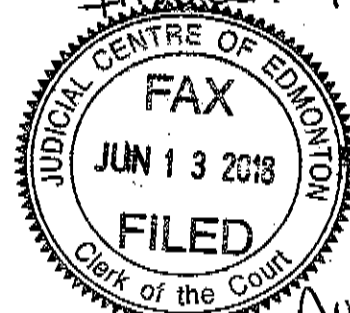


Invoice # 1013

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. and 1919209
 ALBERTA LTD.

APPLICANT BUSINESS DEVELOPMENT BANK OF CANADA

DOCUMENT NOTICE OF APPLICATION OF BUSINESS DEVELOPMENT
 BANK OF CANADA FOR PAYMENT OF LEGAL COSTS
 ASSOCIATED WITH CRA APPEAL

ADDRESS FOR
 SERVICE AND
 CONTACT
 INFORMATION
 OF PARTY
 FILING THIS
 DOCUMENT

Cassels Brock & Blackwell LLP
 Suite 3810, Bankers Hall West
 888 3rd Street SW
 Calgary, Alberta, T2P 5C5

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File No. 33845-213

Attention: Jeffrey Oliver/Danielle Marechal

NOTICE TO RESPONDENTS:

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

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

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

Date: Thursday June 21, 2018

Time: 10:00 a.m.

Where: Edmonton Law Courts

Before Whom: The Honourable Justice K.G. Nielsen – Commercial List

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

Remedy claimed or sought:

1. An Order abridging the time for service of this Application, if necessary, and declaring service of this Application to be good and sufficient;
2. An Order directing Ernst & Young Inc., in its capacity as the monitor (in such capacity, the “**Monitor**”) of Canada North Group Inc., Canada North Camps Inc., CampCorp Structures Ltd., D.J. Catering Ltd., 1371047 Alberta Ltd., 816956 Alberta Ltd. and 1919209 Alberta Ltd. (collectively, the “**Debtors**”) to:
 - (a) set aside and reserve from any further distributions the sum of \$225,000.00 (the “**Cost Reserve**”) in favour of the Business Development Bank of Canada (“**BDC**”) to secure the estimated costs, charges and expenses (including BDC’s legal fees and disbursements on a solicitor and his own client basis) (the “**BDC Costs**”) incurred by BDC in its participation in the appeal by Her Majesty the Queen in Right of Canada, as represented by the Minister of National Revenue (the “**CRA**”) of the decision of the Honourable Madam Justice Topolniski dated September 11, 2017, including any further appeal to the Supreme Court of Canada (the “**Appeal**”); and
 - (b) pay the Cost Reserve to BDC to permit the application of such funds to the BDC Costs, subject to a right of taxation at the conclusion of the Appeal;
3. In the alternative, a declaration confirming that the BDC Costs shall be fully paid by the estate of the Debtors on an ongoing basis until the conclusion of the Appeal, subject to a right of taxation;
4. An Order directing the Monitor to forthwith pay BDC’s reasonable legal fees and disbursements on a solicitor and own client basis associated with the within application subject to a right of taxation; and
5. Such further and other relief as this Honourable Court deems just.

Grounds for making this application:

Initial Order and Interim Financing

6. By way of letter of offer dated June 29, 2017 (as amended by letters dated July 12, 2017, July 21, 2017, September 28, 2017 and December 7, 2017, collectively the “**Letter of Offer**”), BDC offered to provide interim financing in the aggregate amended amount of up to \$3,500,000 (the “**Interim Facility**”) to the Debtors.
7. On July 5, 2017, an initial order (the “**Initial Order**”) was granted by the Honourable Justice K.G. Nielsen providing for, *inter alia*, the:
 - (a) authorization of the Debtors to obtain and borrow under the Interim Facility pursuant to the terms and conditions outlined in the Letter of Offer to a maximum of \$1,000,000;
 - (b) granting a priority charge in favour of BDC for the sum of \$1,000,000 (the “**Interim Lender’s Charge**”); and
 - (c) direction for the Debtors to execute and deliver any documents specified in the Letter of Offer or which may be reasonably required by BDC.
8. On July 27, 2017, the Honourable Justice S.D. Hillier granted an Order increasing the amount of Interim Facility to \$2,500,000 and increasing the Interim Lender’s Charge from \$1,000,000 to \$2,500,000.
9. On December 12, 2017, the Honourable Justice K.G. Nielsen granted an Order Increasing the Interim Facility to a maximum of \$3,000,000 and increasing the Interim Lender’s Charge from \$2,500,000 to \$3,500,000.
10. On January 29, 2018, the Honourable Justice S.D. Hillier granted an Order authorizing the Debtors to borrow from BDC an amount not to exceed \$3,500,000.

The CRA Deemed Trust Claim

11. On July 31, 2018, the CRA filed an application returnable August 11, 2017 seeking, *inter alia*, to amend the Initial Order such that the Interim Lender's Charge, Administration Charge and Director's Charge (as defined in the Initial Order and collectively, the "**Priority Charges**") would be subordinate to the CRA's deemed trust claims arising under the *Canada Pension Plan* (Canada), *Employment Insurance Act* (Canada), and *Income Tax Act* (Canada) (collectively, the "**CRA Claim**").
12. In reasons for judgment issued on September 11, 2017, the Honourable Madam Justice J.E. Topolniski dismissed the CRA's application, holding that the CRA Claim was properly subordinated by the Priority Charges, including the Interim Lender's Charge (the "**Topolniski Decision**").
13. On September 29, 2017, CRA sought leave to appeal the Topolniski Decision. The leave application was heard before the Honourable Justice F. Slatter on November 1, 2017.
14. In a written decision issued on November 3, 2017, Slatter, J.A. granted CRA leave to appeal the Topolniski Decision notwithstanding the fact that the priority issue is potentially moot on the record, as it was anticipated that there would be sufficient assets in the estate to satisfy both the Priority Charges and the CRA Claim.
15. In order to circumscribe the costs of the Appeal, Slatter, J.A. requested the appointment of a lead respondent who is entitled to file a full factum, whereas all other interested parties are restricted to filing limited factums. By agreement of the parties, BDC was appointed as lead respondent.

Payout of Interim Loan and Correspondence with Counsel for Monitor

16. By letter date May 17, 2018, BDC requested that the Monitor pay to BDC the Cost Reserve sought in this Application.
17. On May 25, 2018, the Monitor advised BDC that there was opposition to BDC's request for a Cost Reserve and that the matter would have to be determined by way of application to this Honourable Court.

18. The Interim Facility (with the exception of the Cost Reserve) was paid out by the Monitor on or about May 29, 2018.
19. The CRA Claim was paid out in full by the Monitor on or about May 30, 2018.

Scope of Interim Lender's Charge

20. The costs associated with BDC's participation in the Appeal are squarely within the terms of the indemnity contained in the Letter of Offer and the Initial Order.
21. Pursuant to the terms of the Letter of Offer, the Debtors agreed to indemnify BDC for, *inter alia*:
 - (a) any costs incurred by BDC to exercise its rights under the Letter of Offer;
 - (b) any costs incurred in connection with, *inter alia*, the restructuring proceedings, the Initial Order or the Interim Lender's Charge; and
 - (c) any liabilities by reason of or resulting from the Interim Facility or Letter of Offer.
22. Notwithstanding that the Interim Facility has been repaid, BDC still has a legitimate economic interest in the Appeal by virtue of the challenge to the priority of its Interim Lender's Charge.
23. Any challenge to the priority of the Interim Lender's Charge at any time (whether or not BDC has been paid out in full) is an issue of significant importance to BDC and engages BDC's economic interests.
24. The Debtors and their stakeholders have benefited from the Interim Facility and it would be inequitable to deny BDC the benefit of the indemnity provisions in the Letter of Offer and the benefit of the Interim Lender's Charge.

Material or evidence to be relied on:

25. The Affidavit of Russell French, sworn on June 12, 2018, filed;
26. Initial Order granted by the Honourable Justice K.G. Nielsen on July 5, 2017;

- 27. Order granted by the Honourable Justice S.D. Hillier on July 27, 2017;
- 28. Order granted by the Honourable Justice K.G. Nielsen on December 12, 2017;
- 29. Order granted by the Honourable Justice S.D. Hillier on January 29, 2018; and
- 30. Such further and other materials as counsel may advise and this Honourable Court Permits.

Applicable rules:

- 31. The *Alberta Rules of Court*, including Rules 1.2, 1.3, 1.4, 6.1, 6.2, and 6.3; and

Applicable Acts and regulations:

- 32. Section 11.2 of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36.

Any irregularity complained of or objection relied on:

- 33. None.

How the application is proposed to be heard or considered:

- 34. In person.

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 time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.