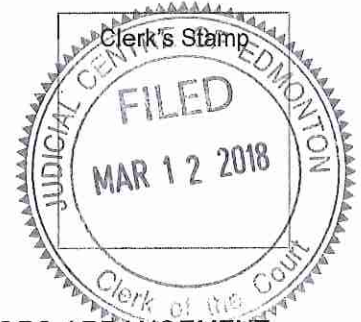


COURT FILE NUMBER 1703 12327
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON



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

AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF CANADA
NORTH GROUP INC., CANADA NORTH CAMPS INC., CAMPCORP
STRUCTURES LTD., D.J. CATERING LTD., 816956 ALBERTA LTD.,
1371047 ALBERTA LTD. And 1919209 ALBERTA LTD.

DOCUMENT **APPLICATION FOR AN INCREASE IN THE ADMINISTRATION
CHARGE**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT
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File No: 204-196164

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: March 20, 2018
Time: 8:30 a.m.
Where: Edmonton Law Courts
1A Sir Winston Churchill Square
Edmonton, AB T5J 0R2

Before Whom: The Honourable Mr. Justice S.D. Hillier sitting on the Commercial List

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 increasing the Administration Charge, as defined in the Initial Order granted in this matter on July 5, 2017, from the aggregate sum of \$500,000.00 to the aggregate sum of \$950,000.00.
2. Such other relief as this Honourable Court deems just.

Grounds for making this application:

3. An Initial Order was granted pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**") on July 5, 2017 (the "**Initial Order**") by the Honourable Mr. Justice K.G. Nielsen, and as a part of that Initial Order, he granted an Administration Charge in the aggregate sum of \$500,000.00 on the property of the Applicants as security for professional fees and disbursements of the Monitor, the Monitor's legal counsel, the CRO (as defined in the Initial Order), and the Applicants' legal counsel.
4. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as the Monitor (the "Monitor") in these CCAA proceedings.
5. Professional fees over the course of the past few months have been higher than anticipated as a result of the numerous court applications, the on-going claims process, the assistance provided in canvassing the market for financing, negotiating with numerous potential lenders and the Restructuring Investor and other related work.
6. Additionally, the Applicants' revenues and related cash collections have been behind plan due to lower than expected occupancy in some camps, and delayed occupancy in other camps.
7. As a result, the Applicants have fallen behind on payments to the professionals, whose unpaid fees form part of the Administration Charge pursuant to the Initial Order.
8. As at February 27, 2018, the Monitor has been advised by the Applicants that the unpaid fees of all professionals who have outstanding invoices with the Applicants are approximately \$594,000.00. This amount does not include work in progress not yet invoiced. The work in process estimate is approximately \$260,000.00.
9. The Applicants previously indicated that approximately \$109,000.00 of fees would be paid to professionals in the week ended February 24, 2018, and further committed to pay an additional \$150,000.00 towards professional fees in the week ended March 3, 2018. However, only \$52,000.00 of the \$109,000.00 of fee payments the Applicants committed to pay in the week of February 24, 2018 were actually paid.
10. This further delay in payment of professional fees is attributable to the Applicants, or one or more of them, not receipting a sizeable account receivable of approximately \$910,000.00 that was expected to be paid by the third-party account debtor.
11. At the request of creditors, and as directed by the Court at the last hearing in these CCAA proceedings, the Monitor was tasked with preparing a report in respect of a number of issues in preparation for the March 20, 2018 application, including without limitation providing assessments and recommendations in respect of various offers to purchase or letters of intent, refinancing attempts, realization strategies and a proposed allocation methodology re priority claims.
12. The Monitor expects that the other professionals involved in these CCAA proceedings, primarily its counsel and counsel for the Applicants, will also be required to dedicate a significant amount of time to this matter over the next few weeks in preparation for the March 20, 2018 application.
13. There is a risk that the present and future time and expenses of the professionals assisting the Applicants, stakeholders and this Honourable Court in these CCAA proceedings will go unpaid without an increase in the Administration Charge.
14. An increase to the Administration Charge is reasonably required to protect the professionals for the time and expenses incurred to date, as well as the additional time and costs of the professionals that will be required for these CCAA proceedings to advance to the next Court application.

15. It would be inequitable to subject the professionals to this risk being unpaid when their time and work is for the benefit of the stakeholders, at the request of certain creditors and as directed by this honorable Court.
16. The Monitor recommends an increase of the Administration Charge from \$500,000.00 to \$950,000.00 in aggregate sums since:
 - a. almost \$800,000.00 is owing by the Applicants to the professionals as at the date of this Application; and
 - b. there is significant further professional time and costs that will be required for these CCAA proceedings to advance to the next Court application.
17. It is just and appropriate to increase the Administration Charge in these circumstances.

Material or evidence to be relied on:

18. Tenth Report of the Monitor, to be filed.
19. The pleadings and proceedings taken in this Action to date.
20. Such further and other materials as previously filed in this matter as counsel may advise and this Honourable Court permits.

Applicable rules:

21. *Alberta Rules of Court* AR 124/2010, including Rules 1.2, 1.4, 6.1, 6.2 and 11.27.

Applicable Acts and regulations:

22. *Judicature Act*, RSA 2000 c. J-2, as amended;
23. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 including ss. 9, 11, and 11.52.
24. Such further other provisions and statutes as counsel may advise.

Any irregularity complained of or objection relied on:

25. Abridgement of time for service to the time actually given.

How the application is proposed to be heard or considered:

26. Before the Honourable Mr. Justice S.D. Hillier sitting on the Commercial List.

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 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.