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	**FIRST AFFIDAVIT OF PAUL McCRACKEN**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Stephanie A. Wanke Oviatt Law #401, 10408 124 Street Edmonton AB T5N 1R5 T 780.809.2219 F 780.669.7215

FIRST AFFIDAVIT OF PAUL McCRACKEN

Sworn on February 23, 2018

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

1. I am a Director and the President of each of the applicants, Canada North Group Inc.("**CNGI**"), Canada North Camps Inc. ("**CNC**"), CampCorp Structures Inc. ("**Campcorp**"), D.J. Catering Inc. ("**DJ**"), 816956 Alberta Ltd. ("**816**"), 1371047 Alberta Ltd., and 1919209 Albert Ltd. ("**191** (collectively, the "**Companies**") 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. My wife and business partner, Shayne McCracken, has sworn the Affidavits in this matter to date, however, she is presently in Arizona working on a Campcorp USA, Inc., matter and therefore I am swearing this Affidavit.

3. As set out in Ms. McCracken's Ninth Affidavit, n January 19, 2018, 1995708 Alberta Ltd, the holder of the shares of CNGI, CNGI, CNC, 191 and certain other related parties entered into a binding letter of intent with entities owned directly or indirectly by Lee and Brian Nilsson (the "**Nilsson Entities**"). This transaction required additional financing in order to provide a sufficient return to creditors to make a Plan of Arrangement commercially reasonable.

4. The Companies have been working extensively with Ernst & Young Corporate Finance (Canada) Inc. ("**E&Y**") since December to find additional funding to complement the Transaction with the Nilsson Entities, however, that has ultimately proven unsuccessful.

5. The Companies did receive a term sheet from a lender and were authorized to enter into that Term Sheet by Court Order on February 7, 2018, however, ultimately that lender declined to provide a binding commitment. That lender did decline prior to requiring the deposit so there was no payment to that lender.

6. Although there are a number of lenders who continue to express potential interest in financing the transaction, no lender has provided term sheets or commitments.

7. Given the issues with refinancing with a third-party lender, the Companies approached the Nilsson Entities to see if a restructuring transaction was possible that did not require third-party financing.

8. Those negotiations were successful and earlier today the Companies and the Nilsson Entities entered into a new binding Letter of Intent (the "**LOI**"). The LOI is attached as an Exhibit to the Confidential Supplement to the First Affidavit (the "**Confidential Supplement**"), which is being sworn contemporaneously with this Affidavit.

9. The transaction contemplated by the LOI provides:

   (a) An offer to purchase certain assets, including:

      (i) the physical assets used in connection with the Berland and Simonette camps and the DJ catering operations;

      (ii) the intangible assets of DJ, (by way of a share purchase);

      (iii) the shares of Carma Software Systems Inc. (a subsidiary of 816),

      (iv) the shares of Campcorp USA, Inc. (by way of a share purchase of Campcorp Structures Ltd.),

      (v) the shares of Spallumcheen Estates Ltd. (an indirect subsidiary of 816);

      (vi) the office furniture of Canada North Camps Inc.; and

(vii) the goodwill and intellectual property of the Companies (collectively the "**Purchased Assets**").

(b) The Nilsson Entities would partner with Ms. McCracken and I to continue to operate Berland, Simonette and the catering operations moving forward.

(c) The majority of the equipment and assets of the Companies would remain with the Companies, including the accounts receivable, the work-in-progress and the real estate (other than Crown lease agreements held by DJ Catering Ltd.). These residual assets would then undergo a voluntary, orderly wind-up for the benefit of the creditors of the Companies.

(d) I have attached as an Exhibit to my Confidential Supplement a schedule of the residual equipment including the values ascribed in the appraisal completed earlier this year by Miterra Corp.

(e) The Nilsson Entities require that Ms. McCracken and I resolve our personal liabilities arising out of personal guarantees given in connection with the operations of the Companies in order to allow for the new company to operate on a go forward basis and this is also addressed in the LOI.

10. It is my belief that the value provided for the Purchased Assets in the LOI materially exceeds the value that would be realized on a receivership of the Companies, which is for the benefit of the creditors.

11. The proposed transaction also has the benefit of preserving employment and the ongoing operations of a portion of the business of the Companies.

12. As a portion of the business of the Companies will continue, it should make for a significantly easier and more orderly wind-up of the balance of the assets – including the other presently active camps.

13. The Companies have discussed the proposed transaction with the key affected creditors and understand that the creditors wish for a short period of time to review this proposal and determine their position, including with respect to addressing guarantees.

14. The Monitor also requires time to report on the commercial reasonableness of the proposed transaction.

15. As this new transaction provides for a sale and then wind-up, it is likely that the Companies will not be providing a Plan of Arrangement for a vote by creditors. It is also premature to know what recovery, if any, there will be for the unsecured creditors.

16. As a result, I swear this Affidavit in support of an Order:

(a) Extending the Stay Period, as defined in the Initial Order, to Friday, March 23, 2018;

(b) Setting an application early in the week of March 19, 2018 for an application for approval of the proposed asset sale;

(c) Amending the Order granted in these proceedings on December 12, 2017 to waive the requirement that the Companies file a Plan of Arrangement by February 28, 2018; and

(d) Adjourning without a date certain all appeals of disallowances / revisions of unsecured claims under the claims process until such time as it is determined that there is, or likely will be, a distribution to unsecured creditors.

SWORN (OR AFFIRMED) BEFORE ME at Edmonton, Alberta, this 23rd day of February, 2018.	)	
(Commissioner for Oaths in and for the Province of Alberta)	)	Paul McCRACKEN
Stephanie A. Wanke Barrister & Solicitor	)	