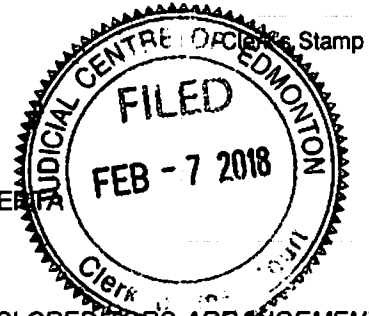


COURT FILE NUMBER 1703 12327

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.,
1371047 ALBERTA LTD. and 1919209 ALBERTA LTD.

DOCUMENT APPLICATION FOR AUTHORIZATION TO ACCEPT TERM SHEET

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT
Stephanie A. Wanke
Oviatt Law
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NOTICE TO RESPONDENTS

This application is made against you. You are a respondent. You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: February 7, 2018
Time: 8:30 a.m.
Where: Edmonton Law Courts
1A Sir Winston Churchill Square
Edmonton, AB T5J 0R2
Before Whom: The Honourable Justice S.D. Hillier

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. An Order:
 - a. Deeming Service of this Application and supporting Affidavit good and sufficient and shortening the time for service to the time actually given;
 - b. Authorizing Canada North Group Inc. ("CNGI") to enter into the term sheet attached as Schedule "A" to the Confidential Supplement to the Tenth Affidavit sworn by Shayne McCracken, dated February 5, 2018 (the "Tenth Confidential Supplement") which provides the terms for a proposed credit facility (the "Credit Facility"), with such minor amendments as CNGI and Ernst & Young Inc, in its capacity as Monitor (the "Monitor") may approve;

- c. Requiring CNGI to obtain a further Order of the Court prior to executing financing documents or drawing on the Credit Facility; and
 - d. Sealing the Tenth Confidential Supplement until further Order of this Court.
2. Such other relief as this Honourable Court deems just and appropriate.

Grounds for making this application:

- 3. An Initial Order was granted pursuant to *Companies Creditors' Arrangement Act* on July 5, 2017 (the "Initial Order") whereby CNGI and the other applicant companies (collectively, the "Applicants") were directed to not incur liabilities except in the ordinary course of their business without further Order of the Court.
- 4. The Term Sheet provides for the payment of an immediate deposit of \$60,000 to be used to cover estimated due diligence expenses, including field audit and legal expenses by CNGI to the lender, with additional amounts payable if the actual due diligence costs exceed the deposit.
- 5. The Term Sheet also provides for a break fee equal to 2% of the credit facility in the event financing from another lender is accepted after execution of the Term Sheet.
- 6. The Applicants have, since December of 2017, with the assistance of the Monitor, diligently sought refinancing to complement the prospective investment from the restructuring investor previously detailed to the Court.
- 7. The Credit Facility provides the largest amount of funding for the creditors of the Applicants in a Plan of Arrangement out of the potential refinancing proposals received by the Applicants to date.
- 8. With more time, it is possible that more advantageous refinancing could be obtained, both for the creditors and for the Applicants, however, given the need to file a Plan of Arrangement by February 28, 2018, the Applicants are of the view that proceeding with the Term Sheet with a view to using the Credit Facility as part of the funding for the Plan of Arrangement is in the best interest of all parties.
- 9. The information in the Tenth Confidential Supplement is subject to confidentiality provisions from the lender, is commercially sensitive and ought to be sealed.

Material or evidence to be relied on:

- 10. Tenth Affidavit of Shayne McCracken sworn February 7, 2018 filed;
- 11. Confidential Supplement to the Tenth Affidavit of Shayne McCracken sworn February 7, 2018, unfiled;
- 12. Eight Report of the Monitor, to be filed.
- 13. Such further and other materials as previously filed in this matter as counsel may advise and this Honourable Court permits.

Applicable rules:

- 14. *Alberta Rules of Court* AR 124/2010, including Rules 1.2, 1.4, 6.1, 6.2 and 11.27.

Applicable Acts and regulations:

15. *Judicature Act*, RSA 2000 c. J-2 , as amended;
16. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36
17. Such further other provisions and statutes as counsel may advise.

Any irregularity complained of or objection relied on:

18. Abridgement of time for service to the time actually given.

How the application is proposed to be heard or considered:

19. Before Justice S.D. Hillier on the Commercial List

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.