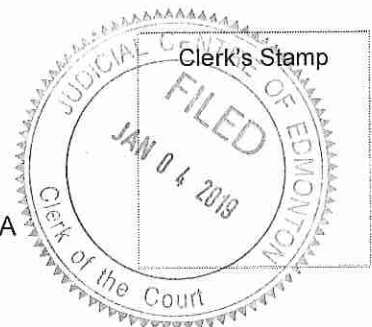


COURT FILE NUMBER 1703 12327
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON



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 **APPLICATION BY MONITOR FOR VESTING ORDER AND OTHER
RELIEF**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT
Duncan Craig LLP
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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: January 10, 2019 and January 11, 2019

Time: 10:00 a.m.

Where: Edmonton Law Courts
1A Sir Winston Churchill Square
Edmonton, AB T5J 0R2

Before Whom: The Honourable Mr. Justice 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:

- a) declaring Service of this Application and its supporting materials good and sufficient, and if necessary, abridging time for notice of this Application to the time actually given;
- b) approving the offer in respect of the "WRC Assets" (as defined below) and vesting title to the WRC Assets in the purchaser free and clear of all encumbrances;

- c) amending the Order Extending the Stay of Proceedings and Approving and Vesting Title (HML Kitchen) granted on December 4, 2018 (the "HML Kitchen Vesting Order") to correct a typographic error in one of the serial numbers included in the sale approved by that Order;
- d) amending the powers granted to the Monitor in these proceedings in order to permit it to sell, convey, transfer, lease or assign the property of the Applicants, or any part or parts thereof, without the approval of this Court in respect of any single transaction not exceeding \$500,000.00, provided all creditors directly affected by the proposed sale, as a result of having a direct security interest in the specific property forming part of any specific transaction, consent and agree to the transaction;
- e) temporarily sealing the Confidential Supplement to the Monitor's Twenty-First Report (the "Confidential Supplement");
- f) approving the activities of the Monitor as set out in its Twenty-First Report and the Confidential Supplement; and
- g) providing for such other relief as this Honourable Court deems just.

Grounds for making this application:

- 2) On July 5, 2017, Canada North Group Inc., Canada North Camps Inc. ("CNC"), Campcorp Structures Ltd. ("Campcorp"), D.J. Catering Ltd. ("DJ"), 816956 Alberta Ltd., and 137 (hereinafter made an application before this Honourable Court requesting certain relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and obtained an initial order (the "Initial Order"), a stay of proceedings ("Stay") against the Applicants for a period of 30 days up to and including August 3, 2017, and the appointment of Ernst & Young Inc. (the "Monitor") as monitor of the Applicants.
- 3) Since that time, 1919209 Alberta Ltd. ("1919") and Canada North Group LP Holdings Ltd. ("Holdings") have been added as "Applicants" to these proceedings, while Campcorp and DJ have been removed from the proceedings.

APPROVAL OF THE OFFER FOR THE WRC ASSETS

- 4) The Monitor received an unsolicited offer from A.O.S. Services Ltd. ("AOS") to purchase the following modular units located at the Wandering River camp (hereinafter referred to as the "WRC Assets"):

Unit	DESCRIPTION	VIN
43	WELLSITE EXEC DOUBLE ENDER	104
44	WELLSITE EXEC DOUBLE ENDER	106
45	WELLSITE EXEC DOUBLE ENDER	108
50	WELLSITE EXEC DOUBLE ENDER	119
	WELLSITE EXEC DOUBLE ENDER	111
	WELLSITE EXEC DOUBLE ENDER	117
125	REC - 6 UNIT	FX6UR201319001 to 006
126	REC 3 UNIT	SLF3UR201315001 to 003

- 5) Used Modularity has advised the Monitor that it has been actively pursuing potential purchasers for all of the assets on the remaining camps over the past several months. To this end, the WRC Assets

have been listed for sale on Used Modulars' website, and on Used Modulars' other social media profiles such as LinkedIn, Twitter and Kijiji, and Used Modulars has not received any offers for the WRC Assets.

- 6) The details of AOS' offer (the "Offer") that is being supported by the Monitor are set out in the Confidential Supplement.
- 7) This Honourable Court has the power to grant a Vesting Order in respect of the WRC Assets pursuant to section 36 of the CCAA.
- 8) The entirety of section 36 of the CCAA is not a pure application to this scenario, since it is not one of the Remaining Applicants selling assets, but rather, the Monitor, pursuant to its expanded powers, selling the assets on behalf of the Applicants for the benefit of stakeholders. Nonetheless, section 36(6) clearly permits this Honourable Court to issue a Vesting Order in respect of the Residual Assets in favour of the ultimate purchasers of such assets.
- 9) The four factors set out in *Royal Bank of Canada v. Soundair Corp.* ("Soundair") have also been routinely considered in CCAA asset sales scenarios.
- 10) The factors set out in section 36 of the CCAA and in Soundair are satisfied here. It is just and appropriate to approve AOS' offer for the WRC Assets.
- 11) It is just and appropriate to temporarily seal the Confidential Supplement.

AMENDING THE HML KITCHEN VESTING ORDER

- 12) Pursuant to the HML Kitchen Vesting Order, the following assets were sold:

Asset Description	Serial Numbers
KITCHEN DINER BOOT ROOM	169231250D02N07
KITCHEN DINER	CCSLKD074
KITCHEN DINER	CCSLKD075
KITCHEN DINER	CCSLKD076
KITCHEN	CP424259
KITCHEN STORAGE	FXHMLKA201332001
KITCHEN DINER	FXHMLKA201332002
KITCHEN DINER	FXHMLKA201332003

- 13) Following the granting of the HML Kitchen Vesting Order, the Monitor and the purchaser discovered that one of the Kitchen Diner units had a different serial number than what had been understood to be the case. The correct serial numbers for the assets sold pursuant to the HML Kitchen Vesting Order are:

Asset Description	Serial Numbers
KITCHEN DINER BOOT ROOM	169231250D02N07
KITCHEN DINER	CCSLKD074
KITCHEN DINER	CCSLKD075
KITCHEN DINER	CCSLKS073
KITCHEN	CP424259
KITCHEN STORAGE	FXHMLKA201332001
KITCHEN DINER	FXHMLKA201332002
KITCHEN DINER	FXHMLKA201332003

- 14) There was no change to the units that the Monitor and purchaser intended to be sold pursuant to the HML Kitchen Vesting Order. This is simply a matter of one of the applicable serial numbers being inadvertently misidentified and included in the HML Kitchen Vesting Order.
- 15) It is appropriate this Honourable Court grant an Order amending the HML Kitchen Vesting Order to correct the serial number of the applicable Kitchen Diner unit described in Schedule B of the HML Kitchen Vesting Order.

MONITOR'S POWER OF SALE

- 16) In the Amended Order Approving Winterburn Sale dated April 30, 2018, paragraph 18(c)(vi) confirms that the Monitor may "subject to the terms of the Initial Order" sell, convey, transfer, lease or assign the Property or any parts thereof out of the ordinary course of business of the Remaining Applicants.
- 17) In the Initial Order, paragraph 10(a) gives the Applicants the right to dispose of redundant or non-material assets not exceeding \$100,000.00 in any one transaction or \$500,000.00 in the aggregate, provided that any sale that is either in excess of these thresholds or in favour of a person related to the Applicants shall require authorization by the Court in accordance with section 36 of the CCAA.
- 18) The Monitor has found that many of the potential, and in some cases ultimate, purchasers of the Applicants' assets have expressed a need to complete the purchase of the assets in an urgent manner. It is common that interested parties move to make offers on assets when there is an immediate need for them as a result of some existing or imminent job or project. As such, purchasers are often looking to complete sales with the Monitor and take possession of the assets on a very prompt basis.
- 19) The Monitor proposes that it be granted the power to sell, convey, transfer, lease or assign the property of the Applicants, or any part or parts thereof, without the approval of this Court in respect of any single transaction not exceeding \$500,000.00, provided all creditors directly affected by the proposed sale, as a result of having a direct security interest in the specific property forming part of any specific transaction, consent and agree to the transaction.
- 20) The Monitor is of the opinion that enhancing its ability to complete sales of assets up to a certain financial threshold without the need for Court approval, as set out above, will:
 - a) provide the Monitor with increased flexibility to complete sales in short timelines and be able to take advantage of potential sale opportunities where a purchaser may not otherwise offer to purchase the Applicants' assets because the sale may not be completed within the timeline required by the purchaser; and
 - b) save the estate the professional fees associated with the sale approval applications that would otherwise be required for financially modest sales,

while also protecting the interests of the creditors who would be directly affected by the proposed sales.

- 21) Such further and other reasons as the Monitor may advise and this Honourable Court may accept.

Material or evidence to be relied on:

- 22) Twenty-First Report of the Monitor, filed.
- 23) Confidential Supplement to the Monitor's Twenty-First Report, to remain unfiled or sealed.
- 24) The pleadings and proceedings taken in this Action to date.

25) Such further and other materials as previously filed in this matter as counsel may advise and this Honourable Court permits.

Applicable rules:

26) *Alberta Rules of Court* AR 124/2010, including Rules 1.2, 1.4, 6.1, 6.2, 6.3 and 9.12.

Applicable Acts and regulations:

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

28) *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 including ss. 9, 11, 23, and 36.

29) Such further other provisions and statutes as counsel may advise.

Any irregularity complained of or objection relied on:

30) Abridgement of time for service to the time actually given, if necessary.

How the application is proposed to be heard or considered:

31) Before the Honourable Mr. Justice 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.