

COURT FILE NUMBER 1703-12327

COURT COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE EDMONTON



IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF
ARRANGEMENT OF 667402 ALBERTA
LTD., 18512398 ALBERTA LTD., 816956
ALBERTA LTD., 1371047 ALBERTA LTD.,
1919209 ALBERTA LTD. and CANADA
NORTH GROUP LP HOLDINGS LTD.

AFFIDAVIT

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

DARCY McALLISTER
McALLISTER LLP
2500, 10155 102 Street, Edmonton, AB T5J 4G8
T: (780) 425-2500 F: (780) 425-1222
File No. 87659-0

AFFIDAVIT GEORGINA McMINN

Sworn on October 12, 2018

I, Georgina McMinn, of the City of St. Albert, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am a legal assistant at McAllister LLP, counsel for 726 Modular Finance Ltd. ("726"), and as such have personal knowledge of the matters hereinafter deposed to, except where the same is stated to be based upon information and belief, and where so stated, I verily believe the same to be true.
2. Attached hereto and marked Exhibit "A" is the Statement of Claim filed in Court of Queen's Bench Action No. 1603 21142 (the "Kingdom Action").
3. Attached hereto and marked Exhibit "B" is the Originating Application of 726 in Court of Queen's Bench Action No. 1703 23860 (the "Replevin Action").

4. Attached hereto and marked **Exhibit "C"** is the order of Master Schulz in the Replevin Action dated January 18th, 2018.
5. Attached hereto and marked **Exhibit "D"** is the transcript from the hearing before Nielsen J. on October 25th, 2017.
6. Attached hereto and marked **Exhibit "E"** are the four notices of disallowance of the claims of Kingdom Properties Ltd. and Kingdom Cats Ltd. ("Kingdom") by the monitor in the within action.
7. I am informed by Darcy Christian McAllister ("Mr. McAllister") and do verily believe that through his conversations with counsel for the Monitor, Darren Bieganeck, QC ("Mr. Bieganeck") that the Monitor at present intends on bringing an application for a declaration of ownership of the assets described in the Affidavit of Barry Roman, filed October 5th, 2018 at the hearing scheduled for December 4th and 5th, 2018.
8. I am also informed by Mr. McAllister that it is his understanding through his conversations with Mr. Bieganeck and Ryan Quinlan, also counsel for the monitor, that Kingdom has filed appeals of the disallowances of the Kingdom claims, though no timeline has been set for that to be heard.
9. Attached hereto and marked **Exhibit "F"** is the email from Tara Hamelin, counsel for Kingdom, with respect to her interpretation of the stay and intent on proceeding with the summary judgment application in the Kingdom Action on November 4th, 2018.

SWORN BEFORE ME at the City of)
 Edmonton, in the Province of Alberta, this)
12 day of October, 2018.)


 _____)
 A Commissioner for Oaths in and for the)
 Province of Alberta)



 GEORGINA McMINN

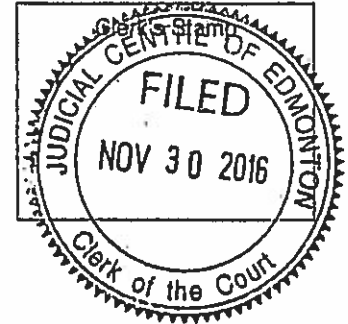
Eunice Jeselle Saria
 A Commissioner for
 Oaths in and for Alberta
 My Commission expires
 January 13, 2021

Eunice Jeselle Saria
A Commissioner for
Oaths in and for Alberta
My Commission expires
January 13, 2021

This is Exhibit "A" referred to in the
Affidavit of
Georgina McMinn
Sworn before me this 12 day
of October A.D., 2019
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta

Form 10
[Rule 3.25]

COURT FILE NUMBER	1603 21142
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFFS	KINGDOM PROPERTIES LTD. and KINGDOM CATS LTD.
DEFENDANTS	KILOMETER 147 GP LTD. through its Limited Partner KILOMETER 147 LP, CANADA NORTH CAMPS INC. and 726 MODULAR FINANCE CANADA, LTD.
DOCUMENT	STATEMENT OF CLAIM
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Bishop & McKenzie LLP 2300, 10180 - 101 Street Edmonton, AB T5J 1V3 Attention: Tara L. Hamelin Phone: (780) 426-5550 Fax: (780) 426-1305 File No.: 101597-009



NOTICE TO DEFENDANTS

You are being sued. You are a defendant.

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

Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

1. The Plaintiff Kingdom Properties Ltd. ("Kingdom Properties") is a body corporate carrying on business in the County of Lac La Biche, and elsewhere in the Province of Alberta.
2. The Plaintiff Kingdom Cats Ltd. ("Kingdom Cats") is a body corporate carrying on business in the County of Lac La Biche, and elsewhere in the Province of Alberta.
3. The Defendant Kilometer 147 GP Ltd. through its Limited Partner Kilometer 147 LP ("Kilometer 147"), to the best of the Plaintiffs' knowledge, is a body corporate registered and carrying on business in the Province of Alberta.

4. The Defendants Canada North Camps Inc. ("CNC") and 726 Modular Finance Canada, Ltd. ("726"), to the best of the Plaintiffs' knowledge, are bodies corporate registered and carrying on business in the Province of Alberta.

The Leases and Indemnities

5. On or about November 14, 2013, Kingdom Properties entered into a Miscellaneous Lease number MLL130164, as amended, (the "164 MLL") with Her Majesty the Queen in Right of the Province of Alberta, as represented by the Department of Environment and Sustainable Resource Development (the "Head Lessor"), pursuant to which the Head Lessor leased to Kingdom Properties the lands and premises as described in the 164 MLL located in the County of Lac La Biche, in the Province of Alberta (the "164 Lands") for a period of 10 years.
6. On or about November 14, 2013, Kingdom Properties entered into a Miscellaneous Lease number MLL130166, as amended, (the "166 MLL") with the Head Lessor, pursuant to which the Head Lessor leased to Kingdom Properties the lands and premises as described in the 166 MLL located in the County of Lac La Biche, in the Province of Alberta (the "166 lands") for a period of 10 years.
7. By a Sublease dated November 20, 2014, Kingdom Properties as Sublandlord leased the 164 Lands to Kilometer 147 as Subtenant for a term of 6 months, expiring on May 30th, 2015 (the "164 Sublease").
8. By a Sublease dated November 20, 2014, Kingdom Properties as Sublandlord leased the 166 Lands to Kilometer 147 as Subtenant for a term of 8 years and 11 months, expiring on the 20th day of October, 2023 (the "166 Sublease").
9. Pursuant to the terms of both the 164 Sublease and the 166 Sublease (collectively the "Subleases"), Kilometer 147 agreed, *inter alia*:
 - (a) to pay to Kingdom Properties minimum monthly rent of \$90,000.00 ("Basic Rent"), which Basic Rent could be increased in accordance with the terms of the Subleases based on the number of beds located on the 164 and 166 Lands in any month or portion thereof;
 - (b) to pay, as additional rent, any sum of money payable to Kingdom Properties pursuant to any provision of the Subleases, other than Basic Rent and GST (the "Additional Rent") on a monthly basis;
 - (c) to pay any taxes or other amounts imposed on Kilometer 147 in respect of any Basic Rent and Additional Rent payable under the Subleases;
 - (d) to pay interest on any Basic Rent and Additional Rent (collectively the "Rent") not paid when required under the terms of the Subleases at the prime commercial rate of Kingdom Properties' Alberta bank plus 5% per annum;

- (e) that if Kilometer 147 is in default of the Subleases, that the current and next three (3) months of Rent would be forthwith due and payable to Kingdom Properties ("Accelerated Rent");
- (f) that if the Subleases were terminated as a result of default by Kilometer 147, Kingdom Properties would be entitled to damages for all deficiencies for amounts that would have been payable by Kilometer 147 for the remaining balance of the term of the Subleases, less any amounts actually received by Kingdom Properties during that time;
- (g) that if Kilometer 147 held over after the expiration of the term of the Subleases, that a month to month tenancy would thereby be created subject to all of the terms and conditions of the Subleases, at a monthly rental rate of 150% of the Basic Rent payable; and
- (h) to pay all expenses incurred by Kingdom Properties, including all solicitors' fees on a solicitor and his own client basis, for all steps taken by Kingdom Properties for the recovery of any amounts owing under the Subleases or as a result of the breach of any covenants contained therein.

10. By written Indemnity Agreements dated November 20, 2013, CNC agreed, *inter alia*:

- (a) to promptly pay all Rent and other amounts payable by Kilometer 147 under the Subleases, whether to the Sublandlord or anyone else, and whether the Subleases had been repudiated, disaffirmed or disclaimed;
- (b) to promptly perform each and every obligation of Kilometer 147 under the Subleases; and
- (c) indemnify and hold the Sublandlord harmless from any loss, costs or damages incurred by the Sublandlord if Kilometer 147 failed to pay Rent or other amounts or to perform any of its obligations under the Subleases.

11. By written Indemnity Agreements dated November 20, 2013, 726 agreed, *inter alia*:

- (a) to promptly pay all Rent and other amounts payable by Kilometer 147 under the Subleases, whether to the Sublandlord or anyone else, and whether the Subleases had been repudiated, disaffirmed or disclaimed;
- (b) to promptly perform each and every obligation of Kilometer 147 under the Subleases; and
- (c) to indemnify and hold the Sublandlord harmless from any loss, costs or damages incurred by the Sublandlord if Kilometer 147 failed to pay Rent or other amounts or to perform any of its obligations under the Subleases.

The Defaults

12. In breach of the Subleases, Kilometer 147 failed, refused and neglected to pay the Rent and other amounts due to Kingdom Properties commencing on or about August 1, 2015. On or about January 12, 2016, Kingdom Properties notified Kilometer 147, CNC and 726 of Kilometer 147's default under the Subleases by reason of its failure to pay the Rent and other charges.
13. On or about April 4, 2016, Kingdom Properties terminated the Subleases due to Kilometer 147's failure to remedy the default, and secured possession of the 164 Lands and the 166 Lands, reserving all rights to claim against each, any or all of Kilometer 147, CNC and 726 all arrears of Rent, Accelerated Rent and damages suffered by Kingdom Properties, including but not limited to damages for the loss of the unexpired term of the Subleases.
14. As of April 4, 2016, Kilometer 147 owed Kingdom Properties Rent in the amount of \$885,946.42 and Accelerated Rent in the amount of \$270,000.00.
15. Further, and in the alternative, as a result of the breach of the Subleases, Kingdom Properties has suffered damages, including but not limited to losses for the unexpired term of the Subleases, in the amount of no less than \$7,830,000.00.

The Contracted Services Claim

16. It was a further term of the Subleases that Kilometer 147 would utilize only Kingdom Properties' contractors in the performance of various services on the 164 Lands and the 166 Lands, including without limitation:
 - (a) Upgrading, replacement or substantial drainage work for the access roads;
 - (b) Snow removal from the parking areas and roadways; and
 - (c) Hauling of water and sewage to and from the 164 Lands and the 166 Lands("the Contracted Services").
17. It was a further term and condition of the Subleases that any failure by Kilometer 147 to use Kingdom Properties' contractors in the performance of the Contracted Services would be deemed an act of default under the Subleases by Kilometer 147.
18. In accordance with the terms of the Subleases, the Contracted Services were duly provided at Kilometer 147's request by Kingdom Properties' contractor, Kingdom Cats, for which Kilometer 147 promised to pay forthwith.
19. Between September 24, 2014 and April 4, 2016, Kingdom Cats provided the Contracted Services to Kilometer 147 and invoices for same were issued. As of December 31,

2015, there was due and owing to Kingdom Cats the amount of \$4,146,123.00, inclusive of GST, relating to the Contracted Services ("the Contracted Services Debt").

20. Despite repeated requests and demands, Kilometer 147 has failed to pay the Contracted Services Debt or any portion thereof.
21. Kingdom Properties states that the Contracted Services were amounts properly owing to it as Additional Rent under the Subleases, and that as a result of Kilometer 147's refusal or failure to pay the Contracted Services Debt, Kingdom Properties has suffered further damages and loss in the amount of \$4,146,123.00, inclusive of GST, or such further and other amounts as may be proven at trial.
22. In the alternative, as a result of Kilometer 147's refusal or failure to pay the Contracted Services Debt, Kingdom Cats has incurred damages and loss in the amount of \$4,146,123.00, inclusive of GST, or such further and other amounts as may be proven at trial.
23. In the further alternative, Kilometer 147 has been unjustly enriched to the deprivation of Kingdom Properties, or in the alternative Kingdom Cats, for no juristic reason. The amount of this unjust enrichment is \$4,146,123.00, inclusive of GST, or such further and other amounts as may be proven at trial.
24. In the further alternative, Kingdom Properties, or in the alternative Kingdom Cats, claims reimbursement from Kilometer 147 in the amount of \$4,146,123.00, inclusive of GST, or such further and other amounts as may be proven at trial, on a *quantum meruit* basis, that amount being fair and reasonable compensation for monies owing in respect of materials and services supplied by Kingdom Cats to Kilometer 147. Such materials and services were requested, accepted and enjoyed by Kilometer 147, and Kingdom Cats reasonably expected to receive reasonable payment for the materials provided and the services performed.

The Overholding Claim

25. Prior to and at the time of the execution of the 164 Sublease and the 166 Sublease, Kilometer 147 sought to obtain permission from the Head Lessor to construct and operate a camp facility on the 166 Lands, which would provide accommodations, food services and related supporting services to third parties. Kingdom Properties and Kilometer 147 agreed that Kilometer 147 could construct and operate a temporary camp on the 164 Lands until such time as permission was obtained from the Head Lessor to construct and operate a camp on the 166 Lands.
26. It was the express understanding and agreement between Kingdom Properties and Kilometer 147, and a term of the 164 Sublease, that the camp facilities located on the 164 Lands would be temporary, and that once permission was obtained by Kilometer 147 to operate a camp facility on the 166 Lands, Kilometer 147 would cease its use and occupation of the 164 Lands (the "Temporary Camp Agreement").

27. On or about [MONTH?], 2015, permission was obtained from the Head Lessor for Kilometer 147 to operate a camp facility on the 166 Lands, and Kilometer 147 commenced operation of this camp facility on or about June 1, 2015. However, in breach of the Temporary Camp Agreement, Kilometer 147 failed or neglected to cease its use and occupation of the 164 Lands, and continued to occupy and use the 164 Lands until approximately April 15, 2016.
28. From May 31, 2015 to April 15, 2016, Kilometer 147 was an overholding tenant on the 164 Lands, and as such was subject to the overholding provisions of the 164 Sublease.
29. As of April 4, 2016, Kilometer 147 owed Kingdom Properties overholding rent for the 164 Lands in the amount of \$1,485,000.00.
30. The Plaintiffs propose that the trial of this action be held at the Law Courts Building, in the City of Edmonton, in the Province of Alberta.
31. In the opinion of the Plaintiffs the within action ought to be categorized as a standard case and not as a complex case.

Remedy sought:

32. Kingdom Properties seeks as against Kilometer 147 GP Ltd. through its Limited Partner Kilometer 147 LP, Canada North Camps Inc. and 726 Modular Finance Canada, Ltd., and each of them:
 - (a) Judgment for Arrears of Rent in the amount of \$885,946.42;
 - (b) Judgment for Accelerated Rent in the amount of \$270,000.00;
 - (c) Damages for the unexpired term of the Subleases in the amount of \$7,830,000.00;
 - (d) Judgment for overholding rent for the 164 Lands in the amount of \$1,485,000.00;
 - (e) Judgment for the Contracted Services in the amount of \$4,146,123.00;
 - (f) Interest on all amounts awarded at the rate equal to the prime commercial rate of Kingdom Properties' Alberta bank plus 5% per annum, from August 1, 2015 to and including the date of judgment herein, or in the alternative, at the rate set pursuant to the *Judgment Interest Act*, R.S.A. 2000, c. J-1;
 - (g) Costs on a solicitor and own client full indemnity basis; and
 - (h) Such further and other relief as this Court may deem just.
33. In the alternative for the Contracted Services claim, Kingdom Cats seeks as against Kilometer 147 GP Ltd. through its Limited Partner Kilometer 147 LP:
 - (a) Judgment for the Contracted Services in the amount of \$4,146,123.00;

- (b) Interest from September 24, 2014 at the rate set pursuant to the *Judgment Interest Act*, R.S.A. 2000, c. J-1;
- (c) Costs; and
- (d) Such further and other relief as this Court may deem just.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

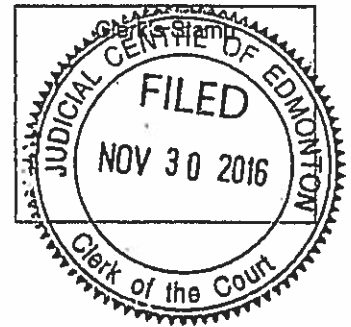
2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Edmonton, Alberta, AND serving your statement of defence or a demand for notice on the plaintiffs' address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiffs against you.

COURT FILE NUMBER 1603 21142
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFFS KINGDOM PROPERTIES LTD. and KINGDOM CATS LTD.
DEFENDANTS KILOMETER 147 GP LTD. through its Limited Partner KILOMETER 147 LP, CANADA NORTH CAMPS INC. and 726 MODULAR FINANCE CANADA, LTD.
DOCUMENT STATEMENT OF CLAIM
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Bishop & McKenzie LLP
2300, 10180 – 101 Street
Edmonton, AB T5J 1V3
Attention: Tara L. Hamelin
Phone: (780) 426-5550
Fax: (780) 426-1305
File No.: 101597-009



NOTICE TO DEFENDANTS

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Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

1. The Plaintiff Kingdom Properties Ltd. ("Kingdom Properties") is a body corporate carrying on business in the County of Lac La Biche, and elsewhere in the Province of Alberta.
2. The Plaintiff Kingdom Cats Ltd. ("Kingdom Cats") is a body corporate carrying on business in the County of Lac La Biche, and elsewhere in the Province of Alberta.
3. The Defendant Kilometer 147 GP Ltd. through its Limited Partner Kilometer 147 LP ("Kilometer 147"), to the best of the Plaintiffs' knowledge, is a body corporate registered and carrying on business in the Province of Alberta.

4. The Defendants Canada North Camps Inc. ("CNC") and 726 Modular Finance Canada, Ltd. ("726"), to the best of the Plaintiffs' knowledge, are bodies corporate registered and carrying on business in the Province of Alberta.

The Leases and Indemnities

5. On or about November 14, 2013, Kingdom Properties entered into a Miscellaneous Lease number MLL130164, as amended, (the "164 MLL") with Her Majesty the Queen in Right of the Province of Alberta, as represented by the Department of Environment and Sustainable Resource Development (the "Head Lessor"), pursuant to which the Head Lessor leased to Kingdom Properties the lands and premises as described in the 164 MLL located in the County of Lac La Biche, in the Province of Alberta (the "164 Lands") for a period of 10 years.
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7. By a Sublease dated November 20, 2014, Kingdom Properties as Sublandlord leased the 164 Lands to Kilometer 147 as Subtenant for a term of 6 months, expiring on May 30th, 2015 (the "164 Sublease").
8. By a Sublease dated November 20, 2014, Kingdom Properties as Sublandlord leased the 166 Lands to Kilometer 147 as Subtenant for a term of 8 years and 11 months, expiring on the 20th day of October, 2023 (the "166 Sublease").
9. Pursuant to the terms of both the 164 Sublease and the 166 Sublease (collectively the "Subleases"), Kilometer 147 agreed, *inter alia*:
 - (a) to pay to Kingdom Properties minimum monthly rent of \$90,000.00 ("Basic Rent"), which Basic Rent could be increased in accordance with the terms of the Subleases based on the number of beds located on the 164 and 166 Lands in any month or portion thereof;
 - (b) to pay, as additional rent, any sum of money payable to Kingdom Properties pursuant to any provision of the Subleases, other than Basic Rent and GST (the "Additional Rent") on a monthly basis;
 - (c) to pay any taxes or other amounts imposed on Kilometer 147 in respect of any Basic Rent and Additional Rent payable under the Subleases;
 - (d) to pay interest on any Basic Rent and Additional Rent (collectively the "Rent") not paid when required under the terms of the Subleases at the prime commercial rate of Kingdom Properties' Alberta bank plus 5% per annum;

- (e) that if Kilometer 147 is in default of the Subleases, that the current and next three (3) months of Rent would be forthwith due and payable to Kingdom Properties ("Accelerated Rent");
- (f) that if the Subleases were terminated as a result of default by Kilometer 147, Kingdom Properties would be entitled to damages for all deficiencies for amounts that would have been payable by Kilometer 147 for the remaining balance of the term of the Subleases, less any amounts actually received by Kingdom Properties during that time;
- (g) that if Kilometer 147 held over after the expiration of the term of the Subleases, that a month to month tenancy would thereby be created subject to all of the terms and conditions of the Subleases, at a monthly rental rate of 150% of the Basic Rent payable; and
- (h) to pay all expenses incurred by Kingdom Properties, including all solicitors' fees on a solicitor and his own client basis, for all steps taken by Kingdom Properties for the recovery of any amounts owing under the Subleases or as a result of the breach of any covenants contained therein.

10. By written Indemnity Agreements dated November 20, 2013, CNC agreed, *inter alia*:

- (a) to promptly pay all Rent and other amounts payable by Kilometer 147 under the Subleases, whether to the Sublandlord or anyone else, and whether the Subleases had been repudiated, disaffirmed or disclaimed;
- (b) to promptly perform each and every obligation of Kilometer 147 under the Subleases; and
- (c) indemnify and hold the Sublandlord harmless from any loss, costs or damages incurred by the Sublandlord if Kilometer 147 failed to pay Rent or other amounts or to perform any of its obligations under the Subleases.

11. By written Indemnity Agreements dated November 20, 2013, 726 agreed, *inter alia*:

- (a) to promptly pay all Rent and other amounts payable by Kilometer 147 under the Subleases, whether to the Sublandlord or anyone else, and whether the Subleases had been repudiated, disaffirmed or disclaimed;
- (b) to promptly perform each and every obligation of Kilometer 147 under the Subleases; and
- (c) to indemnify and hold the Sublandlord harmless from any loss, costs or damages incurred by the Sublandlord if Kilometer 147 failed to pay Rent or other amounts or to perform any of its obligations under the Subleases.

The Defaults

12. In breach of the Subleases, Kilometer 147 failed, refused and neglected to pay the Rent and other amounts due to Kingdom Properties commencing on or about August 1, 2015. On or about January 12, 2016, Kingdom Properties notified Kilometer 147, CNC and 726 of Kilometer 147's default under the Subleases by reason of its failure to pay the Rent and other charges.
13. On or about April 4, 2016, Kingdom Properties terminated the Subleases due to Kilometer 147's failure to remedy the default, and secured possession of the 164 Lands and the 166 Lands, reserving all rights to claim against each, any or all of Kilometer 147, CNC and 726 all arrears of Rent, Accelerated Rent and damages suffered by Kingdom Properties, including but not limited to damages for the loss of the unexpired term of the Subleases.
14. As of April 4, 2016, Kilometer 147 owed Kingdom Properties Rent in the amount of \$885,946.42 and Accelerated Rent in the amount of \$270,000.00.
15. Further, and in the alternative, as a result of the breach of the Subleases, Kingdom Properties has suffered damages, including but not limited to losses for the unexpired term of the Subleases, in the amount of no less than \$7,830,000.00.

The Contracted Services Claim

16. It was a further term of the Subleases that Kilometer 147 would utilize only Kingdom Properties' contractors in the performance of various services on the 164 Lands and the 166 Lands, including without limitation:
 - (a) Upgrading, replacement or substantial drainage work for the access roads;
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19. Between September 24, 2014 and April 4, 2016, Kingdom Cats provided the Contracted Services to Kilometer 147 and invoices for same were issued. As of December 31,

2015, there was due and owing to Kingdom Cats the amount of \$4,146,123.00, inclusive of GST, relating to the Contracted Services ("the Contracted Services Debt").

20. Despite repeated requests and demands, Kilometer 147 has failed to pay the Contracted Services Debt or any portion thereof.
21. Kingdom Properties states that the Contracted Services were amounts properly owing to it as Additional Rent under the Subleases, and that as a result of Kilometer 147's refusal or failure to pay the Contracted Services Debt, Kingdom Properties has suffered further damages and loss in the amount of \$4,146,123.00, inclusive of GST, or such further and other amounts as may be proven at trial.
22. In the alternative, as a result of Kilometer 147's refusal or failure to pay the Contracted Services Debt, Kingdom Cats has incurred damages and loss in the amount of \$4,146,123.00, inclusive of GST, or such further and other amounts as may be proven at trial.
23. In the further alternative, Kilometer 147 has been unjustly enriched to the deprivation of Kingdom Properties, or in the alternative Kingdom Cats, for no juristic reason. The amount of this unjust enrichment is \$4,146,123.00, inclusive of GST, or such further and other amounts as may be proven at trial.
24. In the further alternative, Kingdom Properties, or in the alternative Kingdom Cats, claims reimbursement from Kilometer 147 in the amount of \$4,146,123.00, inclusive of GST, or such further and other amounts as may be proven at trial, on a *quantum meruit* basis, that amount being fair and reasonable compensation for monies owing in respect of materials and services supplied by Kingdom Cats to Kilometer 147. Such materials and services were requested, accepted and enjoyed by Kilometer 147, and Kingdom Cats reasonably expected to receive reasonable payment for the materials provided and the services performed.

The Overholding Claim

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26. It was the express understanding and agreement between Kingdom Properties and Kilometer 147, and a term of the 164 Sublease, that the camp facilities located on the 164 Lands would be temporary, and that once permission was obtained by Kilometer 147 to operate a camp facility on the 166 Lands, Kilometer 147 would cease its use and occupation of the 164 Lands (the "Temporary Camp Agreement").

27. On or about [MONTH?], 2015, permission was obtained from the Head Lessor for Kilometer 147 to operate a camp facility on the 166 Lands, and Kilometer 147 commenced operation of this camp facility on or about June 1, 2015. However, in breach of the Temporary Camp Agreement, Kilometer 147 failed or neglected to cease its use and occupation of the 164 Lands, and continued to occupy and use the 164 Lands until approximately April 15, 2016.
28. From May 31, 2015 to April 15, 2016, Kilometer 147 was an overholding tenant on the 164 Lands, and as such was subject to the overholding provisions of the 164 Sublease.
29. As of April 4, 2016, Kilometer 147 owed Kingdom Properties overholding rent for the 164 Lands in the amount of \$1,485,000.00.
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Remedy sought:

32. Kingdom Properties seeks as against Kilometer 147 GP Ltd. through its Limited Partner Kilometer 147 LP, Canada North Camps Inc. and 726 Modular Finance Canada, Ltd., and each of them:
 - (a) Judgment for Arrears of Rent in the amount of \$885,946.42;
 - (b) Judgment for Accelerated Rent in the amount of \$270,000.00;
 - (c) Damages for the unexpired term of the Subleases in the amount of \$7,830,000.00;
 - (d) Judgment for overholding rent for the 164 Lands in the amount of \$1,485,000.00;
 - (e) Judgment for the Contracted Services in the amount of \$4,146,123.00;
 - (f) Interest on all amounts awarded at the rate equal to the prime commercial rate of Kingdom Properties' Alberta bank plus 5% per annum, from August 1, 2015 to and including the date of judgment herein, or in the alternative, at the rate set pursuant to the *Judgment Interest Act*, R.S.A. 2000, c. J-1;
 - (g) Costs on a solicitor and own client full indemnity basis; and
 - (h) Such further and other relief as this Court may deem just.
33. In the alternative for the Contracted Services claim, Kingdom Cats seeks as against Kilometer 147 GP Ltd. through its Limited Partner Kilometer 147 LP:
 - (a) Judgment for the Contracted Services in the amount of \$4,146,123.00;

- (b) Interest from September 24, 2014 at the rate set pursuant to the *Judgment Interest Act*, R.S.A. 2000, c. J-1;
- (c) Costs; and
- (d) Such further and other relief as this Court may deem just.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Edmonton, Alberta, AND serving your statement of defence or a demand for notice on the plaintiffs' address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiffs against you.

COURT FILE NUMBER

1703 23860

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

APPLICANT

726 MODULAR FINANCE CANADA, LTD.

RESPONDENT

KINGDOM PROPERTIES LTD.

DOCUMENT

ORIGINATING APPLICATION

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

MICHELLE ANDRESEN, McALLISTER LLP, Barristers & Solicitors
2500 Commerce Place, 10155 102 St, Edmonton AB T5J 4G8
Telephone: 780 425 2500 Facsimile: 780 425 1222
File No.: 87659-0

This is Exhibit "B" referred to in the
Affidavit of

Georgina McMinin

Sworn before me this 12 day

of October A.D., 20 19

[Signature]

A Commissioner for Oaths in and for
the Province of Alberta

NOTICE TO RESPONDENT: KINGDOM PROPERTIES LTD.

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

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

Date: December 15th, 2017
Time: 10:00 am.
Where: Edmonton Law Courts Building
Before Whom: The presiding Master in Chambers

Eunice Jeselle Saria
A Commissioner for
Oaths in and for Alberta
My Commission expires
January 13, 2021

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 abridging time for service and deeming service good and sufficient, if required.
2. A Declaration that the Applicant 726 MODULAR FINANCE CANADA, LTD. is the legal owner of certain modular buildings and equipment ("726 Equipment"), which equipment is more specifically described in the Affidavit of Barry Roman.
3. An Order directing the Respondent KINGDOM PROPERTIES LTD. to provide the Applicant 726 MODULAR FINANCE CANADA, LTD. access to the lands described in the Miscellaneous Land Lease Numbers MLL130164 and MLL130166 for the removal and return of the 726 Equipment.
4. In the alternative, an Order for Replevin of the 726 Equipment, without security being required, against the Respondent KINGDOM PROPERTIES LTD.
5. Costs of the enforcement of the Order for Replevin, if required;
6. Costs of this Application; and

7. Such further and other relief as this Honourable Court deems just.

Grounds for making this application:

8. The Respondent KINGDOM PROPERTIES LTD. is unlawfully and without colour of right detaining the 726 Equipment from the Applicant 726 MODULAR FINANCE CANADA, LTD.
9. Ownership of the 726 Equipment is not in dispute.
10. The Applicant 726 MODULAR FINANCE CANADA, LTD. undertakes to:
 - a. Conclude the within Originating Application to determine the legal ownership of the 726 Equipment without delay;
 - b. Return the 726 Equipment to the Respondent, if so ordered by this Honourable Court; and
 - c. Pay the damages, costs, and expenses of the Respondent, if it is not successful in the within Originating Application.

Material or evidence to be relied on:

11. The Pleadings of the within Originating Application;
12. The Affidavit of Bruce Roman, to be filed; and
13. Such further and other evidence as this Honourable Court will allow.

Applicable rules:

14. Rules 1.2, 1.3, 1.4, 3.8, 6.48, 6.49, 6.50, and 6.51 of the *Rules of Court*, Alta Reg 124/2010.

Applicable Acts and regulations:

15. *Civil Enforcement Act*, RSA 2000, c C-15.

Any irregularity complained of or objection relied on:

16. N/A.

How the application is proposed to be heard or considered:

17. In person before the presiding Master in Chambers.

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 rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

COURT FILE NUMBER

1703 23860
~~1602-21142~~

COURT

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE

EDMONTON

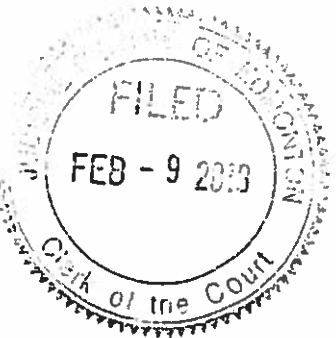
APPLICANT

726 MODULAR FINANCE CANADA, LTD.

I hereby certify this to be a
true copy of the original.

RESPONDENT

KINGDOM PROPERTIES LTD.



DOCUMENT

ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

MICHELLE ANDRESEN, McALLISTER LLP, Barristers & Solicitors
2500 Commerce Place, 10155 102 St, Edmonton AB T5J 4G8
Telephone: 780 425 2500 Facsimile: 780 425 1222
File No.: 87659-0

This is Exhibit "C" referred to in the
Affidavit of

DATE ON WHICH ORDER WAS PRONOUNCED: January 18, 2018

Georgina McMinh

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

Sworn before me this 12 day
of October A.D., 2019

NAME OF MASTER WHO MADE THIS ORDER: Master S.L. Schulz

[Signature]
A Commissioner for Oaths in and for
the Province of Alberta

UPON THE APPLICATION by the Applicant, 726 MODULAR FINANCE CANADA LTD. ("Applicant") and the
CROSS-APPLICATION BY THE RESPONDENT, Kingdom Properties Ltd. ("Respondent"); AND UPON
HAVING READ the Affidavits of Mr. Barry Roman and Mr. Jason King; AND UPON HEARING from counsel
for both parties; AND UPON NOTING Rules. 6.49 and 6.50 of the Rules of Court, Alta Reg 124/2010;

IT IS HEREBY ORDERED AND DECLARED THAT:

Eunice Jeselle
A Commission
Oaths in and for Alberta
My Commission expires
January 13, 2021

1. The Respondent shall provide access to the Applicant to the lands described in Miscellaneous Land Lease Number MLL130166 ("166 Lands"), in accordance with a written schedule to be agreed upon by respective counsel, in order to decommission the 726 Equipment, which equipment is more particularly described in Schedule "A", attached hereto, and to subsequently remove the 726 Equipment from the 166 Lands.
2. Should counsel for the parties be unable to agree upon a schedule for the Applicant's access to the 166 Lands for the decommissioning and removal of the 726 Equipment, the parties shall return before the presiding Master in Chambers to determine same.
3. Costs of the decommissioning and removal of the 726 Equipment under para. 1, herein, shall be borne by the Applicant.

4. Prior to counsel scheduling the removal of the 726 Equipment under para. 1, herein, the Applicant shall post security to this Honourable Court in the amount of \$1 Million CDN (ONE MILLION CANADIAN DOLLARS).
5. The 726 Equipment shall not be removed from Alberta.
6. The Applicant shall not encumber, sell, or deal with the 726 Equipment in any way that interferes with ownership of the 726 Equipment or otherwise diminishes its value.
7. The Application to determine the legal ownership of the 726 Equipment is adjourned to the Master's Special Chambers date previously scheduled for the Summary Judgment Application of the Respondent in Court of Queen's Bench Action No. 1603 21142, which is currently set down for November 7, 2018. If the presiding Master, or the parties by consent, determine that the question of legal ownership cannot be dealt with before the Master hearing the said Summary Judgment Application, then the Application to determine ownership of the 726 Equipment shall be set for the next mutually convenient Master Special Chambers date.
8. The Applicant shall conclude the action for recovery and ownership of the 726 Equipment without delay and shall return the 726 Equipment to the Respondent, if so ordered by this Honourable Court at a future date.
9. The Applicant shall pay damages, costs and expenses sustained by the Respondent as a result of the within Order, if so ordered by this Honourable Court at a future date.
10. The Applicant shall file an Undertaking with respect to para. 9.
11. Costs shall be in the cause.

"W.S. Schlosser, Q.C."
M.C.C.Q.B.A.

for S.L. Scholtz, Q.C.

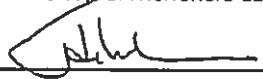
CONSENTED TO AS TO FORM AND CONTENT

McAllister LLP

Per: 

Michelle E. Andresen,
Counsel for the Applicant

Bishop & McKenzie LLP

Per: 

Tara Hamelin,
Counsel for the Respondent

Equipment Schedule A for 726 Remote at Monias Lodge

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



Equipment Schedule A for 726 Remote at Monias Lodge

Serial Number	Description	Manufacturer	Year Manufactured
201417FXRAM-001	38' man dorm	CampCorp Canada	2014
201417FXRAM-002	38' man dorm	CampCorp Canada	2014
201417FXRAM-003	38' man dorm	CampCorp Canada	2014
201417FXRAM-004	38' man dorm	CampCorp Canada	2014
201417FXRAM-005	38' man dorm	CampCorp Canada	2014
201417FXRAM-006	38' man dorm	CampCorp Canada	2014
201417FXRAM-007	38' man dorm	CampCorp Canada	2014
201417FXRAM-008	38' man dorm	CampCorp Canada	2014
FX4UREC20133-001	4 unit recreation		
FX4UREC20133-002	4 unit recreation		
FX4UREC20133-003	4 unit recreation		
FX4UREC20133-004	4 unit recreation		
FX6UR201319-001	6 unit recreation		
FX6UR201319-002	6 unit recreation		
FX6UR201319-003	6 unit recreation		
FX6UR201319-004	6 unit recreation		
FX6UR201319-005	6 unit recreation		
FX6UR201319-006	6 unit recreation		
NHAF4861	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4862	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4863	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4864	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4865	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4866	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4867	38' man skidded dorm	Alta-Fab Structures	2014
NHAF4868	38' man skidded dorm	Alta-Fab Structures	2014
NHAF0861	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0862	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0863	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0864	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0865	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0866	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0867	30' man VIP dorm	Alta-Fab Structures	2008
NHAF0868	30' man VIP dorm	Alta-Fab Structures	2008
n/a	2500 Fir Access Mats	Breakaway Matting	

Action No.: 1703 12327
E-File No.: EVQ17CANADANORTH3
Appeal No.: _____

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF EDMONTON

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT
ACT, R.S.C. 1985, c. C-36, AS AMENDED

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.

PROCEEDINGS

Edmonton, Alberta
October 25, 2017

Transcript Management Services, Edmonton
1000, 10123 99th Street
Edmonton, Alberta T5J-3H1
Phone: (780) 427-6181 Fax: (780) 422-2826

This is Exhibit - D - referred to in the
Affidavit of Georgina McMinin
Sworn before me this 12 day
of October A.D., 2017
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta

Eunice Jeselle Saria
A Commissioner for
Oaths in and for Alberta
My Commission expires
January 13, 2021

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1 Proceedings taken in the Court of Queen's Bench of Alberta, Law Courts, Edmonton, Alberta

2

3 October 25, 2017

Morning Session

4

5 The Honourable

Court of Queen's Bench of Alberta

6 Mr. Justice Nielsen

7

8 S. A. Wanke

For Canada North Group Inc.

9 J. Pawlyk

For Kingdom Properties

10 D. R. Bieganeck, Q.C.

For Ernst & Young, Monitor

11 D. McAllister

For 726 Modular Financing

12 K. A. Rowan, Q.C.

13 C. P. Russell, Q.C.

For Canadian Western Bank

14 J. Oliver (by telephone)

For Business Development Bank of Canada

15 G. F. Body

For Canada Revenue Agency

16 T. Hamlyn

For Kingdom Properties

17 Z. Sultani

Court Clerk

18

19

20 Discussion.

21

22 THE COURT:

Good morning, everyone. Please be seated.

23

24 MR/ PAWLYK:

Good morning, My Lord.

25

26 THE COURT:

Mr. Oliver is on the line?

27

28 MR. OLIVER:

Yes, good morning.

29

30 THE COURT:

Just so everyone knows, I already spoke with

31 Mr. Oliver because he was dialing in on a number that was ringing out behind the
32 courtroom. So, I actually spoke with him and told him we would try and sort that out,
33 and apparently, it's sorted out, so.

34

35 Mr. Oliver, if you can't hear us at any time, let us know somehow, and we'll make sure
36 that that -- that is rectified.

37

38 MR. OLIVER:

I will. Thank you.

39

40 THE COURT:

Okay. So, Ms. -- we have got -- just so you

41 know, Mr. Oliver, maybe you know this, Ms. Wanke is here, Mr. Pawlyk, for Kingdom

1 Properties, Mr. Bieganek for Ernst & Young, Mr. McAllister for 726, all right, Modular
2 Financing, Mr. Russell for Canadian Western Bank.
3
4 MR. RUSSELL: Thank you, My Lord.
5
6 THE COURT: Who else have you got. Mr. Body for CRA.
7
8 MR. BODY: Yes, Sir, thank you.
9
10 THE COURT: Mr. Rowan, way back.
11
12 MR. ROWAN: Yes, for Wes Lease (phonetic) Sysco (phonetic)
13 although, My Lord, I'm just going to observe the beginning because I don't think we are
14 really involved in this and may just exit.
15
16 THE COURT: Sure. That's fine. Okay. Anyone I have
17 missed that's here?
18
19 MS. WANKE: We also -- sorry.
20
21 MS. HAMLYN: Tara (phonetic) Hamlyn, sir, for Kingdom
22 Properties, as well.
23
24 THE COURT: Sorry?
25
26 MS. HAMLYN: Tara Hamlyn for Kingdom Properties.
27
28 THE COURT: Okay. Thanks, Ms. Hamlyn.
29
30 MS. WANKE: Mr. Switzer (phonetic) is also a student with
31 Bishop and MacKenzie and is observing today.
32
33 THE COURT: Okay. Mr. Switzer.
34
35 MS. WANKE: And then, of course, we have Mr. McKellic
36 (phonetic) here on behalf of the monitor.
37
38 THE COURT: Yes. Okay.
39
40 All right. So, we have got -- we had initially three applications, Ms. Wanke, one was the
41 priming application with respect to the insurance premiums, which I understand is now no

1 longer proceeding.

2

3 MS. WANKE:

Correct.

4

5 THE COURT:

So, that leaves us with a sealing order with respect to the most recent affidavit by Ms. McCracken, and then the matter of extending the stay with respect to the -- if I can use the phrase -- the Kingdom Properties' litigation. Okay.

9

10 Is there any particular order you want to deal with them in?

11

12 MS. WANKE:

I think we can deal with the sealing application first because my understanding it is uncontested.

14

15 THE COURT:

All right.

16

17 MS. WANKE:

And I do, I do appreciate, certainly, the assistance of the Court given that we filed those materials quite late given that we had the appraisal come in on Monday and I appreciate there was some scrambling on behalf of counsel to review and --

21

22 THE COURT:

That would assume, Ms. Wanke, that I might have wanted to watch the first game the World Series last night, but what could be better than reading materials on a sealing order application? So, it's done. Everybody read it, and the Dodgers are up one nothing, I guess in the World Series. That's what I heard this morning, so.

27

28 MS. WANKE:

Oh, thank you, and again, again apologies, My Lord. We did --

30

31 THE COURT:

No, no, that's fine.

32

33 **Submissions by Ms. Wanke (Sealing Application)**

34

35 MS. WANKE:

We did a slightly more fulsome brief, not necessarily because we thought the sealing would be more contentious, but because it's going to be used in a leave to appeal application being heard next week before the Court of Appeal, and we thought some additional background on the sealing might be useful for that, that purpose. Otherwise, we are simply asking for the same sealing order that we have asked for before.

41

1 The appraisal contains commercially sensitive information in respect to the values of the
2 equipment and releasing if would prejudice the upcoming sales investment process, and
3 it's consistent with general *CCAA* practice to seal these types of appraisals, and subject to
4 any questions, I think since it's unopposed, I won't go into the, the somewhat detailed
5 brief on the matter.
6

7 THE COURT: One question I had since it's going to be used
8 the leave application, is Mr. Body privy to it? Is he aware of the contents? It wasn't
9 clear to me how it was going to be used in the leave application, and what access he --
10 he's the one that's particularly interested in it from the leave perspective.
11

12 MS. WANKE: So, Mr. Body did comment this morning he
13 hadn't seen it, which, you know, given the late, the late circulation. So, we did the -- we
14 provided him a hard copy this morning.
15

16 THE COURT: Okay.
17

18 MS. WANKE: And we provided it to other counsel on their
19 requests and the provision of the same confidentiality undertakings parties have provided
20 with other sealed appraisals in this matter.
21

22 THE COURT: Okay. So, they are subject to confidentiality
23 in -- will be used in the proceedings as may be necessary and will be before the Court of
24 Appeal, then, on the leave application.
25

26 MS. WANKE: Correct.
27

28 THE COURT: Yeah. All right.
29

30 MS. WANKE: So, subject to any further questions, that, that's
31 the sealing application.
32

33 THE COURT: I forget what provision we've put in the
34 previous sealing orders with respect to when they may be, for lack of a better term,
35 reconsidered or set aside. Is it on notice? Is that --
36

37 MS. WANKE: On, on this one we said until further order of
38 the Court, and simply left it at that.
39

40 THE COURT: Okay.
41

1 MS. WANKE: So, I do have a form of order for your review.

2

3 THE COURT: All right. Does anyone have any comments or
4 concerns with respect to the sealing order, then, on this confidential supplemental sixth
5 affidavit of Shayne McCracken?

6

7 MR. BODY: My Lord.

8

9 THE COURT: Mr. Body.

10

11 MR. BODY: Sir, as, as Ms. Wanke said I'm not opposing the
12 order to seal it. Having just seen it, I'll make my submissions as to admissibility or
13 reliability before the Court of Appeal, but in terms of sealing it, I'm okay with sealing it,
14 but as far as the Crown's position is this morning.

15

16 THE COURT: Okay. That's, that's fine, Mr. Body. I think
17 that's all I'm doing this morning.

18

19 MS. WANKE: That's, that's the extent of our application,
20 correct.

21

22 THE COURT: All right. Mr. Oliver, anything from you?

23

24 MR. OLIVER: No, Sir. Thank you.

25

26 **Decision**

27

28 THE COURT: Okay. Anyone else?

29

30 All right, then, the operative, portion, then, of the sealing order is that this confidential
31 affidavit shall be sealed on the court file until further order of this Court notwithstanding
32 the Division 4 of Part 6 of the *Alberta Rules of Court* and the sealed document shall be
33 kept confidential and shall not form part of the public record, but rather, shall be placed
34 separate and apart from all contents in the court file in a sealed envelope attached to a
35 notice that sets out the file -- sets out the title of these proceedings and the statement that
36 the contents are subject to a sealing order until further order of this Court.

37

38 I haven't heard anything -- we -- if you recall, the last time I had something to do with
39 this, we talked about the style of cause, for lack of a better term, and that there were
40 initials being used for the companies. There was some confusion in the clerk's office, I
41 think about whether or not this was a confidential file or only certain items were

1 confidential. I haven't heard anything more on that. I assume that was sorted out.

2

3 MS. WANKE: When I looked this morning on the list, I, I just
4 saw us for as in the matter of the CCAA. So, I didn't see if it was initials or --

5

6 THE COURT: Okay.

7

8 MS. WANKE: -- I don't know if anybody else had a chance to
9 search any --

10

11 MR. BODY: Sir, I did a search just to figure out what
12 courtroom this was in. I typed in Canada North and it showed 611 search for Canada
13 North, so.

14

15 THE COURT: So, it's no longer CNC or whatever it was
16 before. I'll follow-up on that, but I think it was going to get sorted out.

17

18 All right. I have signed this sealing order. I'm going to return, as well, Ms. Wanke,
19 then, the copy of Ms. McCracken's affidavit just again so that it can be properly dealt
20 with and not as -- not be inadvertent floating around here.

21

22 MS. WANKE: Thank you, My Lord.

23

24 **Discussion**

25

26 THE COURT: Okay. That, then, takes us to the extension of
27 the stay with respect to the Kingdom Properties action, and again, I have materials on
28 this. I have your application document, Ms. Wanke, the bench brief that you filed and the
29 sixth affidavit of Ms. McCracken, and then yesterday, I think it was, I received from you,
30 Mr. Pawlyk, the affidavit of Mr. King, which I think had been signed but not filed, and
31 your brief on this.

32

33 MR. PAWLYK: Yes, Sir, just one note with respect to the
34 affidavit. Mr. King just got into the country yesterday. He swore the affidavit and
35 e-mailed it to us. We are to be receiving an original copy today by courier. So, as soon
36 as I get that, I'll undertake to file it.

37

38 THE COURT: All right.

39

40 All right, Ms. Wanke.

41

1 Submissions by Ms. Wanke (Stay)

2

3 MS. WANKE: Thank you, Sir.

4

5 By way of background, this involves a project where there was a lease of land from --
6 Crown land from the Kingdom parties and then a further arrangement whereby Kilometer
7 147GP Ltd. would run a camp on those, on those lands as two separate parcels and
8 Canada North Camps Inc. and 726 Modular Finance Canada are on as indemnitors in, in
9 the paper agreements.

10

11 In August --

12

13 THE COURT: Can I just ask you --

14

15 MS. WANKE: Certainly.

16

17 THE COURT: -- is there -- other than being co-indemnitors, is
18 there a relationship Canada North and --

19

20 MS. WANKE: 726.

21

22 THE COURT: -- 726?

23

24 MS. WANKE: There's a business relationship, but not an
25 affiliate or ownership relationship.

26

27 THE COURT: Okay.

28

29 MS. WANKE: Correct.

30

31 THE COURT: So, they have been involved in other dealings
32 and projects previously, but they are separate corporate entities.

33

34 MS. WANKE: Correct. So, as you might recall, Canada North
35 would often partner with specific camps, with either -- sometimes indigenous partners or
36 with financing partners to set up various camps, and 726 is one of the -- is related to one
37 of the entities that they have done some of those partnership arrangements with, and
38 certainly hope to do relationships with or business with in the future, as well. So, there is
39 an ongoing business relationship there.

40

41 And that's part of the, part of the reason that we are here asking for the stay. There's

1 reasons of judicial economy and there's reasons of maintaining the focus of Canada North
2 on the CCAA proceedings and not spending significant time and energy in being caught
3 up in complex litigation at this stage, but there's also a desire for Canada North to assist
4 its business partner by cooperating with litigation in the manner that it simply can't do --
5

6 THE COURT: There's nothing that prevents them from doing
7 that.
8

9 MS. WANKE: There's a practical, a practical prevention in
10 that there simply is not the office resources to, to respond to this type of a litigation claim
11 when they are working flat out on the data room and the sales process and dealing with
12 the claims where they are the plaintiff.
13

14 THE COURT: And Kingdom Construction should, should bear
15 the brunt of that, then?
16

17 MS. WANKE: Well, perhaps I can give some, some
18 background.
19

20 So, the original --
21

22 THE COURT: Can I just.
23

24 MS. WANKE: Sure.
25

26 THE COURT: Sure, give me the background, but --
27

28 MS. WANKE: Yeah.
29

30 THE COURT: -- as I read through these materials, I mean, you
31 rely particularly on the Lendorf Construction case and I think it's Justice Farley, or
32 whoever wrote that, talks about where the parties are so intertwined that it makes sense to
33 extend the stay, and it refers to, you know, limited partnerships and general partners and
34 those sorts of examples.
35

36 What troubled me as I read through these materials was how are these parties so
37 intertwined that if -- it makes -- that it's reasonable -- fair and reasonable and appropriate
38 to extend the stay?
39

40 MS. WANKE: There's, there's a number of ways. The
41 litigation is so inextricably linked that the litigation cannot proceed in a, in a full and fair

1 manner to the defendants without Canada North participating.

2
3 So, in Mr. King's affidavit, he says at the final paragraph: (as read)

4
5 To the best of my knowledge, 726 Modular and it's directing
6 mind, Barry Roman, have had no involvement in the operations of
7 the camp or with Kilometer 147 prior to the commencement of the
8 action. I had no contact whatever with Barry Roman or anyone
9 else from 726 Modular regarding the operation of the camp or
10 Kilometer 147's breaches of the subleases.

11
12 So, 726 has no access to the invoicing or the, the operational issues that have led to this
13 claim, but this is a hotly contested claim. The position of the companies are that this
14 work that was done was never requested or ordered, and is improperly invoiced.

15
16 It's also a sublease of Crown land, and Mr. King is seeking to profit on the sublease of
17 Crown land, which is generally not permitted on Crown lands without expressed consent.

18
19 So, there's a number of, of serious issues in this litigation, and it's litigation for millions
20 of dollars when, when all of the things are added together.

21
22 THE COURT:

23 Yeah, the acceleration alone was, like, 7.9
24 million or something.

25 MS. WANKE:

26 Right, and then another for four and change for
27 work that was allegedly done at the request of the companies, and it's a, it's a very
28 contentious, complex claim, and certainly a high value claim.

29 And so, this litigation cannot proceed even outside of these proceedings without Canada
30 North being involved in the questioning, giving the evidence, providing all of the detailed
31 responses over a number of years of involvement, that litigation cannot proceed in a
32 meaningful way --

33
34 THE COURT:

35 So, if I'm understanding you correctly, the, the
36 day-to-day knowledge of what happened in this arrangement lies with principles or
37 employees of Canada North Group as opposed to 726 Modular.

38 MS. WANKE:

39 Exclusively with the Canada North employees.
40 Canada North operated it for Kilometer 147, and so, all of the information is there.

41 And as Mr. Russell will probably happily attest, we are working on providing him large

1 volumes of information in response to a number of other issues, and those employees
2 simply do not have the time to provide the responses that Mr. McAllister has fairly
3 requested be provided so that he can respond to the summary judgment claim that has
4 been brought.

5
6 THE COURT:
7 scheduled for?

When is the summary judgment claim

8
9 MS. WANKE:

It's presently adjourned.

10
11 THE COURT:

Okay.

12
13 MS. WANKE:

And I, I understand that the parties were
14 looking to, to do some scheduling in terms of questioning in affidavits and evidence, and
15 Mr. McAllister had requested that time to get the information from Canada North which is
16 when I get the call from Canada North saying we just don't know how to fit this in, and,
17 and my response is you can't prioritize this for an unsecured claim when you have got all
18 of these important CCAA obligations to complete in order to, to do the main goal, which
19 is to restructure.

20
21 There's also potential prejudice to Canada North if this proceeds and isn't adequately
22 defended, and as indemnitors or as co-indemnitors, the obligation of Canada North and of
23 726 are joint and several. So, if a claim goes against 726, that then becomes a claim over
24 against Canada North which Canada North would have difficulty defending once it -- the
25 judgment goes even, even on the merits it's, it's defensible.

26
27 And I appreciate my friend's argument in his brief that there is a separate obligation in
28 the documents directly to 726, but that doesn't mean that 726 in full litigation wouldn't
29 have access to all the normal litigation tools to compel evidence and to compel witnesses
30 and to answer, and, here, if we proceed down that route, Canada North is going to be in a
31 very difficult process of trying to respond, and, frankly, we would simply say well you
32 are stayed, we are not participating, and then that litigation would get balled up.

33
34 So, the other alternative that I discussed with Mr. McAllister was well, we could bring a
35 stay application -- you could bring a stay application directly in your action, but it, it
36 served large in the purposes of judicial economy to continue it in, in this matter given that
37 we are regularly here, and the issues, I think, would be better understood by this Court
38 given the overall picture that, that the justices have of these, of these proceedings.

39
40 There's also a risk of inconsistent decisions. We are proceeding down a path in the
41 CCAA where there will be a claims process, and I expect that in that claims process, we

1 will build in a mechanism to address the fact that there are these multiple party
 2 obligations and so that we could have the claims process adjudicated in the manner that is
 3 fair to -- it does haven't unattended consequences for other parties, but that claims process
 4 is proceeding.

5
 6 And frankly, in terms of prejudice to the Kingdom parties, there's no way that this is
 7 going to be heard on a summary judgment application, and, and frankly, I can't see it
 8 being decided on a summary judgment application if the evidence is before the court, but
 9 there's no way it will be heard or decided before the claims process will be, will be
 10 finalized. So, there is no real benefit for -- to proceeding down that road. There's just
 11 this tremendous inconvenience and obligation of Canada North to respond to a
 12 multimillion dollar lawsuit with records spanning over, over the course of years.

13
 14 And you know, the affidavit gets into it a little bit and the Statement of Defence gets into
 15 it in a little bit, but this was a relationship where the deal changed as things went on, and
 16 settlement agreements are reached and alternate arrangements are reached, and so, it's not
 17 a simple matter of pulling out an invoice and saying we billed you for this, you have got
 18 to pay it. It's a complex, again, contested, contested claim.

19
 20 So, I appreciate that the cases that we have provided may not fit on all four corners of the
 21 facts, but the (INDISCERNIBLE) principles of flexibility and pragmatism. I mean,
 22 inherent jurisdiction for the Court to grant a stay certainly do apply, and it would be in
 23 my view, again, a stay until further order of the court. So, as we proceed, we, we
 24 anticipate that this can be dealt with in the claims process in a fair manner, and if that
 25 turns out that the Kingdom parties have a different view of it, then certainly there would
 26 be nothing to prevent them from coming back to court and apply to lift the stay if
 27 circumstances change, but at this stage, the company really is all out on the, on the sales
 28 process, the data (INDISCERNIBLE) process dealing with the -- all of the creditor
 29 requests for information, and, and counsel is full out, as well on, on those matters, and it
 30 doesn't make sense to me to spend precious time and, and professional resources and
 31 costs responding to one unsecured claim outside of the process that we are going to set up
 32 to, to treat everybody equally.

33
 34 I appreciate we are likely short on time and -- that you likely have a full morning --

35
 36 THE COURT: No, that's fine. You are okay.

37
 38 MS. WANKE: -- but those, those are effectively my, my
 39 submissions, My Lord, subject to your questions.

40
 41 THE COURT: Okay. I'm wondering if I should hear from

1 Mr. McAllister before I hear from you, Mr. Pawlyk, just -- I assume he's going to say
2 similar things, me, too, sort of.

3
4 MS. WANKE: I would, I would hope.

5
6 THE COURT: Well, yeah, maybe you won't have to say
7 anything, Mr. Pawlyk.

8
9 Submissions by Mr. McAllister (Stay)

10

11 MR. MCALLISTER: I, I don't have a great deal to add to
12 Ms. Wanke's submission, My Lord.

13

14 The bottom line is that 726 is an arms-length party. As Mr. King's affidavit notes, I
15 mean, they really didn't have that involvement. That involvement was, you know, with
16 the employees of CNC.

17

18 So, we're hamstrung in defending what is a massive claim, and the only proper way to
19 defend it is, you know, to deal with the people with knowledge, and right now, we are
20 running into an issue where it's the people with the knowledge say we can't afford you
21 the resources right now. We would love to, but we can't afford you the resources right
22 now. So, we're caught between a rock and a hard place, Sir.

23

24 So, those are all my submissions. Thank you.

25

26 THE COURT: Okay. All right. Mr. Pawlyk.

27

28 Submissions by Mr. Pawlyk (Stay)

29

30 MR. PAWLYK: Sir, can I just have 20 seconds to just confer
31 with my partner on one, one thing that I heard?

32

33 THE COURT: Yes. Yes.

34

35 MR. PAWLYK: My apologies, Sir. I just had to clarify
36 something Ms. Wanke had indicated.

37

38 Sir, you have our brief, so, I'm not going to walk slowly through it, but suffice it to say
39 our clients strongly oppose this application to extend the stay to 726. There's no, no
40 disagreement today that 726 is a non-related third party and in, in my submission, Sir,
41 there has not been a decision in a CCAA action that extends a stay in these circumstances,

1 and if you do that today, it would be simply unprecedented, and my respectful
2 submission, would reach far beyond the current jurisprudence, but also, indeed, beyond
3 what is just and reasonable, which is the test that you have to consider today because this
4 is outside the *CCAA* test for a stay that can apply to debtors and their companies and
5 affiliates. This is not an affiliate. This is the general -- your general stay power that we
6 are dealing with, but I think that in the circumstances that the -- the jurisprudence
7 surrounding *CCAA* must inform that general stay power when we are in these
8 proceedings.

9
10 I would like to take you, Sir, to the, the agreement which forms the basis of our client's
11 claim and that's at Exhibit A of our client's affidavit, the affidavit of Jason King, which I
12 had mentioned earlier, and there's just a few sections of that agreement that I would like
13 to highlight for you.

14
15 One of which is the date, Sir. You can see that this agreement was signed in November
16 of 2014 by 726 Modular, and I can tell you, Sir, that that's really the only company that
17 we're concerned about today. That's the company that we have a summary judgment
18 application for. The application is to stay the entire action. We are simply asking that
19 the action can proceed against 726.

20
21 THE COURT:

Well, there's been a -- the, the stay in these

22 proceedings applies to Canada --

23
24 MR. PAWLYK:

That's right.

25
26 THE COURT:

And you, I think it's clear from the materials,
27 your client hasn't taken any steps since my order, my initial order in July.

28
29 MR. PAWLYK:

That's correct, Sir.

30
31 So, I'm going to come back to that date when I, when I mention something else.

32
33 But you can see in paragraph number 1, the indemnifier, which includes 726, covenants
34 that it will, will make the due and punctual payment of all rent, payable under the
35 sublease whether or not that sublease has been repudiated, disaffirmed or disclaimed. So,
36 what you see there is an actual positive obligation on 726, not as -- not dependant on any
37 other obligation, but of itself, the obligation to pay rent.

38
39 Subsection (b) is the more traditional indemnification language that it would affect prompt
40 and complete performance of all the subtenants' obligations.

41

1 THE COURT: Yeah, but the issue, if I understand correctly, is
2 what rent is due and payable, that's the issue.
3

4 MR. PAWLYK: Absolutely, Sir, and that's, that's the live issue
5 in the, in the lawsuit.
6

7 THE COURT: In the lawsuit, sure.
8

9 MR. PAWLYK: Yeah.
10

11 THE COURT: Sure. I, I don't -- I mean, not to prejudge
12 anything, but I didn't hear Ms. Wanke saying if ultimately there is a finding that rent is
13 due and payable, there's no dispute that the indemnity would apply at that stage. I mean,
14 there may be other arguments, but that's the issue here. That's, that's the essence of the
15 litigation.
16

17 MR. PAWLYK: Yes. Yes, that's exactly true, and, and that --
18 this paragraph, in part, is why we can proceed only against -- or in my submission, why
19 we can proceed only against 726.
20

21 Paragraph 4 strengthens that position -- that talks about an event of default, and in that
22 case, 726 has waived their right to require -- waived any right of my client to proceed
23 against the other party. So, we can proceed only against 726 and pursue any rights,
24 remedies against them with respect to the sublease. We do not have to proceed or exhaust
25 any security of, of the company, and we don't have to pursue any remedy whatsoever.
26 We can simply go as against 726.
27

28 And, and I should just point out, Sir, in terms of specific language, at the very last
29 paragraph of 4 after subsection (c) it states that my client has the right to enforce this
30 indemnity regardless of the acceptance of additional security and regardless of any release
31 or discharge of a subtenant by the subland -- landlord or by others or by operation of law,
32 and I think that would also catch your stay, Sir, that we -- we're -- the other companies
33 are caught by operation of law in your order, but 726 is not.
34

35 The -- and then, finally, I would simply point out paragraph 9 which indicates that the
36 indemnifier will be bound by this indemnity in the same manner as though the indemnity
37 were the subtenant named in the sublease.
38

39 And so, I think, Sir, with that language, the -- Mr. McAllister's client was well aware of
40 the obligations that they had under this agreement for several years, and to come to the
41 court now and say --

1

2 THE COURT:

I don't hear Mr. McAllister or Ms. Wanke saying that 726 is -- was -- they are not pleading non est factum here in the sense of they didn't know what the terms of the agreement were.

5

6 MR. PAWLYK:

My further argument, Sir, is that they should have governed themselves accordingly. To simply to come here and say we didn't know anything about the circumstances and now we are, we are in a bind because we don't have the information we need to respond to this application is in, in -- respectfully, Sir, lies at their feet.

11

12 THE COURT:

I suspect there's a lot of parties and companies that would have done things differently if they knew in November of 2014 what they know now about Canada North.

15

16 MR. PAWLYK:

Right, Sir, but those things are always unknown and parties have to govern themselves knowing that they could responsible under a, under a contract to my client.

19

20 THE COURT:

Is there anything irresponsible about the way 726 relied on, on Canada North Camps Inc.? I mean, as I understand it, and I don't -- I am not blessed with a lot of knowledge with that relationship, but that's a relationship that goes back for some time before this indemnity agreement, and I presume was somewhat the same that Canada North was essentially the operating entity here.

25

26 MR. PAWLYK:

As I understand it, Sir, that's the business operation that they agreed to.

28

29 THE COURT:

Right.

30

31 MR. PAWLYK:

And that's exactly what Ms. Wanke has pointed out today that it was a business relationship, and that's exactly why -- and they, they accepted that with all the risks that they accept when accept a business undertaking, and so, to then put that risk -- transfer it in some ways to my client now because they are asking for a stay, that's what I think is certainly not just or reasonable.

36

So, what I would like to do, Sir, just quickly, is remind the Court what exactly is in evidence with respect to this application because I think that's important, and that's contained in Ms. McCracken's affidavit sworn October 17th, and I just want to draw your attention to paragraphs 22 through to 24 because that's the evidence that's in front of you today, and I think it was summarized fairly by Ms. Wanke that number 1, and this is

41

1 dealing with number 22 and 23 -- paragraph 22 and 23, that it's -- it's an inconvenience
2 for the company to have to respond to this while they are responding to all sorts of other
3 things, and in my submission, Sir, that is simply not enough to extend the stay in these
4 circumstances legally.

5
6 Paragraph 24 is the only evidence you have with respect to prejudice to the actual
7 company, and in that case, the evidence is sworn Canada North is also potentially
8 prejudiced by the summary judgment application being heard without full information and
9 evidence being before the court.

10
11 THE COURT:

But, but if I'm understanding correctly, the
12 scenario is this that if the stay is not granted, the application for summary judgment
13 would proceed against 726, 726 without the, without the assistance of Canada North
14 wouldn't be able to defend that, therefore, it's likely that the summary judgment would be
15 successful, at least that's my experience, if there's no defence, the plaintiff is usually
16 successful, and so there would be a judgment for, let's say, 12 million dollars here, that's
17 what's outlined in the materials as being sought. And Canada North would be jointly and
18 severally liable for that under the indemnity agreement. So, isn't that more than potential
19 prejudice?

20
21 MR. PAWLYK:

Well, there's a lot of presupposition in that --

22
23 THE COURT:

Yes.

24
25 MR. PAWLYK:

-- in that scenario.

26
27 Number 1, we are presupposing that the information simply cannot get to 726 to respond.
28 All we heard is that they are too busy right now. That's number 1.

29
30 Number 2, we are only proceeding as against 726 in the summary judgment application.
31 So, the judgment will only go as it --

32
33 THE COURT:

You are saying, you are saying Canada North is
34 not jointly and severally liable?

35
36 MR. PAWLYK:

They are only jointly and severally liable if the
37 Court says they are. We are not asking them to be jointly and severally liable.

38
39 THE COURT:

Okay.

40
41 MR. PAWLYK:

We are asking for judgment against 726.

1
2 That argument is still open, yeah, at some point.
3

4 THE COURT: And, and will be made, Mr. Pawlyk. I can't
5 imagine that if you had judgment against 726 that at some point Kingdom wouldn't argue
6 that now we have got judgment, it's too late for Canada North to, to defend this.
7

8 And, and even that were to happen, isn't there a risk of inconsistent judgments, then, at
9 that stage, and the Court is loath to have that happen on the same set of facts, which in
10 this case would be essentially the indemnity agreement, you could have judgments for two
11 different amounts or alternatively, judgment against one, which is essentially by default
12 because they were unable to defend and, and, perhaps, no judgment against Canada North
13 because when you proceed -- if you proceed against them at some point, they were able to
14 marshal the evidence that was necessary.
15

16 MR. PAWLYK: Well, Canada North is in these proceedings, so,
17 we cannot proceed against them. So, I don't think there's going to be any --
18

19 THE COURT: At this, at this point, you can't, but that doesn't
20 mean at some stage you are not going to be able to.
21

22 MR. PAWLYK: I think that's a remote probability, Sir. If their
23 CCAA actions fail, you know that there's a receivership in the background.
24

25 THE COURT: Yeah, if they fail. If I thought they were going
26 to fail, I wouldn't have given the initial order.
27

28 MR. PAWLYK: Well, if they succeed, then we still cannot make
29 a (INDISCERNIBLE).
30

31 THE COURT: Yeah, but you are going to be dealt with in the
32 claims process, then.
33

34 MR. PAWLYK: Exactly, but it will be dealt with exclusively in
35 that claims process.
36

37 THE COURT: Yes.
38

39 MR. PAWLYK: Sir, I, I think it comes down really to the letter
40 that was sent by Mr. McAllister --
41

1 THE COURT:

Right.

2

3 MR. PAWLYK:

-- saying he needs some information, and that they are mired in their restructuring, I understand that. The application is adjourned *sine die*, Sir. It is not imminent.

6

7 THE COURT:

It is not?

8

9 MR. PAWLYK:

It is not imminent. It is not, it's not next week.

10 So, the -- if, if that is what we are down to, Sir, then it seems to me that, perhaps, there is
11 middle ground here where there is a short stay or, or an undertaking not to proceed
12 until --

13

14 THE COURT:

Well, and if I could just stop you. I'm sure you are aware of this, Mr. Pawlyk, but the stay right now is extended to January 31st, 2018.

17

18 MS. WANKE:

Correct, My Lord.

19

20 THE COURT:

So, that's the period of time we are talking

21 about right now, I think.

22

23 MR. PAWLYK:

M-hm. What, what I was going to say, Sir, is that we would, we would be okay with holding the action in abeyance until the plan is filed to allow them to focus on, on that plan, but once that work is done -- we are simply talking about information sharing here, Sir.

27

28 I mean, I have been involved in several actions, whether it be receivership or CCAA in, in
29 this very scenario where a third party is prejudiced or potentially prejudiced by the fact
30 that there is a stay against a co-defendant or whatever the case be may be and needs
31 information. That information is routinely provided, and in fact, there are Rules of Court
32 that allow them to apply for that information if it doesn't help. I don't think that's caught
33 by the stay or whatever the case may be.

34

35 But, Sir, I, I'm simply offering that up as a suggestion.

36

37 THE COURT:

It ran through my mind as I was reading and preparing for this that this is unique. I think Ms. Wanke would acknowledge that, and I agree that it's beyond what some of the orders have said, but the one thing about CCAA proceedings is that they are fluid proceedings and no two of them are the same, and so, you end up with, with an unusual situation.

41

1
2 On the other hand, Kingdom Properties is a bit of an innocent bystander here in that they
3 are not -- they are not -- they are caught because of a relationship that they had nothing to
4 do with, really, as far as 726 and Canada North are concerned. So, you have got a
5 balance -- or I have to balance those things.
6

7 MR. PAWLYK: Yes, Sir, and, and we have been, we have been
8 completely compliant with any other stay orders and we'll comply with any order you
9 make, of course, but I don't think --
10

11 THE COURT: I hope so.
12

13 MR. PAWLYK: -- but -- I guess that goes without saying -- but
14 the -- I'm simply, I'm simply making the argument today that a blanket stay of the action
15 is, is far beyond what is just and reasonable.
16

17 I just have one further submission to make, Sir, and I have given this case to my friend.
18 Some of us are very familiar with it. It's a recent case of Justice Burrows in
19 (INDISCERNIBLE) -- this was under a --
20

21 THE COURT: Some of you are familiar with it because you
22 were counsel in it.
23

24 MR. PAWLYK: Some, some of us here were counsel for the
25 application, some of us are counsel on the -- in the action as a whole, but it's also an
26 important decision.
27

28 And in this case, this is, this is -- this arose under a proposal Notice of Intention to make
29 a proposal proceeding under the VIA, but it's a similar situation in that this is where a
30 third party -- a creditor had a, had a claim against the debtor, but there was a line of
31 credit, and so the creditor moved to call on the line of credit. It's an independent third
32 party who had a contractual relationship saying if they don't pay, we'll pay. The creditor
33 was, was moving to enforce that, and in this case, the company applied to the court to
34 say -- or to make the argument that the stay should extend to that sort of demand on the
35 line of credit or sorry, on the letter of credit.
36

37 Mr. Justice Burrows found that it did not, that it was a separate obligation and did not fall
38 under the stay.
39

40 Now, I fully understand that these are two separate proceedings, but it's often -- it, it --
41 that they are two compromised proceedings CCAA and VIA, but Mr. Justice Burrows does

1 make reference to the *CCAA* provisions when he made his decision, and one of the
2 provisions is at paragraph 20 of his decision, and that's 11.04 of the *CCAA*.

3
4 And that, that express section of the *CCAA* says that no order made under Section 11.01,
5 that's the stay section, has effect on any action suit or proceeding against the person other
6 than the company in respect of whom the order is made who is obligated under a letter of
7 credit or guarantee in relation to the company.

8
9 So, in that case, if that was the case, the *CCAA* certainly gives clear direction that if
10 there's a guarantee or a letter of credit, that stay doesn't apply.

11
12 Now, of course, I guess we would be in the same argument if someone applied to bring
13 the -- that company under the stay, but I think there's some direction there from the
14 *CCAA* that we should be able to continue to advance those claims against third parties.

15
16 And in my respectful submission, Sir, we have a stronger claim than -- as a guarantee.
17 Guarantee has, has limitations to it under the law with respect to obligations. I would
18 respectfully submit that the indemnity is stronger, Sir, and that it actually deems the --
19 deems Modular to be a primary obligor under the lease.

20
21 THE COURT: But, again, only to the extent rents are due and
22 payable.

23
24 MR. PAWLYK: That's right.

25
26 THE COURT: Or, or obligations are due and payable.

27
28 MR. PAWLYK: That's correct, yeah.

29
30 THE COURT: Yeah.

31
32 MR. PAWLYK: So, I, I only point that out, Sir, because I think
33 there's some analogy there.

34
35 There's also one other section of the -- in this case, the, the agreement for the letter of
36 credit, and it says that in the event -- and this is on the last page just before paragraph 26.
37 It, it speaks of the insolvency of the, of the debtor and, and that the creditors have the
38 right to draw down the full amount of the letter of credit.

39
40 And the only comment I have there is Justice Burrows makes a comment well, they were
41 aware that that was a possibility for years after they signed that and they, they should

1 have governed themselves accordingly, and although I understand the difficult position
2 that Modular and Mr. McAllister's client is in, I don't think that all of the prejudice
3 should fall on my client to, essentially, have to deal with the business relationship that
4 they had with the now insolvent company.

5
6 So, subject to the Court's questions, Sir, those are my submissions.

7
8 THE COURT:

All right. Mr. Bieganek.

9
10 Submissions by Mr. Bieganek (Stay)

11
12 MR. BIEGANEK:

Sir, as you know the monitor is loath to usually
13 get involved in a battle between claimants, but from the monitor's perspective, we do
14 support the application that's brought primarily for the reasons that Ms. Wanke has
15 articulated with respect to distracting the company, primarily, from getting on with its
16 business, and really, I think Mr. Pawlyk did indicate that while this is not necessarily
17 something that's within the four walls of the CCAA, as it were, if we look at this matter
18 on the basis of the standard stay test, what we really need to look at is ultimately ask the
19 question where is the balance of convenience or more appropriately, the balance of
20 inconvenience?

21
22 The fact of the matter is this: At the moment, the company is operating under a time line.
23 It hasn't been court ordered, but the monitor is doing its level best to hold them to that.
24 Part of that time line will involve the establishment of a claims process that we hope the
25 company will start to undertake before the end of November, and in that process,
26 Mr. Pawlyk's client will be in a position to claim because they have a -- under -- at least
27 on the face of the agreement, a joint and several indemnity in respect of claims and
28 Canada North Camps is one of those joint and several indemnitors.

29
30 So, they will be in a position to make their claim through that proving process, and it is
31 hoped, as again consistent with the time line that the monitor is holding the company to,
32 that a plan of arrangement will be in place prior to the next application or at least
33 prepared for presentation to the creditors prior to the next application for stay extension.

34
35 So, in the circumstances of this case, while I fully appreciate 726's -- pardon me,
36 Kingdom Properties' need to proceed against 726, with the greatest of respect to that
37 position, it may well be the case that the claim is dealt with in some fashion in this
38 proceeding and that the company is otherwise going to be put to time and expense to deal
39 with it to properly defend so that it's not prejudicing its own position in the CCAA
40 process.

1 So, the monitor is on that basis supportive of the application that's brought today.

2

3 THE COURT: All right. Mr. Russell, are you taking a
4 position on this?

5

6 MR. RUSSELL: Nothing on this, My Lord.

7

8 THE COURT: Okay. Mr. Body?

9

10 MR. BODY: No position, My Lord.

11

12 THE COURT: Okay. That's everyone, then.

13

14 Can I just go back to you, Mr. Pawlyk. You were referring to -- I'm not sure you
15 described it this way, but some mid-ground rather than a blanket stay. Your suggestion
16 was a stay until the plan of arrangement is brought forward? I mean, what would be --
17 would it not -- not a simpler way to deal with it on an interim basis, at least to simply
18 extend the stay at this point in time to January 31st of 2018 with the right for your client
19 to bring an application to review it at that point in time which would have the effect, I
20 think of, of not having the Canada North folks distracted, for lack of a better term, in
21 dealing with this, they could concentrate on the plan of arrangement and the claims
22 process, and that may go at least some ways, if not a long ways, to determining how this
23 claim of Kingdom might be dealt with, but it would also preserve your right to say
24 enough is enough. You had another three months here, and we're no we're no better off.

25

26 **Submissions by Mr. Pawlyk (Stay)**

27

28 MR. PAWLYK: Sure, Sir. I think what would be reasonable in
29 the circumstances is similar to what -- exactly what you are proposing, but I would want
30 to make it -- I think -- and I think you have given that assurance that it would be without
31 prejudice to make this argument at that time.

32

33 THE COURT: Absolutely, yeah. Yeah.

34

35 MR. PAWLYK: I don't necessarily think that that's unfair, Sir.

36

37 THE COURT: I was going to say the other alternative is you
38 go to the trial coordinators' office and get your summary judgment application, which
39 might be September of next year, in any event, and, and, you know, it could be dealt with
40 in the meantime, but that would, then, run the risk of Canada North having to dedicate
41 resources to this potentially and I mean, again, in these proceedings, we, as

1 Mr. Bieganeck -- you know, you are right, is it just and reasonable which then brings into
2 the discussion the concept of balancing things here, and we have a lot of things on the, on
3 the go in the CCAA proceedings. And, Ms. Wanke, I don't know how many applications
4 there have been between -- before -- one, only one involving Mr. Body before Justice
5 Topolniski but before Hillier and I, I don't know, six or eight since July 1st.
6

7 MR. PAWLYK: And I fully appreciate, Sir, the complexity of
8 these proceedings and the fact that there are multiple competing interests, and we certainly
9 want to preserve our right to proceed as against Mr. McAllister's client, but if the issue is
10 one of just not having to focus on defending it, then I can understand that, Sir.
11

12 THE COURT: That's the, that's the main focus, I think, at this
13 stage if I understood Ms. Wanke's arguments here, so.
14

15 Mr. McAllister.
16

17 **Submissions by Mr. McAllister (Stay)**
18

19 MR. MCALLISTER: Sorry, My Lord, I hope this doesn't complicate
20 matters too much, but you did make mention of something in your comments, and I just
21 wanted to correct the record on that.
22

23 Now, you had made mention of the fact that it doesn't sound like Ms. Wanke or myself
24 are, are hotly contesting the, the -- (INDISCERNIBLE) effect of the two indemnity
25 agreements, and I want to correct the record on that, okay, because that actually -- there is
26 an indemnity agreement. There's also two leases, and this indemnity agreement is being
27 applied to the two leases.
28

29 THE COURT: Right.
30

31 MR. MCALLISTER: My client is taking the position that they signed
32 one indemnity agreement with respect to one -- that is one of the issues in that litigation.
33

34 THE COURT: I understand, I understand it's being contested.
35

36 MR. MCALLISTER: I, I just don't want to be estopped from raising
37 that at a later date. So, as long as I have made clear.
38

39 THE COURT: Yes, fair enough.
40

41 MR. MCALLISTER: Thank you, Sir.

1

2 THE COURT:

3 Yeah, I think all I meant was that we have an
4 agreement here, and Ms. Wanke's concern in part is that if there is a -- ultimately a
5 decision in the summary judgment application against your client, Mr. McAllister, which
6 to a certain extent may effectively be by default because you are unable to defend it, then
7 Ms. Wanke or whoever might be arguing on behalf of Canada North is stuck with an
8 indemnity agreement that there may be joint and several obligations under it. So, yeah.
9 I'm not precluding anyone's arguments ultimately.

9

10 MR. MCALLISTER:

Thank you, Sir.

11

12 THE COURT:

Yes. Ms. Wanke.

13

14 MS. WANKE:

15 I wonder if maybe I should try to draft an order
16 and see if I can come up with some terms with my friend and send it back to you because
17 I think that it -- I understand his idea of wanting to preserve his --

17

18 **Decision (Stay)**

19

20 THE COURT:

21 Yeah, my inclination is that there should be an
22 order that would extend the stay to -- I'm just trying to get the name of the company
23 correct here.

23

24 Mr. Pawlyk, I am fumbling here because you have interspersed the indemnity agreement
25 with Mr. Kaden's affidavit here. I had to sort through, but that -- so, that would extend
26 the stay in the CCAA proceedings to 726 Modular Finance Canada Ltd. with respect to the
27 claim of Kingdom Properties Ltd. to January 31st, 2018 to allow Canada North Group to
28 continue with the CCAA proceedings and focus on that, and I think it's just and
29 reasonable to do that, and it would balance all of the interests, including all of the
30 financial institutions here, the employees, the other creditors, but it would give Canada
31 North Group time to put together a plan of arrangement or at least move further down that
32 road so that everyone would know where we are come the end of January, 2018, but it
33 would be without prejudice to Kingdom Properties Ltd. to apply to have the stay lifted as
34 respect 726 Modular Finance Canada Ltd. if progress was not made sufficient to satisfy
35 everyone that it was appropriate for the stay to remain in place.

36

37 Okay. Ms. Hamlyn.

38

39 **Discussion**

40

41 MS. HAMLYN:

Sir, if I could, if I could (INDISCERNIBLE)

1 litigation counsel for Kingdom Properties, I wonder if I could just ask for one additional
2 point to your order.

3
4 As you had mentioned summary judgment dates are very -- again scarcer than hen's teeth,
5 and we went to book something yesterday, and we were given dates in November and
6 December of 2018. So, I am requesting that the Court vary the order just to the extent
7 that we are permitted to seek summary judgment, special chamber's application dates
8 given that they are so far down the road. It seems to me that there's more than sufficient
9 time between the end of January 2018 and November and December to accomplish what
10 needs to be done without taking any interim steps between now and then.

11
12 MR. PAWLYK: And if the stay extends, then the dates fall.

13
14 MS. WANKE: My Lord, I, I'm not litigation counsel on this,
15 but I have spoken to the company on it, and there is an -- just a tremendous volume of
16 material, and so, again, maybe Mr. McAllister can speak to it, but I would see that there
17 would be likely a series of questioning, a series of affidavits and I think all of that, it
18 might be premature to set a -- effectively a peremptory date for summary judgment and
19 tie it up for somebody else. We are getting a fairly short stay here for three months, and
20 I think --

21
22 THE COURT: The problem is if you wait until January to
23 book a summary judgment application, then you are going to be in to probably January of
24 2019 or --

25
26 MS. WANKE: I think, I think it would take a number of
27 months to go through the -- if we don't sort it out in the claims process, right. So --

28
29 THE COURT: But what's wrong, Ms. Wanke with giving
30 leave to Kingdom Properties leave to book a summary judgment application date to, to
31 preserve that date which date would then be revisited when the stay is revisited?

32
33 MS. WANKE: And to be fair, it's not -- it's really
34 Mr. McAllister's issue, so, I, I think it's taking a spot away from somebody else, and I
35 expect the parties likely won't be ready for it, but if the parties want to book it as long as
36 it isn't peremptory, I think that makes sense.

37
38 THE COURT: No. I mean, that booking would be without
39 prejudice to anyone to argue that it -- it's premature to proceed, but at least you -- I mean,
40 this is part of the problem we have unlike the ability to get before somebody on the
41 commercial list, others don't have that ability, and that's the issue that you are raising,

1 Ms. Wanke.

2

3 MS. WANKE: That's correct, Sir.

4

5 THE COURT: Mr. McAllister, any thoughts on that?

6

7 MR. MCALLISTER: Well, I mean, we are all kind of hamstrung by
8 the scheduling these days.

9

10 I mean, your sentiments, I, I'm in agreement -- like, if Ms. Hamlyn wants to set this
11 matter down for special chambers, which will likely be a year from today or a year and
12 change from today, and as long as that is revisited at the same time as the stay, so, you
13 know, we can say, okay, well, we have got the summary judgment application, we are
14 extending the stay, that date must fall, then I don't have a problem with it.

15

16 THE COURT: Yeah, and that's -- I don't think she has a
17 problem with that either.

18

19 MS. WANKE: No.

20

21 MR. MCALLISTER: No. That's fair enough, Sir.

22

23 **Decision**

24

25 THE COURT: All right. Kingdom Properties Ltd. is given
26 leave, then, to book a summary judgment application as respects the claim against 726
27 Modular Finance Canada Ltd., but that booking, then, would be revisited at the same time
28 as the, the stay is revisited.

29

30 MS. WANKE: My Lord, I should also just point out that we
31 haven't spoken about 147. My friend has no issue with the stay applying to 147. It's
32 effectively an empty company, but we should probably build it into the, into the stay, as
33 well.

34

35 THE COURT: Where does 147 come into this?

36

37 MR. PAWLYK: It's one of the remaining defendants that wasn't
38 caught by the stay, Sir.

39

40 THE COURT: All right. So --

41

1 MR. PAWLYK:

2 against it.

3

4 THE COURT:

5 Well, but if we put it in, then that company
6 won't get lost in the shuffle, then, and it can be revisited at that point, and that would
7 allow you, Mr. Pawlyk, to consider whether or not you wish to pursue them.

8 MR. PAWLYK:

9

Understood.

10 THE COURT:

11 All right. You can add that stay, then, would
12 apply to -- can you give me the full name of the company?

13 MS. WANKE:

14

It's Kilometer 147GP Ltd.

15 THE COURT:

16 All right. The stay, then, applies to Kilometer
17 147GP Ltd. on the same basis, then, that it is in place until January 31st, 2018 to be
18 revisited at that time, and it's without prejudice to Kingdom Properties to seek to have the
19 stay lifted. All right.

20

21 Any -- Mr. Oliver, you have been very quiet on this. Anything you wanted to add on
22 that?

23

24 MR. OLIVER:

25

No, Sir, thank you.

26 Discussion

27

28 THE COURT:

29 Okay. Who is going to draft the order, then, on
30 that? Ms. Wanke, are you --

31

32 MS. WANKE:

33

I'm happy to draft the order.

34 THE COURT:

35 All right, and if we have Mr. Pawlyk approve
36 it, is that satisfactory to all counsel?

37

38 UNIDENTIFIED SPEAKER:

39

Yes.

40 THE COURT:

41 Okay. Mr. Pawlyk can approve it, then just
42 send it to me for signature, then.

43

44 All right. That deals with that.

45

1 MR. RUSSELL:

My Lord, if I could just speak to one thing?

2

3 THE COURT:

Yes.

4

5 MR. RUSSELL:

I apologize again for missing the last

6 application.

7

8 THE COURT:

Oh, yeah, no, I don't know what happened

9 there, Mr. Russell. I was worried about you because you are always so diligent about
10 being here, and then I get a handwritten note.

11

12 MR. RUSSELL:

I was trying to multitask by having two
13 different applications on my desk at the same time. That won't happen again.

14

15 My Lord, the only thing that I was planning on raising at that application was the
16 question of passing of accounts of the CRO.

17

18 THE COURT:

Oh, right, yes.

19

20 MR. RUSSELL:

And there's no -- I have no application extant
21 with regard to that. The -- my client that provides instructions on this file is still away
22 and I won't be able to get instructions until some time next week, and even that may be
23 premature.

24

25 There are a number of issues I understand with regard to the CRO's accounts and legal
26 issues that may impact on whether the accounts can be taxed or not, and I am aware that
27 Mr. McCabe is now acting for the CRO. So I just -- I am just putting on the record that
28 it was the intention to preserve that argument for another day when I missed the last
29 application, and I don't see any prejudice to that situation continuing, and it may very
30 well be appropriate to wait until we see what happens with the ISSP, in any event.

31

32 THE COURT:

Right.

33

34 MR. RUSSELL:

Obviously, if CWB is paid out, they will have

35 much less of a concern on the accounts.

36

37 THE COURT:

All right. Ms. Wanke, any thoughts on that? I
38 mean, Mr. Russell made it pretty clear to me shortly after that application that, that that
39 was his intention if he had been there.

40

41 MS. WANKE:

I have, I have no issue with Mr. Russell's

1 position. Yeah.

2

3 THE COURT: Yeah. Yeah. No, I mean, it seems to me if
4 there is an issue with respect to effectively reviewing or taxing the CRO's fees, then that
5 will happen in due course.

6

7 MS. WANKE: Thank you.

8

9 MR. RUSSELL: Thank you, Sir.

10

11 THE COURT: And I suppose that -- I'm not sure, but that
12 probably should come back in front of me, I guess, because I effectively discharged the
13 CRO, didn't I? I mean, I leave that to you, but I'm certainly prepared to hear that if you
14 think it's appropriate that it comes before me.

15

16 MR. RUSSELL: Thank you, Sir, and as I say, I suspect that this
17 isn't coming on any time quickly, there's too many other things to deal with in the
18 interim.

19

20 THE COURT: Right.

21

22 MS. WANKE: I wonder if we shouldn't give Mr. McCabe
23 some -- just heads-up, maybe.

24

25 MR. RUSSELL: Oh, I have, I have advised Mr. McCabe that I
26 have some concerns, but I'll advise him that I have -- what I have said to the Court.

27

28 THE COURT: Yes. Okay. Okay.

29

30 All right, anything else for today?

31

32 MS. WANKE: No, thank you, My Lord.

33

34 THE COURT: Is there anything else scheduled at the present
35 time either -- nothing before me, I think is -- you don't have a return date yet in front of
36 Justice Hillier, I don't think.

37

38 MS. WANKE: No. Correct, we are just, we are just finalizing
39 the (INDISCERNIBLE) terms and the materials and then that's what -- and then -- so,
40 there will be another monitor's report coming once we report to him, but otherwise things
41 are trucking along.

1

2 THE COURT:

Okay. All right anything else that anyone

3 wants to raise, then?

4

5 Okay, madam clerk, I'm going to -- these documents can all go on the file.

6

7 Mr. Pawlyk, do you want this decision back of Justice Burrows? I haven't seen it. So,
8 can I keep it and --

9

10 MR. PAWLYK:

You can keep it, Sir, and if you want to miss
11 watching the World Series next game, it's won't matter because it's very short.

12

13 THE COURT:

Yeah, okay. All right. Well, I'll keep that in

14 mind.

15

16 All right. Anything else? All right. Thanks, Mr. Oliver.

17

18 MR. OLIVER:

Thank you very much.

19

20 THE COURT:

Okay.

21

22
23 PROCEEDINGS CONCLUDED

24

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1 Certificate of Record

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I, Zara Sultani, certify that this recording is the record made of the evidence in the proceedings in Court of Queen's Bench held in courtroom 611, at Edmonton, Alberta, on the 25th day of October, 2017, and that I was the court official in charge of the sound-recording machine during the proceedings.

1 Certificate of Transcript

2

3 I, Gail Debenham, certify that

4

5 (a) I transcribed the record, which was recorded by a sound-recording machine, to the best
6 of my skill and ability and the foregoing pages are a complete and accurate transcript of
7 the contents of the record, and

8

9 (b) the Certificate of Record for these proceedings was included orally on the record and
10 is transcribed in this transcript.

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Detailed Transcript Statistics

Order No. 101324-17-1

Page Statistics

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**NOTICE OF REVISION OR DISALLOWANCE
OF CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING
LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. and 1919209 ALBERTA LTD.**

(collectively, the "Canada North Group") is Exhibit "E" referred to in the Affidavit of

Full Name of Claimant:

Kingdom Cats Ltd.
c/o Bishop & McKenzie
2300, 10180 - 101 Street
Manulife Place
Edmonton, AB T5J 1V3

Georgina McMinh
Sworn before me this 12 day
of October A.D., 2017

[Signature]
A Commissioner for Oaths in and for
the Province of Alberta

Attention: Tara Hamelin

Reference Number:

1088

Eunice-Joselle Saria
A Commissioner for
Oaths in and for Alberta
My Commission expires
January 13, 2021

Pursuant to the order of the Court of Queen's Bench of Alberta dated December 6, 2016, and as may be amended or restated from time to time (the "Claims Process Order"), Ernst & Young Inc., in its capacity as Monitor of the Canada North Group, hereby gives you notice that the Canada North Group, in consultation with the Monitor, have reviewed your Proof of Claim and have revised or disallowed your Claim as follows:

	Proof of Claim as Submitted (\$CDN)	Revised Claim as accepted (\$CDN)	Secured (\$CDN)	Unsecured (\$CDN)
	\$2,643,463.85	NIL	NIL	NIL
Total Claim	\$2,643,463.85	NIL	NIL	NIL

Overview of Claim

The supporting documentation filed by Kingdom Cats Ltd. ("Cats") indicates that Cats' claim is against Kilometer 147 GP Ltd., through its limited partner Kilometer 147 LP (collectively "Km 147"), related to services provided by Cats to Km 147 at one or both of the "164 Lands" and the "166 Lands" (as defined in the materials provided in support of this claim). Cats is related to Kingdom Properties Ltd. ("Kingdom") who purports to be the tenant/ sub-landlord to Km 147 pursuant to certain Miscellaneous Land Leases ("MLL's") between Kingdom and Her Majesty the Queen, in right of the Province of Alberta (the "Crown").

Cats' claim against Canada North Camps Inc. ("CNC") was submitted in the event that Kingdom's claim for the same services performed by Cats was disallowed as Additional Rent pursuant to the sub-leases for the 164 Lands and the 166 Lands.

Reason for the Revision or Disallowance

The claim is disallowed in full. The reasons for the disallowance are set out below. Some constitute overarching reasons that apply to the entirety of the claim and others relate to the individual components

of the claim. There is no claim upon which interest or costs can accrue; and therefore any claim for interest or costs is also disallowed.

1. General –

- a. The claim is disputed by CNC by way of a Statement of Defence and Counterclaim in Court of Queen's Bench of Alberta action number 1603 21142 (the "Action"). The claims made by Cats and/or Kingdom in the Action are to date unproven, and remain contested as a result of the defences and counterclaim put forward by CNC in the Action;
 - b. Pursuant to the respective terms of the MLLs relating to the 166 Lands and the 164 Lands (in particular paragraph 9), Kingdom was prohibited from entering into sub-lease arrangements without the express written consent of the Crown. No documentation evidencing that Kingdom obtained the express written consent from the Crown with respect to this MLL has been provided; and it is understood that no consent from the Crown was in fact obtained. Accordingly, Kingdom lacked the capacity to grant the sub-leases to Km 147. With the sub-leases on the 164 Lands and 166 Lands being invalid, neither Indemnity Agreement allegedly provided by CNC in respect of Km 147 obligations under those sub-leases is valid and therefore are not triggered by this claim. Accordingly, there can be no claim for Additional Rent under invalid leases nor against CNC pursuant to an Indemnity Agreement; and
 - c. In the further alternative, we are advised that Km 147 and CNC disagree with and dispute the services provided and the quantum of charges related to any such services (which matter may be resolved as between Cats and Km 147 at some future date if necessary).
2. Contracted services – The material submitted in support for this claim indicates that all of the work performed by Cats was for Km 147. The agreements for the services were between Cats and Km 147. Cats claim for any unpaid amounts is properly brought against Km 147. The Indemnity Agreement re: the 164 Lands is not executed and therefore not valid. The Indemnity Agreement re: the 166 Lands only related to the obligations of Km 147 to Kingdom (if any and any such obligations are denied), not to Cats. Cats has no claim for indemnity against CNC.
3. Interest and costs – In addition to the reasons outlined in 1. and 2. above, no supporting calculations, explanations or documents were provided to support the additional amount of the claim.

As such, Cats' claim against CNC is disallowed if full.

If you do not agree with this Notice of Revision or Disallowance, please take note of the following:

If you intend to dispute a Notice of Revision or Disallowance, you must deliver:

1. **A Notice of Dispute, in the form attached hereto; and**
2. **A filed application in Court of Queen's Bench Action 1703 12327 appealing the Notice of Revision or Disallowance (the "Application")**

by prepaid registered mail, personal delivery, email (in PDF format), or courier to the address indicated herein so that such Notice of Dispute and the Application is received by the Monitor by the day that is ten (10) Business Days after the date of this Notice of Revision

or Disallowance, or such other date as may be agreed by the Monitor. The form of Notice of Dispute is attached to this Notice.

If you do not deliver a Notice of Dispute and Application by the time specified, the nature and amount of your Claim, if any, shall be as set out in this Notice of Revision or Disallowance for voting and/or distribution purposes.

Address for service of Notices of Dispute:

Ernst & Young Inc.
Court-appointed Monitor of Canada North Group
EPCOR Tower, 10423 - 101 Street, Suite 1400
PO Box 44
Edmonton, Alberta T5H 0E7

Attention: Franca Mazzulla
Email: canadanorthgroup.monitor@ca.ey.com
Phone: 1-855-943-4472
Fax: 780-229-2997

IF YOU FAIL TO TAKE ACTION WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

DATED at Toronto, this 16th day of February, 2018.

ERNST & YOUNG INC.

In its capacity as Court-appointed Monitor
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.

Per:



NOTICE OF DISPUTE
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. (collectively, the "Canada North Group")

Pursuant to the order of the Court of Queen's Bench of Alberta dated December 6, 2017, and as may be amended or restated from time to time (the "Claims Process Order"), I/we hereby give you notice of my/our intention to dispute the Notice of Revision or Disallowance bearing Reference Number _____ and dated _____, 201_ issued by Ernst & Young Inc., in its capacity as Monitor of the Canada North Group in respect of my/our Claim.

Full Legal Name of Claimant: _____

	Proof of Claim as Submitted (\$CDN)	Revised Claim as accepted (\$CDN)	Secured (\$CDN)	Unsecured (\$CDN)
Total Claim				

Reasons for Dispute (attach additional sheet and copies of supporting documentation if necessary):

Signature of Individual: _____

Date: _____

(Print name): _____

Telephone number: _____

Facsimile number: _____

Email address:

Mailing Address:

This form and supporting documentation is to be returned by prepaid registered mail, personal delivery, email (in PDF format), or courier to the address indicated herein and is to be received by the Monitor by the day that is ten (10) Business Days after the date of the Notice of Revision or Disallowance or such other date as may be agreed to by the Monitor.

Where this Notice of Dispute is being submitted electronically, please submit one PDF file with the file name as follows: [legal name of Claimant]poc dispute.pdf. If you submit your Notice of Dispute electronically and you do not receive an email confirming receipt of your Notice of Dispute and Application within one (1) business day of submitting the Notice of Dispute and Application, your Notice of Dispute and Application has not been successfully received by the Monitor and you should submit your Notice of Dispute and Application using an alternative method.

Address for service of Notices of Dispute:

Ernst & Young Inc.
Court-appointed Monitor of Canada North Group
EPCOR Tower, 10423 - 101 Street, Suite 1400
PO Box 44
Edmonton, Alberta T5H 0E7

Attention: Franca Mazzulla
Email: canadanorthgroup.monitor@ca.ey.com
Phone: 1-855-943-4472
Fax: 780-229-2997

**NOTICE OF REVISION OR DISALLOWANCE
OF CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING
LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. and 1919209 ALBERTA LTD.
(collectively, the "Canada North Group")**

Full Name of Claimant: **Kingdom Properties Ltd.
c/o Bishop & McKenzie
2300, 10180 – 101 Street
Manulife Place
Edmonton, AB T5J 1V3**

Attention: Tara Hamelin

Reference Number: **1089**

Pursuant to the order of the Court of Queen's Bench of Alberta dated December 6, 2016, and as may be amended or restated from time to time (the "Claims Process Order"), Ernst & Young Inc., in its capacity as Monitor of the Canada North Group, hereby gives you notice that the Canada North Group, in consultation with the Monitor, have reviewed your Proof of Claim and have revised or disallowed your Claim as follows:

	Proof of Claim as Submitted (\$CDN)	Revised Claim as accepted (\$CDN)	Secured (\$CDN)	Unsecured (\$CDN)
	\$357,362.01	NIL	NIL	NIL
Total Claim	\$357,362.01	NIL	NIL	NIL

Overview of Claim

The supporting documentation filed by Kingdom Properties Ltd. ("Kingdom") indicates that Kingdom's claim is principally against Kilometer 147 GP Ltd., through its limited partner Kilometer 147 LP (collectively "Km 147"), related to sub-leases entered into between Kingdom and Km 147 for each of the "164 Lands" and the "166 Lands" (as defined in the material provided in support of this claim) and certain related ancillary services. Kingdom is the tenant/ purported sub-landlord pursuant to certain Miscellaneous Land Leases ("MLL's") between Kingdom and Her Majesty the Queen, in right of the Province of Alberta (the "Crown") for each of the 164 Lands and the 166 Lands.

Kingdom's claim against Canada North Camps Inc. ("CNC") is based on two separate indemnity agreements (each an "Indemnity Agreement") allegedly executed by CNC in favour of Kingdom with respect to Km 147's obligations to Kingdom pursuant to each of the specific sub-leases for the 164 Lands and the 166 Lands.

Reason for the Revision or Disallowance

The claim is disallowed in full. The reasons for the disallowance are set out below. Some constitute overarching reasons that apply to the entirety of the claim and others relate to the individual components

of the claim. There is no claim upon which interest or costs can accrue; and therefore any claim for interest or costs is also disallowed.

1. General

(a) – The claim is disputed by CNC by way of a Statement of Defence and Counterclaim in Court of Queen's Bench of Alberta action number 1603 21142 (the "Action"). The claims made by Kingdom in the Action are to date unproven, and remain contested as a result of the defences and counterclaim put forward by CNC in the Action;

(b) - Pursuant to the respective terms of the MLLs relating to the 166 Lands and the 164 Lands (in particular paragraph 9), Kingdom was prohibited from entering into sub-lease arrangements without the express written consent of the Crown. No documentation evidencing that Kingdom obtained the express written consent from the Crown with respect to this MLL has been provided; and it is understood that no consent from the Crown was in fact obtained. Accordingly, Kingdom lacked the capacity to grant the sub-leases to Km 147, who acquired no right to possession of the 164 and 166 Lands: and

(c) - Related to point (b) above, the sub-leases in respect of the 166 Lands and the 164 Lands are void as against public policy due to their primary purposes being to generate revenue for Kingdom. Crown policies state that any subleasing of Crown lands must not be for the purposes of revenue generation.

2. Property Taxes – The material submitted in support for this claim does not provide sufficient detail of the time frame to which the alleged tax arrears relate nor to any allocation across the 164 Lands, the 166 Lands or any other parcel covered by this roll number. In fact, it appears that the 166 Lands are located outside the parameters of this roll number. In addition to the reasons outlined in 1. above, to the extent that any such taxes relate to the purported sub-lease for the 164 Lands (which appears to be the case given the legal description), the Indemnity Agreement re: the 164 Lands is not executed and therefore not valid. Further, there can be no claim for property taxes as against CNC regarding the 166 Lands. Km 147 does not have any obligations to Kingdom pursuant to the invalid sub-lease regarding the 166 Lands so there can be no claim on the applicable Indemnity Agreement executed by CNC.
3. Sub-lease expired - Alternatively, even if the sub-lease with respect to the 166 Lands was valid (and for the reasons noted above, it is considered invalid) and the taxes related to the 166 Lands (which they do not appear to), that sub-lease was terminated in April, 2016. No documentation has been provided to demonstrate that Km 147 has any obligation or responsibility for property taxes relating to the 166 Lands for the period after April, 2016. The Indemnity with respect to the 166 Lands only related to Km 147's specific obligations pursuant to the sub-lease for the 166 Lands (which, for the reasons noted above, is considered to be invalid). Accordingly, even if Km 147 does have obligations to Kingdom for property taxes after the expiry of the sub-lease, the Indemnity does not apply.
4. Interest and costs – In addition to the reasons outlined in 1. to 3. above, no supporting calculations, explanations or documents were provided to support the additional amount of the claim.

As such, Kingdom's claim against CNC is disallowed if full.

If you do not agree with this Notice of Revision or Disallowance, please take note of the following:

If you intend to dispute a Notice of Revision or Disallowance, you must deliver:

1. **A Notice of Dispute, in the form attached hereto; and**
2. **A filed application in Court of Queen's Bench Action 1703 12327 appealing the Notice of Revision or Disallowance (the "Application")**

by prepaid registered mail, personal delivery, email (in PDF format), or courier to the address indicated herein so that such Notice of Dispute and the Application is received by the Monitor by the day that is ten (10) Business Days after the date of this Notice of Revision or Disallowance, or such other date as may be agreed by the Monitor. The form of Notice of Dispute is attached to this Notice.

If you do not deliver a Notice of Dispute and Application by the time specified, the nature and amount of your Claim, if any, shall be as set out in this Notice of Revision or Disallowance for voting and/or distribution purposes.

Address for service of Notices of Dispute:

Ernst & Young Inc.
Court-appointed Monitor of Canada North Group
EPCOR Tower, 10423 - 101 Street, Suite 1400
PO Box 44
Edmonton, Alberta T5H 0E7

Attention: Franca Mazzulla
Email: canadanorthgroup.monitor@ca.ey.com
Phone: 1-855-943-4472
Fax: 780-229-2997

IF YOU FAIL TO TAKE ACTION WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

DATED at Toronto, this 16th day of February, 2018.

ERNST & YOUNG INC.

In its capacity as Court-appointed Monitor of Canada North Group Inc., Canada North Camps Inc., Campecorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd. And 1919209 Alberta Ltd.

Per:



NOTICE OF DISPUTE
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. (collectively, the "Canada North Group")

Pursuant to the order of the Court of Queen's Bench of Alberta dated December 6, 2017, and as may be amended or restated from time to time (the "Claims Process Order"), I/we hereby give you notice of my/our intention to dispute the Notice of Revision or Disallowance bearing Reference Number _____ and dated _____, 201_ issued by Ernst & Young Inc., in its capacity as Monitor of the Canada North Group in respect of my/our Claim.

Full Legal Name of Claimant: _____

	Proof of Claim as Submitted (\$CDN)	Revised Claim as accepted (\$CDN)	Secured (\$CDN)	Unsecured (\$CDN)
Total Claim				

Reasons for Dispute (attach additional sheet and copies of supporting documentation if necessary):

Signature of Individual: _____

Date: _____

(Print name): _____

Telephone number: _____

Facsimile number: _____

Email address:

Mailing Address:

This form and supporting documentation is to be returned by prepaid registered mail, personal delivery, email (in PDF format), or courier to the address indicated herein and is to be received by the Monitor by the day that is ten (10) Business Days after the date of the Notice of Revision or Disallowance or such other date as may be agreed to by the Monitor.

Where this Notice of Dispute is being submitted electronically, please submit one PDF file with the file name as follows: [legal name of Claimant]poc dispute.pdf. If you submit your Notice of Dispute electronically and you do not receive an email confirming receipt of your Notice of Dispute and Application within one (1) business day of submitting the Notice of Dispute and Application, your Notice of Dispute and Application has not been successfully received by the Monitor and you should submit your Notice of Dispute and Application using an alternative method.

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**NOTICE OF REVISION OR DISALLOWANCE
OF CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING
LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. and 1919209 ALBERTA LTD.
(collectively, the "Canada North Group")**

Full Name of Claimant: **Kingdom Properties Ltd.
c/o Bishop & McKenzie
2300, 10180 – 101 Street
Manulife Place
Edmonton, AB T5J 1V3**

Attention: Tara Hamelin

Reference Number: **1090**

Pursuant to the order of the Court of Queen's Bench of Alberta dated December 6, 2016, and as may be amended or restated from time to time (the "Claims Process Order"), Ernst & Young Inc., in its capacity as Monitor of the Canada North Group, hereby gives you notice that the Canada North Group, in consultation with the Monitor, have reviewed your Proof of Claim and have revised or disallowed your Claim as follows:

	Proof of Claim as Submitted (\$CDN)	Revised Claim as accepted (\$CDN)	Secured (\$CDN)	Unsecured (\$CDN)
	\$14,775,693.70	NIL	NIL	NIL
Total Claim	\$14,775,693.70	NIL	NIL	NIL

Overview of Claim

The supporting documentation filed by Kingdom Properties Ltd. ("Kingdom") indicates that Kingdom's claim is principally against Kilometer 147 GP Ltd., through its limited partner Kilometer 147 LP (collectively "Km 147"), related to sub-leases entered into between Kingdom and Km 147 for each of the "164 Lands" and the "166 Lands" (as defined in the material provided in support of this claim) and certain related ancillary services. Kingdom is the tenant/ purported sub-landlord pursuant to certain Miscellaneous Land Leases ("MLL's") between Kingdom and Her Majesty the Queen, in right of the Province of Alberta (the "Crown") for each of the 164 Lands and the 166 Lands.

Kingdom's claim against Canada North Camps Inc. ("CNC") is based on two separate indemnity agreements (each an "Indemnity Agreement") allegedly executed by CNC in favour of Kingdom with respect to Km 147's obligations to Kingdom pursuant to each of the specific sub-leases for the 164 Lands and the 166 Lands.

Based on the Affidavit provided in support of the claim, Kingdom's claim is broken into 6 components, not including interest claimed on the outstanding balance, which are identified below.

Reason for the Revision or Disallowance

The claim is disallowed in full. The reasons for the disallowance are set out below. Some constitute overarching reasons that apply to the entirety of the claim and others relate to the individual components of the claim. There is no claim upon which interest or costs can accrue; and therefore any claim for interest or costs is also disallowed.

1. General

(a) – The claim is disputed by CNC by way of a Statement of Defence and Counterclaim in Court of Queen's Bench of Alberta action number 1603 21142 (the "Action"). The claims made by Kingdom in the Action are to date unproven, and remain contested as a result of the defences and counterclaim put forward by CNC in the Action;

(b) - Pursuant to the respective terms of the MLLs relating to the 166 Lands and the 164 Lands (in particular paragraph 9), Kingdom was prohibited from entering into sub-lease arrangements without the express written consent of the Crown. No documentation evidencing that Kingdom obtained the express written consent from the Crown with respect to this MLL has been provided; and it is understood that no consent from the Crown was in fact obtained. Accordingly, Kingdom lacked the capacity to grant the sub-leases to Km 147, who acquired no right to possession of the 164 and 166 Lands. As a result, any payments made by Km 147 were made under a mistake and may be recoverable from Kingdom. With the sub-leases on the 164 Lands and 166 Lands being invalid, neither Indemnity Agreement allegedly provided by CNC in respect of Km 147 obligations under those sub-leases is valid and therefore are not triggered by this claim (even if they existed, which is not accepted in the case of the sub-lease on the 164 Lands). Accordingly, there can be no claim on the alleged Indemnity Agreement as against CNC;

(c) – Related to point (b) above, Kingdom is not permitted to profit from an illegal sub-lease. The MLL relating to the 166 Lands requires Kingdom to pay the sum of \$4,569.24 immediately and thereafter the annual sum of \$775.80 as rent. The MLL relating to the 164 Lands requires Kingdom to pay the sum of \$5,014.24 immediately and thereafter the annual sum of \$808.80 as rent. Given such MLL rental figures and the amounts paid to Kingdom by Km 147, Kingdom has no losses or damages;

(d) – Related to points (b) and (c) above, the sub-leases in respect of the 166 Lands and the 164 Lands are void as against public policy due to their primary purposes being to generate revenue for Kingdom. Crown policies state that any subleasing of Crown lands must not be for the purposes of revenue generation.

2. Rental arrears re: 166 Lands – For the reasons as are set out in 1. above, there can be no claim for rental arrears as against CNC. Km 147 does not have any obligations to Kingdom pursuant to the sub-lease so there can be no claim on the applicable Indemnity Agreement executed by CNC.
3. Rental arrears re: 164 Lands – In addition to disallowing this portion of the claim for the same reason as noted in 1. above, the Indemnity Agreement included as a Schedule in the sub-lease respecting the 164 Lands between Kingdom and CNC is unsigned. No Indemnity Agreement executed by CNC in respect of Km 147's obligations under the sublease respecting the 164 Lands was provided. Thus, no claim for indemnity from CNC in respect of the 164 Lands has been proven.
4. Accelerated rent re: 166 Lands – For the same reason as noted in 1. above, there can be no valid claim for accelerated rent owing by Km 147, and in turn CNC, in respect of the 166 Lands.

5. Damages for the unexpired term re: 166 Lands - In addition to disallowing this portion of the claim for the same reason as noted in 1. above, even if that was not the case, Kingdom has not provided any evidence of its efforts to mitigate its damages, if any (which damages are again denied per 1. above) and, accordingly, Kingdom is not permitted in the circumstances to claim damages for lost rent through to October 2023. Further, Kingdom cannot claim for damages for the months between November 2016 and March 2017 while also claiming for rent for the 'second camp' (referenced in the materials in support of the claim) during that period of time.
6. Contracted services – The material submitted in support for this portion of the claim indicates that all of the work performed for Km 147 was undertaken by Kingdom Cat Ltd. ("Cat"). The agreements for the services were between Cat and Km 147. As such, Km 147 was never obligated to Kingdom and that it is Cat to whom Km 147 is indebted for such work or services. The Indemnity Agreement re: the 164 Lands is not executed and therefore not valid. The Indemnity Agreement re: the 166 Lands only related to the obligations of Km 147 to Kingdom, not to Cat.
7. Rent for Second Camp re: 166 Lands – In addition to the reasons set out in 1. above, there is no documentation providing any evidence of what arrangements were put in place for the payment of rent by Km 147 for this period. Further, the Indemnity Agreement only related to Km 147's specific obligations pursuant to the specific sub-lease for the 166 Lands (which, for the reasons noted above, is considered to be invalid). Accordingly, even if Km 147 does have obligations to Kingdom for this 'second camp', the Indemnity Agreement executed by CNC does not apply since the sub-lease for the 166 Lands was invalid. Alternatively, even if the sub-lease with respect to the 166 Lands was valid (and for the reasons noted above, it is considered invalid), that sub-lease was terminated in April 2016, prior to Km 147 allegedly re-entering the 166 Lands to operate a camp on those Lands between November 2016 and March 2017.
8. Interest and costs – In addition to the reasons outlined in 1. to 7. above, no supporting calculations, explanations or documents were provided to support the additional amount of the claim.

As such, Kingdom's claim against CNC is disallowed if full.

If you do not agree with this Notice of Revision or Disallowance, please take note of the following:

If you intend to dispute a Notice of Revision or Disallowance, you must deliver:

1. **A Notice of Dispute, in the form attached hereto; and**
2. **A filed application in Court of Queen's Bench Action 1703 12327 appealing the Notice of Revision or Disallowance (the "Application")**

by prepaid registered mail, personal delivery, email (in PDF format), or courier to the address indicated herein so that such Notice of Dispute and the Application is received by the Monitor by the day that is ten (10) Business Days after the date of this Notice of Revision or Disallowance, or such other date as may be agreed by the Monitor. The form of Notice of Dispute is attached to this Notice.

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IF YOU FAIL TO TAKE ACTION WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

DATED at Toronto, this 16th day of February, 2018.

ERNST & YOUNG INC.

In its capacity as Court-appointed Monitor
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.

Per:



NOTICE OF DISPUTE
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. (collectively, the "Canada North Group")

Pursuant to the order of the Court of Queen's Bench of Alberta dated December 6, 2017, and as may be amended or restated from time to time (the "Claims Process Order"), I/we hereby give you notice of my/our intention to dispute the Notice of Revision or Disallowance bearing Reference Number _____ and dated _____, 201_ issued by Ernst & Young Inc., in its capacity as Monitor of the Canada North Group in respect of my/our Claim.

Full Legal Name of Claimant: _____

	Proof of Claim as Submitted (\$CDN)	Revised Claim as accepted (\$CDN)	Secured (\$CDN)	Unsecured (\$CDN)
Total Claim				

Reasons for Dispute (attach additional sheet and copies of supporting documentation if necessary):

Signature of Individual: _____

Date: _____

(Print name): _____

Telephone number: _____

Facsimile number: _____

Email address:

Mailing Address:

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Attention: Franca Mazzulla
Email: canadanorthgroup.monitor@ca.ey.com
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**NOTICE OF REVISION OR DISALLOWANCE
OF CANADA NORTH CAMPS INC., CAMPCORP STRUCTURES LTD., D.J. CATERING
LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. and 1919209 ALBERTA LTD.
(collectively, the "Canada North Group")**

Full Name of Claimant: **Kingdom Properties Ltd.
Kingdom Lodge GP Ltd.
Kingdom Lodge LP Holdings Ltd.
c/o Bishop & McKenzie
2300, 10180 – 101 Street
Manulife Place
Edmonton, AB T5J 1V3**

Attention: Tara Hamelin

Reference Number: **1091**

Pursuant to the order of the Court of Queen's Bench of Alberta dated December 6, 2016, and as may be amended or restated from time to time (the "Claims Process Order"), Ernst & Young Inc., in its capacity as Monitor of the Canada North Group, hereby gives you notice that the Canada North Group, in consultation with the Monitor, have reviewed your Proof of Claim and have revised or disallowed your Claim as follows:

	Proof of Claim as Submitted (\$CDN)	Revised Claim as accepted (\$CDN)	Secured (\$CDN)	Unsecured (\$CDN)
	\$111,685.32	NIL	NIL	NIL
Total Claim	\$111,685.32	NIL	NIL	NIL

Overview of Claim

The supporting documentation filed by Kingdom Properties Ltd., Kingdom Lodge GP Ltd. and Kingdom Lodge LP Holdings Ltd. (collectively "Kingdom") indicates that Kingdom's claim is principally against Kilometer 147 GP Ltd., through its limited partner Kilometer 147 LP (collectively "Km 147"), related to sub-leases entered into between Kingdom and Km 147 for each of the "164 Lands" and the "166 Lands" (as defined in the material provided in support of this claim) and certain related ancillary services. Kingdom is the tenant/ purported sub-landlord pursuant to certain Miscellaneous Land Leases ("MLL's") between Kingdom and Her Majesty the Queen, in right of the Province of Alberta (the "Crown") for each of the 164 Lands and the 166 Lands.

Kingdom's claim against Canada North Camps Inc. ("CNC") is based on two separate indemnity agreements (each an "Indemnity Agreement") allegedly executed by CNC in favour of Kingdom with respect to Km 147's obligations to Kingdom pursuant to each of the specific sub-leases for the 164 Lands and the 166 Lands.

Reason for the Revision or Disallowance

The claim is disallowed in full. The reasons for the disallowance are set out below. Some constitute overarching reasons that apply to the entirety of the claim and others relate to the individual components of the claim. There is no claim upon which interest or costs can accrue; and therefore any claim for interest or costs is also disallowed.

1. General

(a) – The claim is disputed by CNC by way of a Statement of Defence and Counterclaim in Court of Queen's Bench of Alberta action number 1603 21142 (the "Action"). The claims made by Kingdom in the Action are to date unproven, and remain contested as a result of the defences and counterclaim put forward by CNC in the Action;

(b) - Pursuant to the respective terms of the MLLs relating to the 166 Lands and the 164 Lands (in particular paragraph 9), Kingdom was prohibited from entering into sub-lease arrangements without the express written consent of the Crown. No documentation evidencing that Kingdom obtained the express written consent from the Crown with respect to this MLL has been provided; and it is understood that no consent from the Crown was in fact obtained. Accordingly, Kingdom lacked the capacity to grant the sub-leases to Km 147, who acquired no right to possession of the 164 and 166 Lands; and

(c) - Related to point (b) above, the sub-leases in respect of the 166 Lands and the 164 Lands are void as against public policy due to their primary purposes being to generate revenue for Kingdom. Crown policies state that any subleasing of Crown lands must not be for the purposes of revenue generation.

2. Utility charges – The material submitted in support for this claim does not provide sufficient detail of the specific costs incurred or to be incurred nor any allocation across the 164 Lands, the 166 Lands or any other parcel of land to which this utility infrastructure relates.
3. Sub-leases are invalid - In addition to the reasons outlined in 1. above, to the extent that any such costs relate to the purported sub-lease for the 164 Lands, the Indemnity Agreement re: the 164 Lands is not executed and therefore not valid. Further, there can be no claim for such costs as against CNC regarding the 166 Lands. Km 147 does not have any obligations to Kingdom pursuant to the invalid sub-lease regarding the 166 Lands so there can be no claim on the applicable Indemnity Agreement executed by CNC.
4. Sub-lease expired - Alternatively, even if the sub-lease with respect to the 166 Lands was valid (and for the reasons noted above, it is considered invalid), that sub-lease was terminated in April, 2016. No documentation has been provided to demonstrate that Km 147 has any obligation or responsibility for any costs whatsoever relating to the 166 Lands for the period after April, 2016. The Indemnity with respect to the 166 Lands only related to Km 147's specific obligations pursuant to the sub-lease for the 166 Lands (which, for the reasons noted above, is considered to be invalid). Accordingly, even if Km 147 does have obligations to Kingdom for utility costs after the expiry of the sub-lease, the Indemnity does not apply.
5. Interest and costs – In addition to the reasons outlined in 1. to 4. above, no supporting calculations, explanations or documents were provided to support the additional amount of the claim.

As such, Kingdom's claim against CNC is disallowed in full.

If you do not agree with this Notice of Revision or Disallowance, please take note of the following:

If you intend to dispute a Notice of Revision or Disallowance, you must deliver:

1. **A Notice of Dispute, in the form attached hereto; and**
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by prepaid registered mail, personal delivery, email (in PDF format), or courier to the address indicated herein so that such Notice of Dispute and the Application is received by the Monitor by the day that is ten (10) Business Days after the date of this Notice of Revision or Disallowance, or such other date as may be agreed by the Monitor. The form of Notice of Dispute is attached to this Notice.

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ERNST & YOUNG INC.

In its capacity as Court-appointed Monitor
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.

Per:



NOTICE OF DISPUTE
OF CANADA NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP
STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD.
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Full Legal Name of Claimant: _____

	Proof of Claim as Submitted (\$CDN)	Revised Claim as accepted (\$CDN)	Secured (\$CDN)	Unsecured (\$CDN)
Total Claim				

Reasons for Dispute (attach additional sheet and copies of supporting documentation if necessary):

Signature of Individual: _____

Date: _____

(Print name): _____

Telephone number: _____

Facsimile number: _____

Email address:

Mailing Address:

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Phone: 1-855-943-4472
Fax: 780-229-2997

Darcy McAllister

From: Tara Hamelin <THamelin@bmlp.ca>
Sent: October-03-18 3:20 PM
To: Darcy McAllister
Cc: Michele Jamieson
Subject: RE: Kingdom Properties v. 726 Modular Finance et al.

Darcy,

I have now returned from my sabbatical leave and have had an opportunity to canvass the issues referred to in your email. My own notes of the proceedings before Justice Nielsen in October, 2017 indicate that Justice Nielsen deferred making a decision with respect to your application, although an informal, temporary stay was directed until the January application in the CCAA proceedings. No order was entered staying proceedings as against 726, and no further application was brought to extend the stay beyond that point. As such, it is our position that there is no stay in place which would preclude moving forward with our special chambers application for summary judgment.

With respect to your stated concerns regarding your client's ability to assess the quantum aspect of the claim, certainly it has had sufficient time in the year following your application to make those inquiries with the McCrackens, particularly given that matters have substantially wound down over the past six months. If your client genuinely has no access to that information, then you are of course at liberty to make that known to the justice hearing the special chambers application.

Please advise if you wish to discuss this further.

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Bishop & McKenzie

This is Exhibit "F" referred to in the
Affidavit of
Georgina McMinin
Sworn before me this 9th 10/18/19 day
of October 28 A.D., 20 19
[Signature]
A Commissioner for Oaths in and for
the Province of Alberta

Eunice Jeselle Saric
A Commissioner for
Oaths in and for Alberta
My Commission expires
January 13, 2021