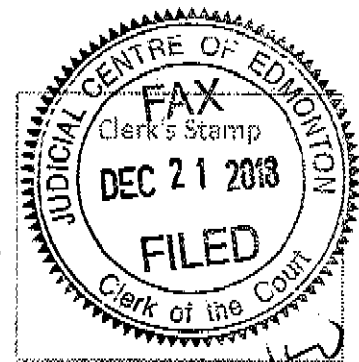


COURT FILE NUMBER 1703-12327
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON



*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.

DOCUMENT AFFIDAVIT

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Jensen Shawa Solomon Duguid Hawkes LLP
800, 304 - 8 Avenue SW
Calgary, Alberta T2P 1C2

Christa Nicholson
Zao Han
Tel: 403 571 1520
Fax: 403 571 1528
File: 11396-384

AFFIDAVIT OF GULNARA MACHITOVA
SWORN (OR AFFIRMED) ON DECEMBER 20, 2018.

I, Gulnara Machitova, of Calgary, Alberta, SWEAR/AFFIRM AND SAY THAT:

1. I am over the age of 18 years and I am not in any way related to any of the parties to the within action. I am a legal assistant employed by Jensen Shawa Solomon Duguid Hawkes LLP ("JSS Barristers"), counsel to the Applicants, 726 Modular Finance Ltd., 726 Remote Accommodations, Ltd. and Reliant Asset Management, LLC (collectively, "726") and as such have personal knowledge of the matters herein deposed to, except where stated to be based on information, and where so stated I believe the same to be true.
2. I have been advised by Christa Nicholson, counsel for 726 and a lawyer at JSS Barristers, that on December 7, 2018, she sent email correspondence to Darren Bleganek, counsel for Ernst & Young, and to Charles Russell, counsel for Canadian Western Bank ("CWB"), among others. Thereafter:

- (a) On December 7, 2018, Mr. Bieganek replied to that correspondence;
- (b) On December 9, 2018, Ms. Nicholson replied to Mr. Bieganek's correspondence;
- (c) On December 9, 2018, Mr. Russell responded to Ms. Nicholson's correspondence;
- (d) On December 9, 2018, Ms. Nicholson responded to Mr. Russell's correspondence;
- (e) On December 10, 2018, Mr. Russell responded to Ms. Nicholson's correspondence;
- (f) On December 10, 2018, Ms. Nicholson responded to Mr. Russell's correspondence;
and,
- (g) On December 10, 2018, Mr. Russell responded to Ms. Nicholson's correspondence.

Attached and collectively marked as **Exhibit "A"** is a copy of the email string beginning December 7, 2018 and ending December 10, 2018, as described in this paragraph.

- 3. I have been advised by Ms. Nicholson that, on December 11, 2018, she provided correspondence to Nicole Stansky at the Alberta Court of Queen's Bench. Attached hereto and marked as **Exhibit "B"** is a copy of this correspondence.
- 4. I have been advised by Ms. Nicholson that on December 12, 2018, she was served with a filed Application by CWB. Attached hereto and collectively marked as **Exhibit "C"** is a copy of the December 12, 2018 email from Erica Kiss, legal assistant to Charles Russell, and attached the Application of CWB, filed December 12, 2018, together with the service list.
- 5. I have been advised by Ms. Nicholson that on December 13, 2018, she sent correspondence to Mr. Bieganek. Mr. Bieganek replied to that correspondence in an email dated December 14, 2018. Ms. Nicholson responded to Mr. Bieganek on December 14, 2018. Mr. Russell responded to Ms. Nicholson on December 14, 2018. Ms. Nicholson responded to Mr. Russell on December 14, 2018. Mr. Russell responded to Ms. Nicholson on December 14, 2018. Attached hereto and collectively marked as **Exhibit "D"** is a copy of the email correspondence string beginning December 12, 2018 and ending December 14, 2018 as described in this paragraph.

SWORN(OR AFFIRMED) BEFORE ME at the
City of Calgary, in the Province of Alberta,
this 20 day of December, 2018.


A Commissioner for Oaths in and for
Alberta


GULNARA MACHITOVA

This is **Exhibit "A"** referred to in the Affidavit of Gulnara Machitova, sworn before me on December 20, 2018.



A Commissioner for Oaths in and for Alberta

Charlene Dione Liver
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires October 8, 2020

Gulnara Machitova

From: Chuck Russell <crussell@mross.com>
Sent: Monday, December 10, 2018 10:34 AM
To: Christa Nicholson
Cc: Darren Bieganeck; Darcy McAllister; Zao Han; Ryan Quinlan; Matt McCulloch
Subject: RE: CNC et al

Christa, I'm reluctant to debate something that I see as being without doubt. If CWB has a first security interest in the property claimed by 726 by virtue of its charge over CNC, clearly in my mind that is something that is properly before this court, which is charged with dealing with claims against CNC.

in any event, the easy answer will be if you can show that 726 got a release of the security interest from CWB, so I encourage you to answer that undertaking if you have anything that will put this to bed. If you don't, I believe the court will reach its own conclusion.

chuck

From: Christa Nicholson [<mailto:nicholsonc@jssbarristers.ca>]
Sent: Monday, December 10, 2018 8:26 AM
To: Chuck Russell
Cc: Darren Bieganeck ; Darcy McAllister ; Zao Han ; Ryan Quinlan ; Matt McCulloch
Subject: Re: CNC et al

Chuck,

As you know I wasn't present at that September application.

I continue to be of the view that the CCAA court has jurisdiction over the debtors and the property of or property claimed by the debtors. To the extent that the Bonnyville property is owned by 726 (and it appears that there is no dispute about this except regarding the related small wares and ancillary equipment), claims by CWB or otherwise in respect of such property owned by 726 are not before the CCAA court and are not the proper subject of these proceedings.

If CWB (or others like the MD) have claims against 726's property, they have their rights in the normal course in that regard. And to the extent they take steps in court proceedings to pursue such rights and they are unsuccessful, they are liable to 726 for 726's costs.

I (Darcy too) would be happy to discuss this with you and Darren in the event you think I am wrong and can convince me of the same. Otherwise, if you are not willing to relent, it seems to me that we will need to return to Justice Hillier so we can all make our arguments, especially because I am not currently retained regarding Bonnyville.

I look forward to hearing back.

Regards,

Christa

On Dec 10, 2018, at 7:50 AM, Chuck Russell <crussell@mross.com> wrote:

On September 6, justice hillier ordered that all matters involving 726 and others, were to be heard in early December. If there is any doubt that this is a matter that involves 726, we will need to appear before justice hillier now for clarification. Darcy was present at that application.

chuck

From: Christa Nicholson [<mailto:nicholsonc@jssbarristers.ca>]

Sent: Sunday, December 09, 2018 7:53 PM

To: Chuck Russell <crussell@mross.com>

Cc: Darren Bieganek <dbieganek@dcclp.com>; Darcy McAllister <dmcallister@mcallisterllp.com>; Zao Han <hanz@jssbarristers.ca>; Ryan Quinlan <rquinlan@dcclp.com>; Matt McCulloch <Matt.McCulloch@ca.ey.com>

Subject: Re: CNC et al

Chuck,

Thank you for this.

Your response below illustrates the reality that this matter is not currently and properly before the court. Based on this, as we see it, the CWB (including through the Monitor) is on an unfair fishing expedition on issues not before the court. Our response to the two undertakings involving Stikeman will reflect, in part, this reality.

We would therefore reiterate my request from last Thursday evening's email to you that you and the Monitor kindly stand down from pursuing this matter in January 10 and 11 and refrain from addressing it in the briefs. As I have explained, my retainer does not extend to this issue which is not before the court. (Whether this issue (of CWB's security encumbering from prior to the sale to my client the Bonnyville Assets) can ever properly be brought before the CCAA court is not something I would concede either).

Further, while I could not hear well at the past appearance before Mr. Justice Hillier when I attended by conference call, as I noted on the record during that appearance, Darcy advises that contrary to Darren's assertion, he does not believe this issue was raised before His Lordship - if it would have been, Darcy and I could have sought instructions as to how it should be dealt with at our end. If this point is going to continue to be pressed by the Monitor/CWB in these circumstances, we will need to order the transcript. On this, could you kindly advise us if you continue to take the position that it was raised at that court appearance? Thank you.

In short and further to my email of Thursday evening, may we please have your agreement not to proceed with this matter in the briefs and the January hearing. We hope that you can do this so the matter can be resolved among us (at least for the purposes of the briefs and the January hearing dates) without the need to return to court on an urgent basis this week.

We look forward to hearing back.

Thank you.

Regards,

Christa

On Dec 9, 2018, at 7:01 PM, Chuck Russell <crussell@mross.com> wrote:

Until we know what your client did on seeking a release of security from cwb we don't know whether we will press this issue.

chuck

From: Christa Nicholson [<mailto:nicholsonc@jssbarristers.ca>]
Sent: Sunday, December 09, 2018 1:25 PM
To: Chuck Russell <crussell@mross.com>
Cc: Darren Bieganek <dbieganek@dcllp.com>; Darcy McAllister <dmcallister@mcallisterllp.com>; Zao Han <hantz@jssbarristers.ca>; Ryan Quinlan <rquinlan@dcllp.com>; Matt McCulloch <Matt.McCulloch@ca.ey.com>
Subject: Re: CNC et al

Darren,

As we consider your response and that of Chuck, can you please advise as to whether the Monitor (or CWB) has filed an application respecting the relief being sought on January 11 and 12. If so, can you please provide it. We have been looking on the EY website to no avail. We look forward to hearing back at your very earliest opportunity. Thank you.

Regards,

Christa

On Dec 8, 2018, at 8:49 AM, Chuck Russell <crussell@mross.com> wrote:

I completely agree with Darren's points.

chuck

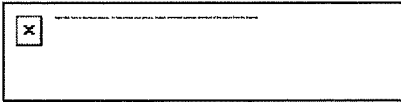
Chuck Russell, Q.C. | Partner | direct 780.482.9115 | toll free 1.800.567.9200
780.733.9757

McLennan Ross LLP | www.mross.com | [Biography](#) | [Member of Meritas](#)
600 McLennan Ross Building, 12220 Stony Plain Road, Edmonton, AB T5N 3Y4

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Christa Nicholson
Partner
Direct: 403 571 1053
Bio: [Christa Nicholson](#)

Jensen Shawa Solomon Duguid Hawkes LLP



T 403 571 1520 F 403 571 1528 800, 304 - 8 Avenue SW, Calgary, Alberta T2P 1C2 www.jssbarristers.ca

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From: Darren Bieganek [<mailto:dbieganek@dcllp.com>]
Sent: Friday, December 07, 2018 2:07 PM
To: nicholsonc@jssbarristers.ca
Cc: Chuck Russell <crussell@mross.com>; Darcy McAllister <dmcallister@mcallisterllp.com>; hanz@jssbarristers.ca; Ryan Quinlan <rquinlan@dcllp.com>; Matt McCulloch <Matt.McCulloch@ca.ey.com>
Subject: RE: CNC et al

Christa,

I am somewhat surprised at both the content and tone of your e-mail. Your position is also not entirely clear from your e-mail. My understanding of your e-mail is that you are trying to tell us that you are not prepared to answer the two undertakings given by Mr. Roman regarding generally whether a release of interest of the CWB security on the Bonnyville assets was requested or received. We do not accept your reasons for declining to answer as valid for the following reasons:

1. On the question of ownership of the Bonnyville assets claimed, as the Monitor noted in its 17th Report filed September 10, 2018, at paragraph 23:

"The Monitor and its counsel reviewed the information and documents provided by 726, and considered the comments of Management, and has advised 726 that the Monitor does not anticipate challenging 726's ownership claim in respect of the claimed assets on the Bonnyville camp site, unless there is a material change in relation to the information or documents that comes to light to alter the accuracy and/or legitimacy of the information obtained and reviewed to date, the Monitor understands that 726 will be putting forward an Affidavit setting out the relative information and documents in respect of its ownership claims on or before October 5, 2018, and as such, the Monitor has not included any documents provided to the Monitor by 726 in this Report."

At that time, the Monitor's appreciation was that the only items claimed by 726 Remote Accommodations ("726") were the serial numbered units outlined in the Bill of Sale. Nothing more. At that time, no claim for "small wares" had yet been advanced or articulated by 726 and no claim for the ancillary equipment of walkways, electrical panels, wastewater systems, potable water systems, lights, lift stations, car plugs ("Ancillary

equipment”) had been advanced . Indeed the small wares claim was only advanced in Mr. Roman’s October 4th Affidavit and the Ancillary Equipment claim was just advanced in the Affidavit of November 27th!

In terms of the Monitor’s position on ownership:

- a) Nothing has changed from its perspective in respect of the serial numbered units listed in the Bill of Sale from CNC to 726. \$20,000,000.00 plus tax was paid for those assets. There is no dispute in that. We have asked for some clarity on the financial arrangements by way of undertaking and once that information is received and reviewed we can provide a more definitive answer on the ownership question on the serial numbered assets but it does appear that the ownership issue on the serial numbered assets is more clear now;
- b) With respect to small wares and the “ancillary equipment” now lately claimed by 726, there are issues. There is no documentation to support the acquisition of the small wares specifically nor is there any documentation, in our view, supporting the acquisition of the “ancillary equipment”. On these points there are issues of ownership which arise on the evidence and on the documents. We do not agree that those items were acquired by 726 Remote Accommodation.

2. Notwithstanding issues of ownership, at no time has the Monitor indicated that issues of priority were not on the table. Clearly, they are.

In that regard, as we see it, the priority issues are as follows (and these are not surprising):

- a) Whether CWB had security on the Bonnyville assets (among others) before they were sold to 726 by CNC and whether or not a release of interest was obtained in respect of that sale;
- b) Regardless of that, whether the CNC GSA obtained from each of the limited partnership and general partners are valid and enforceable; and
- c) Regardless of that, the municipalities, and in particular the Town of Bonnyville, have a significant property tax claim that is being asserted against the Camp in its totality which includes the assets claimed by 726. You seem to ignore that issue. If that tax claim is upheld, whichever party is successful on the priority issue is going to be faced with having either the assets, or the proceeds, visited with a pro rata portion of the tax claim. Whose ox is being gored is therefore a very relevant consideration.

You have made the unfounded statement that the issue of CWB’s pre-existing security on the assets at Bonnyville was

raised newly yesterday in the questioning before Barry Roman and have been prejudiced by an inability to question Mr. McCracken on the matter. On these points you are wrong. I raised those issues, if I recall, before Justice Hillier in case management and I questioned Mr. McCracken directly on the point. I asked him the following during his questioning:

- a) Whether CWB was the lender for CNC at the time of the Bonnyville sale transaction. He undertook to doublecheck but was reasonably certain they were;
- b) I asked him whether CNC had obtained a letter of release from CWB in respect of the transaction. He was not sure. He undertook to check with Ms. Barnhouse;
- c) I asked him where the \$20,000,000.00 went and what it was used for. I asked him if CWB received any of the money. He believed CWB had received some money and agreed, by way of undertaking, to provide me with an accounting of the proceeds.

To therefore suggest that the issue was raised for the first time in my questioning of Mr. Roman is clearly wrong. Your client was not at a disadvantage. You were present at Mr. McCracken's questioning. You had the opportunity to ask further questions arising from my questions but did not avail yourself of that opportunity. That factual issue was put squarely before him. The questions were asked. Undertakings were given to provide answers.

Ownership is one thing. Priority is another. The undertakings sought of your client and given were appropriate in the circumstances and based on questions asked and evidence given the day prior.

For the purpose of the record you act for the 726 group on this application as co-counsel with Mr. McAllister. This matter has already been delayed to accommodate that and that has also allowed 726 further opportunity to expand the breadth of its claim and the scope of the application – further increasing costs for everyone on this application. To suggest now that a simple factual issue on whether CWB provided a release of interest on collateral (or whether one was sought) is cause for delay or an issue which ought not to be raised or addressed on this application is ridiculous. That question is pretty basic and the issue fairly obvious.

I fully intend to lay out all of those issues before the Court in the brief I have been directed to file next week. The Court will not want to bifurcate this process.

I trust that an emergency court application will not be necessary to get the answers from you and that you will just knuckle down and get to it like the rest of us have to. Frankly, 726 Remote Accommodations is the party who keeps expanding the scope of its claim and from all toward appearances is the party attempting to increase costs and create delay.

Let's get on with getting the work done as directed by the court.

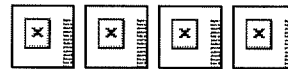
Yours truly,

Darren Bieganeck

Darren Bieganeck, LLB, QC
Partner, Insolvency, Restructuring and
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From: Christa Nicholson <nicholsonc@jssbarristers.ca>

Sent: December-07-18 8:35 AM

To: Darren Bieganeck <dbieganeck@dcllp.com>; Q. C. Charles P. Russell
<crussell@mross.com>

Cc: Darcy McAllister <dmcallister@mcallisterllp.com>; Zao Han
<hanz@jssbarristers.ca>

Subject: CNC et al

Dear Darren and Chuck,

We advise as follows:

1. This is further to these proceedings and the cross-examinations of recent days.
2. We require that Darren immediately advise us as to whether the Monitor intends to assert at the hearing that CNC owns the Bonnyville equipment (the "Question"). I understand that Darcy has previously requested from your office an answer to the Question. We renew this

request at this time and seek a definitive position now that you have the benefit of your evidence and we note that an affirmative answer will be contrary to the tenor of what has been previously conveyed to the Court by the Monitor its 17th Report.

3. We reserve our clients' right to seek to cross-examine Mr. McCracken on issues that were raised in questioning yesterday for the first time, including the issue relating to the following two undertakings:

2. (Under advisement) Provide any PPSA searches from Stikeman's file;

14. (Under advisement) Review the Stikeman file for any correspondence to CWB asking them to waive their GSA with respect to the Bonnyville equipment; [i.e. was a no-interest letter provided by CWB in favour of 726 Group in respect of the Bonnyville Assets?]

At our last attendance before Justice Hillier, Daren insisted on examining Mr. Roman subsequent to the examination of Mr. McCracken and that has left our clients' potentially disadvantaged, unless they have the opportunity to examine Mr. McCracken.

4. Regarding the undertaking requests, if the answer to the Question is in the negative, we do not see how those two undertaking requests are relevant to what is before the CCAA court and the Monitor's role which is to bring into the Applicants' estate as much value as possible, and in this regard, we further take the position set out in paragraph 5.

If you respond to the Question in the affirmative, we continue to reserve all of our clients' rights to refuse to answer these two undertakings and will advise you promptly in that regard.

5. If the Monitor is not advancing an ownership claim on behalf of CNC, we will not countenance any argument from anyone at the hearing or made in your brief or in any brief from CWB, or otherwise, relating to a claim by CWB in respect of the Bonnyville equipment in respect of which we understand CWB may hold a registered security interest. That issue is for another day in other proceedings CWB may wish to advance in connection with its security claim against the Bonnyville equipment once it is returned to its rightful owner, the 726 Group. It is not properly before the CCAA court and can't be argued and we object to the same and will seek costs against the offending party if any effort is made to advance such an argument.

6. In addition, and without derogating from the point made in paragraph 5, as you can appreciate, from my perspective, any direct claim by CWB in respect of the Bonnyville equipment (as opposed to one based on ownership rights of CNC and which didn't appear to involve certain of my clients) raises an entirely new issue in respect of

which I am not presently retained. If that issue is to ultimately be advanced, albeit in different proceedings, I will need to seek instructions in that regard and doing so will take time.

7. Needless to say, regardless of the answer to the Question, because all of the evidence is not in regarding Bonnyville, this particular issue cannot be advanced at the hearing on January 10 and 11, 2019 and will need to be set down for another day. We would request that you advise Justice Hillier accordingly. Thank you.

I look forward to hearing back.

Regards,

Christa

Christa Nicholson
Partner
Direct: 403 571 1053
Bio: Christa Nicholson

Jensen Shawa Solomon Duguid Hawkes LLP

T 403 571 1520 F 403 571 1528 800, 304 - 8 Avenue SW, Calgary, Alberta T2P 1C2
www.jssbarristers.ca

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This is **Exhibit "B"** referred to in the Affidavit of Gulnara Machitova, sworn before me on December 20, 2018.



A Commissioner for Oaths in and for Alberta

Charlene Dione Liver
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires October 8, 2020

From: Christa Nicholson
Sent: Tuesday, December 11, 2018 12:50 PM
To: 'nicole.stansky@albertacourts.ca'
Cc: Darcy McAllister; Zao Han; Ryan Quinlan; Matt McCulloch; 'Darren Bieganeck'; 'Chuck Russell'
Subject: CCAA Proceedings of Canada North Camps et al; Court of Queens Bench Action No. 1703-12327

Dear Nicole,

This is further to our telephone discussion yesterday.

As I mentioned, we are co-counsel with Darcy McAllister for 726 Modular Finance Ltd., 726 Remote Accommodations, Ltd., and Reliant Asset Management, LLC (collectively, the “726 Group”), and we are seeking to appear before Mr. Justice Hillier as soon as possible this week (my office would attend by conference call assuming that is agreeable to His Lordship).

There is currently a dispute between the 726 Group, the Monitor, and Canadian Western Bank (“CWB”) as to whether an issue (the “Issue”) is properly before the Court and is to be the subject of the January 10 and 11th hearing dates which Mr. Justice Hillier set down on November 21, 2018. The 726 Group, *inter alia*, contests the jurisdiction of the CCAA court in these proceedings to hear that Issue which the Monitor and CWB say is currently before the Court.

The Monitor and CWB disagree with the 726 Group’s position. During the course of questioning of Mr. Roman on behalf of the 726 Group, undertakings were refused by the 726 Group based, in whole or in part, on the 726 Group’s position respecting the Issue. The Monitor and CWB take issue with the refusal to provide the information. Your Lordship’s determination of the dispute will bear on whether the 726 Group must provide some or all of the answers to the undertakings refused.

Given that the Monitor’s Brief is due this Thursday, December 13th (or on the 14th if the Court so directs at the request of the Monitor), and that the

726 Group and CWB's brief is due December 20, 2018, the parties urgently need to a decision about whether the Issue is properly before the Court.

Accordingly, the 726 Group (with the knowledge of the Monitor and CWB) respectfully requests a time to be heard before His Lordship as soon as possible this week.

We look forward to hearing back. Thank you.

Regards,

Christa

This is **Exhibit "C"** referred to in the Affidavit of Gulnara Machitova, sworn before me on December 20, 2018.



A Commissioner for Oaths in and for Alberta

Charlene Dione Liver
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires October 8, 2020

Gulnara Machitova

From: Erika Kiss <ekiss@mross.com>
Sent: Wednesday, December 12, 2018 1:36 PM
To: Matt.McCulloch@ca.ey.com; dan.mcculloch@ca.ey.com; sdelblanc@bryanco.com; dbiegane@dcclp.com; rquinlan@dcclp.com; joliver@casselsbrock.com; twarner@millerthomson.com; krowan@ogilvielaw.com; APoburan@ogilvielaw.com; hferris@lawsonlundell.com; wroberts@lawsonlundell.com; lenzk@bennettjones.com; pstocco@brownleelaw.com; ndaprocida@shaw.ca; gplester@brownleelaw.com; mderendube@mltaikins.com; DNowak@mltaikins.com; DHutchison@mltaikins.com; cwebster@mltaikins.com; Steve Livingstone; pharnett@millerthomson.com; shelby@treeeater.ca; tfong@fasken.com; pwright@blackdiamondgroup.com; grace@securiguard.com; pearcemay@shaw.ca; thamelin@bmlp.ca; TAnderson@Aquatera.ca; jlawson@petersco.com; gerard.dale@gov.ab.ca; dmcallister@mcallisterllp.com; Christa Nicholson; Rachel Clarke; jjkueber@bryanco.com; don.cooper@dlapiper.com; nsmith@snyder.ca; ryan.flewelling@regentlaw.ca; Jamie Flanagan; sgraham@englaw.ca; johnfleming@shaw.ca; christcitycreative@gmail.com; bwhite@emeryjamieson.com; kkawanami@emeryjamieson.com; jstainton@mintzlaw.ca; mmccabe@rmrf.com; SFinlay@rmrf.com; JPawlyk@bmlp.ca; glen.staheli@gmail.com; brian.davison@dlapiper.com; susy.trace@dlapiper.com; jhockin@parlee.com; srohatyn@parlee.com; bsquibb@stikeman.com; davids@cimarroncamps.com; susan@cimarroncamps.com; philipharrison154@gmail.com; bradley@freedomlaw.ca; Jason@kmsc.ca; ErikC@kmsc.ca; lobay@lobaylaw.com; CommercialCoordinator.QBEdmonton@albertacourts.ca
Subject: In the Matter of a Plan of Arrangement of 667402 Alberta Ltd. et al., Court File No. 1703 12327
Attachments: Application-filed Dec 12, 2018.pdf; Service list.pdf

Good afternoon all,

Please see the attached filed application for service upon you. The application is returnable January 10, 2019.

Thank you,

Erika Kiss
Legal Assistant to Charles Russell, Q.C.



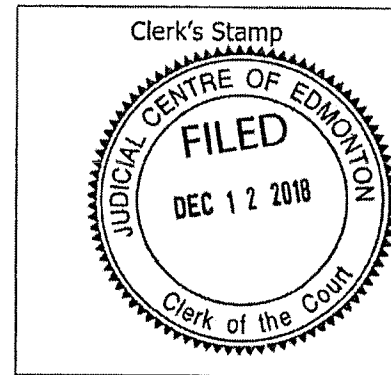
Erika Kiss | Legal Assistant | direct 780.482.9262 | toll free 1.800.567.9200 | fax 780.482.9100
McLennan Ross LLP | www.mross.com | Member of Meritas
600 McLennan Ross Building, 12220 Stony Plain Road, Edmonton, AB T5N 3Y4

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COURT FILE NO. 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.

DOCUMENT APPLICATION OF CANADIAN WESTERN BANK

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

McLENNAN ROSS LLP
#600 McLennan Ross Building
12220 Stony Plain Road
Edmonton, AB T5N 3Y4

Lawyer: Charles P. Russell, Q.C.
Telephone: (780) 482-9115
Fax: (780) 733-9757
Email: crussell@mross.com
File No.: 165813

**NOTICE TO RESPONDENTS: 726 REMOTE ACCOMMODATIONS LTD. AND 726 MODULAR
FINANCE LTD. AND RELIANT ASSET MANAGEMENT, LLC**

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

You have the right to state your side of this matter before the Justice.

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

Date: Thursday, January 10, 2019
Time: 10:00 a.m.
Where: Law Courts, 1A Sir Winston Churchill Square, Edmonton, AB T5J 0R2
Before Whom: Justice K. G. Nielsen

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 the time for service of notice of this Application and deeming service good and sufficient.
2. An Order declaring that the security interest held by Canadian Western Bank ("CWB") over the personal property of Canada North Camps Ltd. ("CNC"), now known as 18512398 Alberta Ltd., has not been released in the transfer of assets by CNC to 726 Remote Accommodations Ltd. and 726 Modular Finance Ltd. and Reliant Asset Management, LLC (collectively "726"), and that such assets remain subject to the security interest of CWB.
3. Such further and other relief as counsel may advise and as this Honourable Court may deem fit.

Grounds for making this application:

4. CWB had in December 2014 and continues to have a first security interest in the personal property of CNC.
5. The assets purportedly transferred to 726 by CNC in December 2014 and thereafter, remain subject to the security interest of CWB, as CWB has not released its interest in such assets.
6. Such further and other grounds as may appear at the motion.

Material or evidence to be relied on:

7. Affidavits and transcript of Questioning of Barry Roman conducted in December 2018, and the undertakings given thereat.
8. Affidavit #6 of Jessie Taha.
9. Such further and other material as counsel may advise.

Applicable legislation and rules:

10. Section 30 of the *Personal Property Security Act*, RSA 2000, c. P-7, as amended.
11. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.
12. Alberta Rules of Court rules 1.3, 1.4, 5.13.
13. Such further and other legislation and regulations and rules as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

14. None.

How the application is proposed to be heard or considered:

15. Affidavit evidence and oral argument.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the Applicant 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.

SERVICE LIST

Party	Counsel	Address	Email Address	Service Method
Canada North Group LP Holdings Ltd. Canada North Group Inc. Canada North Camps Inc. Campcorp Structures Ltd. D.J. Catering Ltd. 816956 Alberta Ltd. 1371047 Alberta Ltd. 1919209 Alberta Ltd.	The Monitor, Ernst & Young Inc. Attn: Matt McCulloch and Dan McCulloch	11 PCOR Tower Suite 1400 10423 - 101th St. Edmonton, AB T5H 0E7	matt.mcculloch@ca.ey.com dan.mcculloch@ca.ey.com	Email
Paul McCracken Shayne McCracken	Sigurd Delblanc	Bryan & Company LLP 2600, 10180 – 101 Street Edmonton, AB T5J 3Y2	sdelblanc@bryanco.com	Email
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Cummins Western Canada Limited Partnership	Theodore Fong	Fasken Martineau DuMoulin LLP 3400 First Canadian Centre 350 - 7 th Avenue SW Calgary, AB T2P 3N9	tfong@fasken.com	Email
Black Diamond Limited Partnership Attn: Paul Wright, EVP and Chief Risk Officer		Suite 1000, 440 - 2nd Ave SW Calgary, AB T2P 5E9	pwright@blackdiamondgroup.com	Email
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J.G. (Jeff) Lawson		Peters & Co. Limited 2300 Jamieson Place 308 Fourth Avenue SW Calgary, Alberta T2P 0H7	jlawson@petersco.com	Email
Ronald Louissaint		Alberta Human Rights Commission Northern Regional Office 800 - 10405 Jasper Ave NW Edmonton, Alberta T5J 4R7	gerard.dale@gov.ab.ca	Email
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Realcor Mortgage Corp	Donald Cooper	DLA Piper (Canada) LLP Suite 2800, Park Place 666 Burrard St Vancouver, British Columbia V6C 2Z7	don.cooper@dlapiper.com	Email
Mountain West Camp Services Ltd.	Nicholas Smith	Snyder & Associates LLP #2500 Sun Life Place, 10123 – 99 St. Edmonton, AB, T5J 3H1	nsmith@snyder.ca	Email
Great White Sand Tiger Lodging Ltd.	Ryan E. Flewelling	Regent Law 150 Metcalfe St., Suite 1401 Ottawa, ON K2P 1P1	ryan.flewelling@regentlaw.ca	Email

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John Fleming			johnfleming@shaw.ca christcitycreative@gmail.com	Email
Luc Lainey, 1473443 Alberta Ltd, 1744084 Alberta Inc., Camp Connect Services Ltd	Bryanna White	Emery Jamieson LLP 1700, 10235 – 101 St. Edmonton, AB T5J 3G1	bwhite@emeryjamieson.com kkawanami@emeryjamieson.com	Email
Experienced Equipment Sales & Rentals	John T A Stainton	Mintz Law 400, 10357-109 ST Edmonton, AB T5J1N3	jstainton@mintzlaw.ca	Email
Municipal District of Greenview	Michael J. McCabe, Q.C. Shauna Finlay	Reynolds, Mirth, Richards & Farmer LLP 3200, 10180 – 101 St. Edmonton, AB T5J 3W8	mmccabe@rmrf.com SFinlay@rmrf.com	Email
Red Ram	Jerritt R. Pawlyk	Bishop & McKenzie LLP <u>Suite 2300, 10180 - 101 St. NW, Edmonton, AB T5J 1V3</u>	jpawlyk@bmlp.ca	Email
506221 Alberta Ltd. Attention: Glen Staheli		#14, 9903 – 209 Street Edmonton, AB T5T 5X9	Glen.staheli@gmail.com	Email
Staheli Construction Co Ltd.	Brian Davison and Susy Trace	DLA Piper (Canada) LLP 1201 Scotia Tower 2 10060 Jasper Avenue Edmonton, AB T5J 4E5	brian.davison@dlapiper.com susy.trace@dlapiper.com	Email
Aurora Lodging Inc.	Jeremy Hockin, QC Steven A. Rohatyn	Parlee McLaws LLP 1700, 10175 – 101 Street Edmonton, AB T5J 0H3	jhockin@parlee.com srohatyn@parlee.com	Email

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Kilometer 147 Limited Partnership		Kilometer 147 Limited Partnership 16903 – 129 Avenue Edmonton, AB T5V 1L2		Registered mail
Kilometer 147 GP Ltd.		Kilometer 147 GP Ltd. c/o registered office 16903 – 129 Avenue Edmonton, AB T5V 1L2		Registered mail
726 Remote Accommodations Ltd.		726 Remote Accommodations Ltd. c/o Primary Attorney Stikeman Elliott LLP 4300 Bankers Hall West 888 3 rd Street SW Calgary, AB T2P 5C5 Attention: Bradley G. Squibb McAllister LLP 2500, 10155 – 102 Street Edmonton, AB T5J 4G8 Attention: Darcy McAllister	bsquibb@stikeman.com dmcallister@mcallisterllp.com	Email
726 Remote Accommodations Ltd.	Christa Nicholson & Rachel Clarke	Jensen Shawna Solomon Duguid Hawkes LLP 800, 304 – 8 Avenue SW Calgary, AB T2P 1C2	nicholsonc@jssbarristers.ca clarker@jssbarristers.ca	Email
Cimarron Lodge Limited Partnership Cimarron Lodge GP Ltd. Cimarron Holdings, LLC		14238 134th Ave Edmonton AB T5L 5V8 Attention: David Smith and Susan Smith	davids@cimarroncamps.com susan@cimarroncamps.com	Email
Town of Bonnyville		Brownlee LLP Suite 700 396 11 th Avenue SW Calgary, AB T2R 0C5 Attention: Gregory Plester	gplester@brownleelaw.com	Email
Phil Harrison			philipharrison154@gmail.com	Email

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Fairview Daycare & Playground Society	Jason Forbes Erik Compton	KMSC Law LLP #401, 10514 – 67 Avenue Grande Prairie, AB T8W 0K8	Jason@kmsc.ca ErikC@kmsc.ca	Email
Alta-Fab Structures Ltd.	David Lobay	David J. Lobay Law Corporation 7 - 4180 Island Highway North Nanaimo, BC V9T 1W6	lobay@lobaylaw.com	Email

This is **Exhibit "D"** referred to in the Affidavit of Gulnara Machitova, sworn before me on December 20, 2018.



A Commissioner for Oaths in and for Alberta

Charlene Dione Liver
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires October 8, 2020

Gulnara Machitova

From: Chuck Russell <crussell@mross.com>
Sent: Friday, December 14, 2018 12:29 PM
To: Christa Nicholson
Cc: Darren Bieganek; Matt.McCulloch@ca.ey.com; dan.mcculloch@ca.ey.com; sdelblanc@bryanco.com; Ryan Quinlan; joliver@casselsbrock.com; twarner@millerthomson.com; krowan@ogilvielaw.com; APoburan@ogilvielaw.com; hferris@lawsonlundell.com; wroberts@lawsonlundell.com; Erika Kiss; lenzk@bennettjones.com; pstocco@brownleelaw.com; ndaprocida@shaw.ca; gplester@brownleelaw.com; mderendube@mltaikins.com; DNowak@mltaikins.com; DHutchison@mltaikins.com; cwebster@mltaikins.com; Steve Livingstone; pharnett@millerthomson.com; shelby@treeeater.ca; tfong@fasken.com; pwright@blackdiamondgroup.com; grace@securiguard.com; pearcemay@shaw.ca; thamelin@bmlp.ca; TAnderson@Aquatera.ca; jlawson@petersco.com; gerard.dale@gov.ab.ca; dmcallister@mcallisterllp.com; Rachel Clarke; jjkueber@bryanco.com; don.cooper@dlapiper.com; nsmith@snyder.ca; ryan.flewelling@regentlaw.ca; Jamie Flanagan; sgraham@englaw.ca; johnfleming@shaw.ca; christcitycreative@gmail.com; bwhite@emeryjamieson.com; kkawanami@emeryjamieson.com; jstainton@mintzlaw.ca; mmccabe@rmrf.com; SFinlay@rmrf.com; JPawlyk@bmlp.ca; glen.staheli@gmail.com; brian.davison@dlapiper.com; susy.trace@dlapiper.com; jhockin@parlee.com; srohatyn@parlee.com; bsquibb@stikeman.com; davids@cimarroncamps.com; susan@cimarroncamps.com; philipharrison154@gmail.com; bradley@freedomlaw.ca; Jason@kmsc.ca; ErikC@kmsc.ca; lobay@lobaylaw.com; Zao Han
Subject: Re: In the Matter of a Plan of Arrangement of 667402 Alberta Ltd. et al., Court File No. 1703 12327

Thanks. I have been in court and now at our Christmas party will respond this weekend.

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Christa Nicholson
Sent: Friday, December 14, 2018 12:23 PM
To: Chuck Russell
Cc: Darren Bieganek; Matt.McCulloch@ca.ey.com; dan.mcculloch@ca.ey.com; sdelblanc@bryanco.com; Ryan Quinlan; joliver@casselsbrock.com; twarner@millerthomson.com; krowan@ogilvielaw.com; APoburan@ogilvielaw.com; hferris@lawsonlundell.com; wroberts@lawsonlundell.com; Erika Kiss; lenzk@bennettjones.com; pstocco@brownleelaw.com; ndaprocida@shaw.ca; gplester@brownleelaw.com; mderendube@mltaikins.com; DNowak@mltaikins.com; DHutchison@mltaikins.com; cwebster@mltaikins.com; Steve Livingstone; pharnett@millerthomson.com; shelby@treeeater.ca; tfong@fasken.com; pwright@blackdiamondgroup.com; grace@securiguard.com; pearcemay@shaw.ca; thamelin@bmlp.ca; TAnderson@Aquatera.ca; jlawson@petersco.com; gerard.dale@gov.ab.ca; dmcallister@mcallisterllp.com; Rachel Clarke; jjkueber@bryanco.com; don.cooper@dlapiper.com; nsmith@snyder.ca; ryan.flewelling@regentlaw.ca; Jamie Flanagan; sgraham@englaw.ca; johnfleming@shaw.ca; christcitycreative@gmail.com; bwhite@emeryjamieson.com; kkawanami@emeryjamieson.com; jstainton@mintzlaw.ca; mmccabe@rmrf.com; SFinlay@rmrf.com; JPawlyk@bmlp.ca; glen.staheli@gmail.com; brian.davison@dlapiper.com; susy.trace@dlapiper.com; jhockin@parlee.com; srohatyn@parlee.com; bsquibb@stikeman.com; davids@cimarroncamps.com; susan@cimarroncamps.com; philipharrison154@gmail.com; bradley@freedomlaw.ca; Jason@kmsc.ca; ErikC@kmsc.ca; lobay@lobaylaw.com; Zao Han
Subject: Re: In the Matter of a Plan of Arrangement of 667402 Alberta Ltd. et al., Court File No. 1703 12327

Chuck,

Apologies for missing you the last time; I assumed your assistant copied you on the original service email. My original email is below I. This same email chain. I have not included the commercial court coordinator on this email.

Regards,

Christa

On Dec 14, 2018, at 11:56 AM, Chuck Russell <crussell@mross.com> wrote:

Christa I didn't get your last email. You may have sent it to an assistant here. Please send it to me
Sent from my BlackBerry 10 smartphone on the Bell network.

From: Christa Nicholson

Sent: Friday, December 14, 2018 11:48 AM

To: Darren Bieganek

Cc: Matt.McCulloch@ca.ey.com; dan.mcculloch@ca.ey.com; sdelblanc@bryanco.com; Ryan Quinlan; joliver@casselsbrock.com; twarner@millerthomson.com; krowan@ogilvielaw.com; APoburan@ogilvielaw.com; hferis@lawsonlundell.com; wroberts@lawsonlundell.com; Erika Kiss; lenzk@bennettjones.com; pstocco@brownleelaw.com; ndaprocida@shaw.ca; gplester@brownleelaw.com; mderendube@mltaikins.com; DNowak@mltaikins.com; DHutchison@mltaikins.com; cwebster@mltaikins.com; Steve Livingstone; pharnett@millerthomson.com; shelby@treeeater.ca; tfong@fasken.com; pwright@blackdiamondgroup.com; grace@securiguard.com; pearcemay@shaw.ca; thamelin@bmlp.ca; TAnderson@Aquatera.ca; jlawson@petersco.com; Chuck Russell; gerard.dale@gov.ab.ca; dmcallister@mcallisterllp.com; Rachel Clarke; jjkueber@bryanco.com; don.cooper@dlapiper.com; nsmith@snyder.ca; ryan.flewelling@regentlaw.ca; Jamie Flanagan; sgraham@englaw.ca; johnfleming@shaw.ca; christcitycreative@gmail.com; bwhite@emeryjamieson.com; kkawanami@emeryjamieson.com; jstainton@mintzlaw.ca; mmccabe@rmrf.com; SFinlay@rmrf.com; JPawlyk@bmlp.ca; glen.staheli@gmail.com; brian.davison@dlapiper.com; susy.trace@dlapiper.com; jhockin@parlee.com; srohatyn@parlee.com; bsquibb@stikeman.com; davids@cimarroncamps.com; susan@cimarroncamps.com; philipharrison154@gmail.com; bradley@freedomlaw.ca; Jason@kmsc.ca; ErikC@kmsc.ca; lobay@lobaylaw.com; Zao Han; CommercialCoordinator.QBEdmonton@albertacourts.ca

Subject: Re: In the Matter of a Plan of Arrangement of 667402 Alberta Ltd. et al., Court File No. 1703 12327

Dear Darren,

It was not my intention to involve the court coordinator in my correspondence. I will respond separately to the balance of your email correspondence.

Regards,

Christa

On Dec 14, 2018, at 11:43 AM, Darren Bieganek <dbieganek@dcillp.com> wrote:

Christa,

I note that you copied this e-mail to the Court Coordinator which I find inappropriate. I have, however, included them on this e-mail string simply to ensure that the communication chain remains unbroken. You also sent it to Mr. Russel's assistant, not him.

For the edification of the entire service list (which all of who are not involved in this application), I attach the e-mail I sent to you on Monday below arising out of your refusal to provide simple answers to simple factual questions by way of undertaking. To make the Monitor's position abundantly clear: the issue of whether or not 726 acquired any interest in the Bonnyville Camp or Equipment free and clear of all encumbrances is an issue that is plain and obvious in the face of the bank security and

has been before the court since the case management directions were made in September.

You advised the Court previously that you were acting on the "priority issue" and Mr. McAllister on the "ownership issue". No one heard you to say that your "priority issue" retainer was somehow restricted to very narrow issues.

While this is a long way of saying no to your request, to make the Monitor's position very clear, we will not be agreeing to any adjournment request.

You will be in receipt of our Brief today. We will not be providing the entirety of the materials to the Service List.

Yours truly,

Darren

Darren Bieganeck, LLB, QC

Partner, Insolvency, Restructuring and Commercial
Litigation
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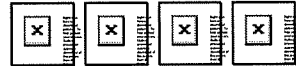
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Please note that errors can occur in electronically transmitted materials. We do not accept liability for any such errors. If verification is required please ask for a hard copy.

From: Christa Nicholson <nicholsonc@jssbarristers.ca>

Sent: Thursday, December 13, 2018 11:38 PM

To: Erika Kiss <ekiss@mross.com>

Cc: Matt.McCulloch@ca.ey.com; dan.mcculloch@ca.ey.com; sdelblanc@bryanco.com;

[Darren Bieganeck <dbieganeck@dcllp.com>](mailto:Darren.Bieganeck@dcllp.com); [Ryan Quinlan <rquinlan@dcllp.com>](mailto:Ryan.Quinlan@dcllp.com);

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susan@cimarroncamps.com; philipharrison154@gmail.com; bradley@freedomlaw.ca;

Jason@kmsc.ca; ErikC@kmsc.ca; lobay@lobaylaw.com;

CommercialCoordinator.QBEdmonton@albertacourts.ca; Zao Han

[<hanz@jssbarristers.ca>](mailto:hanz@jssbarristers.ca)

Subject: Re: In the Matter of a Plan of Arrangement of 667402 Alberta Ltd. et al., Court File No. 1703 12327

Dear Chuck and Darren,

This is further to my voicemail last evening to Darren requesting that he call me back. Chuck, it would appear that with the filing of this CWB application below (the "Application") you have now done what we had previously, and since the cross-examinations last week, requested and expected and required be done, namely, that CWB put before the court the issues which are to be the subject of the applications to be heard on January 10 and 11, 2019.

As you know, we have requested that Justice Hillier urgently see us to address the fact that, until you filed CWB's a

Application yesterday, the matters referenced in your client's Application were not before the court. As you know, we have not yet heard from Mr. Justice Hillier. You, too, were interested in seeing the Judge in respect of certain undertakings which you were seeking to have answered which were refused by Darcy McAllister and me on behalf of our client, including on the grounds of relevance (because no extant application was before the court when the cross-examinations and undertakings arising therefrom were requested).

Please be advised that I am currently seeking instructions with respect to whether my office is retained regarding the CWB Application. In the meantime, this Application needs to be and we require that it is forthwith adjourned *sine die* to be heard on a date beyond January 10 and 11, along with all matters relating thereto in connection with the Bonnyville assets and their ownership.

If we are retained, and we suspect we will be, we will require an opportunity to cross-examine Ms. Taha and Mr. McCracken in connection with this new CWB Application, as well as to potentially file our own evidence. Once all of the evidence is in, a hearing can fairly occur.

Accordingly, please confirm that the Application will be adjourned *sine die* and that the Brief of argument to be filed by the Monitor tomorrow will not argue the merits of this Application. This would be highly unfair and would result in the potential for significant thrown away costs to the extent that it is necessary for our client to attempt to address the Application at this time in circumstances where we are not yet retained, do not have instructions, and where the Application was just filed yesterday and the evidence has not been tested and is not all in, when it could have and ought to have been brought long ago and in any event prior to the cross-examinations that took place last week. Chuck and Darren, we look forward to hearing from you and to receiving the confirmation sought above.

Regards,
Christa

On Dec 12, 2018, at 1:36 PM, Erika Kiss [<ekiss@mross.com>](mailto:ekiss@mross.com) wrote:

Good afternoon all,

Please see the attached filed application for service upon you. The application is returnable January 10, 2019.

Thank you,

Erika Kiss

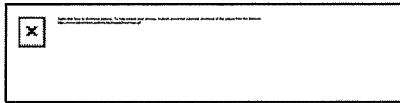
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