

Clerk's stamp:



COURT FILE NUMBER

1703 12327

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

**SECOND AFFIDAVIT OF PAUL
McCRACKEN**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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AFFIDAVIT OF PAUL McCracken

Sworn on March 13, 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.

Sale of the Yard

2. 1371047 Alberta Ltd. ("137") is seeking approval to sell the land legally known as Block E, Plan 8622655 and municipally described as 11210 Winterburn Road (the "Yard") pursuant to an Offer (the "Offer") that is attached as Schedule "D" to the Confidential Supplement to the Monitor's Eleventh Report.
3. The Yard is presently used by the Applicants as an equipment storage yard and shop facility. Some of the equipment formerly stored at the Yard has been relocated to the farm owned by 137 in Sturgeon County in anticipation of the sale of the Yard.
4. The Yard has been listed for sale for over a year. The Offer is with an arm's length purchaser.
5. It is my belief that the Offer represents a commercially reasonable offer for the Yard, given that the Yard requires payment of certain City of Edmonton levies for development of the property as well as certain environment remediation. The details with respect to those additional costs, along with a summary of the listing history and the Realtor's opinion on the Offer is also attached as an Exhibit to my Confidential Supplement.
6. Attached to the Offer is a Certified Copy of Title to the Yard (the "Title").
7. There are two lease interests registered on Title. The first is in respect of a cell tower located on the Yard which will remain on Title.
8. The second in a caveat in respect of a lease interest registered by Experienced Equipment Sales & Rentals Inc. in 2010 ("EESR"). Since 137 purchased the Yard in 2013, has had no correspondence from EESR with respect to a lease interest or received any rental payments.
9. I believe that the EESR caveat is in respect of an expired or cancelled lease that was not discharged from Title at the time 137 purchased the Yard simply due to inadvertence.
10. 137 is seeking an Order vesting title in the proposed purchaser free and clear of the EESR caveat.

Nilsson Transaction

11. In reviewing the proposed transaction with the Nilsson Entities, as set out in my First Affidavit, with certain creditors, creditors requested an understanding of the allocation of the purchase price in respect of specific assets.
12. As a result, in consultation with the Monitor and certain creditors, the Applicants and the Nilsson Entities entered into an Amending Agreement with respect to the Binding Letter of Intent previously attached to my First Affidavit.
13. The Amending Agreement is attached to a Confidential Supplement to this my Second Affidavit.
14. The allocation in respect of the asset purchase price allocates the midpoint between forced sale value and orderly liquidation value for each piece of equipment as per the

appraisal completed by Mirterra Corporation and previously filed with the Court. The balance of the purchase price is assigned to the remaining assets, including the intangible assets.

15. The Amending Agreement also clarifies that:

- (a) the Applicants will cancel inter-company debts to Spallumcheen Estate Ltd., D.J. Catering Ltd., Carma Software Systems Inc., Campcorp, USA Inc., and Campcorp Structures Ltd., other than those expressly approved by the Purchaser prior to closing the Transaction; and
- (b) the liabilities of DJ Catering Ltd., and Campcorp Structures Ltd. will be assumed by another entity prior to closing the sale, at the same time as the assets are transferred to another entity.

16. I swear this Affidavit in support of Court approval of the two transactions set out above and an extension of the Stay of Proceedings to allow for time for the transactions to close.

SWORN BEFORE ME at the City of
Edmonton, Alberta, this 13th day of March,
2018.

Commissioner for Oaths in and for the
Province of Alberta

Stephanie A. Wanke
Barrister & Solicitor



PAUL McCRACKEN