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 APPROVAL OF AN AUCTION PROCESS FOR REMAINING ASSETS AND A FURTHER EXTENSION OF THE STAY OF PROCEEDINGS**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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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: Tuesday, December 3, 2019

Time: 10:00 AM

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

Before Whom: The Honourable Associate Chief Justice Nielsen 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 auction proposal received from Mirterra Corp. and rejecting all other proposals in respect of the sale of the Remaining Assets of the Applicant Companies, and such further and other ancillary orders that may be necessary to give effect to the auction sale including vesting provisions respecting title of sold assets;

   c) an Order extending the stay of proceedings provided in the Initial Order granted July 5, 2017 to and including April 30, 2020;

   d) approving the activities of the Monitor as set out in the Monitor's 27th Report and the Confidential Supplement to the 27th Report;

   e) temporarily sealing the Confidential Supplement to the 27th Report by way of Sealing Order or Order Restricting Access;

   f) for such further and other relief as this Honourable Court deems just and appropriate in the circumstances.

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.

<u>Approval of Auction Process</u>

4) The Monitor has been actively working to dispose of the remaining equipment and assets of the Applicant Companies, all as more particularly outlined in the 27th Report and the Confidential Supplement to the 27th Report.

5) In an effort to finalize the windup of the liquidation process as sanctioned in these proceedings, the Monitor sent a request for proposals ("RFP") to prospective parties requesting liquidation proposals and offers to purchase any or all of the Applicants' remaining camp assets.

6) At the conclusion of the RFP process the Monitor received three liquidation proposals and one offer to purchase a used dorm stored at Peace River.

7) In respect of the liquidation proposals, the Monitor has determined that the proposal received from Mirterra Corp. ("Mirterra") provides the highest potential return for stakeholders. Given Mirterra's familiarity with the Applicants' assets having appraised them and physically inspected them previously, the Monitor's view is that Mirterra's proposal represents the best opportunity to maximize value for all stakeholders in respect of the remaining camp assets.

8) The Monitor advises that Canadian Western Bank ("CWB"), the primary general secured creditor, is supportive of the Monitor's recommendation to proceed with the auction proposal of Mirterra.

9) Completion of the Mirterra auction will likely be the final needed push to complete the sale of the Applicants' camp assets (exclusive of owned real estate) and will thereafter afford the Monitor an opportunity to finalize its cost allocations, propose distributions and address finalization of these proceedings after discussion with holders of mortgage charges on Applicant owned real estate.

Extension of the Stay

10) The Stay has been extended on multiple occasions, and is currently in place up to December 31, 2019.

11) This matter is now a Court approved and directed liquidating proceeding.

12) The Monitor, on behalf of the Remaining Applicants, is seeking an extension of that stay of proceedings up to and including April 30, 2020.

13) As outlined above, the Monitor is in the process of seeking approval of an auction proposal from Mirterra for the disposition of the remaining camp assets (exclusive of real estate).

14) The process will involve online sale for the balance of this calendar year with finalization in early 2020. Upon completion of the sale process and receipt of the proceeds therefrom, the Monitor will need to take steps to finalize its cost allocations, consider addressing a balance of the assets, if any, remaining at various camp locations and what next steps to take in respect of same including, if appropriate, abandonment. The Monitor will also need to address the owned real estate and the best method of addressing disposition of that real estate in consultation with the mortgage lenders.

15) In the circumstances, an extension of time to April 30, 2020 should be sufficient to afford the Monitor time to address these and any other issues which remain outstanding.

16) In the circumstances, the Remaining Applicants, through the Monitor, have acted, and are acting, in good faith and with due diligence in respect of these proceedings.

Temporary Sealing Order

17) The Confidential Supplement to the Monitor's 27th Report contains sensitive financial information pertaining to values of the Applicants' remaining assets.

18) Temporary sealing of the Confidential Supplement is necessary to prevent serious risk to important sale and recovery interests of the estate and its stakeholders, because reasonable alternative measures will not prevent the risk.

19) The salutary effects of temporary sealing of the Confidential Supplement outweigh its deleterious effects, including the effects on the right to free expression.

20) Section 10(3) of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended, authorizes the Court to limit disclosure of confidential financial information if the Court is satisfied that release of same will unduly prejudice the debtor and not unduly prejudice the creditors.

21) The Monitor is prepared to release the Confidential Supplement to the 27th Report to creditors on the execution by those creditors or their representatives of a Confidentiality Undertaking on terms and conditions satisfactory to the Monitor.

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

Material or evidence to be relied on:

23) Twenty Seventh Report of the Monitor, filed.

24) Confidential Supplement to the Monitor's 27th Report (not filed).

25) The pleadings and proceedings taken in this Action to date.

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

Applicable rules:

27) *Alberta Rules of Court* AR 124/2010, including Rules 1.2, 1.4, 6.1, 6.2, 6.3 and 9.12 and Division 4 of Part 6.

Applicable Acts and regulations:

28) *Judicature Act*, R.S.A. 2000 c. J-2, as amended;

29) *Companies' Creditors Arrangement Act*, R.S.C. 1985, c C-36 including ss. 9, 10(3), 11, 23, and 36.

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

Any irregularity complained of or objection relied on:

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

How the application is proposed to be heard or considered:

32) Before the Honourable Mr. Associate Chief Justice Nielsen 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.