

Form 27

[Rules 6.3 and 10.52(1)]

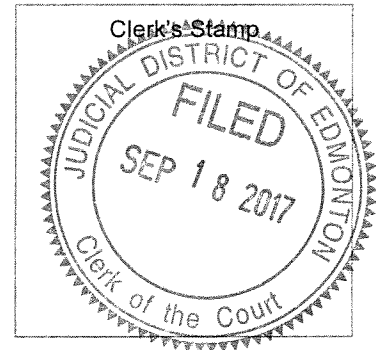
COURT FILE NUMBER 1703 12327

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, RSC
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 SECOND EXTENSION
AND OTHER RELIEF**

ADDRESS FOR SERVICE Stephanie A. Wanke
AND CONTACT Spencer Norris
INFORMATION OF PARTY DLA Piper (Canada) LLP
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 File No. 37060-00001

NOTICE TO RESPONDENTS: SERVICE LIST

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: **September 26, 2017**

Time: **10:00 a.m.**

Where: **Edmonton Law Courts
1A Sir Winston Churchill Square
Edmonton, AB T5J R2**

Before Whom: **The Honourable Justice S. D. Hillier**

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, substantially in the form attached hereto as Schedule “A”:
 - (a) Declaring service of this Application and its supporting materials good and sufficient;
 - (b) Extending the Stay of Proceedings (as defined below) up to and including January 31, 2018;
 - (c) Authorizing the Applicants to carry out an Investment and Sales Solicitation Process (“**ISSP**”) substantially in accordance with the outline and indicative timeline as described in the First Report of the Chief Restructuring Officer (“**CRO**”) filed September 18, 2017 (the “**CRO’s First Report**”);
 - (d) Sealing the Confidential Supplement to the Fourth Affidavit of Shayne McCracken sworn on September 18, 2017 until further order of the Court; and
 - (e) Directing ECN Financial Inc. to return to Canada North Camps Inc. \$12,890.13, plus such costs as may be ordered by the Court.
2. An Order, substantially in the form attached hereto as Schedule “B”:
 - (a) Authorizing 1371047 Alberta Ltd. (“**1371047**”) to sell its head office property (the “**Head Office**”);
 - (b) Authorizing Canada North Camps Inc. (“**CNC**”) to enter into a sub-lease where it will relocate the head office operations of the Applications;
 - (c) Authorizing 1371047 to distribute the proceeds from the sale of the Head Office.

Grounds for making this application:

SEALING ORDER

3. The information in the Confidential Supplement to the Fourth Affidavit of Shayne McCracken sworn September 18, 2017 is commercially sensitive and full disclosure could damage the business of the Applicants.

EXTENSION OF STAY

4. An Initial Order was granted pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 on July 5, 2017 whereby the Honourable Mr. Justice K.G. Nielsen granted a stay of proceedings up to and including August 3, 2017 (the “**Stay of Proceedings**”).
5. The Stay of Proceedings was and extended pursuant to an order granted on July 27, 2017 by the Honourable Mr. Justice S. D. Hillier up to and including September 29, 2017.
6. The Applicants are seeking an extension of the Stay of Proceedings up to and including January 31, 2017.

7. The Applicants continue to act in good faith and with due diligence.
8. The Order requested is appropriate in the circumstances as exist that make the order sought appropriate, including:
 - a. The Applicants have been working diligently with both the Monitor and the CRO;
 - b. The requested extension timeframe allows the Applicants to make material progress with the ISSP;
 - c. The Applicants can likely make a viable Plan of Arrangement; and
 - d. The ongoing operation of the Applicants is projected to continue to improve the working capital position of the Applicants, for the benefit of all creditors as well as allowing for the ISSP to proceed with the Applicants as going concerns, again maximizing recovery for all creditors. No creditor will be materially prejudiced by the requested extension.

APPROVAL OF ISSP and ENGAGEMENT OF PETERS & CO. LIMITED ("Peters")

9. The Applicants and the CRO have developed an investment and sale solicitation process (the "ISSP") to allow for the implementation of an open, fair, and efficient process to solicit interest in the investment in or sale of certain businesses and assets of the Applicants.
10. The Applicants and the CRO have selected Peters as the proposed solicitation agent following a review and analysis of five qualified proposals.
11. The Monitor is supportive of the Applicants proceeding with the ISSP and engaging Peters.

RETURN OF PAYMENTS FROM ECN FINANCIAL INC. ("ECN")

12. ECN is a financing equipment lessor of CNC.
13. Between November 2013 and May 2015, CNC, Paul McCracken and Shayne McCracken entered into a series of financing equipment leases with ECN (the "**Lease Agreements**").
14. In accordance with the Lease Agreements, Canada North Camps Inc. executed certain pre-authorized debit forms to provide for automatic payments to ECN.
15. On June 26, 2017, CNC had filed a Notice of Intention to Make a Proposal (the "**NOI**").
16. ECN was provided a copy of the NOI and later was served a copy of the Initial Order.
17. Payments under the Lease Agreement were stayed by the NOI and then by the Initial Order.
18. On July 1, 2017, ECN debited CNC's RBC account for \$1,080.99 (the "**July 1st Payment**").
19. On July 10, 2017, ECN debited CNC's RBC account for two payments of \$5,904.57 (the "**July 10th Payments**") and, collectively, with the July 1st Payment, the "**Payments**")

20. On July 31, 2017, CNC demanded ECN return the Payments.
21. On August 9, 2017, ECN refused to return the Payments to CNC.

APPROVAL OF SALE OF PROPERTY

22. With the assistance of Cushman & Wakefield, 1371047 Alberta Ltd. has solicited an offer (the "**Offer**") for its head office property located at 14238 134 Ave Edmonton, AB and legally described as:

LOT 8
BLOCK 13A
PLAN 9021619
SITUATED ON 0.78 ACRES OF LAND MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "**Head Office**")

23. The Offer is an arm's length reasonable fair market offer and is the result of open listing process.
24. The sale of the Head Office will result in both operating costs saving and cash flow savings.
25. The sale of the Head Office assists the Applicants in deleveraging and provides flexibility in exploring restructuring options.
26. The Monitor is supportive of the sale of the Head Office pursuant to the Offer.

APPROVAL OF THE SUB-LEASE

27. If the Head Office is sold, new office space is required for the Applicants. CNC has negotiated a sub-lease agreement for new office facilities (the "**Sub-Lease**").
28. The proposed term of the Sub-Lease is from November 1, 2017 to July 31, 2019.
29. The Sub-Lease provides adequate space to continue operations of the Applicants following the sale of the Head Office Property.
30. The Monitor is supportive of CNC entering into the Sub-Lease if the Head Office is sold.

Material or evidence to be relied on:

31. The Fourth Affidavit of Shayne McCracken sworn September 18, 2017, filed;
32. The Confidential Supplement to the Fourth Affidavit of Shayne McCracken sworn September 18, 2017, unfiled;
33. The Second Report of the Monitor, to be filed;
34. The First Report of the Chief Restructuring Officer, filed September 18, 2017;

35. Such further and other materials as counsel may advise and this Honourable Court permits

Applicable rules:

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

Applicable Acts and regulations:

37. *Judicature Act*, RSA 2000 c. J-2, as amended;

38. Companies' Creditors Arrangement Act, RSC 1985, c C-36 including ss. 9, 11, 11.02, 34(4) and 36.

39. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 including s. 69.

Any irregularity complained of or objection relied on:

40. Abridgement of time for service, as required.

How the application is proposed to be heard or considered:

41. Before a Justice 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.

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 SECOND EXTENSION ORDER

ADDRESS FOR SERVICE AND CONTACT
 INFORMATION OF PARTY
 FILING THIS DOCUMENT
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 F 780.702.4379
 File No. 37060-00001

DATE ON WHICH ORDER WAS PRONOUNCED: September 26, 2017
 NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice S.D. Hillier
 LOCATION OF HEARING: Edmonton, Alberta

UPON the application of Canada North Camps Inc., D.J. Catering Ltd., Campcorp Structures Ltd., Canada North Group Inc., 816956 Alberta Ltd., 1371047 Alberta Ltd. and 1919209 Alberta Ltd. (the "Applicants"); AND UPON having read the Second Report of the Monitor, Ernst & Young, (the "Monitor") dated September 18, 2017; the Fourth Affidavit of Shayne McCracken sworn September 18, 2017, filed; the Confidential Supplemental to the Fourth Affidavit of Shayne McCracken sworn September 18, 2017, unfiled; the First Report of the R.e.I. Group Inc., the Chief Restructuring Officer (the "CRO") (the "CRO's First Report"), the Affidavit of Service of Colleen Pecknold to be filed; the Initial Order of the Honourable Justice K.G. Nielsen granted July 5, 2017 (the "Initial Order"); and the First Extension Order of the Honourable Justice S.D. Hillier granted July 27, 2017; AND UPON hearing from counsel for the Applicants, counsel for Canadian Western Bank, counsel for Business Development Bank of Canada, counsel for the Monitor, and counsel for National Leasing Group Inc. and ECN Financial Corp., IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this Order and its supporting materials is hereby abridged to time actually given and service thereof is deemed good and sufficient.

STAY OF PROCEEDINGS

2. The Stay Period as referred to and defined in paragraph 13 of the Initial Order is hereby extended up to and including January 31, 2018.

ORDER TO RETURN PAYMENT

3. ECN Financial Inc. ("**ECN**") is hereby ordered to return \$12,890.13 to Canada North Camps Inc. within 7 days of the date of this Order, being the amounts debited by ECN Financial Inc. on July 1, 2017 and July 10, 2017.
4. ECN is ordered to pay costs in the amount of \$5,000.
5. ECN is not entitled to any solicitor-client costs with respect to responding to the demand for payment of this amount or in connection with the application for the return of these funds.

INVESTMENT AND SALES SOLICITATION PROCESS

6. The Applicants are authorized to carry out an investment and sales solicitation process ("**ISSP**") substantially in accordance with the outline and indicative timeline as described in the CRO's First Report.
7. The Applicants are authorized to engage and negotiate with Peters & Co. Limited mutually agreeable terms to act as a solicitation agent of the Applicants and to assist the CRO in carrying out the ISSP.

SEALING ORDER

1. The Confidential Supplement to the Fourth Affidavit of Shayne McCracken sworn on September 18, 2017 (the "**Sealed Documents**") shall be sealed on the Court file and not form part of the public record, subject to further Order of this Court.
2. Division 4 of Part 6 of the Alberta Rules of Court does not apply to this sealing Order.

3. Any interested party may apply to this Court to unseal the Sealed Documents, or any part thereof, on not less than seven (7) days' notice to the Applicants and the Monitor or upon such other notice, if any, as this Court may order.
4. The Clerk of this Honourable Court shall file the Sealed Documents in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY 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. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE ORDER ISSUED BY JUSTICE S.D. HILLIER ON SEPTEMBER 26, 2017.

Justice of the Court of Queen's Bench of Alberta

Schedule "B"

Clerk's Stamp

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 ORDER APPROVING SALE AND OTHER RELIEF

ADDRESS FOR SERVICE AND CONTACT
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F 780.702.4379
File No. 37060-00001

DATE ON WHICH ORDER WAS PRONOUNCED: September 26, 2017
NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice S.D. Hillier
LOCATION OF HEARING: Edmonton, Alberta

UPON the application of Canada North Camps Inc. and 1371047 Alberta Ltd. (the "**Applicants**"); AND
UPON having read the Second Report of the Monitor, Ernst & Young, (the "**Monitor**") dated September
18, 2017; the Fourth Affidavit of Shayne McCracken sworn September 18, 2017, filed; the Confidential
Supplemental to the Fourth Affidavit of Shayne McCracken sworn September 18, 2017 (the "**Confidential
Supplement**"), unfiled; the First Report of R.e.I. Group Inc., the Chief Restructuring Officer filed
September 18, 2017; the Affidavit of Service of Colleen Pecknold to be filed; the Initial Order of the
Honourable Justice K.G. Nielsen granted July 5, 2017; and the First Extension Order of the Honourable
Justice S.D. Hillier granted July 27, 2017; **AND UPON** hearing from counsel for the Applicants, counsel
for Canadian Western Bank, counsel for Business Development Bank of Canada, counsel for the Monitor
IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this Order and its supporting materials is hereby
abridged to time actually given and service thereof is deemed good and sufficient.

SALE OF PROPERTY

2. 1371047 Alberta Ltd. is hereby authorized to sell (the "**Sale**") the property legally described as

LOT 8
BLOCK 13A
PLAN 9021619

EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "**Property**")

pursuant to the terms of the Offer to Purchase and Interim Agreement Land and Building made between 1371047 Alberta Ltd. and _____ or its nominee (the "**Purchaser**") dated August 18, 2017 (the "**Purchase Agreement**") as attached as Exhibit "C" to the Confidential Supplement.

3. 1371047 Alberta Ltd. is hereby authorized and approved to, without further Order of this Court:
- a. agree with the Purchaser to such minor amendments to the Purchase Agreement as may be required to facilitate closing, subject to the approval of the Monitor;
 - b. on closing of the Sale, to disburse the proceeds from the Sale as follows:
 - i. by paying the amount owing to the City of Edmonton with respect to municipal property taxes, assessments, penalties and interest and any other overdue charge owing to the City of Edmonton with respect to the Property;
 - ii. by paying the real estate commission and the GST thereon to Cushman & Wakefield as per the listing agreement with Cushman & Wakefield as attached to the Confidential Supplement as Exhibit "B", subject to any negotiated reductions;
 - iii. by paying the amount owing to Business Development Bank of Canada with respect to the Mortgage registered on title as instrument 082 516 418, as amended by Amending Agreement registered as instrument on 132 239 318;
 - iv. by paying the transaction costs including the legal costs for closing the Sale and the moving costs associated with moving the operations of the business from the **Property** to leased space, including transferring utilities, setting up IT, labour, fuel, daycare set up costs (fence, flooring and paint), surveillance, racking for storage, rent deposit; and
 - v. paying the balance to 1371047 Alberta Ltd.

(the "Payouts")

- c. take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Sale.
4. Upon closing of the Sale and payment of the Payouts, all of 1371047 Alberta Ltd.'s right, title estate and interest in and to the Property shall vest absolutely in the name of the Purchaser, free and clear of and from any and all security interest (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing any encumbrances or charges created by the Initial Order.
5. Notwithstanding:
 - a. The pendency of these proceedings;
 - b. Any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of 1371047 Alberta Ltd. and any bankruptcy order issued pursuant to any such applications; and
 - c. Any assignment in bankruptcy made in respect of 1371047 Alberta Ltd.

the vesting of the Property the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of 1371047 Alberta Ltd. and shall not be void or voidable by creditors of 1371047 Alberta Ltd., nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

APPROVAL OF SUB-LEASE

6. Canada North Camps Inc. is hereby authorized to enter into the Offer to Sub-Lease and Interim Sub-Lease Agreement dated September 5 and 6th as attached to the Confidential Supplemental to the Fourth Affidavit of Shayne McCracken sworn September 18, 2017 as Exhibit "F".

Justice of the Court of Queen's Bench