dissatisfied with any aspect of our services you should raise the matter with the engagement partner. Alternatively, if you wish to discuss the matter with someone other than the engagement partner, or make a complaint, please email ntlethics@deloitte.ca or call 1 (888) 683-2020 and ask for the National Ethics Leader. We will acknowledge the complaint upon receipt and every effort will be made to investigate expeditously.

EXHIBIT F

This is Exhibit " F " referred to in the Affidavit of Second Supplemental Shawn McCracker
Sworn before me this 4 day of July A.D. 2017

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta

Wanke, Stephanie

From: Wanke, Stephanie
Sent: July-03-17 3:46 PM
To: bobtaylor@deloitte.ca; ntlethics@deloitte.ca
Cc: Norris, Spencer; Seidel, Robert
Subject: URGENT: Canada North Group's engagement with Deloitte - Cease and Desist
Attachments: Canada North - Engagement Letter Final - Signed.pdf

Importance: High

Stephanie A. Wanke
Barrister & Solicitor

Mr. Taylor,

We have recently been retained by Canada North Camps Inc. and its related parties ("Canada North Group").

In May 2017, Canada North Group retained Deloitte to act as consultant to the Canada North Group. Attached is a copy of the engagement letter.

The engagement letter is clear - Canada North Group was Deloitte's client. Deloitte's role and fiduciary obligation was to assist Canada North Group, not any other party, including CWB.

As you know, the Canada North Group is bringing an application for an Initial Order under the CCAA on Wednesday, July 5, 2017. We have today received materials from CWB advising that they will be bringing an application for a Receivership Order appointing Deloitte as Receiver.

As you also know, Canada North Group terminated its engagement with Deloitte on Tuesday, June 27, 2017.

In CWB's Affidavit in support of its application, CWB discloses that CWB reviewed the CCAA materials, including Ms. McCracken's Affidavit with you on June 28-29, 2017 and you provided CWB with confidential information with respect to the Canada North Group in order to support CWB's application to appoint Deloitte as a Receiver over Canada North Group. This is directly contrary to the interests of the Canada North Group.

The engagement letter provides certain express exceptions where Deloitte was allowed to communicate to CWB (again, always in the interests of Canada North Group). Those exceptions are limited to providing updates on the **status** of Deloitte's work and **final** copies of reports and memorandums. No final reports or memorandums have been completed and therefore no information about Canada North Group should have been shared by Deloitte to any third party. The communications that appear to have occurred between you and CWB to assist CWB in its application to appoint a receiver are not permitted by the engagement letter and are a direct breach of the confidentiality provisions contained in the engagement letter.

By way of this email, I am requesting that:

1. Deloitte immediately cease and desist from communicating with CWB and Advisco in respect of the Canada North Group;
2. Deloitte provide me with copies of all correspondence (email, letter or otherwise) with CWB and Advisco in respect of the Canada North Group, including summaries of all correspondence not in writing;
3. Deloitte withdraw as a proposed receiver of the Canada North Group due to a conflict of interest. (Note, this request is based on Deloitte's breach of the engagement letter - not on the services provided pursuant to the engagement letter. As a result, the limited conflict of interest waiver provided in the engagement letter does not apply.)

Please provide confirmation of the above at your earliest, and no later than **noon on Tuesday**.

Regards,

Stephanie A. Wanke
Associate

T 780.429.6822
F 780.702.4379
M 780.504.9364
E stephanie.wanke@dlapiper.com

DLA PIPER

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Canada
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EXHIBIT G

	June 24.17		
	GST AP	GST GL (Current)	Payroll AP
CNC	162,089.99	26,884.82	829,197.95
DJ Catering	129,238.17	15,082.42	-
CamppCorp	-	(1,664.70)	41,009.96
Canada North Group	-	-	-
816956 AB	19,313.73	6,277.43	-
1371047 AB	5,325.80	10,693.08	-
HLCNG LP (Heart Lake Canada North Group)	229,641.50	(3,054.27)	
Wandering River Lodge LP	25,692.78	(98,412.13)	
Monias (KM 147 LP)	12,064.30	(1,231.55)	
Peace River Lodge LP	-	(3,514.39)	
Bonnyville Lodge LP	14,987.32	(1,663.38)	
Bigstone Tansi LP	682.40	(2.57)	
Loon River LP	-	-	
Kingdon Lodge LP	-	-	
	599,035.99	(50,605.24)	870,207.91

Total GST for group	548,430.75
Total Payroll for group	945,456.88
	1,493,887.63

This is Exhibit " G " referred to in the Affidavit of Second Supplemental Shayne McCracken

Sworn before me this 4 day of July A.D., 2017

A Notary Public, A Commissioner for Oaths in and for the Province of Alberta

Stephanie A. Wanke
Barrister & Solicitor

Payroll GL (Current)
63,862.36
570.12
10,816.49
-
-
-
75,248.97